

PROFESSIONAL JUDGMENT

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U.S. Department of Education

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Federal StudentAid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Welcome! This information is current as of September 2021.

AGENDA

- 01 Professional Judgment Overview
- 02 Adjustments to Cost of Attendance (COA) Elements
- 03 Adjustments to Data Elements Affecting Expected Family Contribution (EFC)
- 04 Resources

PROFESSIONAL JUDGMENT (PJ) OVERVIEW

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Layman's description of professional judgment:

A financial aid administrator's discretion to make adjustments that affect a student's federal financial aid package on a case-by-case basis based on the student's documented special circumstances.

PJ OVERVIEW

Statute

- Higher Education Act, Section 479A – “*special circumstances*”

Regulations

- Generally, none but... *34 CFR 685.301(a)(8) - Denying/Reducing Direct Loans*

Guidance

- *FSA Handbook - Application and Verification Guide, Chapter 5*

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Any updates or modifications to Professional Judgment under the *FAFSA Simplification Act* will be shared with institutions in a timely manner for future implementation. Stay tuned to the Knowledge Center for upcoming guidance.

PJ OVERVIEW

PJ IN THE LAW - HEA SEC. 479A: SPECIAL CIRCUMSTANCE AUTHORITY

Financial aid administrators (FAA) may **adjust**:

- Cost of Attendance (**COA**)
- **Data values** used **to calculate** Expected Family Contribution (**EFC**)

on **case-by-case** basis, with adequate **documentation** of **special circumstances**

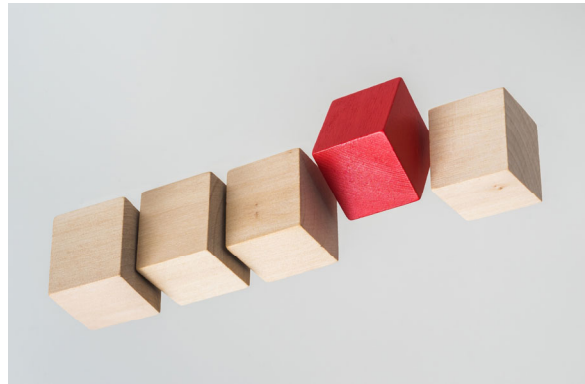
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PJ OVERVIEW

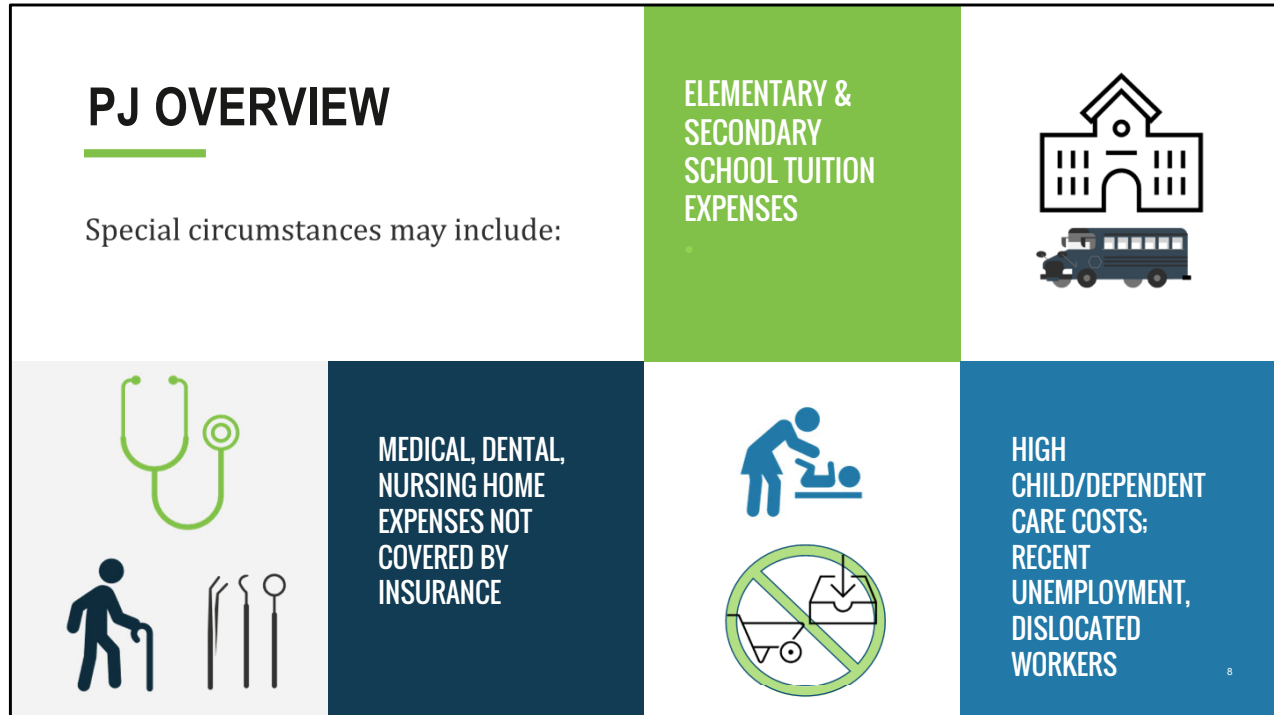
PJ IN THE LAW - HEA SEC. 479A: SPECIAL CIRCUMSTANCE AUTHORITY

