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AGENDA

 Professional Judgment (PJ) Overview

 Unusual Circumstances vs. Special Circumstances

 FAFSA Simplification Changes

 Cost of Attendance Adjustments

 Need Analysis and Expected Family Contribution (EFC) Data Elements Adjustments


 Performing a Dependency Override

 Parent Refusal to Complete FAFSA and Provide Support




WHAT IS PJ?



The Higher Education Act of 1965 (HEA) refers to the financial aid administrator’s authority to adjust, based on documentation, to allow for the treatment of an individual with special circumstances.



The term professional judgment is found in the Code of Federal Regulations which provides flexibility on practice.




The law does not use the term professional judgment.




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PRINCIPLES OF PJ




Subjective in nature




Made on on a case-by-case basis, not across the board




Must be fully documented and free




FAA's Own Decision






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PJ POLICY & PROCEDURES




Framework and guidelines for identifying circumstances that may trigger a PJ review




Roadmap for FAA




Provide Examples of circumstances that may be considered



In writing





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PJ & VERIFICATION

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The verification process must be completed first, before exercising PJ, if they are selected for verification.

The results of the verification must be submitted first!

After verified Institutional Student Information Record (ISIR) is received, the school may use that transaction to submit the PJ adjustment

You may also complete verification and then make the PJ adjustments on the same transaction.

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SPECIAL VS. UNUSUAL

GEN-22-15:
FAFSA® Simplification
Act Changes for
Implementation in
2023-24

SPECIAL CIRCUMSTANCES

Financial situations justifying adjusting data elements in the COA or EFC calculations.

UNUSUAL CIRCUMSTANCES

Conditions justifying an adjustment to a student's dependency status.

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WHAT REMAINS THE SAME?


Must document PJ determinations on a case-by-case basis

Prior PJ requests are allowable


FAA must collect supporting documentation


Dependency overrides are different for homeless youth or at-risk homeless youth








WHAT CHANGED?


Institutions **cannot** have a policy of denying professional judgment requests

Institutions must establish a Professional Judgment policy

Institutions **must** publicly disclose the availability of professional adjustments due to special or unusual circumstances

Dependency overrides made by a FAA at another institution can be used at your institution as long as it is the same or prior award year






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FAFSA SIMPLIFICATION
CHANGES

2023-24 requires specific communication from FAAs

- Notification of school’s processes, requirements, and review timeline for students
- Notification of final determination and award as soon as the review process is complete
- Retention of PJ documentation for at least 3 years after the student’s last term of enrollment
- Students deemed independent in final determination from the institution remain as independent for each award year at the same institution unless the student informs the FAA of a change or conflicting information is presented





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FAFSA SIMPLIFICATION
CHANGES

2023-24 renewal applicants indicating homeless youth, foster care, orphan, ward of the court, an emancipated minor, or legal guardianship will have their answers to dependency questions carried over from the 2022-23 FAFSA form.


- These students must still confirm that their previous dependency question answers are correct and that their situation has not changed prior to submitting the form.


Timelines for making determinations

- Must review all requests as quickly as possible, but no later than *60 days after a student enrolls*


2024-25 - provisional independent status



- Initial and renewal applicants will receive SAI with estimated Federal student aid eligibility
- Dependency status is determined by the institution




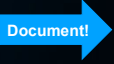

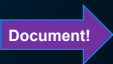
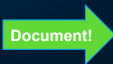



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PJ DOCUMENTATION

Considerations:

- Should be adequate and reasonable
- Written Request from Student or Institutional Form
- Can never have too much documentation
- Remain flexible on types of documentation accepted
- Use Third Party Documentation






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COST OF ATTENDANCE CATEGORIES


DIRECT COSTS	INDIRECT COSTS
<ul style="list-style-type: none">• Tuition• Fees• Books• Supplies	<ul style="list-style-type: none">• Transportation• Miscellaneous Personal Expenses• Living Expenses (Housing & Food)• Dependent Care• Licensure Costs• Cost Associated with Study Abroad• Disability Related Expenses

COA ADJUSTMENTS FOR LIVING EXPENSES




One approach is to compare expenses to IPA


Adjust for full amount of expenses or only for amounts above the IPA



Adjust either the COA or data elements that affect the EFC, not both

Relevant and allowable COA components only








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EXAMPLE #1: JANE

- Jane is assigned a private room.
- She is requesting a review to see if aid is available to cover additional housing expenses.







