

University

Unusual Circumstances

Case-by-Case	Differentiates an individual from a group.
Adequate Documentation	Required to make professional judgment decisions.
Final Authority	Financial aid administrator's decision cannot be appealed.
Multiple Years	Same adjustment from year to year is allowed with documentation.

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Trainer's Tidbit

University

Agenda


- ♦ Unusual Circumstances.
- ♦ **Policies and Procedures.**
- ♦ Professional Judgment Categories.
- ♦ Inappropriate Use of Professional Judgment.
- ♦ Reporting Professional Judgment Decisions.

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Policies and Procedures




Who:	Can perform professional judgment.
What:	Documentation required.
When:	Adjustment made and by whom.
Why:	Audits and program reviews.
How:	Professional judgment applied to student's situation.

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Trainer's Tidbit

Agenda

- ♦ Unusual Circumstances.
- ♦ Policies and Procedures.
- ♦ **Professional Judgment Categories.**
- ♦ Inappropriate Use of Professional Judgment.
- ♦ Reporting Professional Judgment Decisions.




Adjustment Categories

Cost of Attendance

Expected Family Contribution

Dependency Status

Loan Origination and Eligibility



Professional Judgment Categories

Cost of Attendance




- ♦ Tuition and fees.
- ♦ Books and supplies.
- ♦ Living expenses.
- ♦ Student loan fees.
- ♦ Transportation.
- ♦ Dependent care.
- ♦ Study abroad.
- ♦ Computer purchase.
- ♦ Disability.
- ♦ Cooperative education.
- ♦ First professional credentials.



Case Study

Kyle



- ♦ Third-year, independent student.
- ♦ \$1,200 in car repairs.
- ♦ Paid with credit card.

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Case Study Answer

Kyle

Is this a potential professional judgment?

What documentation would you require?

What kind of adjustment can be made?

Does Kyle have remaining eligibility for federal aid to help cover the expense?

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Case Study

Marilee



- ♦ First-year, independent student.
- ♦ Single parent with three children.
- ♦ After-school program costs \$300 per month.

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Case Study Answer
Marilee

Is this a potential professional judgment?

What documentation would you require?

What kind of adjustment can be made?

Does Marilee have remaining eligibility for federal aid to help cover the expense?

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Professional Judgment Categories
 Expected Family Contribution

What can be changed...

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

What cannot be changed...

- Need-analysis formulas.
- EFC tables.
- EFC directly.

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Professional Judgment Categories
 Expected Family Contribution: Income Protection Allowance

Table A3: Income Protection Allowance

Number in parents' household, including student (FAFSA/SAR #72)	Number of college students in household (FAFSA/SAR #73)				
	1	2	3	4	5
2	\$17,100	\$14,170	—	—	—
3	21,290	18,380	\$15,450	—	—
4	26,290	23,370	20,460	\$17,530	—
5	31,020	28,100	25,190	22,260	\$19,350
6	36,290	33,360	30,450	27,530	24,620

Note: For each additional family member, add \$4,100.
 For each additional college student (except parents), subtract \$2,910.

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Professional Judgment Categories

Expected Family Contribution


Adjustments to FAFSA Data Elements
Adjustments may be made by reducing or increasing FAFSA data elements.

Scenarios	Documentation Examples	Adjustment Options
Medical, dental or nursing home expenses not covered by insurance.	<ul style="list-style-type: none"> • Proof of out-of-pocket expenses. • Explanation of Benefits forms from the insurer. • Tax documents. 	<ul style="list-style-type: none"> • Reduce Adjusted Gross Income. • Increase taxes paid. • Reduce assets. <p><i>Consider expenses:</i></p> <ul style="list-style-type: none"> • In excess of the amount included in the Income Protection Allowance. • Not already included in itemized deductions on tax return. • Paid over a period of time.
Support of extended family members.	Proof of out-of-pocket expenses.	<ul style="list-style-type: none"> • Reduce AGI. • Increase taxes paid. • Reduce assets.
Tuition expenses at an elementary or secondary school.	Proof of out-of-pocket expenses.	<ul style="list-style-type: none"> • Reduce AGI. • Increase taxes paid.

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Adjustments to FAFSA Data Elements

Example: Adjustment Options



- Dependent, second-year student.
- EFC = 16,255.
- Family spent \$10,000 on unreimbursed repairs to home.

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Adjustments to FAFSA Data Elements

Example: Adjustment Options

FAFSA Data Element	Original FAFSA Data	Adjustment Options			
		Reduce AGI	Reduce AGI and Prorate Taxes Paid	Increase Taxes Paid	Reduce Assets
AGI	\$95,949	\$85,949	\$85,949	\$95,949	\$95,949
Taxes Paid	\$6,884	\$6,884	\$6,166	\$16,884	\$6,884
Assets:					
• Cash, savings and checking	\$10,154	\$10,154	\$10,154	\$10,154	\$154
• Investments	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Resulting EFC	16,255	11,696	12,033	11,555	15,691

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Adjustments to Applicant Data Using PJ

Income-Related Adjustments


- ♦ Guidance issued:
 - GEN-09-04
 - GEN-09-05
 - GEN-11-04
- ♦ ED encourages schools to:
 - Reach out to families facing special circumstances.
 - Consider totality of family's situation.
 - Assist unemployed or dislocated workers:
 - Consider income earned from work to be zero.
 - Exclude unemployment benefits.
 - Help members of the military and their families through PJ.

