

**Professional Judgment
Session One
An Overview**

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Professional Judgment

- The goal of our PJ webinars is to discuss professional judgment options that are available to schools that have an impact on a student's Title IV eligibility.
- School officials are the professionals that are empowered to exercise PJ.
- Nothing in the webinars (options discussed, examples offered, etc.) is meant to imply that a school would be limited, in its exercise of PJ, to what is presented or discussed here.

2



PJ In The HEA, As Amended

- Section 479A - Discretion of Student Financial Aid Administrators
 - Calculating Expected Family Contribution (EFC)
 - Adjusting Cost of Attendance (COA)
 - Dependent student Unsubsidized Stafford absent parental data and support
 - Refusal to certify loan or certify reduced amount

3



PJ In The HEA, As Amended

- Section 480(d) Dependency Override
- Section 484(c) Satisfactory Progress
 - Death of a relative of the student
 - Personal injury or illness of student
 - Special circumstances as determined by institution

4 

Types Of Possible Professional Judgment

- Adjusting Components of Cost of Attendance
- Adjusting Data Elements Used to Calculate EFC
- Performing a Dependency Override
- Establishing Eligibility for Unsubsidized Stafford When Parent Refuses to Complete FAFSA and Refuses to Support Student
- Refusing to Certify/Originate Student Loan
 - Or certify/originate a lesser amount
- Granting Satisfactory Academic Progress Appeal

5 

PJ—Session One Objectives

- Provide an overview of PJ
- Explain why PJ is allowed
- Review some prohibitions
- Review the various types of PJ
- Establish a foundation for better understanding of Session Two

6 

PJ—Session Two
PJ In Need Analysis, Loan Issues and
Dependency Overrides

- Adjustments to data elements used in calculating an EFC
- Adjustments to components of the Cost of Attendance
- Examples of documentation





7

PJ—Session Two
PJ In Need Analysis, Loan Issues and
Dependency Overrides

- Dependency Overrides
- Eligibility for Unsub Stafford Loan
 - Parent refuses to complete FAFSA, and
 - Parent refuses to support student
- Refusal to Certify/Originate Student Loan
- Examples of documentation





8

PJ- Recent Dear Colleague Letters

- DCL GEN 09-04
 - Encourages schools to thoughtfully apply PJ to students/families adversely impacted by the economic downturn



9

PJ- Recent Dear Colleague Letters

- DCL GEN 09-05
 - Explains that state unemployment agencies will be sending letters to recipients of unemployment benefits
 - Letter may be used as documentation for PJ adjustments to income
- AVG is also a resource
 - Page AVG-105

10



PJ—A School Choice

- Legislative language provides latitude
- Gives FAAs the authority to consider individual circumstances
- Enables responsiveness to situations that cannot be fully anticipated in legislation or regulation

11



PJ – Institutional Policy

- Will you do PJ?
- If yes, how PJ is considered
 - Process for student to follow
 - How decisions are made

12



PJ and Verification

- If student is selected for verification
 - Verify before PJ is executed

13 

Truisms Of Professional Judgment

- Rooted in firm understanding of laws and regulations
- Relies on financial aid administrator approachability
- Requires careful balancing of aid officer accountability to
 - Students and families
 - Institution
 - Department of Education

14 

PJ—What Is Involved?

- Responding to special circumstances outside of standard assessment
- Judging validity of requested adjustments
- Establishing the scope of adjustments
- Documenting the action and the basis for it
- Maintaining consistent opportunities and practices

15 

PJ—You Can ...

- Exercise PJ on a case-by-case basis (actually, you **must!**)
- Collect and use data that best represents **current** student and family circumstances
- Make award year-specific decisions
- Change data elements reported for need analysis



PJ – What You Cannot Do

- A school is not allowed to change the EFC
 - Only the data elements used to calculate the EFC may be adjusted



PJ – What You Cannot Do

- HEA gives great latitude to schools but certain actions are prohibited
 - DCL GEN 03-07 (archived on IFAP) lists specific prohibitions regarding dependency overrides
-



PJ – What You Cannot Do

- Schools must not establish classes of students for which PJ is routinely exercised
 - For example, you must not have a policy or practice by which all family members impacted by a recently closed auto plant, in the community, automatically have their AGI reduced

19 

PJ – What You Cannot Do

- Must not use PJ to circumvent the regulations or law
 - Must not use PJ to treat an ineligible student as eligible
 - e. g. Professionally judge someone to be an American citizen
- Must not make an otherwise independent student dependent
 - Dependency overrides are one-way

