

PROFESSIONAL JUDGMENT

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U.S. Department of Education

2023 PacFAA Annual Conference

AGENDA

1. Professional Judgment (PJ) Overview
2. Types of Professional Judgment
3. Document, Document, Document!
4. Professional Judgment in Practice
5. Scenarios
6. Resources

PROFESSIONAL JUDGMENT (PJ) OVERVIEW

WHAT IS PROFESSIONAL JUDGMENT?

HEA SEC. 479A: DISCRETION OF STUDENT FINANCIAL AID ADMINISTRATORS (20 USC §1087tt)

Financial aid administrators have the authority, based on adequate documentation, to **adjust on a case-by-case basis** to the **cost of attendance** or the **values** of the **data items required to calculate the expected family contribution** to allow for treatment of an individual eligible applicant with **special circumstances**.

(a) SPECIAL CIRCUMSTANCES

HEA SEC. 479A: DISCRETION OF STUDENT FINANCIAL AID ADMINISTRATORS (20 USC §1087tt)

Special circumstances are conditions that differentiate an individual student from a class of students.

Special circumstances are not conditions that exist across a class of students.

Aid administrators may not deviate from expected contributions if there are no special circumstances.

(a) SPECIAL CIRCUMSTANCES

HEA Sec. 479A: Discretion of student financial aid administrators (20 USC §1087tt)



EXPENSES

- Tuition at elementary or secondary school
- Medical, dental, or nursing home (not covered by insurance)
- Unusually high child or dependent care costs



INCOME

- Recent unemployment of family member or independent student
- Dislocated worker (as defined in Section 3102 of Title 29)

(a) SPECIAL CIRCUMSTANCES

HEA Sec. 479A: Discretion of student financial aid administrators (20 USC §1087tt)

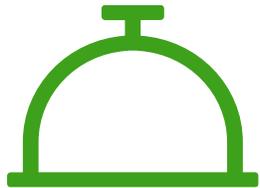


OTHER

- Number of parents enrolled at least half-time in credentialed program at eligible institution
- Change in housing status resulting in homelessness
- Other changes in family's income or assets, or student's status

(b) ADJUSTMENTS TO ASSETS

HEA Sec. 479A: Discretion of student financial aid administrators (20 USC §1087tt)



FARM OR BUSINESS

- Exclude from family income any proceeds of sale of family farm or business assets if sale results from
 - Voluntary or involuntary foreclosure
 - Forfeiture
 - Bankruptcy/involuntary liquidation

(b) ADJUSTMENTS TO ASSETS

HEA Sec. 479A: Discretion of student financial aid administrators (20 USC §1087tt)



STUDENT DISABILITY

- Adjust award level of student with disability to take into consideration additional costs such student incurs as result of such disability

(c) REFUSAL OR ADJUSTMENT OF LOAN CERTIFICATIONS

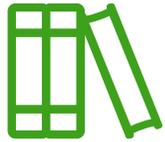
HEA Sec. 479A: Discretion of student financial aid administrators (20 USC §1087tt)



INDIVIDUAL STUDENT DECISION

- Refuse to certify Federal Direct Loans
- or*
- Certify loan amount or make loan less than student's determination of need
- Must document reason for action and notify student in writing
- Must not discriminate on basis of race, national origin, religion, sex, marital status, age, or disability status

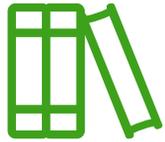
2023-24 FAFSA SIMPLIFICATION ACT CHANGES (1 OF 4)



HEA SEC. 479A — PROFESSIONAL JUDGMENT

- Prohibits IHE and FAA from denying all PJ or DO requests
- Requires IHE publicly disclose option to pursue adjustments due to circumstances
- Requires IHE develop policies and procedures for reviewing PJ requests

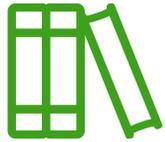
2023-24 FAFSA SIMPLIFICATION ACT CHANGES (2 OF 4)



HEA SEC. 479A — PROFESSIONAL JUDGMENT

- Defines special vs. unusual circumstances
 - Special circumstances → Adjustments to COA or data elements affecting EFC
 - Unusual circumstances → Dependency overrides Defines adequate documentation

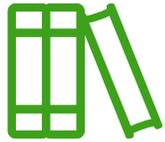
2023-24 FAFSA SIMPLIFICATION ACT CHANGES (3 OF 4)



HEA SEC. 479A — PROFESSIONAL JUDGMENT

- Codifies PJ during disaster, emergency, or economic downturn
- Moves dependency override (DO) with other Professional Judgment adjustments
- Provides improved help text on FAFSA for unusual circumstances

2023-24 FAFSA SIMPLIFICATION ACT CHANGES (4 OF 4)



HEA SEC. 479D — SPECIAL RULES FOR INDEPENDENT STUDENTS

- Determination process for unaccompanied homeless youth
- Documentation process for foster care youth
- Timing of making independence determinations
- Use of earlier determinations

