

PROFESSIONAL JUDGMENT #9

Annmarie Weisman

U.S. Department of Education

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AGENDA

- 01 Abbreviations
- 02 Professional Judgment Resources
- 03 Professional Judgment Overview
- 04 Adjustments to Cost of Attendance Elements
- 05 Adjustments to Expected Family Contribution Elements

ABBREVIATIONS

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- Adjusted Gross Income (AGI)
- Code of Federal Regulations (CFR)
- Cost of Attendance (COA)
- Expected Family Contribution (EFC)
- Financial Aid Administrator (FAA)
- Free Application for Federal Student Aid (FAFSA)
- Higher Education Act (HEA)
- Income Protection Allowance (IPA)
- Institutional Student Information Record (ISIR)
- Professional Judgment (PJ)

PROFESSIONAL JUDGMENT RESOURCES

PJ RESOURCES

STATUTE

HEA Section 479A –
*special
circumstances*

REGULATIONS

Generally none,
but...
*34 CFR
685.301(a)(8) -
Denying/Reducing
Direct Loans*

GUIDANCE

*FSA Handbook -
Application and
Verification Guide,
Ch. 5*

PJ RESOURCES

PJ GUIDANCE – DEAR COLLEAGUE LETTERS (ALL ARE “GEN”)

- ~~09-04 - PJ & Family Financial Circumstances~~
- ~~09-05 - PJ for Unemployment Benefits~~
- ~~11-04 - Extends 09-04 & 09-05~~
- 11-07 - Denying/Reducing a Direct Loan
- ~~16-03 - Prior-Prior Year and PJ~~

**strikethrough text = available for viewing but marked as historical*

PROFESSIONAL JUDGMENT OVERVIEW

PJ OVERVIEW

PJ IN THE LAW - HEA SEC. 479A: SPECIAL CIRCUMSTANCE AUTHORITY

*In general nothing in this part 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 (or both) to allow for treatment of an individual eligible applicant with **special circumstances**. However, this authority shall not be construed to permit aid administrators to deviate from the contributions expected in the absence of special circumstances.*

PJ OVERVIEW

PJ IN THE LAW - HEA SEC. 479A: SPECIAL CIRCUMSTANCE AUTHORITY

Special circumstances may include tuition expenses at an elementary or secondary school, medical, dental, or nursing home expenses not covered by insurance, unusually high child care or dependent care costs, recent unemployment of a family member or an independent student, a student or family member who is a dislocated worker (as defined in section 3102 of title 29), the number of parents enrolled at least half-time in a degree, certificate, or other program leading to a recognized educational credential at an institution with a program participation agreement under section 1094 of this title, a change in housing status that results in an individual being homeless (as defined in section 11302 of title 42), or other changes in a family's income, a family's assets, or a student's status.

PJ OVERVIEW

PJ IN THE LAW - HEA SEC. 479A: SPECIAL CIRCUMSTANCE AUTHORITY

*Special circumstances shall be **conditions that differentiate an individual student from a class of students** rather than conditions that exist across a class of students. **Adequate documentation** for such adjustments shall substantiate such special circumstances of individual students.*

PJ RESOURCES

PJ IN THE LAW - HEA SEC. 479A: SPECIAL CIRCUMSTANCE AUTHORITY

...nothing in this subchapter shall be interpreted as limiting the authority of the student financial aid administrator in such cases (1) to request and use supplementary information about the financial status or personal circumstances of eligible applicants in selecting recipients and determining the amount of awards under this subchapter...

No student or parent shall be charged a fee for collecting, processing, or delivering such supplementary information.

PJ RESOURCES

PJ IN THE LAW - HEA SEC. 479A: SPECIAL CIRCUMSTANCE AUTHORITY

[nothing in this subchapter shall be interpreted as limiting the authority of the student financial aid administrator...] (2) to offer a dependent student financial assistance under section 1078–8 of this title or a Federal Direct Unsubsidized Stafford Loan without requiring the parents of such student to file the financial aid form prescribed under section 1090 of this title if the student financial aid administrator verifies that the parent or parents of such student have ended financial support of such student and refuse to file such form.

No student or parent shall be charged a fee for collecting, processing, or delivering such supplementary information.