20 

PJ – What You Cannot Do

- Must not make PJ decisions absent documentation
- Cannot use generally prevailing conditions as basis for PJ decision
 - Documentation must support specific action taken
- Cannot project PJ actions beyond the award year for which they are done
 - A school may accept the dependency override decision of another school if it was done for the same award year

21 

PJ Documentation

- Not defined in legislation or regulation
- Supports independent review
 - Audit/Program Review
 - Institutional self-assessment
 - Replication by co-workers
- “Best practices” suggest use of institutional form to promote consistency of
 - Access to process
 - Documentation gathered to support process

22 

PJ Documentation

- What, why, on what basis, who, when
 - What actions were taken
 - Rationale for decision
 - What data support the action taken
 - Who was involved in the PJ process
 - When was the decision made
- Response to applicant
- Paper or electronic

23 

Types Of Possible Professional Judgment

- Adjusting Components of Cost of Attendance
- Adjusting Data Elements Used to Calculate EFC
- Dependency Override
- Establishing Eligibility for Unsubsidized Stafford When Parent Refuses to Complete FAFSA and Refuses to Support Student
- Refusal to Certify/Originate Student Loan
 - Or certify/originate a lesser amount
- Granting SAP Appeal

24 

Adjusting Components Of Cost Of Attendance

- FAA may adjust the components of the COA
 - Tuition and Fees
 - Allowance for books, supplies, transportation and miscellaneous personal expenses
 - Allowance for room and board
 - Allowance for dependent care, if applicable
 - Allowance for one time direct costs of obtaining a certificate or license, if required
 - Other components that apply to specific groups of students

25

Adjusting Components Of Cost Of Attendance

- FAA may change amount of any COA component
 - FAA determines the most appropriate component(s) to adjust depending on the student's circumstances

26

Adjusting Components Of Cost Of Attendance

- School must document that it is exercising PJ and collect documentation that substantiates the special circumstances of the individual student
- School's exercise of PJ must be done on a case by case basis

27

Adjusting Components Of Cost Of Attendance

- Adjustments to COA may result in an increase or decrease of need
- The COA adjustment will be applicable to all Title IV programs

28



Adjusting Data Elements In EFC Calculation

- FAA may NOT adjust the Expected Family Contribution (EFC) itself
- FAA may adjust any data element used to calculate the EFC
- FAA decides which adjustment is most appropriate
 - The choice of a data element, and the corresponding value, must reflect the student's individual situation

29



Adjusting Data Elements In EFC Calculation

- School must document that it is exercising PJ and collect documentation that substantiates the special circumstances of the individual student
- School's exercise of PJ must be done on a case by case basis

30



Adjusting Data Elements Used In EFC Calculation

- Adjustments to the EFC data elements may result in an increase or decrease of the EFC and, therefore, an increase or decrease of need
- Adjusted need must be used for awarding aid from all Title IV programs





31

Homelessness Determinations

- CCRAA added new dependency questions to FAFSA about homelessness
- Determination of homelessness is usually made by a professional working with the homeless community
- Determination can also be made by an FAA
 - Technically not PJ or a dependency override
 - Has many of the same requirements as PJ or a dependency override



32

Two Categories of Homelessness

- Student is verified as an unaccompanied **youth** who is homeless
- Student is verified as an unaccompanied **youth** who is **at risk** of homelessness and is self supporting
- Youth = Age 21 or less unless still in high school
- Resources
 - 09-10 AVG pp. 28-29
 - EA Aug 6, 2009



33

Independent Student

- The student has been verified as an unaccompanied youth who is homeless by:
 - Director, or designee, of an emergency shelter or transitional housing program, or
 - Director, or designee, of a runaway/homeless youth basic center or transitional living program, or
 - High School or School District Homeless Liaison, or
 - Financial aid administrator

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GO FURTHER
FEDERAL STUDENT AID**

Independent Student

- The student has been verified as an unaccompanied youth who is at risk of homelessness and is self-supporting by:
 - Director, or designee, of a homeless youth basic center or transitional living program, or
 - Financial aid administrator