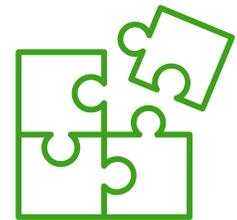
TYPES OF PROFESSIONAL JUDGMENT

ADJUSTMENTS TO COST OF ATTENDANCE (COA)

COA ALLOWABLE COSTS (1 OF 2)

CATEGORIES FOR MOST STUDENTS

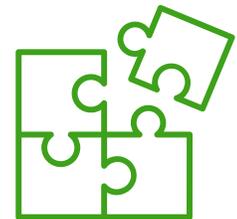
- Tuition and Fees
- Books and Supplies
- Room and Board
- Transportation
- Miscellaneous Personal Expenses
- Loan fees



COA ALLOWABLE COSTS (2 OF 2)

CATEGORIES AS APPLICABLE

- Dependent care
- Disability-related expenses
- Study abroad
- Cooperative education
- First professional licensure or certificate



PJ AND COST OF ATTENDANCE

Use PJ to adjust COA categories for special circumstances on case-by-case basis.

Do not use PJ to create new COA categories for special circumstances.

Costs must be incurred during period of enrollment.

ADJUSTMENTS TO DATA ELEMENTS AFFECTING EFC

DATA ELEMENT ADJUSTMENTS

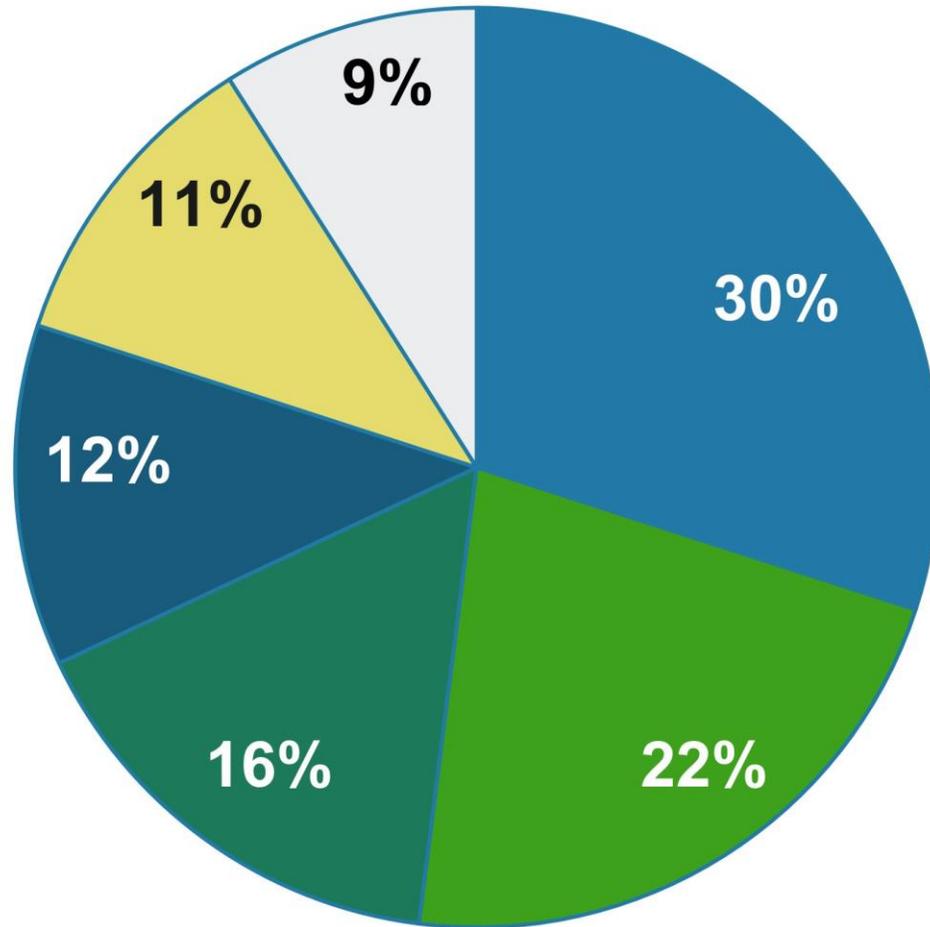
USE PJ TO CHANGE FAFSA FORM DATA ELEMENTS

- Income
- Taxes paid
- Assets
- Household size
- Number in college

INCOME PROTECTION ALLOWANCE (IPA)

- Intermediate value of EFC calculation
- Allowance against total income for basic living expenses
- Published annually in the Federal Register
- IPA amount varies by dependency status, household size, number in college

IPA ALLOCATIONS



- Food
- Housing
- Clothing/Personal Care
- Other Family Consumption
- Medical
- Transportation

FAA INFORMATION

Date ISIR Received	1/25/2022	CPS Pushed ISIR	Yes
Verification Flag	Yes	Rejects Met	
Professional Judgment Flag		Verification Tracking Flag	V1
Transaction Receipt Date	8/1/2022	Dependency Override Indicator	
Reprocessed Reason Code		ETI	4
Processed Record Type	H	Correction # Applied To	01
		Application Receipt Date	1/1/2022