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POSSIBLE CONSIDERATIONS
& DOCUMENTS


CONSIDERATIONS

- Why does the student need a private room?
- Is this a lifestyle choice, academically related, or a result of other special needs?

DOCUMENTS


- Letter from the student
- Letter from a doctor depending on the medical situation
- Receipt from the business office or copy of billing statement
- If living off-campus, a copy of the lease






ADJUSTING COA TO
AFFECT ELIGIBILITY

COA Prior to PJ		Award		
		COA	\$17,500.00	Need = \$0.00
Tuition/Fees	\$ 8,000.00	EFC	\$ 22,500.00	
Books/Supplies	\$ 1,200.00			
Transportation	\$ 1,100.00	Need Based		Non-Need Based
Misc. Expenses	\$ 1,500.00	Scholarship	\$ 5,000.00	Unsub DL \$5,500.00
Housing/Food	\$ 5,700.00	Subsidized DL	\$ 0.00	PLUS \$7,000.00
			\$5,000.00	\$12,500.00
TOTAL	\$17,500.00			
			Total Aid	\$17,500.00





ADJUSTING COA TO AFFECT ELIGIBILITY

		Award		
COA After PJ				
		COA	\$19,500.00	Need = \$0.00
Tuition/Fees	\$ 8,000.00	EFC	\$ 22,500.00	
Books/Supplies	\$ 1,200.00			
Transportation	\$ 1,100.00	Need Based		Non-Need Based
Misc. Expenses	\$ 1,500.00	Scholarship	\$ 5,000.00	Unsub DL \$5,500.00
Housing/Food	\$ 7,700.00	Subsidized DL	\$ 0.00	PLUS \$9,000.00
			\$5,000.00	\$14,500.00
TOTAL	\$19,500.00			
			Total Aid	\$19,500.00

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ADJUSTING COA VS. EFC DATA ELEMENTS

ADJUSTING COA

In general, the intent of making an upward adjustment of a COA element is to potentially increase the student's need-based and/or non-need-based eligibility.


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ADJUSTING COA VS.
EFC DATA ELEMENTS

ADJUSTING EFC

In general, the intent is to lower the EFC to potentially increase Pell Grant Eligibility and/or other need-based aid.



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NEED ANALYSIS


Special circumstances


Elementary or secondary school expenses


Uninsured medical and dental expenses


High dependent care costs


Recent unemployment



Half-time enrollment of parent

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DATA ELEMENT
ADJUSTMENT GUIDANCE




IRA Roth Conversions




Unemployment Benefits



Prior-Prior Year







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ADJUST EFC
DATA ELEMENTS

- FAA can modify one, or more, of the data elements listed on the FAFSA which are used in the EFC Formula.
- It is important that the school choose an element and value that is appropriate to students’ special circumstances.*


* Understanding the EFC Formula as described in the FSA Handbook Application and Verification Guide can assist the FAA to make an appropriate decision.