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FEDERAL STUDENT AID**

FAA Determination of Homelessness

- Must Be Case by Case but Is Not PJ or a dependency override
- Must be documented
 - If no official documentation can be obtained, documented interview of the student will suffice
- FAFSA does not ask student if FAA is making determination, asks only if the homelessness professionals mentioned on the previous slides are making the determination
 - FAA will treat as a dependency override in order for CPS to accept the determination of the FAA that the student is independent
 - This determination, however, is NOT a dependency override or PJ

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FAA Determination of Homelessness

- Homeless (or at risk) students who are 22 or 23 years old may not be children or youths
 - FAA may initiate a dependency override
 - This determination is a dependency override

Homelessness Issues

- When an FAA determines that a student is an unaccompanied homeless youth or an unaccompanied youth who is self-supporting and at risk of homelessness, she is not performing an act of PJ nor a dependency override
 - FAA looks at each case and documents the determination
- When an FAA determines that a student is homeless when he/she is no longer a **youth** (student is 22 or 23) may perform a dependency override

Dependency Override

- Student's dependency status has been determined by responses to FAFSA (10-11) Questions 46-58
- FAFSA questions may not address a student's unusual situation
- A student may be independent if he or she
 - "is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances"
 - HEA 480(d)(1)(I)

Dependency Override

- FAA's determination that an otherwise dependent student is independent is an exercise of PJ
- Must be done on a case by case basis
- The school must document its decision to do the dependency override and collect documentation to support its decision


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 FEDERAL STUDENT AID

Dependency Override

- FAA's exercise of PJ can only make a dependent student independent
- FAA is not allowed to make an independent student dependent




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 FEDERAL STUDENT AID

Dependency Override

- Used to address unusual circumstances
- What isn't unusual?
 - Student's self sufficiency
 - Student not being claimed as a dependent on parent's IRS tax form
 - Parent's refusal to complete FAFSA
 - Parent's refusal to provide verification information
 - Parent's refusal to contribute toward student's educational costs
- See GEN 03-07
 - Archived DCL


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 FEDERAL STUDENT AID

Parent Refuses To Complete FAFSA And Refuses To Support Student

- HEOA established new category of PJ
 - Effective August 14, 2008
- When parent refuses to complete parent's section of FAFSA AND refuses to support the student, school may perform a PJ to make the student eligible for an unsubsidized Stafford Loan

43



Parent Refuses To Complete FAFSA And Refuses To Support Student

- This is an exercise of PJ and, as such, is performed at the school's option
 - It is not required
- This is NOT a dependency override
- Must be evaluated case by case

44



Parent Refuses To Complete FAFSA And Refuses To Support Student

- FAA must document parent's refusal...
 - To file a FAFSA
- AND
 - To provide financial support to the student
 - Signed statement from the parent stating the refusal
 - If parents refuse to provide signed statement, documentation may be from a third party attesting to the situation
- Parent may not borrow a PLUS for this student

45



Parent Refuses To Complete FAFSA And Refuses To Support Student

- If school performs this type of PJ, student becomes eligible for unsubsidized Stafford Loan funds (FFEL/DL) ONLY
- Student remains a dependent student
- Dependent student annual loan limits apply
 - First Year - \$5500
 - Second Year - \$6500
 - Third Year and thereafter - \$7500

46



Refusal To Certify/Originate Loan

- School may refuse to certify/originate an FFEL/DL student loan
- OR
- School may certify/originate a student loan at less than the full amount the student is eligible to receive
 - FFEL – 34 CFR 682.603(f)(3)
 - DL – 34 CFR 685.301(a)(8)

47



Refusal To Certify/Originate Loan

- This is an exercise of PJ
- Must be done on a case by case basis
- Student's file must be documented with action and reason for the action
- Student must be given the reason for the action in writing
- Decision must not be discriminatory

48



PJ Q & A

- Question
 - If a school exercises a high number of professional judgments, can the school get in trouble with ED?
- Answer
 - No. So long as you are exercising PJ within the allowable statutory parameters, the number of PJs is not important.



PJ Q & A

- Question
 - If a school exercises a low number of professional judgments, or even none, can the school get in trouble with ED?
- Answer
 - No. There is no requirement for a school to perform a certain percentage or number of PJs.



Stay Tuned for Session Two

- Our second PJ webinar will include more detailed discussion of:
 - Adjustments to components used to calculate EFC
 - Adjustments to COA
 - Loan Issues
 - Schools refusal to certify/originate
 - Parents refusal to complete FAFSA & support student
 - Dependency Overrides
- Watch IFAP for announcement of webinar



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52



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53