Pell Eligibility Flag: Y

Primary EFC	2337	Secondary EFC	
Mon 1	295	Mon 7	1825
Mon 2	550	Mon 8	2080
Mon 3	805	Mon 10	2400
Mon 4	1060	Mon 11	2463
Mon 5	1315	Mon 12	2526
Mon 6	1570	Mon 6	

IRS Data Flags

Flag	Student	Parent	Flag	Student	Parent
Req	02	02	AGI	1	1
Display	B	B	Taxes Paid	1	1
IRA Deductions	1	1	Tax Return Type	1	1
Tax-Exempt Int. income	1	1	Return Filing Status	1	1
Untaxed IRA Dist. & Pension Portions	1	1	Education Credits	1	1
Filed Schedule 1?	0	1			
CFH Indicator					
Duplicate SSN Flag			Verification Selection Flag		
Address Only Correction			EFC Change Flag		EFC increase
SAR C Change Flag			Special Circumstance Flag		
High School Flag			Auto Zero EFC Flag		

Intermediate Values

TI	53380	DNW	20000	PC	2297
ATI	35307	NW	24200	STI	1600
STX	4270	APA	4200	SATI	7258
EA	0	PCA	2400	SIC	0
IPA	26830	AAI	20473	SDNW	200
AI	18073	TSC		SCA	40
CAI		TPC	4593	FTI	54980

The Income Protection Allowance (IPA) is found on the ISIR, under FAA Information. Review the IPA when considering a PJ adjustment to the FAFSA data elements.

NSLDS Transaction Number 01

Comments: 149,170,349,267,006

NSLDS Database Results Flag 3

FAA INFORMATION

Date ISIR Received 1/25/2022 CPS Pushed ISIR Yes
 Verification Flag Yes Rejects Met
 Professional Judgment Flag Verification Tracking Flag V1
 Transaction Receipt Date 8/1/2022 Dependency Override Indicator
 Reprocessed Reason Code
 Processed Record Type

Pell Eligibility Flag: Y
 Primary EFC 2337 Secondary EFC
 Mon 1 295 Mon 7 1825 Mon 1
 Mon 2 550 Mon 8 2080 Mon 2
 Mon 3 805 Mon 10 2400 Mon 3
 Mon 4 1060 Mon 11 2463 Mon 4
 Mon 5 1315 Mon 12 2526 Mon 5
 Mon 6 1570 Mon 6
 IRS Data Flags

Flag
 Req
 Display
 IRA Deductions
 Tax-Exempt Int. income
 Untaxed IRA Dist. & Pension Portions
 Filed Schedule 1?
 CFH Indicator
 Duplicate SSN Flag
 Address Only Correction
 SAR C Change Flag
 High School Flag
 Rejected Status Change Flag
 Match Flags
 SSN 4 SSA A DHS SS Y NSLDS VA DHS Sec. Conf. Parent 1 SSN 4 Parent 2 SSN 4 DOD
 DHS Verification #
 NSLDS Transaction Number 01
 SS Registration Flag
 NSLDS Database Results Flag 3
 Comments: 149,170,349,267,006

Intermediate Values

TI	53380	DNW	20000	PC	2297
ATI	35307	NW	24200	STI	1600
STX	4270	APA	4200	SATI	7258
EA	0	PCA	2400	SIC	0
IPA	26830	AAI	20473	SDNW	200
AI	18073	TSC		SCA	40
CAI		TPC	4593	FTI	54980

Verification Selection Flag
 EFC Change Flag EFC increase
 Special Circumstance Flag
 Auto Zero EFC Flag
 SNT Flag No

IPA ALLOCATION

Example

IPA = \$26,830

- 30% Food Allowance = \$8,049
- 22% Housing Allowance = \$5,902
- 16% Clothing/Personal = \$4,293
- 12% Other Family Consumption = \$3,220
- 11% Medical = \$2,951
- 9% Transportation = \$2,415

DEPENDENCY OVERRIDES

AUTHORITY TO MAKE DEPENDENCY ADJUSTMENT

HEA SEC. 480(d)(1)(I) DEFINITIONS (20 U.S.C. §1087vv)

(d)(1) Definition of an independent student

The term “independent”, when used with respect to a student means any individual who–

...(I) is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances.

DEPENDENCY STATUS CHANGES

DEPENDENCY OVERRIDE

- Only change dependent student to independent
- Student must have unusual circumstances
- FAA must make determination using adequate supporting documentation

PARENTS REFUSAL TO SUPPORT STUDENT

PARENTS REFUSAL TO SUPPORT STUDENT

Question

Can I complete a dependency override if the student's parents refuse to provide support and refuse to complete the FAFSA form, but the student does not otherwise have unusual circumstances?

