
The Power of Decision Making: PJ's and Dependency Overrides



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Agenda



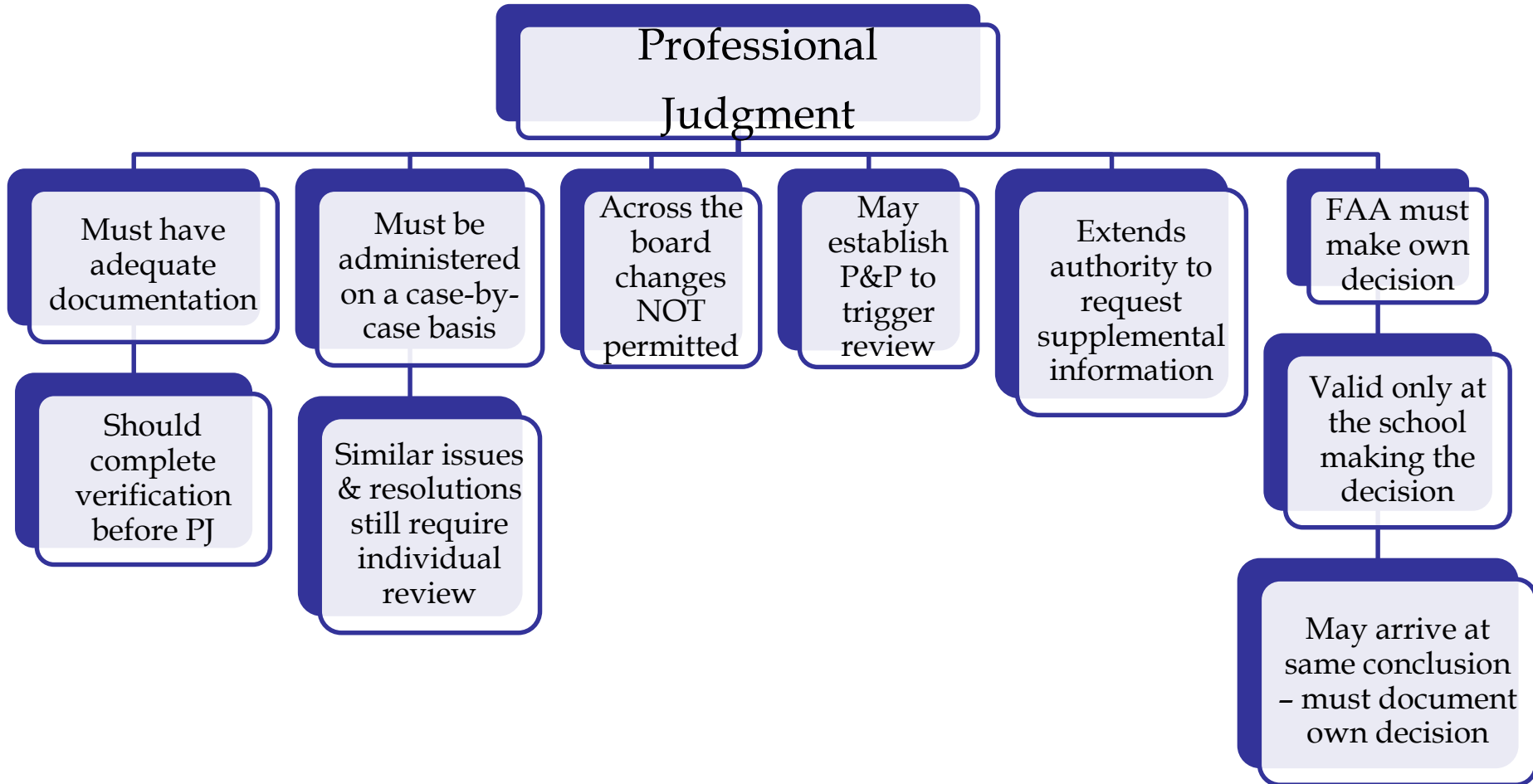
- Professional Judgment (PJ) definition
 - Basic PJ principles
 - Application
 - Examples and documentation
 - Income Protection Allowance (IPA)
- Dependency status
- Dependency overrides

PJ Definition



- Higher Education Act (HEA Sec. 479(a)) provides authority for FAA's to exercise discretion in a number of areas.
- Must treat the student individually, on a case-by-case basis, when the student has special circumstances that are not sufficiently addressed by the standard approach.
- Special circumstances are conditions that differentiate a student from a class of students.
- Often used in cases of either dependency overrides or income adjustments.

