

# Professional Judgment

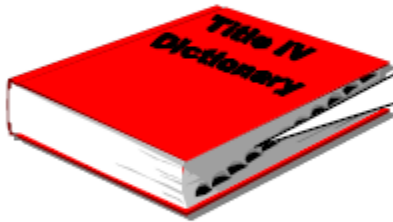
Dawn Coleman-Glenn  
Training Specialist for Scholarships &  
Financial Aid

Texas A&M University  
[dcoleman@tamu.edu](mailto:dcoleman@tamu.edu)



# What *is* Professional Judgment?

## What is professional judgment?



**Professional judgment** – a *discretionary* action on the part of the financial aid office to address *unusual* circumstances that affect a student's ability to pay his or her educational expenses; must be *documented* in student's file

*Discretionary:* not required by law to use it

*Unusual:* not for across-the-board changes; only on a case-by-case basis



# Professional Judgement

- **What**

- Allows a financial aid administrator to exercise discretionary action for unusual circumstances that affect a family's ability to pay for college.

- **When**

- Professional judgements are conducted on a case-by-case basis regarding student's accounts and various COA components.

- **Why**

- The FAFSA is just a snapshot of a student's financial situation. Some students have extenuating circumstances that require additional help.

- **How**

- Contact the School you plan to attend



# Professional Judgement

- FAAs are given authority by the DoE to exercise professional judgment
- May use PJs on a **case-by-case** basis
- Not every PJ is to adjust the EFC
- **Act as if every professional judgment will be reviewed in an audit.**
  - TAMU attaches a memo to every PJ incase an auditor asks why we approved a specific PJ (best practice)



# Professional Judgement

## PROFESSIONAL JUDGEMENT MEMO

Student: Mackenzie Miller

UIN: 123456789

Date: 5/10/2019

Reason for Professional Judgment: COA Increase

PJ granted.

Student submitted COA increase for childcare for summer 2019. COA increase approved: adjusted RBAPBUD for CHLD to 5743. Student had childcare tuition of 930 for half of May, 1865 for June, 1865 for July, and 1865 for August which we included 933 as second half of August is 1920 academic year. Student is single based on RNANA19, eligible for 100% of childcare cost due to marital status and hours enrolled (half time or more).|

Processed by: Natalie Shaw and Jake Mason

Date: 5/10/19



# Professional Judgement

- You must be able to distinguish between changes in a family's circumstances that are a function of choice, and those that are a function of necessity.
- Following this guideline will help you distinguish expenses that you should or should not consider
- Take emotion out of the equation



# Golden Rule of PJ

- **DOCUMENT!**

- Keep in mind that all special circumstances must be verified first to ensure you start with accurate data

- Types of documents you may wish to collect

- Tax returns
- W2s
- Last pay Stubs
- 3<sup>rd</sup> party Documents
- Legal Documents
- Letter from Employers
- Letters of Notification from Neighbors, School Officials or Church members



# Common Types of Professional Judgement

- Dependency Override
- Dependency Determinations
- Loss of Income/ Change of FAFSA
- Unsubsidized Loan for Dependent Students
- Cost of Attendance Increase





# Dependency Overrides



# Dependency Overrides

- Answering “No” to the FAFSA “Step Three” and notifying the SFAID office of extenuating circumstances requires a Dependency Status Review AKA “Dependency Override” to prove independence.

**Step Three (Student):** Answer the questions in this step to determine if you will need to provide parental information. Once you answer “Yes” to any of the questions in this step, skip Step Four and go to Step Five on page 8.