Answer

This situation does not justify a dependency override. But with proper documentation, an institution may award only Direct Unsubsidized Loan funds to the dependent student—up to the applicable annual loan limit for a dependent undergraduate. This is a professional judgment decision.

AWARDING UNSUBSIDIZED LOAN (1 OF 2)

STUDENT'S ACTIONS

- Student must complete FAFSA form to confirm eligibility through database matches
- Student self-certification of non-support—not sufficient documentation

AWARDING UNSUBSIDIZED LOAN (2 OF 2)

DOCUMENTATION REQUIRED

- Obtain signed and dated statement from one parent
 - Parent(s) stopped providing financial support
 - Parent(s) will not provide future financial support
 - Date financial support ceased
 - Parents refuse to complete FAFSA form
- Third-party statement acceptable if parents refuse to provide statement

DOCUMENT, DOCUMENT, DOCUMENT



HEA AND DOCUMENTATION

HEA SEC. 479A: DISCRETION OF STUDENT FINANCIAL AID ADMINISTRATORS (20 USC §1087tt)

Financial aid administrators have the authority **to request and use** supplementary information about the financial status or personal circumstances of eligible applicants in selecting recipients and determining the award amounts when exercising professional judgment.

DOCUMENTATION RESPONSIBILITIES

STUDENT

- Provide adequate documentation
- Provide documents requested by institution

INSTITUTIONAL

- Document PJ process
- Document PJ decision
- Retain documents

STUDENT DOCUMENTATION

STUDENT DOCUMENTATION

SUPPORTING DOCUMENTATION OF SPECIAL CIRCUMSTANCE

- Information not captured on FAFSA form or supplemental application
- Varies by circumstance
- Institutional PJ/DO form (optional)

EXAMPLES OF DOCUMENTATION

EXTERNAL DOCUMENTATION

- Statements from student, parent, spouse
- Statement from third parties
- Court/legal documents
- Contracts/leases
- Utility bills

EXAMPLES OF DOCUMENTATION

EXTERNAL DOCUMENTATION

- Tax returns and schedules/W-2s/paycheck stubs
- Notice of unemployment benefits
- Asset information
- Payment receipts/statements/cancelled checks

EXAMPLES OF DOCUMENTATION

INTERNAL DOCUMENTATION

- Documented conversations with FAA
- Statements from institutional faculty or staff
- Housing contracts
- Student account ledger/statement
- Loan debt information

INSTITUTIONAL DOCUMENTATION

DOCUMENT PROCESS

POLICIES AND PROCEDURES

- Outline process (include appealing decision, if applicable)
- Identify decision-making team
- Document special circumstances to consider

DOCUMENT DECISION

INSTITUTIONAL DOCUMENTATION OF PJ DECISION

- Documentation requested/received
- Committee's decision (outcome)
- Justification for decision (audit trail)
- Name(s) and title(s) of decision-making team
- Decision date

DOCUMENT RETENTION

34 CFR 668.24(c), (d), and (e)

- Retain all supporting documents from student
- Retain all institutional records
- Follow record maintenance and record retention period requirements