PJ OVERVIEW

PJ IN THE LAW - HEA SEC. 479A: SPECIAL CIRCUMSTANCE AUTHORITY

Adjustments to assets

An FAA may adjust assets if the FAA makes adjustments —

(1) excluding from family income any proceeds of a sale of farm or business assets of a family resulting from foreclosure, forfeiture, or bankruptcy or an involuntary liquidation;

or

(2) in the award level of a student with a disability to account for additional costs incurred resulting from that disability.

PJ OVERVIEW

PJ IN THE LAW - HEA SEC. 479A: SPECIAL CIRCUMSTANCE AUTHORITY

Refusal or adjustment of loan certifications

- May refuse to originate a loan or originate an amount less than the calculated need
- Must be done on a case-by-case basis
- Must document the reason and provide it in writing to the student
- May not discriminate against any borrower or applicant in obtaining a loan on the basis of race, national origin, religion, sex, marital status, age, or disability status

PJ OVERVIEW

EXAMPLES OF SPECIAL CIRCUMSTANCES

- Death of parent (Dependent) or spouse (Independent)
- Significant loss of income or benefits (e.g. disability, child support, etc.)
- Significant medical expenses

EXAMPLES NOT TYPICALLY SPECIAL CIRCUMSTANCES

- Vacation costs
- Wedding expenses
- Gambling debt
- Credit card debt (*for purchase of discretionary expenses*)

PJ OVERVIEW

POLICY CONSIDERATIONS

Examples of decision makers

- Director of Financial Aid
- Financial Aid Counselor
- PJ Committee – various offices

Appeals

- Will you allow them?
- If so, who has authority?
- No appeal to ED!

PJ OVERVIEW

MAJOR POINTS:

- Case-by-case basis of special circumstances
- Documentation
- Never required
 - Institutional policy
 - Considering decision of another institution
- Result could increase or decrease an EFC
 - Leveling the playing field

ADJUSTMENTS TO COA

COA ELEMENTS

ALL APPLICANTS:

- Tuition and Fees
- Room and Board
- Books and Supplies
- Transportation
- Miscellaneous Personal Expenses

AS APPLICABLE:

- Dependent Care
- 1st time Professional Licensure Costs
- Study Abroad Costs
- Disability-related expenses

COA ELEMENTS

EXAMPLES - ESTABLISHING COA VALUES:

- Institutional charges (Bursar's office)
- Review of local housing prices
- Bookstore data
- Student surveys
- Local transit authority
- IRS mileage rate

COA ELEMENTS

DOCUMENTATION - CHANGING COA VALUES:

- Student account statement
- Housing contract or lease
- Bookstore (or other provider) receipt
- Contract or receipts from provider
- Study abroad contract
- Signed statement from student, parent, spouse, or other

ADJUSTMENTS TO EFC

ADJUSTMENTS TO EFC

IPA

- Is an allowance value in the EFC formula that reduces AGI
- Can help to decide whether to adjust an EFC data element [Review the *Intermediate Values* on a student's ISIR (labeled IPA)]
- Before PJ, consider the amount allotted to the expense
- Allowances for state and other taxes, employment expenses, etc.

ADJUSTMENTS TO EFC

IPA ALLOCATIONS

- 30% for food
- 22% for housing
- 9% for transportation
- 16% for clothing and personal care
- 11% for medical expenses
- 12% for other family consumption

ADJUSTMENTS TO EFC

IPA IN ACTION...PJ OR NOT?

- \$5,000 in medical expenses (not covered by insurance)
- IPA - \$60,000
- Medical expenses allotment is 11% (\$6,600)
- Example scenario: Plastic Surgery
 - Elective
 - Correcting a birth defect
- Documentation?

ADJUSTMENTS TO EFC

IPA IN ACTION...PJ OR NOT?

- \$2,400 for monthly rent (attending year round)
- IPA - \$60,000
- Housing expense allotment is 22% (\$13,200)
- Example scenario: 2-bedroom off campus apartment
 - Student likes the building and location
 - Single parent with weekend visitation
- Documentation



CONTACT:

ANNMARIE WEISMAN

annmarie.weisman@ed.gov