Basic PJ Principles



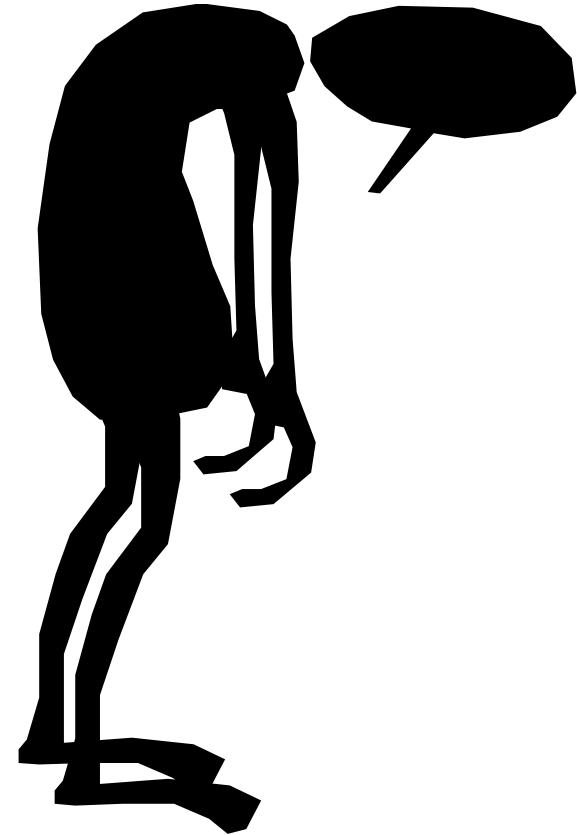
Areas to Perform PJ Adjustments

- Needs analysis (EFC calculation)
 - Income
 - Assets
 - Divorce/separation
- Cost of Attendance
 - Dependent care
 - Computer purchase
- Refusal or adjustment of loan certification



Areas Where PJ Does NOT Apply

1. May not modify the formula or tables used to calculate EFC.
2. Create new COA category.
3. Adjust EFC directly.
4. Change a student's status from independent to dependent.
5. Waive general eligibility criteria or circumvent the intent of the law.



Examples & Documentation



<u>CIRCUMSTANCE</u>	<u>DATA VERIFICATION</u>	<u>POSSIBLE ADJUSTMENTS</u>
Unusual medical and dental expenses	Federal income tax sched. A - itemized deductions, and/or receipts	Reduce AGI by expenses exceeding certain % of income.
Income reduction or non-recurring income (divorce, death, loss of employment)	Signed statements documenting estimated earnings, divorce agreements, disability/SS benefits, death certificate	Use projected year income for income reduction. For non-recurring income, reduce AGI by that amount.
Unusual debts (mortgages, credit card to cover unemployment)	Contract, mortgage, lien, billing payment summary	Reduce AGI by annual installment, or adjust assets
Elementary/secondary school costs; dependent care, living allowance, computer purchase	Receipts for payment, signed statements	Reduce AGI by expense amount, increase COA

Reminder: Income Protection Allowance (IPA)



- An IPA is already included in EFC Calculation to account for modest living expenses.
- Before adjusting for an unusual expense, consider whether it is already covered by the IPA.
- Reasonable assumptions:
 - 30% food
 - 22% housing
 - 9% transportation
 - 16% clothing and personal care
 - 11% medical care
 - 12% other family consumption

Dependency Status



- Section 480(d) of HEA. See Dear Colleague Letter GEN-11-15 issued 7/26/11 for additional information.
- Based on premise that family is first source to pay for student's education.
- Student's reaching age of 18 or 21, living apart from parents, or not being claimed by parents on tax return **DOES NOT** affect dependency status.
- Automatically independent if:

Married	Graduate student	Veteran
Children/legal dependents	Orphan, foster child, ward of court	Emancipation or legal guardianship
Unaccompanied homeless youth	Age 24 by December 31 st of award year	

Dependency Overrides



- In unusual circumstances, FAA has authority to determine that a student is independent.
- As with PJ decisions, must be performed on a case-by-case basis and the basis for each determination must be well documented in the student's file.
- Documentation must include:
 - Reason for determination and must support decision
 - Should come from a 3rd party source (at least one) with knowledge of the unusual circumstance
 - i.e. counselor, teacher, clergy, coach, medical personnel, courts, etc.
 - May accept statement from student alone or student and relatives only in extremely rare cases.

Dependency Override Situations



- Student's voluntary or involuntary removal from the parent's home due to an abusive situation that threatened the student's safety and/or health
- Student's abandonment by parents
- Inability of the student to locate the parents

Not Dependency Override Situations



- Parents who refuse to contribute (whether or not they are able)
- Parents who are unwilling to provide financial information
- Parents who do not claim the student as an income tax dependent
- A student who demonstrates total self-sufficiency
- Parents who live in another country

Questions????