PROFESSIONAL JUDGMENT IN PRACTICE

PJ IN PRACTICE



NEED ANALYSIS

- Change data items and recalculate EFC
- Adjust COA elements



NO PARENTAL SUPPORT

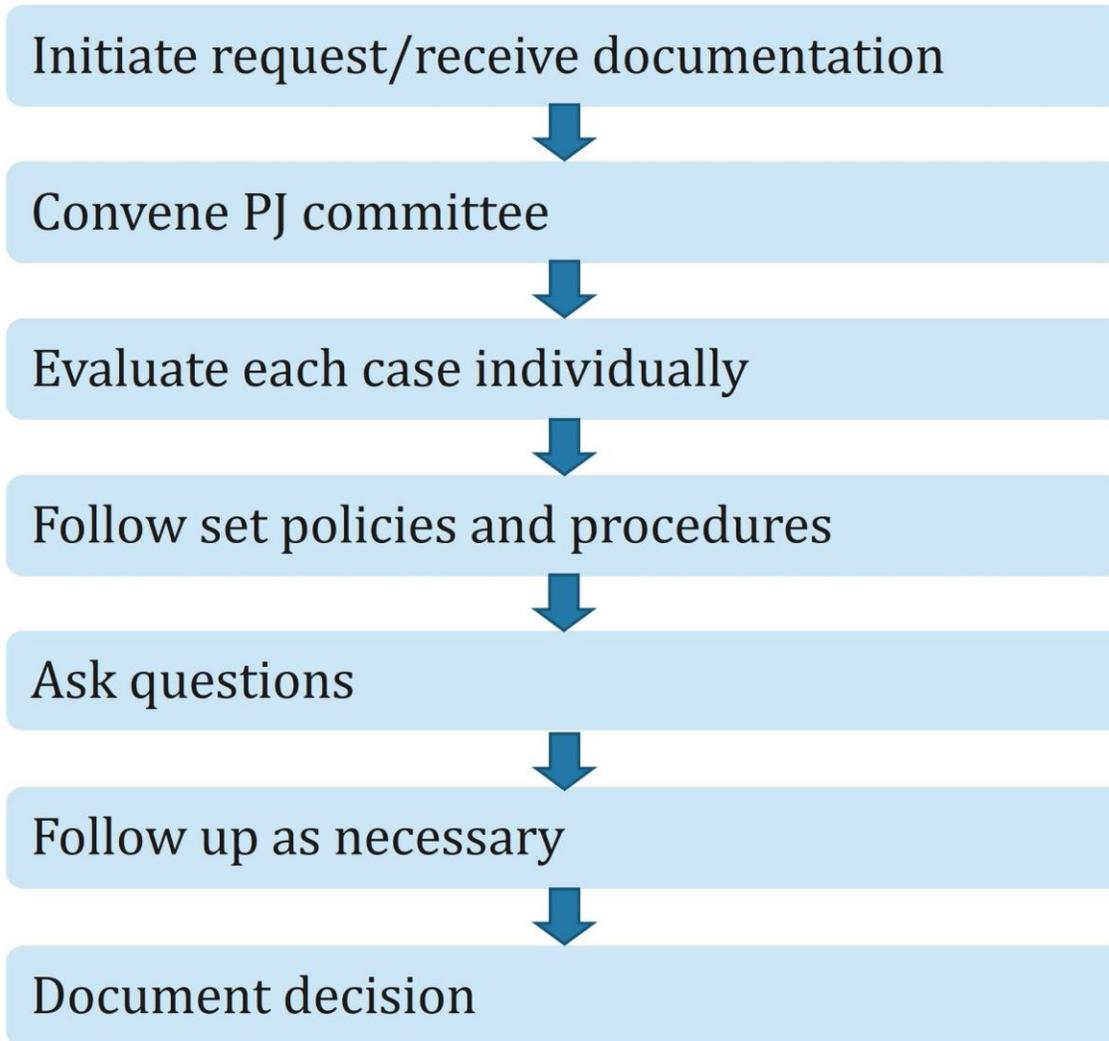
- Complete dependency override
- Award Direct Unsubsidized Loan to dependent student without parental FAFSA data



OTHER

- Deny or reduce Direct Loan eligibility

PJ PROCESS



STUDENT INITIATES PJ REQUEST



- FAFSA® form instructions/help page
- Meeting with financial aid advisor
- Institution's student consumer information disclosures
 - Explanation of PJ and Dependency Override
 - Examples of special or unusual circumstances
 - Examples of circumstances that do not merit consideration
 - Examples of required documentation
 - Instructions on how to submit request

INSTITUTION RECOMMENDS PJ PROCESS



- Request for assistance from student or parent(s)
- Meeting with student
- Reviewing financial aid application(s) or notes in student's record

ASK QUESTIONS DURING EVALUATION (1 OF 2)

Is the situation
a special or
unusual
circumstance?

Did the student
submit all
requested
documentation?

Does the
documentation
substantiate the
circumstance?

ASK QUESTIONS DURING EVALUATION (2 OF 2)

Are there additional questions to ask the student or family?

Is additional documentation required?

What reasonable adjustments can we make?

PJ IS NOT TO... (1 OF 2)

- Circumvent Title IV law or regulations
- Waive general student eligibility requirements
- Automatically provide identical treatment to all students with similar circumstances
- Circumvent FSEOG selection criteria

PJ IS NOT TO... (2 OF 2)

- Change EFC number directly
- Alter EFC Formulas or table values
- Change student from independent to dependent
- Include post-enrollment expenses in COA (one exception)

PJ AFTER STUDENT CEASES ENROLLMENT

Question

Can I make a professional judgment adjustment after the student ceases enrollment? We found out that a student withdrew because their parents lost their jobs due to the national emergency.

Answer

An institution is not permitted to exercise professional judgment after the student ceases to be eligible. The law states that the FAA's authority to completed PJ extends to "an individual **eligible** applicant with special circumstances". And a student no longer is an eligible applicant at the point they no longer are enrolled.

VERIFICATION AND PROFESSIONAL JUDGMENT

Verify selected students first

Exercise professional judgment second

May complete both verification and PJ on same transaction

No need to verify information PJ entirely removed

No need to verify non-selected application prior to exercising PJ

SCENARIOS

ADJUSTMENTS TO COA #1

BOOKS AND SUPPLIES

Joshua is enrolled in the Chemical Engineering program and has documented textbook expenses of \$2,100. The institution uses an average of \$700 for books and supplies in the COA.

How would you manage this request?

ADJUSTMENTS TO COA #2

DEPENDENT CARE

Olivia has \$19,000 in documented dependent care expenses for her autistic child. The institution typically allots an average of \$7,500 for dependent care expenses.

How would you manage this request?

ADJUSTMENTS TO EFC DATA ELEMENTS #1

PROJECTED-YEAR INCOME

Laura is a dependent student. Her parents submitted an appeal for additional financial aid funds. Her father, an attorney, lost his job at the law firm. His prior-prior year AGI was \$700,000. In the appeal, Laura's father states that he is looking for a new job and expects his income to be anywhere from \$89,000 to \$500,000.

