
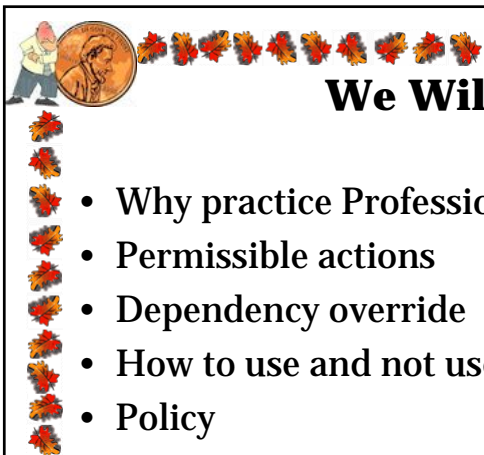


Professional Judgment 101: Empowering the Financial Aid Professional

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We Will Discuss

- Why practice Professional Judgment
- Permissible actions
- Dependency override
- How to use and not use
- Policy
- Documentation



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What is Professional Judgment (PJ)?

- PJ is a decision process to alter the EFC or Cost of Attendance when special circumstances impact a family's ability to contribute to the student's education
- Congress has given PJ authority to financial aid administrators under the Higher Education Act (HEA)
- PJ is not regulated by the Department of Education



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HEA – Section 479A

“Nothing...shall be interpreted as limiting the authority of the financial aid administrator, on the basis of **adequate documentation**, to make adjustments on a **case-by-case basis** to the cost of attendance or the values of the data items required to calculate the expected student or parent contribution to allow for treatment of an individual eligible applicant with **special circumstances.**”




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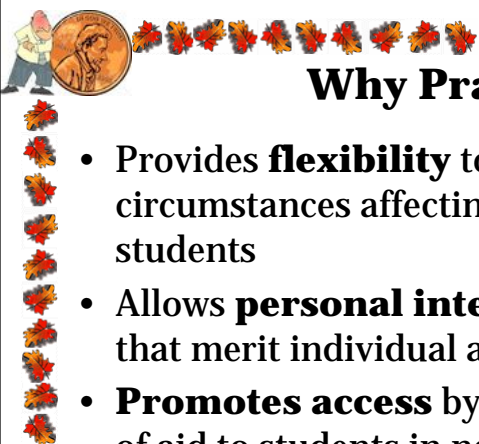
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Why Practice Professional Judgment?




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Why Practice PJ?

- Provides **flexibility** to address unique circumstances affecting individual students
- Allows **personal intervention** in cases that merit individual attention
- **Promotes access** by targeting delivery of aid to students in need
- Enables **responsiveness** to student circumstances that can't be fully anticipated in legislation or regulation



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In Today's Economy



- Parents and students are struggling
- Foreclosures
- Unemployment
- Underemployment
- Loss of medical benefits
- Leave work to return to school



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GEN-09-04




- Issued April 2, 2009
- ifap.ed.gov/dpcletters/GEN0904.html
- Reminds schools of PJ authority
- Encourages schools to
 - “Do more than provide good service to the students who request that you make an adjustment”
 - Reach out to students “who seem to have hit a rough patch”




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GEN-09-05

- Issued May 8, 2009
- ifap.ed.gov/dpcletters/GEN0905.html
- Provides additional guidance to GEN-09-04
- U.S. Department of Labor working with states to send letters to unemployment recipients
 - Encourages recipients to attend college and apply for financial aid
 - Informs them they “will receive special consideration for financial aid”




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GEN-09-05


- Schools may use this letter as PJ documentation for **independent** students only
 - Zero out income earned from work
 - Consider unemployment benefits zero
- For 2008-09 and 2009-10, ED will make adjustments to its risk-based model to account for the increase in use of PJ



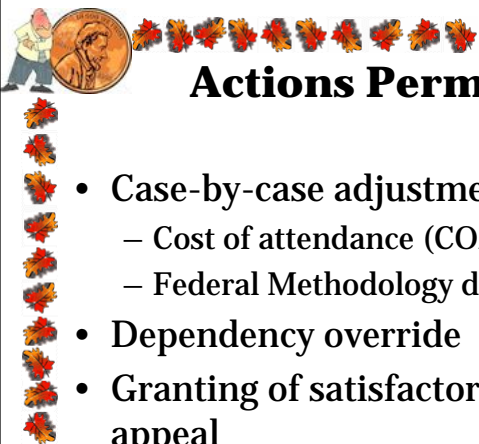
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Permissible Actions