Guidance remains in effect until further notice.

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Income-Related Adjustments

Example: Using Projected Year Income



- ♦ Left full-time job on July 31 to train for a new career.
- ♦ Awarded a one-semester paid internship of \$1,000 per month.

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Income-Related Adjustments

Example – Option 1: Prior Tax Year

- ♦ No adjustment to FAFSA data.
- ♦ Award other aid by exception.

FAFSA filed for 2012-2013

Adjustment requested for 2012-2013

	2011-2012 FAFSA	2012-2013 FAFSA	2013-2014 FAFSA
Prior Tax Year (2011)			
	Jan. 1, 2011	Jan. 1, 2012	Jan. 1, 2013

11-12

Income-Related Adjustments
Example – Option 2: Current Tax Year

♦ Adjust FAFSA data to reflect earnings to date since Jan. 1 and projected earnings through Dec. 31:

FAFSA filed for
2012-2013

Adjustment requested
for 2012-2013

	2011-2012 FAFSA	2012-2013 FAFSA	2013-2014 FAFSA
1 Prior Tax Year (2011)			
2 Current Tax Year (2012)			
	Jan. 1, 2011	Jan. 1, 2012	Jan. 1, 2013

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Income-Related Adjustments
Example – Option 2: Current Tax Year

♦ Adjust FAFSA data to reflect earnings to date since Jan. 1 and projected earnings through Dec. 31:

Income	2011 Base Year	2012 Tax Year
Earned from Work	\$32,000	\$18,667
Internship	\$0	\$4,000
Total Income (AGI)	\$32,000	\$22,667

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Income-Related Adjustments
Example – Option 3: Current Academic Year

♦ Adjust FAFSA data to reflect earnings to date since Aug. 1 and projected earnings through next July 31:

	2011-2012 FAFSA	2012-2013 FAFSA	2013-2014 FAFSA
1 Prior Tax Year (2011)			
2 Current Tax Year (2012)			
3 Current Academic Year			
	Jan. 1, 2011	Jan. 1, 2012	Jan. 1, 2013

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Income-Related Adjustments

Example – Option 3: Current Academic Year

- Adjust FAFSA data to reflect earnings to date since Aug. 1 and projected earnings through next July 31:

Income	2011 Base Year	2012-2013 Academic Year
Earned from Work	\$32,000	\$0
Internship	\$0	\$4,000
Total Income (AGI)	\$32,000	\$4,000

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Income-Related Adjustments

Example – Option 4: Next 12 Months

- Adjust FAFSA data to reflect projected earnings for Dec. 1 through next Nov. 30:

	2011-2012 FAFSA	2012-2013 FAFSA	2013-2014 FAFSA
1 Prior Tax Year (2011)			
2 Current Tax Year (2012)			
3 Current Academic Year			
4 Next 12 Months			
	Jan. 1, 2011	Jan. 1, 2012	Jan. 1, 2013

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Income-Related Adjustments

Example – Option 4: Next 12 Months

- Adjust FAFSA data to reflect projected earnings for Dec. 1 through next Nov. 30:

Income	2011 Base Year	Next 12 Months
Earned from Work	\$32,000	\$0
Internship	\$0	\$0
Total Income (AGI)	\$32,000	\$0

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Income-Related Adjustments

Example – Michael

- Which option would you choose?
- What other options may exist?

FAFSA filed for
2012-2013


Adjustment requested
for 2012-2013

	2011-2012 FAFSA	2012-2013 FAFSA	2013-2014 FAFSA
1	Prior Tax Year (2011)		
2		Current Tax Year (2012)	
3		Current Academic Year	
4		Next 12 Months	
	Jan. 1, 2011	Jan. 1, 2012	Jan. 1, 2013

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Case Study

The Dean Family



- Family of four, including Robert.
- Mrs. Dean in car accident.
- Incurred \$5,000 in uninsured medical expenses.

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Case Study Answer

The Dean Family

Is this a potential professional judgment?

What documentation would you require?

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Case Study Answer
The Dean Family


What type of adjustment would you make?

Number in parent's household, including student (FAFSA/SAR #72)	Number of college students	
	1	2
2	\$17,100	\$14,170
3	21,290	18,380
4	26,290	23,370
5	31,020	28,100

Food	30%
Housing	22%
Clothing/Personal care	16%
Other	12%
Medical care	11%
Transportation	9%

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Case Study
The Harris Family



- ♦ Dependent, incoming freshman.
- ♦ Parents borrowed PLUS loans for other children.
 - Payment = \$700/month.

