

Professional Judgment:

If you would judge, understand.
-Seneca

Session Goals

- ✓ Definition of professional judgment (PJ)
- ✓ Areas where PJ can be exercised
- ✓ Cautions of improper use of PJ
- ✓ Importance of documentation
- ✓ Establishing PJ policies and procedures
- ✓ Case Studies for discussion

STATUE- Section 479A

“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.”

What is Professional Judgment?

- ✓ Authority given by Congress to Financial Aid Administrators under the Higher Education Act (HEA)
- ✓ Financial Aid Administrators may exercise discretion in a number of areas when a student has special or unusual circumstances



Definition of Professional Judgment

- ▶ PJ is the discretion granted to financial aid administrators by law to override dependency status and make adjustments to need analysis, including data elements used to calculate the expected family contribution (EFC) and costs within the cost of attendance (COA) components

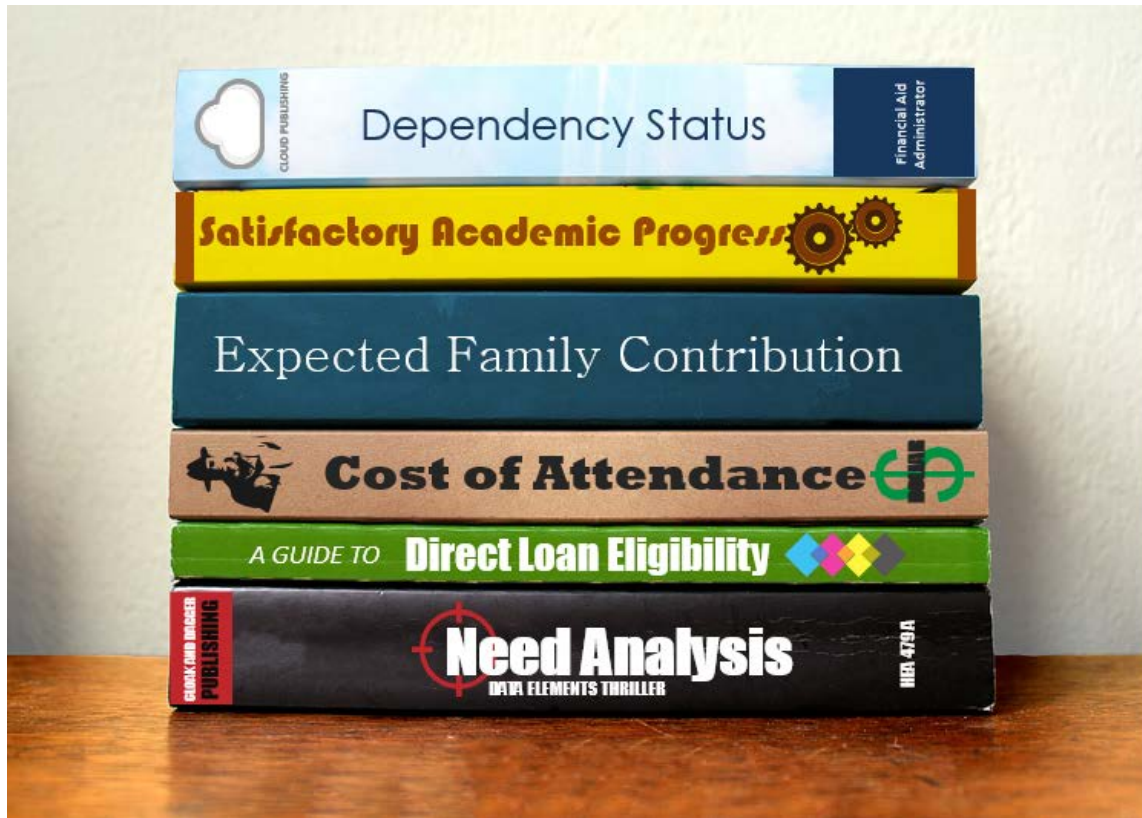
Basic Principles of PJ

- ✓ Use of discretion in certain areas when a student's family has unique or extraordinary circumstances
- ✓ Circumstances must differentiate an individual student from a class of students
- ✓ Must be made on a case-by-case basis
- ✓ Across the board changes are not permitted
- ✓ Policies and procedures should objectively identify students
- ✓ Subjective- no wrong or right answer
- ✓ FA Administrator's decision is final

Why Use PJ?