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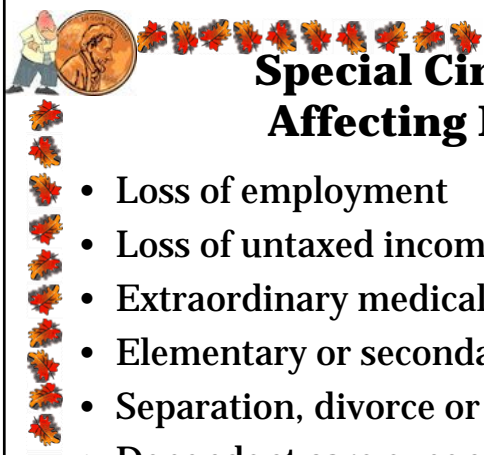


Actions Permitted Under PJ

- Case-by-case adjustments to:
 - Cost of attendance (COA)
 - Federal Methodology data elements
- Dependency override
- Granting of satisfactory academic progress appeal
- Denial or reduction of Stafford/PLUS




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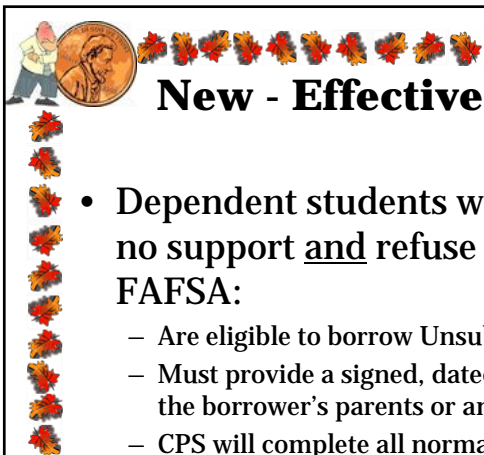


Special Circumstances Affecting EFC or COA

- Loss of employment
- Loss of untaxed income or benefits
- Extraordinary medical expenses
- Elementary or secondary school tuition
- Separation, divorce or death
- Dependent care expenses
- Expenses related to student's disability
- Lack of parental support
- Nursing home expenses not covered by insurance




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New - Effective August 14, 2008

- Dependent students whose parents provide no support and refuse to complete the FAFSA:
 - Are eligible to borrow Unsubsidized Stafford Loans
 - Must provide a signed, dated statement to this effect from the borrower's parents or an impartial third party
 - CPS will complete all normal database matches even though no EFC is calculated due to missing parental data
 - Any C codes must be resolved
 - NOT a dependency override
 - Optional



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Special Circumstances Affecting Dependency Status



- With adequate documentation, a dependent student may be declared independent in cases such as:
 - Parents cannot be located
 - Student is a victim of domestic violence and is no longer residing with parents
 - Incapacity of parents such as incarceration or a disability or mental or physical illness
 - Student was abandoned by parents



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Dependency Override



- Maintain appropriate documentation from student and third party
- Maintain written documentation of financial aid administrator's determination of why he or she should be considered independent
- Review another school's dependency override
- Determination valid for only one year



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Gen-03-07

- Conditions that do not merit a dependency override are as follows:
 - Parents refusal to contribute to student's education
 - Parents unwillingness to complete FAFSA or verification information
 - Parents not claiming student as a dependent for income tax purposes
 - Student demonstrates total self-sufficiency
- ifap.ed.gov/dpcletters/GEN0307.html



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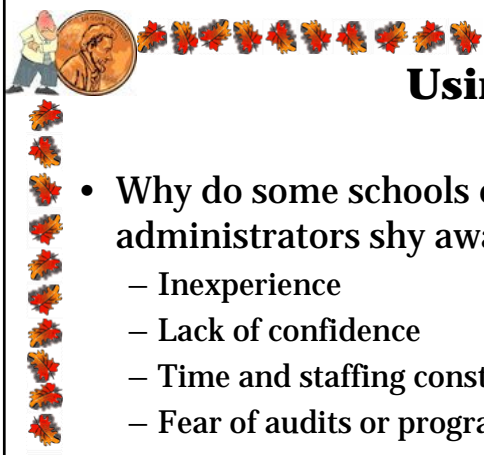