46. Were you born before January 1, 1996? .....	Yes	<input type="radio"/>	1	No	<input checked="" type="radio"/>	2
47. As of today, are you married? (Also answer “Yes” if you are separated but not divorced.) .....	Yes	<input type="radio"/>	1	No	<input checked="" type="radio"/>	2
48. At the beginning of the 2019-2020 school year, will you be working on a master’s or doctorate program (such as an MA, MBA, MD, JD, PhD, EdD, graduate certificate, etc.)?.....	Yes	<input type="radio"/>	1	No	<input checked="" type="radio"/>	2
49. Are you currently serving on active duty in the U.S. Armed Forces for purposes other than training? See Notes page 9. ....	Yes	<input type="radio"/>	1	No	<input checked="" type="radio"/>	2
50. Are you a veteran of the U.S. Armed Forces? See Notes page 9.....	Yes	<input type="radio"/>	1	No	<input checked="" type="radio"/>	2
51. Do you now have or will you have children who will receive more than half of their support from you between July 1, 2019 and June 30, 2020?.....	Yes	<input type="radio"/>	1	No	<input checked="" type="radio"/>	2
52. Do you have dependents (other than your children or spouse) who live with you and who receive more than half of their support from you, now and through June 30, 2020? .....	Yes	<input type="radio"/>	1	No	<input checked="" type="radio"/>	2
53. At any time since you turned age 13, were both your parents deceased, were you in foster care or were you a dependent or ward of the court? See Notes page 10. ....	Yes	<input type="radio"/>	1	No	<input checked="" type="radio"/>	2
54. As determined by a court in your state of legal residence, are you or were you an emancipated minor? See Notes page 10. ...	Yes	<input type="radio"/>	1	No	<input checked="" type="radio"/>	2
55. Does someone other than your parent or stepparent have legal guardianship of you, as determined by a court in your state of legal residence? See Notes page 10. ....	Yes	<input type="radio"/>	1	No	<input checked="" type="radio"/>	2
56. At any time on or after July 1, 2018, did your high school or school district homeless liaison determine that you were an unaccompanied youth who was homeless or were self-supporting and at risk of being homeless? See Notes page 10.....	Yes	<input type="radio"/>	1	No	<input checked="" type="radio"/>	2
57. At any time on or after July 1, 2018, did the director of an emergency shelter or transitional housing program funded by the U.S. Department of Housing and Urban Development determine that you were an unaccompanied youth who was homeless or were self-supporting and at risk of being homeless? See Notes page 10. ....	Yes	<input type="radio"/>	1	No	<input checked="" type="radio"/>	2
58. At any time on or after July 1, 2018, did the director of a runaway or homeless youth basic center or transitional living program determine that you were an unaccompanied youth who was homeless or were self-supporting and at risk of being homeless? See Notes page 10. ....	Yes	<input type="radio"/>	1	No	<input checked="" type="radio"/>	2

For Help — StudentAid.gov/completefafsa Page 5 Form CONTINUES on Page 6

# Dependency Overrides

- Factors to consider
  - Abandonment by parents
  - Unable to locate a parent after reasonable attempts
  - Situations of abuse
- Any student who answers “No” to all the dependency questions is dependent even if student is self-supporting



# Dependency Overrides

- Students who have extenuating circumstances can request an FAA to consider a dependency override
- Requires documentation to the validity of the extenuating circumstances
  - Personal statement
  - Letters from professionals
  - Remember: DOCUMENT, DOCUMENT, DOCUMENT!

\* Schools have the authority to accept the dependency override that was performed and approved by another school without additional documentation.



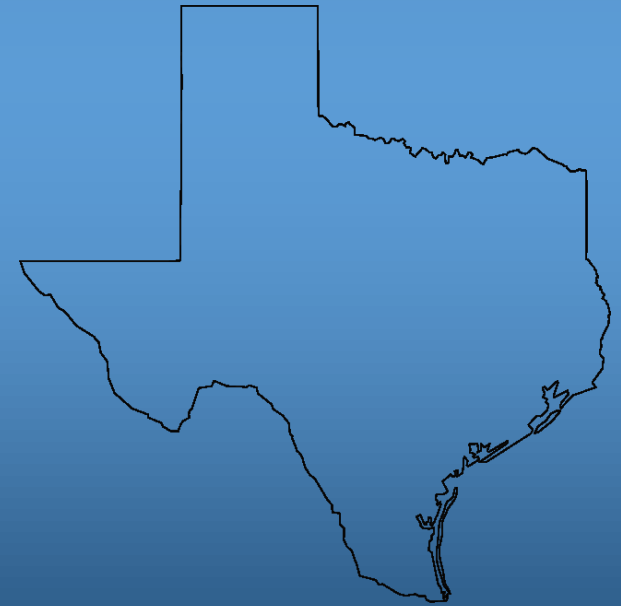
# Dependency Overrides

None of the following examples merit a dependency override:

1. Parents refuse to contribute to the student's education
2. Parents are unwilling to provide information on the FAFSA or for verification
3. Parents do not claim student as a dependent for income tax purposes
4. Student demonstrates total self-sufficiency



# Dependency Determinations



# Dependency Determination

- Answering “Yes” to the FAFSA “Step Three” requires a Dependency Determination review to prove independence.

**Step Three (Student):** Answer the questions in this step to determine if you will need to provide parental information. Once you answer “Yes” to any of the questions in this step, skip Step Four and go to Step Five on page 8.