How would you manage this request?

ADJUSTMENTS TO EFC DATA ELEMENTS #2

MEDICAL EXPENSES AND IPA

Max is a dependent student. His parents submit a request to consider \$10,000 in documented out-of-pocket medical expenses for a recent surgery. The IPA on Max's ISIR is \$26,830. The portion of the IPA that covers medical care is \$2,951 (11% of \$26,830).

How would you manage this request?

ADJUSTMENTS TO EFC DATA ELEMENTS #3

HOUSING AND IPA

Jackie is a dependent student. Her parents submit a request to consider \$20,000 in expenses for a second household because Jackie's mother received an out-of-state job transfer. The IPA on Jackie's ISIR is \$50,090. The portion of the IPA that covers housing is \$11,020 (22% of \$50,090).

How would you manage this request?

SPECIAL CIRCUMSTANCES AND COVID-19

- ED encourages FAAs to use professional judgment for students/families affected by COVID-19 or unemployment
- Increased use of PJ not negatively viewed through 2022-23
- [Dear Colleague Letter Updated April 29, 2022 \(GEN-21-02\)](#)



RESOURCES

REFERENCES (1 OF 2)

- Higher Education Act, Sections 479A, 479D, and 480
- U.S. Code, Sections 1087tt and 1087vv
- Consolidated Appropriations Act, 2021
- 34 CFR 685.301(a)(8) – Refuse or reduce loan

REFERENCES (2 OF 2)

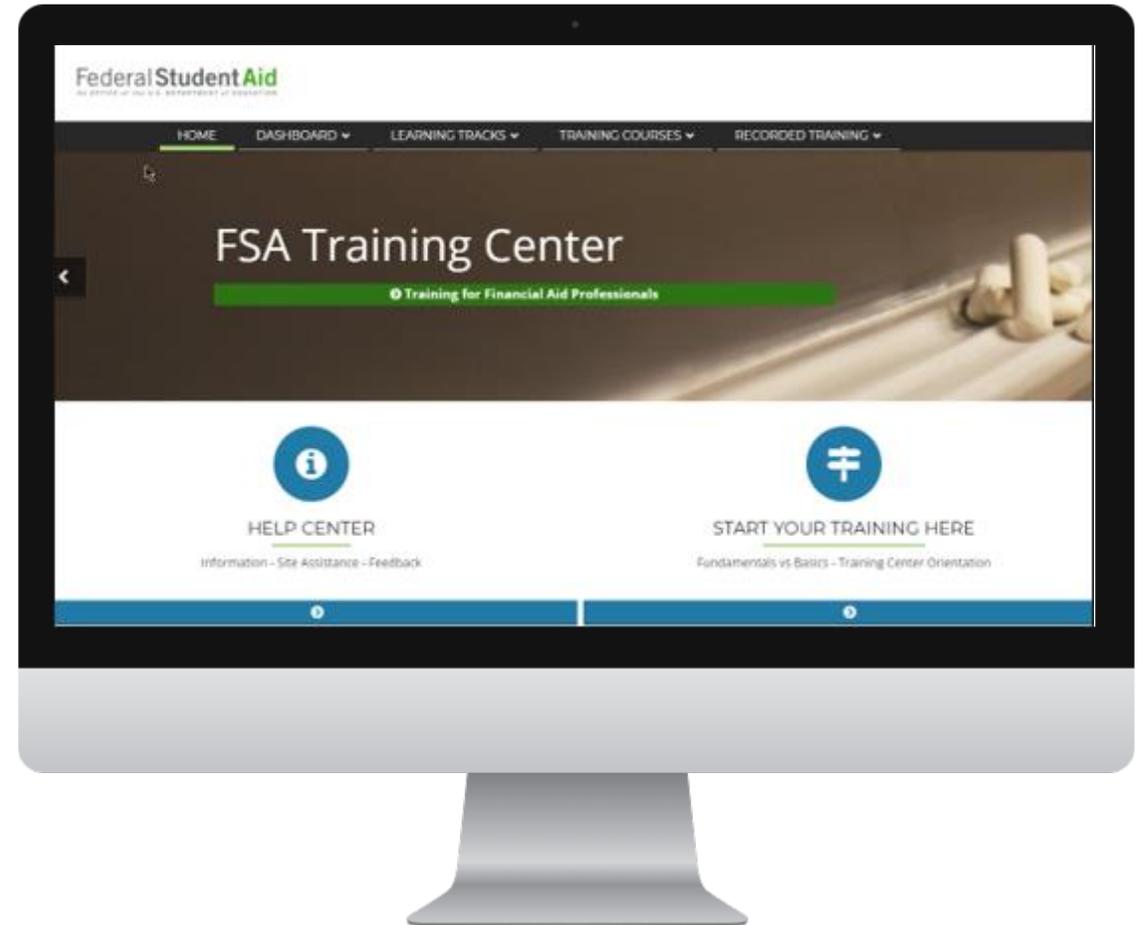
- [Federal Register Notice: FAFSA Simplification Act Implementation 2023-2024](#)
- [DCL ID: GEN-22-15 PJ & Independent Student Status Sections](#)
- Federal Student Aid Handbook
 - AVG, Chapter 5: Special Cases
 - Volume 3, Chapter 2: Cost of Attendance (Budget)

FSA TRAINING CENTER

fsatraining.ed.gov

Take advantage of the FSA Training Center!