How to Use and Not Use




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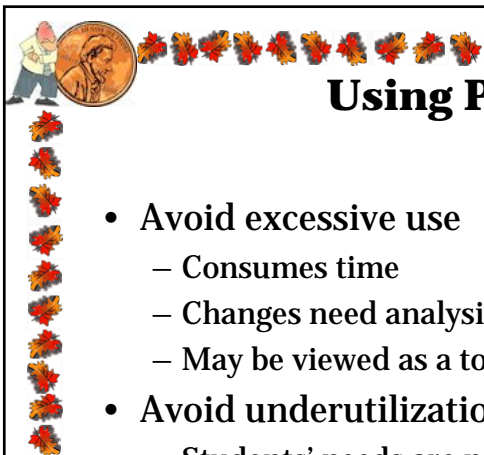
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Using PJ


- Why do some schools or financial aid administrators shy away from using PJ?
 - Inexperience
 - Lack of confidence
 - Time and staffing constraints
 - Fear of audits or program reviews

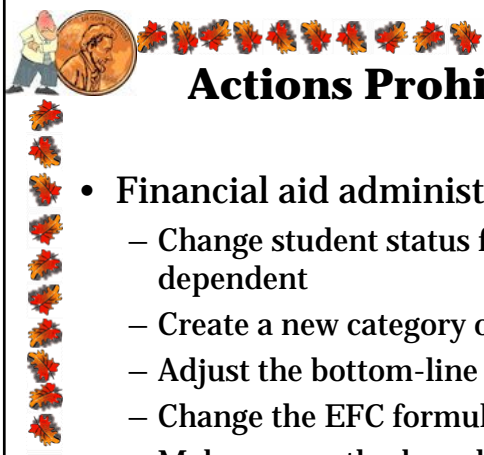
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Using PJ Wisely


- Avoid excessive use
 - Consumes time
 - Changes need analysis system
 - May be viewed as a tool to justify “negotiation”
- Avoid underutilization
 - Students’ needs are not addressed
 - Fosters rigidity

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Actions Prohibited Under PJ

- Financial aid administrator may not:
 - Change student status from independent to dependent
 - Create a new category of costs for COA
 - Adjust the bottom-line EFC
 - Change the EFC formula
 - Make across-the-board changes




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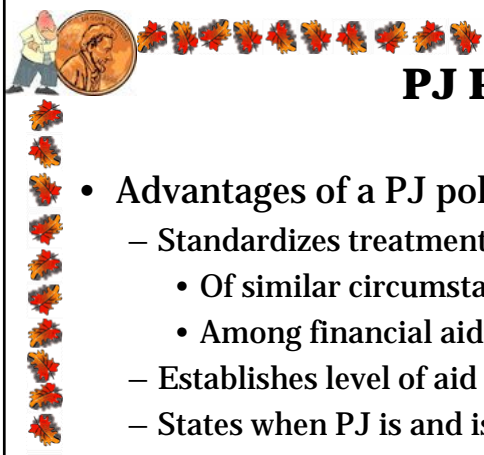


Policy




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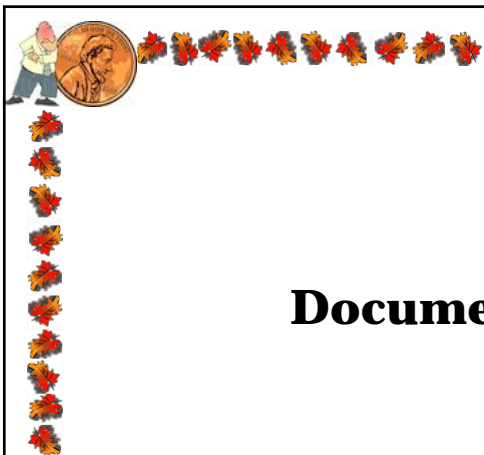
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PJ Policy

- Advantages of a PJ policy with procedures
 - Standardizes treatment
 - Of similar circumstances
 - Among financial aid professionals
 - Establishes level of aid administrator's authority
 - States when PJ is and is not used

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Documentation

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PJ Documentation

- Required, but not defined in federal regulations
- Institutional forms provide consistency
- Consider requiring verification
- Retain for four years
- Supports subsequent reviews




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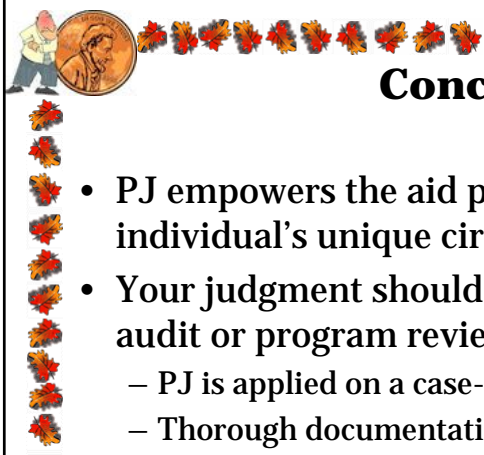