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ALTERNATIVE-YEAR INCOME




Use actual or estimated income for calendar year, award year or another 12-month period



Can be used when data provided on FAFSA is no longer representative picture of student and/or family financial situation





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SPECIAL CIRCUMSTANCE

Unusual Uncovered Medical Expenses


Extraordinary Dependent Care


Secondary School Tuition

Loss of Employment

Parent/Spouse Death

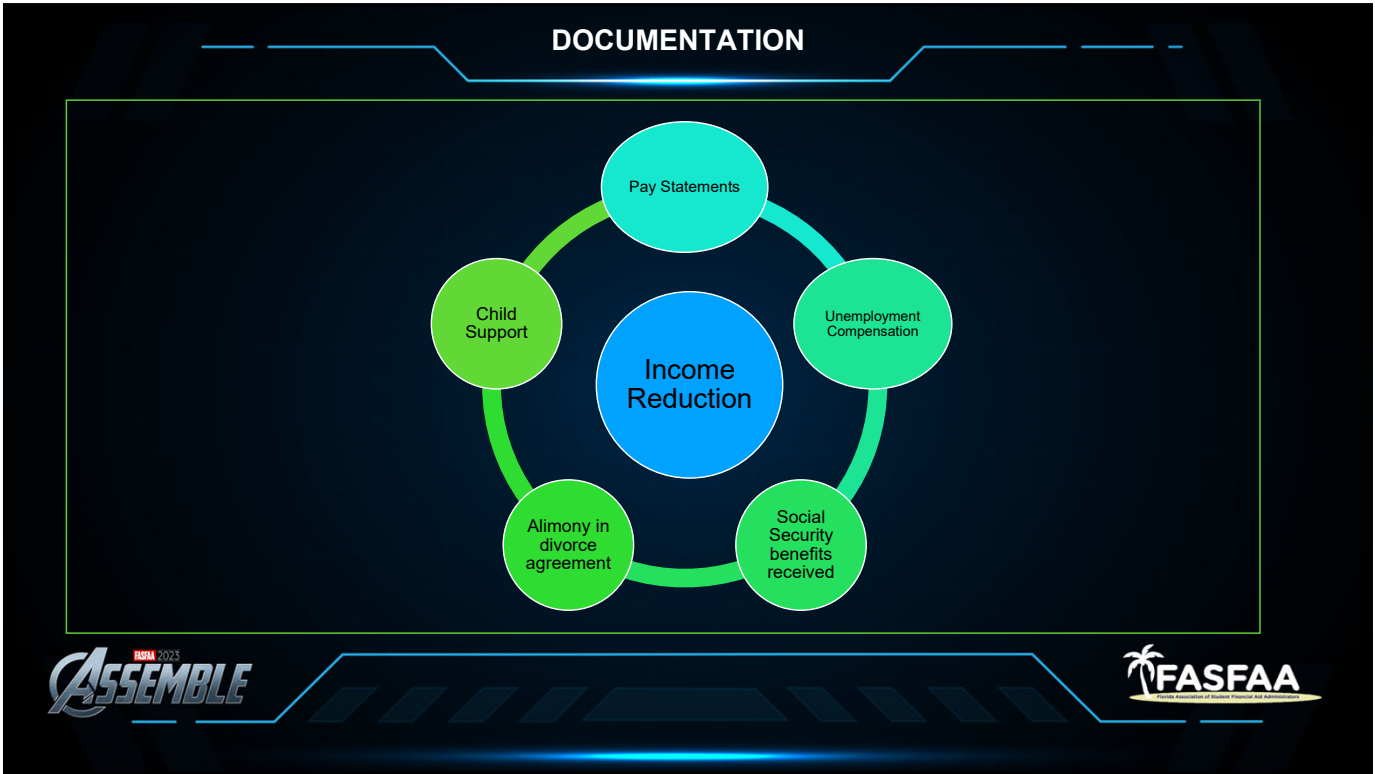
Divorce



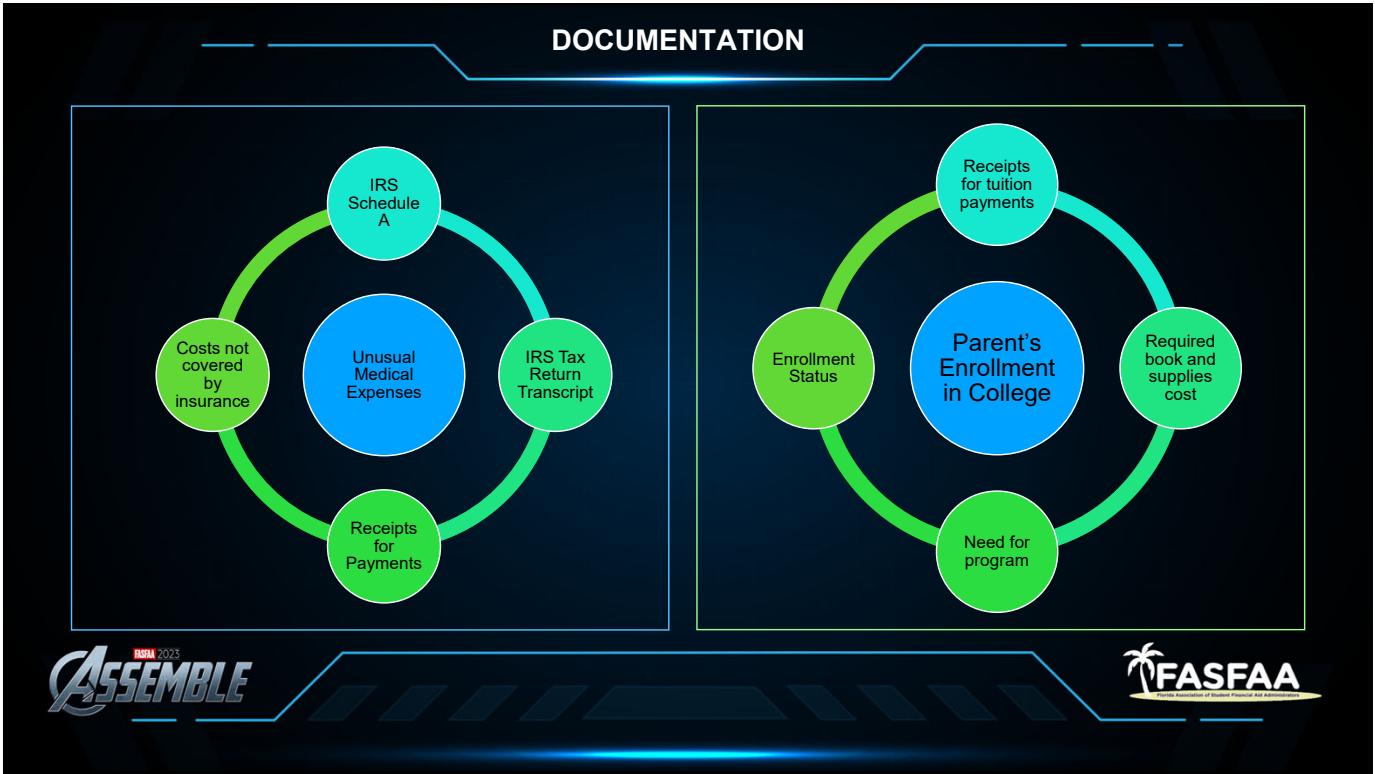


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INCOME


ESTIMATED INCOME

- Signed statements of estimated earnings
- Pay statements
- Divorce agreements outlining alimony payments along with documentation of payment made
- Unemployment compensation
- Disability benefits
- Social security benefits received or to be received

NONRECURRING INCOME

- Federal income tax return
- IRS tax return transcript
- Moving expenses (form 3903)
- Capital gains and losses (Schedule D)
- Additional income and adjustments to income (Schedule 1)
- Statement to support these fund changes





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DO's AND DON'TS


DO'S

- Note the period used for income
- Document! Document! Document!
- Calculate the new tax-paid numbers
- Sign documents when adjustments are made

DON'TS

- Change EFC data elements without documentation
- Adjust only the AGI without looking at other items
- Don't forget to factor in IPA already in the calculation:
 - Food 30%; Housing 22%; Transportation 9%; Clothing/personal 16%; Medical care 11% and Other family consumption 12%






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EXAMPLE #2: JOHN

- Returning to college in 2023-24
- Independent & unmarried student who worked full time during 2022
- Lost his job in February 2023
- Income for 2022 was significantly less than 2023



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POSSIBLE CONSIDERATIONS & DOCUMENTS

CONSIDERATIONS

- Is John back working full-time? Part-time? Self-employed?
- What year would/could you use?