- Learning tracks
- Training courses
- Recorded policy and how-to videos
- Software training



KNOWLEDGE CENTER

[Knowledge Center Homepage](#)

Use the Knowledge Center for Title IV resources!

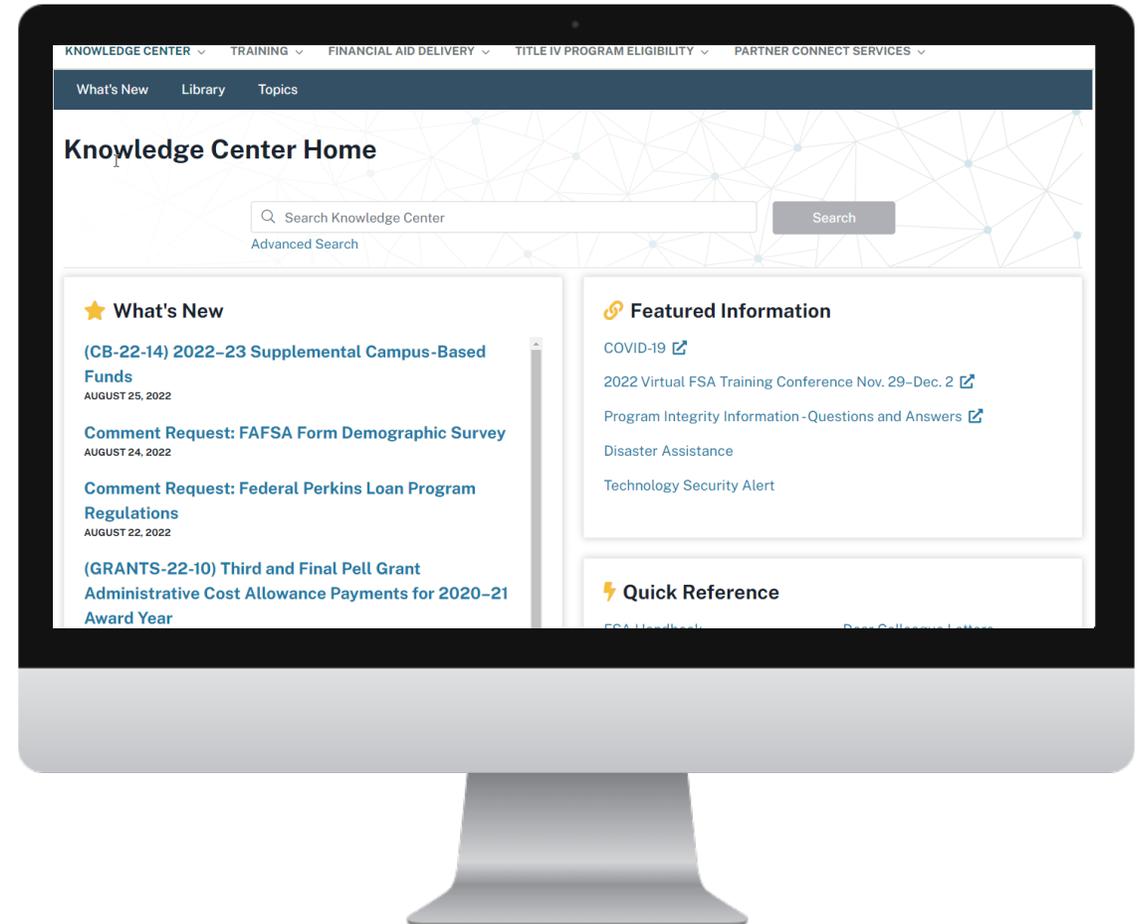
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 (PDF) FSA Resources September 21, 2022 Live Webinar Presentation Slides

 (PDF) FSA Resources September 21, 2022 Live Webinar Leave Behind

 (PDF) FSA Resources September 21, 2022 Live Webinar Q&A Transcript

FSA Resource Toolkit | the suite of videos below of Title IV aid. Learn how to navigate these resources

-  (Video) FSA Handbook
-  (Video) Dear Colleague Letters
-  (Video) Electronic Announcements
-  (Video) Federal Register
-  (Video) Code of Federal Regulations - eCFR
-  (Video) Operational Guides
-  (Video) How to Ask a Question on the Help Center