- ✓ Consider current family income/finances
- ✓ Provides flexibility to address special circumstances affecting individual students
- ✓ Allows for personal interventions in cases warranting individual attention
- ✓ Enables appropriate responses to student's individual circumstances not anticipated in legislation or regulation

Common Areas of PJ



Dependency

- ✓ FAA has PJ authority and responsibility
- ✓ PJ decisions are made only in response to student's unusual circumstance
 - ✓ Adverse home situation
 - ✓ Marital status issues
 - ✓ Mitigating circumstances vs "family affair"
- ✓ Decisions must be based on adequate documentation
- ✓ May only override dependency status from dependent to independent
- ✓ Determination is only good for application year, students should confirm family dynamics have not changed each year

Need Analysis

- ✓ PJ adjustments can be made to:
 - EFC data elements, and
 - COA components
- ✓ Verification, *if selected*, and/or resolution of conflicting information must be completed before exercising PJ

Cost of Attendance

Adding costs for a specific program needs on a case-by-case basis (unless you have a separate COA for the program)

- ✓ Police/Fire academy uniforms, etc.
- ✓ Welding equipment
- ✓ Art/film

Eliminating costs if student is not paying for room and board

Study abroad

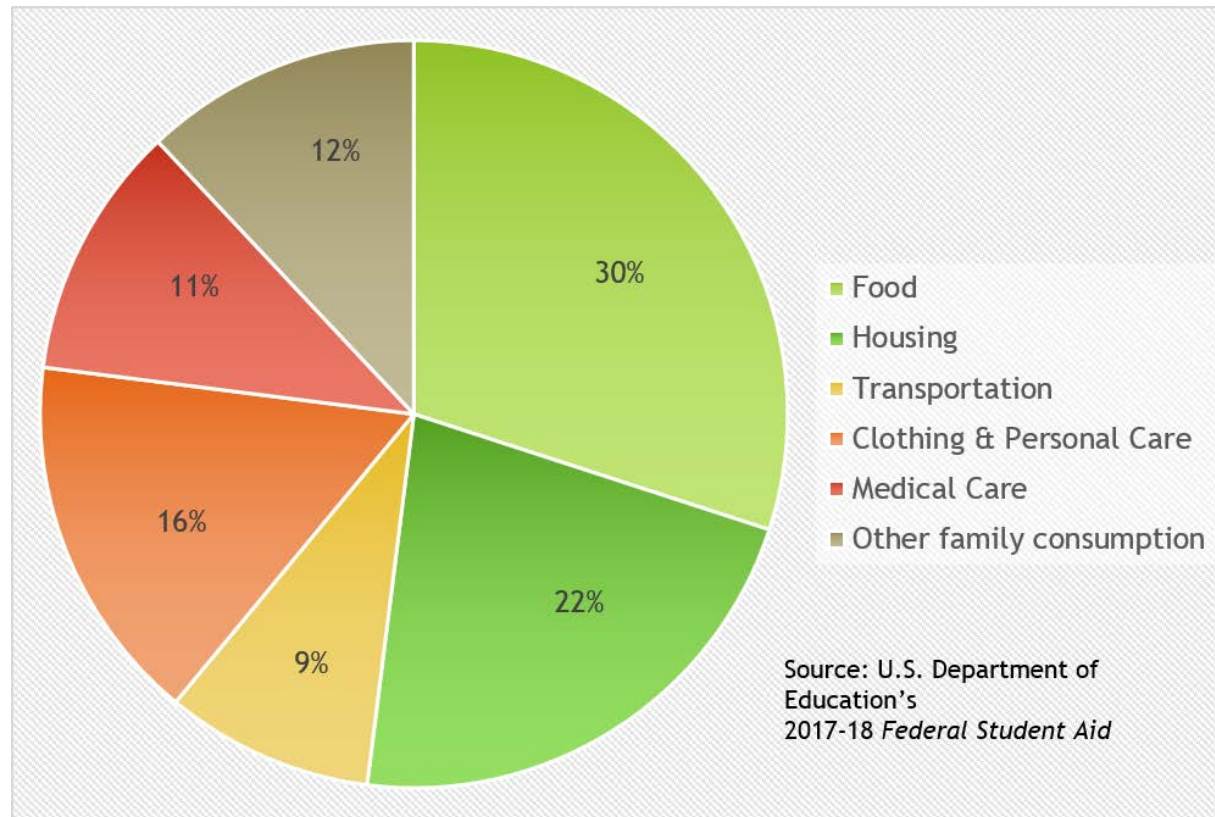
Expected Family Contribution (EFC)