DOCUMENTS

If using 2022 income:

- Income tax return & W2s
- Letter from the student explaining the situation
- Documentation from the previous employer about the loss of job
- Any documentation of other income that might exist or be on the tax return

DOCUMENTS

If using 2023 income:

- Letter from the student explaining the situation
- Copy of most recent tax return & W2s
- Documentation from the previous employer about the loss of job
- Any documentation of other income that might exist or be on the tax return
- If not working, explanation of how student supports themselves

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INDEPENDENT
STUDENT CRITERIA

24 years of age

Orphan, foster care, or ward of the court

Emancipated Minor

Graduate or Professional student

Married


Legal Dependents


Veteran

Serving on Active Duty

Unaccompanied Homeless Youth


Other Unusual Circumstances






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DOCUMENTATION FOR
DEPENDENCY STATUS




A signed statement from the student




Letters from knowledgeable third parties




Student's IRS tax return or tax transcript



Court documents






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EXAMPLE #3: AVA

- 18-year-old high school student
- Living with grandmother for 8 years
- Parents live abroad and cannot support her
- No contact in several years and contact information is unknown



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EXAMPLE: AVA

QUESTIONS

- Dependent or Independent?
- Whose information belongs on the FAFSA?
- How do the parent's location and contact information factor in?
- Is her relationship with her parents a factor?
- What documentation would you request?

Unaccompanied Youth

- Local agencies designated by the McKinney-Vento Homeless Assistance Act
- Director of a shelter, outreach program, homeless youth drop-in center, etc.
- Director of Federal TRIO program or GEAR UP grant
- FAA at another institution who documented the student's circumstances in the same or prior award year

Foster Care Youth

- Documentation student was in foster care at age 13 or older
- A court order or state documentation indicating the student received Federal/State support
- A documented phone call or written statement from an attorney, guardian ad litem, etc.
- Verification of student's eligibility for an education or training voucher
- FAA who documented the student's circumstances in the same or prior award year

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INELIGIBLE FOR
DEPENDENCY OVERRIDE


Parents refuse to contribute toward students' educational costs


Parents unwilling to provide information on the FAFSA or for verification purposes

Parents do not claim student as a dependent for income tax purposes

Parents live separately from student or in a foreign country (GEN 11-15)


Student demonstrated total self-sufficiency

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DIRECT UNSUB LOAN FOR A DEPENDENT STUDENT
WITHOUT PARENTAL DATA




Option available to students whose parents ended financial support and refuse to file the FAFSA



Parent refusal to file FAFSA is not grounds for a dependency override

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DISASTER, EMERGENCY OR
ECONOMIC DOWNTURN

FAAs may exercise PJ during a qualifying emergency:

Income earned from work is zero

- Must provide documentation of unemployment benefits
- Proof of application is acceptable

>> Submission cannot be more than 90 days from the date it was issued

Make appropriate adjustments to income earned from work for the student, parent, or spouse based on the family’s situation

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QUESTIONS

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ACKNOWLEDGMENT



This presentation was prepared

with both

Federal Student Aid

and

NASFAA Resources



RESOURCES

[23-24 FSA Handbook AVG, Chapter 5](#)

[IRS Website](#)



[2021 Returns – Publication 17](#)

[2023-24 EFC Formula Guide](#)

[Dear Colleague Letter GEN-21-02](#)

[Dear Colleague Letter GEN-22-15](#)

[Dear Colleague Letter GEN-23-06](#)



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