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47. As of today, are you married? (Also answer “Yes” if you are separated but not divorced.) .....	Yes	<input type="radio"/>	No	<input checked="" type="radio"/>
48. At the beginning of the 2019-2020 school year, will you be working on a master’s or doctorate program (such as an MA, MBA, MD, JD, PhD, EdD, graduate certificate, etc.)?.....	Yes	<input type="radio"/>	No	<input checked="" type="radio"/>
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53. At any time since you turned age 13, were both your parents deceased, were you in foster care or were you a dependent or ward of the court? <b>See Notes page 10.</b> .....	Yes	<input checked="" type="radio"/>	No	<input type="radio"/>
54. As determined by a court in your state of legal residence, are you or were you an emancipated minor? <b>See Notes page 10.</b> ..	Yes	<input type="radio"/>	No	<input checked="" type="radio"/>
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For Help — [StudentAid.gov/completedefafa](http://StudentAid.gov/completedefafa) Page 5 Form CONTINUES on Page 6

# Dependency Determination

- Answering “yes” on FAFSA Step 3 for questions 49-58 requires additional documentation from the student to determine validity of the indicated independent status.
- For example, the student indicated their parents were deceased on the prior page. A FAA must request a death certificate for BOTH parents to prove independence.





# Loss of Income and/or Change of FAFSA



# Types of Income Losses

- Losses of Income
  - Unemployment or income reduction
  - Death of parent/spouse
  - Divorce of parent/student
  - Loss of child support
  - One-time lump sum payout
  - Disability payments



# Change of FAFSA

- Medical Expenses
- Household Number Change
  - Birth/Death
  - Divorce/ Separation
- Parents in College
- Maintaining 2 households



# Documentation

- Documentation is key!
- Everything previously mentioned requires heavy documentation
- If unsure of a situation, consult another seasoned advisor and refer to your FINAID Best Practices.



# FAFSA Elements that CAN be adjusted

- AGI
- Wages Earned
- Taxes Paid
- Number in Household
- Number in College
- Additional Financial Information
- Untaxed Income
- Asset information
- Dislocated Worker Status
- Federal Benefit Programs (i.e.- SNAP, WIC, TANF, etc.)
- Dependency Status
  - Only for dependent to independent



# Unsubsidized Loan for Dependent Students



# Federal Direct Unsubsidized Loan Eligibility

- FAAs may use professional judgment to determine if a dependent student may be offered Federal Direct Unsubsidized loans without parental data on the FAFSA
- To do this, FAAs must verify:
  - Parent no longer provides financial support
  - Parent refuses to file the FAFSA (morally opposed)
  - FAA must collect a signed statement from the parent affirming the above while also certifying that they will not provide support in the future (Include the date support ended.)



# Cost of Attendance Adjustments





# Standard COA Components

1. Tuition & Fees
2. Books & Supplies
3. Housing & Meals
4. Transportation
5. Miscellaneous



# Types of COA Adjustments to Consider

- Additional mortgage/rent charges
- Unusual car repair or transportation costs
- Dependent care costs
- Computer/Laptop expenses
- Unusual medical/dental expenses not covered by insurance



# What you **CANNOT** do in a PJ

- A PJ is award year specific and cannot carry forward from year to year unless subsequent request & documentation are received
- You cannot directly change an EFC
- You cannot make changes to the EFC formula
- You may not establish automatic categories of special circumstances. All PJ must be conducted on a case by case basis.
- PJ cannot be used to circumvent the law
- PJ cannot be used to waive student eligibility requirements
- PJ cannot make an Independent student dependent



# SCENARIOS



Kitty's mother had income earned from work of \$40,000 in 2018 but is no longer employed for 2019.

After being notified of the situation by Kitty would you consider a PJ for this student?



# What would your school do...

- Jan's father works for an oil and gas company selling equipment. His salary is primarily commission based. Her mother is a homemaker. Based on the 2017 tax return information, Jan's family AGI was \$187,500 resulting in a higher EFC than they feel they can afford. Jan submits an appeal requesting a professional judgement based on the 2018 tax return, which shows her father earned less commission than in 2017 with a family AGI of \$153,000. The family requests you use their 2018 tax return instead.
- Discuss whether or not you would approve this appeal and why.



# What would your school do...

Ryan has had no contact with his mom since he was 3 years old. He has lived with his dad who is an alcoholic and verbally abusive. He lived with his dad all but a few months at the end of high school and checks on him every now and then.

Would you consider a PJ based off of this information?



# What would your school do...

Alysha called the financial aid office explaining that her parents would not support her through college because of the boy she was dating.

Would you consider a PJ based off of this information?





# What would your school do...

Freddie submitted a PJ request stating that he needs to pay his rent (\$400 month), pay electricity (\$125 month) and has short term loans to pay off. His parents bought him a car so he needs to pay the monthly note and carry insurance on the new car. He also eats out a lot because he is very busy.

Would you consider a PJ for this student?



# What would your school do...

Heather states that she broke her arm and has had to pay over \$1000 in out-of-pocket medical expenses she had not planned for during this semester. She is now short funds to pay her November and December rent.

Would you consider a PJ?



# Additional Reading

- Federal Student Aid Handbook
- NASFAA Monograph 26
- Your FINAID Best Practices
- Past NASFAA Presentations on Professional Judgement



# 2019 New Aid Officer Workshop

# Questions?