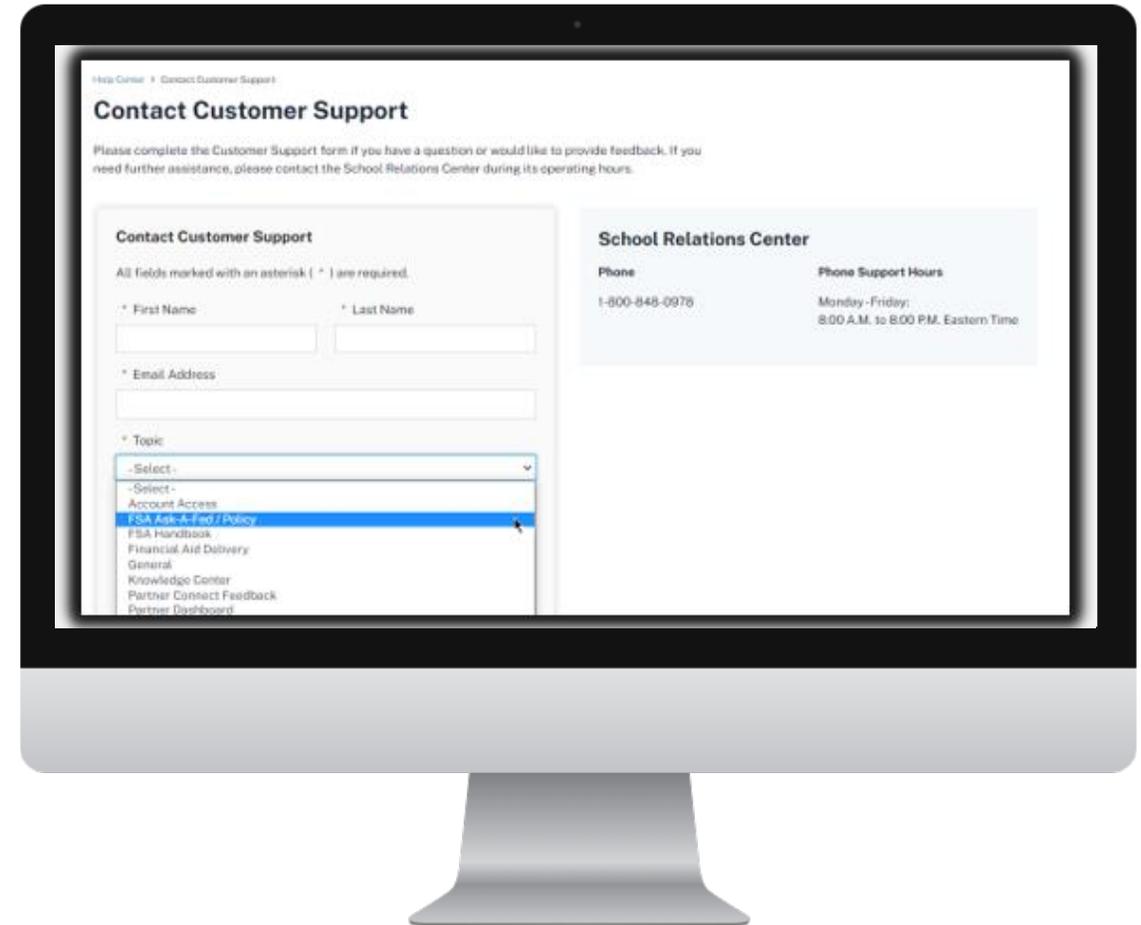
- Login to fsatraining.ed.gov
- Choose Recorded Training > Training Videos > FSA Resources
- Choose *From Announcements to Regulations: Finding Answers Using FSA Resources*
- Choose links in FSA Resource Toolkit

FSA PARTNER CONNECT HELP CENTER

[Contact Customer Support](#)

Use *Contact Customer Support Form* in Help Center to ask policy questions.

Choose “Ask A Fed/Policy” from Topic dropdown list.



The screenshot shows a web browser window displaying the 'Contact Customer Support' form. The form is titled 'Contact Customer Support' and includes a sub-header 'Contact Customer Support'. Below the title, there is a note: 'Please complete the Customer Support form if you have a question or would like to provide feedback. If you need further assistance, please contact the School Relations Center during its operating hours.' The form fields include: 'First Name' and 'Last Name' (both marked with an asterisk as required), 'Email Address' (marked with an asterisk as required), and 'Topic' (a dropdown menu). The dropdown menu is open, showing options: '-Select-', '-Select-', 'Account Access', 'FSA Ask-A-Fed / Policy' (highlighted in blue), 'FSA Handbook', 'Financial Aid Delivery', 'General', 'Knowledge Center', 'Partner Contact Feedback', and 'Partner Dashboard'. To the right of the form, there is a 'School Relations Center' box containing 'Phone: 1-800-848-0978' and 'Phone Support Hours: Monday-Friday: 8:00 A.M. to 8:00 P.M. Eastern Time'.



Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

FEEDBACK SURVEY



<https://www.surveymonkey.com/r/TSPYTTD>

Survey open until April 14, 2023

QUESTIONS?