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Case Study Answer
The Harris Family

Is this a potential professional judgment?

What documentation would you require?

What type of adjustment would you make?

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Professional Judgment Categories
Dependency Status

Override not justified if...	Override justified in cases of...
<ul style="list-style-type: none"> Parents refuse to contribute to student's education. Parents unwilling to provide information on FAFSA or for verification. Parents do not claim student as a dependent for income-tax purposes. Student demonstrates total self-sufficiency. 	<ul style="list-style-type: none"> Death of custodial parent. Abandonment. Location of parents unknown. Abusive family environment. Other unusual circumstances.

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Case Study
Cody



- Third-year, dependent student.
- Father passed away.
- Mother's whereabouts unknown.
- Lives with aunt.

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Case Study Answer
Cody

Is this a potential professional judgment?

What documentation would you require?


In lieu of a dependency override, can Cody's Aunt Teresa complete the parental portion of the FAFSA ?

Can Cody's Aunt Teresa apply for a PLUS loan to help Cody attend college?"

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Case Study

Susan



- ♦ Fourth-year, dependent student.
- ♦ Parents have supplied information on FAFSA and borrowed PLUS loans.
- ♦ Susan moved in with boyfriend.
- ♦ Parents will still provide information on FAFSA.
- ♦ Still has contact with her parents.

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Case Study Answer


Susan

Is this a potential professional judgment?

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Professional Judgment Categories

Loan Origination and Eligibility




- ♦ Documented.
- ♦ Nondiscriminatory.
- ♦ Provided to student in writing.

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Case Study

Daniel



- ♦ Lost scholarship at end of freshman year.
- ♦ Eligible for unsubsidized Stafford loan.
- ♦ Not planning to repay loan.

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Poll

Daniel

1. What action would you take?

- Refuse to originate the loan and document conversation.
- Ask Daniel how the loan will be repaid.
- Contact institution's legal counsel.
- Originate the loan – Daniel will be required to sign a promissory note claiming that he will repay the loan.
- Other action not listed above.

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Professional Judgment Categories

Loan Certification and Eligibility

- ♦ Discretion of student financial aid administrators.
 - Unsubsidized loan eligibility for dependent students.

✓	Parents refuse to complete parent section of FAFSA.
✓	Parents have ended support and will continue to do so. <ul style="list-style-type: none"> ♦ Support includes: <ul style="list-style-type: none"> – Contribution to educational expenses. – Cash and non-cash support.
✓	School collects documentation verifying refusal to provide parental information and discontinuance of support.
✓	Student files a FAFSA without parental data.
✓	School awards unsubsidized eligibility.

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Professional Judgment Categories
Loan Certification and Eligibility

- ♦ Discretion of student financial aid administrators.
 - Unsubsidized loan eligibility for dependent students.


Grade Level	Base Unsubsidized Stafford Loan	Additional Unsubsidized Stafford Loan	Total
Year 1	\$3,500	\$2,000	\$5,500
Year 2	\$4,500	\$2,000	\$6,500
Year 3+	\$5,500	\$2,000	\$7,500

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Case Study

Jay



- ♦ Third-year, dependent student majoring in accounting.
- ♦ Lives in an apartment.
- ♦ Supports self by working part time.
- ♦ Has a good relationship with parents.
- ♦ As of June 1, 2013, parents no longer will provide:
 - Support.
 - Information for the FAFSA.

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Case Study Answer

Jay

Is this a potential professional judgment?


What documentation would you require?

What is the maximum award he could receive in Title IV funds?


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Case Study

Morgan




- ♦ Second-year, pre-law major.
- ♦ Lives with parents.
- ♦ Parents unable to:
 - Help pay for school expenses.
 - Provide information for FAFSA.



Case Study Answer


Morgan

Is this a potential professional judgment?



Agenda

- ♦ Unusual Circumstances.
- ♦ Policies and Procedures.
- ♦ Professional Judgment Categories.
- ♦ **Inappropriate Use of Professional Judgment.**
- ♦ Reporting Professional Judgment Decisions.



Inappropriate Use of Professional Judgment

Make an ineligible student eligible for aid.

- ♦ Waiving general eligibility criteria for an ineligible noncitizen.
- ♦ Awarding funds to students who owe Title-IV overpayments.

Circumvent the law or regulations.

- ♦ Awarding a Stafford loan to a student enrolled less than half time.
- ♦ Changing an independent student to dependent.
- ♦ Awarding FSEOG to a graduate/professional student.

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Agenda

- ♦ Unusual Circumstances.
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- ♦ Inappropriate Use of Professional Judgment.
- ♦ **Reporting Professional Judgment Decisions.**

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Reporting Professional Judgment Decisions


EFC	Professional Judgment: 1 - EFC Adjustment requested
Dependency Override	Dependency Override: FAA override from dependent to independent
Cost of Attendance	No report to ED needed.
Loan Eligibility	

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Trainer's Tidbit

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