PJ Documentation

- Include the following in the documentation:
 - Student request and specific circumstances
 - Rationale for decision
 - How calculation was adjusted
 - Supporting documentation
 - Initials of reviewer(s) with applicable date
- Paper or electronic format
- Retain written response to applicant




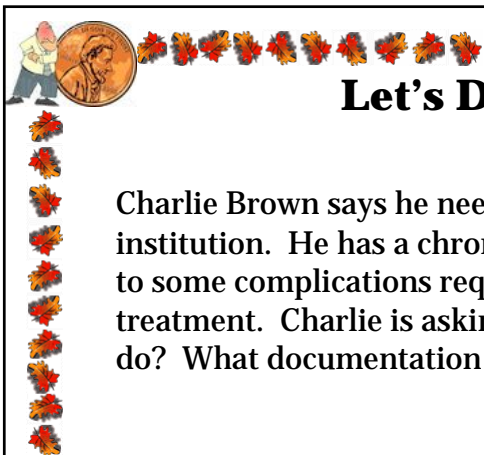
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Conclusion


- PJ empowers the aid professional to address an individual's unique circumstances
- Your judgment should not be challenged in an audit or program review as long as:
 - PJ is applied on a case-by-case basis
 - Thorough documentation is retained
 - Decisions are consistent with the school's PJ policy and procedures

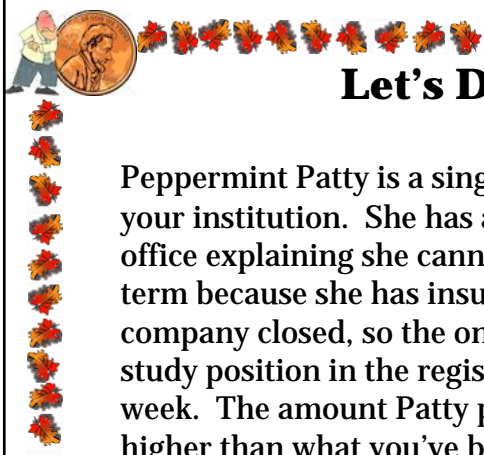
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Let's Discuss...


Charlie Brown says he needs more money to attend your institution. He has a chronic kidney disease that has led to some complications requiring additional medical treatment. Charlie is asking for your help. What do you do? What documentation would you collect?

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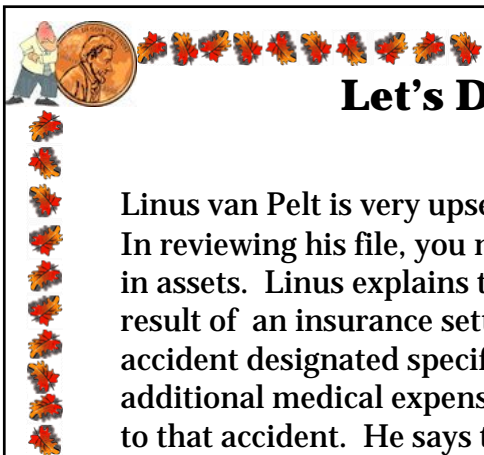


Let's Discuss...

Peppermint Patty is a single mother attending your institution. She has a "0" EFC but is in your office explaining she cannot enroll for the spring term because she has insufficient funds. Her company closed, so the only job she has is a work-study position in the registrar's office for 20 hrs a week. The amount Patty pays for daycare alone is higher than what you've budgeted as an average for your COA because she has five children. What do you do? What documentation would you collect?




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Let's Discuss...

Linus van Pelt is very upset and is in your office. In reviewing his file, you notice he has \$320,000 in assets. Linus explains that the funds are the result of an insurance settlement from a car accident designated specifically to cover any additional medical expenses he may have related to that accident. He says that if he uses that money for his education, what would he use for his medical bills? What do you do? What documentation would you collect?



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Let's Discuss...

Joe Cool is in your office insisting he is an independent student because he has no relationship with his parents. On his FAFSA, he responded "no" to question #56 indicating he was not legally emancipated from his parents. However, he explains that he is not living with them— he is living with his girlfriend and he says he has bills to prove he is paying 50% of all expenses, including rent. Is Joe independent? What documentation do you collect?



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Thank You!

Questions?



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