

Minding Your P's and J's:

Professional Judgment Overview and Case Studies



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Agenda

- What is Professional Judgment?
- How and why is it exercised?
- Documentation
- Special rules
- Resources

- Case studies for discussion



Overview

What is Professional Judgment (PJ)?

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.

~HEA Sec. 479A(a)

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Why PJ?

Special circumstances—

- *Elementary or secondary school tuition*
- *Unreimbursed medical or dental expenses*
- *Recent unemployment or underemployment*
- *Roth IRA conversion*
- *Other circumstances that impact a family's financial situation and ability to pay for college*

Why PJ?

Professional Judgment is not limited to the listed special circumstances, nor is it *required*.

Types of PJ

- Cost of Attendance adjustments
- Adjusting data elements of the EFC calculation
 - Income or asset information
 - Income or Asset Protection Allowances
 - Number in household or in college
 - Means-tested benefits
- Dependency Overrides

Types of PJ

- Accommodating parent refusal to complete the FAFSA and to provide support
 - Unsubsidized Direct Loans only

- Denying or reducing a Direct Loan

PJ Limitations

- Professional Judgment may not be exercised to...
 - *Apply to multiple award years*
 - *Change the EFC or EFC formula directly*
 - *Apply to categories or groups of students*
 - *Circumvent the regulations or law*
 - *Waive student eligibility requirements*
 - *Make an independent student dependent*
 - *Make a student independent based on self-sufficiency*

Policies and Procedures

- Does the school exercise PJ?
- How does a student or parent request PJ?
- Does the school exercise PJ *only* upon request?
- How are PJ decisions at other schools treated for transfer students?
- Who makes PJ decisions?

Documentation

- Professional Judgment decisions should be well-documented
 - Do decisions follow school policies and procedures?
 - Would an auditor or program reviewer understand each decision and consider it reasonable?
 - Is backup documentation obtained from students and parents as appropriate?
 - Copies of medical bills
 - Notice of layoff
 - Investment firm confirmation of Roth IRA conversion

Special Rules

- Verification must be completed, and conflicting information resolved, *prior* to exercising PJ
- “EFC adjustment requested” flag should be checked when ISIR corrections are made
 - Prevents future selection for Verification

References

- Federal Student Aid Handbook
 - *Application and Verification Guide, Chapter 5*
- Dear Colleague Letters
 - *GEN-08-12: Parent refusal to support*
 - *GEN-11-07: Denying or reducing Direct Loans*
 - *GEN-11-15: Dependency Overrides*
- Higher Education Act and Code of Federal Regulations
 - *HEA sections 479A and 480(d)(7)*
 - *34 CFR 685.301(a)(8): Denying or reducing Direct Loans*

Training Resources

- FSA Assessments
 - *Verification Activity 2: Dependency Overrides and Professional Judgment*

- Information for Financial Aid Professionals (IFAP) training site
 - *Recorded Professional Judgment trainings*
 - *IFAP.ed.gov > Training and Conferences > Training > Specific Functions*
 - <http://www2.ed.gov/offices/OSFAP/training/specific.html>



Case Studies

PJ Case Study #1: Katie

- Would you perform a Dependency Override for Katie?
- Why or why not?
- If not, are there other special circumstances that could exist, for which you would perform an Override?
- If you do not grant the Override, what are Katie's options for paying for college without parental support?

PJ Case Study #2: Harry

- Would you increase Harry's Cost of Attendance (COA)?
- Why or why not?
- Would you request documentation? If so, what?
- Would your decision change if Harry needed a single room for a physical or mental medical condition?
- Would your decision regarding dependent care change if he was still together with the ex-girlfriend?

PJ Case Study #3: Charlotte

- Would you exercise Professional Judgment for Charlotte?
- Why or why not?
- If yes, what type(s) of PJ would you utilize?
- Would you request documentation? If so, what?
- What are the impacts of using different types of PJ on Charlotte's aid eligibility?

Reminder: Types of PJ

- *Cost of Attendance adjustments*
- *Adjusting data elements of the EFC calculation*
- *Dependency Overrides*
- *Accommodating parent refusal to complete the FAFSA and to provide support*
- *Denying or reducing a Direct Loan*

We Appreciate Your Feedback

To ensure quality training we ask all participants to please fill out an online session evaluation:

<https://s.zoomerang.com/s/PamelaGilligan>

This evaluation tool provides a means to inform us of areas for improvement, and to support an effective process for listening to our customers.

Additional feedback about training can be directed to annmarie.weisman@ed.gov.

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