- ✓ Federal Methodology (FM) uses prior-prior-year (specified-year) income effective 2017-18
- ✓ Only adjust individual EFC data elements
- ✓ No “bottom-line” EFC adjustments or changes to FM formula permitted
- ✓ All adjustments must be reprocessed by Central Processing System (CPS)

More with EFC

- ✓ Using other than base year income
- ✓ IRA rollovers
- ✓ One-time, lump sum payments/withdrawals
- ✓ Unusually high or one-time medical expenses
- ✓ Private K-12 school tuition
- ✓ Disabled sibling/child
- ✓ Discontinued income
 - ✓ Child support
 - ✓ Unemployment

Income Protection Allowance



Denial or Reduction of Direct Loans

May refuse to originate loan or reduce requested amount if:

- ✓ Determination is made on case-by-case basis
- ✓ Reason for determination and actions taken are documented in student's file and provided to borrower in writing
- ✓ No discrimination based on borrower's race, national origin, religion, sex, marital status, age, disability status, or income

Why Deny or Reduce?

Conditions commonly used when choosing to deny or reduce Direct Loan and/or PLUS eligibility:

- ✓ High debt burden
- ✓ Unwillingness to repay loan

If parent is unable to borrow PLUS, denial of additional Direct Unsubsidized Loan funds for dependent student requires PJ

Satisfactory Academic Progress

- ✓ Incremental qualitative measurement (GPA: 2.0)
- ✓ Maximum time frame (150% of program's published length)
- ✓ Pace of progression, quantitative measurement (66.66%)

Keep a Good Audit Trail

- ✓ Documentation
 - Must support the outcome
 - Decision
 - Date
 - How determination was made
 - Who made the decision
- ✓ Policies and Procedures
 - Ensures consistency
 - Subject to audit review
 - Verify PJ policy complies with your institutional policies

Reminders!

- ✓ Be open and creative in using PJ
- ✓ Listen to the student's whole situation
- ✓ Be aware of your own biases
- ✓ Consistency among FAA's conducting PJ's
- ✓ Ask for 2nd opinions
- ✓ Share ideas and perspectives with your team

Remember: PJ empowers the financial aid administrator to support students with unique circumstances

Scenario 1:

- ▶ Last year James submitted a financial aid appeal that was granted because of a large reduction in family income. The AGI on his parents' 2016 federal income tax return was \$200,000. On the appeal form they submitted, the family projected an income of \$60,000 for 2017. Sufficient documentation was submitted to verify this decrease in income and the appeal was granted. James was selected for verification this year and submitted his parents' 2017 federal income tax returns showing an actual AGI of \$120,000. The family has submitted another appeal based on a reduction in projected year income again this year. The family is insistent that you make an adjustment similar to the previous year.

Scenario 2:

- ▶ Monica was raised by her grandparents, she has seen her mother a few times throughout her life but is unaware of her current address and she has never had any contact with her father. Monica's grandparents provide for Monica on very limited income but they are not her legal guardians and never legally adopted her. She is currently paying friends to sleep on their couch and is listed as a tenant on the lease.

Scenario 3:

- ▶ Jasmine has not met SAP due to her PACE falling below the school's required 66.6%. Jasmine indicates that she failed two courses last semester due to her father's unexpected death and has provided documentation. Jasmine had been making SAP up until that semester but has had at least one F or W in the three semesters prior to that.

Scenario 4:

- ▶ Jane has always wanted to experience study abroad. She just found out that she has been selected to go to Costa Rica to study abroad, she will earn 9 credits toward her major while in Costa Rica. After enrolling in the study abroad program she becomes deeply concern with the cost of enrollment, she comes to you for help?

Scenario 5:

James Jones is returning to college for the 18-19 award year after taking time off from studies

- ▶ 2016: earned \$25,000 working full-time
- ▶ 2017: earned \$32,000 working full-time
- ▶ 2018: still employed in same position/salary

James plans to quit his job in August 2018 to attend college full-time

Scenario 5: Continued

Would it be reasonable to use an EFC based on James' 2018 income or his projected income? Why?

- ▶ If projected income were used, would you use:
 - ▶ An estimate of his income for the 2018 calendar year? (January 1- Dec 31, 2018)
 - ▶ Estimate of income for the award year? (July 1- June 30, 2019)
 - ▶ Another 12- month period?

“There are moments that define a person's whole life. MOMENTS in which everything they are and everything they may possibly become hinge on a single decision.”

— [Jonathan Maberry, Rot & Ruin](#)

Questions, Comments?

Presenters:

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