Special circumstances

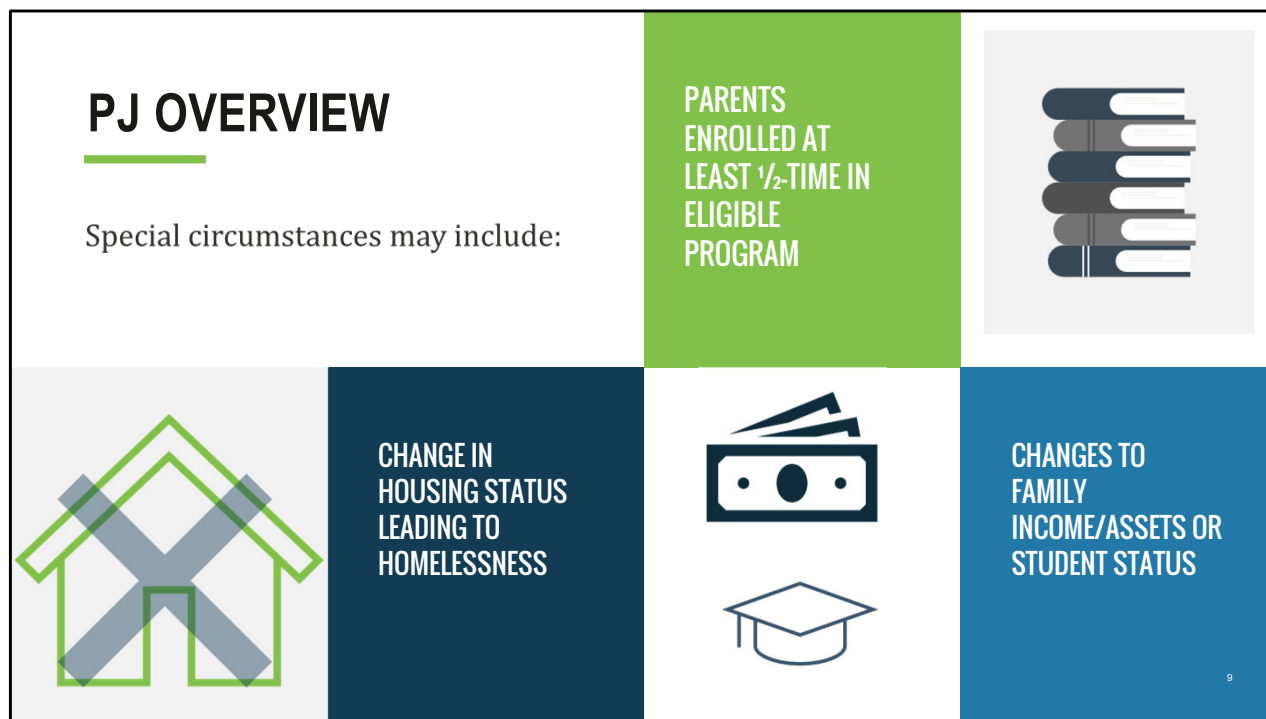
- Conditions that **differentiate** an individual student from a class of students



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This list is not all-inclusive. There may be other circumstances that are not listed in the law here.



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PJ OVERVIEW

PJ IN THE LAW - HEA SEC. 479A: SPECIAL CIRCUMSTANCE AUTHORITY

FAA may:

Reduce family income		
Adjust award levels		

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FAs may adjust assets and award levels:

- Reduce family income from sale of family farm or business assets due to involuntary liquidation
- Increase award levels for students with disabilities to account for additional expenses incurred because of the disability

The examples listed in the law are not all inclusive.

PJ OVERVIEW

PJ IN THE LAW - HEA SEC. 479A: SPECIAL CIRCUMSTANCE AUTHORITY

FAA may:

- **Offer dependent students** Federal Direct **Unsubsidized Stafford Loan**
- **Request** and use **supplemental information**
- **Reduce eligible loan amount** or **refuse to originate** loan
 - Case-by-case basis only
 - Document reason and provide in writing to student
 - May not discriminate

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if verify parent(s) ended financial support, refuse to file FAFSA data
for financial status, personal circumstances

PJ OVERVIEW

FAA *cannot* use PJ to

- Circumvent Title IV law or regulations
- Waive student eligibility requirements
- Change dependency status from independent to dependent



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PJ also cannot be used to:

- Directly change an EFC
- Make changes to the EFC formula
- Establish automatic categories of special circumstances and provide identical outcomes to all students in that circumstance
- Make a dependent student independent based solely on the student's demonstrated self-sufficiency

PJ OVERVIEW

- Establish written policies/procedures
 - Outline process
 - Identify decision makers
 - Explain appeal process (if applicable)
 - No appeals to ED!

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Schools must have written policies and procedures for professional judgment.

ADJUSTMENTS TO COA

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FAAs may use professional judgment to adjust the COA.

COA ELEMENTS

All applicants:

- Tuition and Fees
- Room and Board
- Books and Supplies
- Transportation
- Miscellaneous Personal Expenses

As applicable:

- Dependent Care
- 1st time Professional Licensure Costs
- Study Abroad Costs
- Disability-related expenses



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There are COA elements that apply to all applicants and those that are circumstance dependent.

Sources for establishing COA values:

- Institutional charges (Bursar's office)
- Review of local housing prices
- Bookstore data
- Student surveys
- Local transit authority
- IRS mileage rate

ADJUSTMENTS TO COA

DOCUMENTATION:

- Student account statement
- Housing contract or lease
- Bookstore (or other provider) receipt
- Contract or receipts from provider
- Study abroad contract
- Signed statement from student, parent, spouse, or other



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Examples of documentation for adjustments to COA.

ADJUSTMENTS TO DATA ELEMENTS AFFECTING EFC

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FAs may use professional judgment to adjust the values of data items used to calculate the EFC.

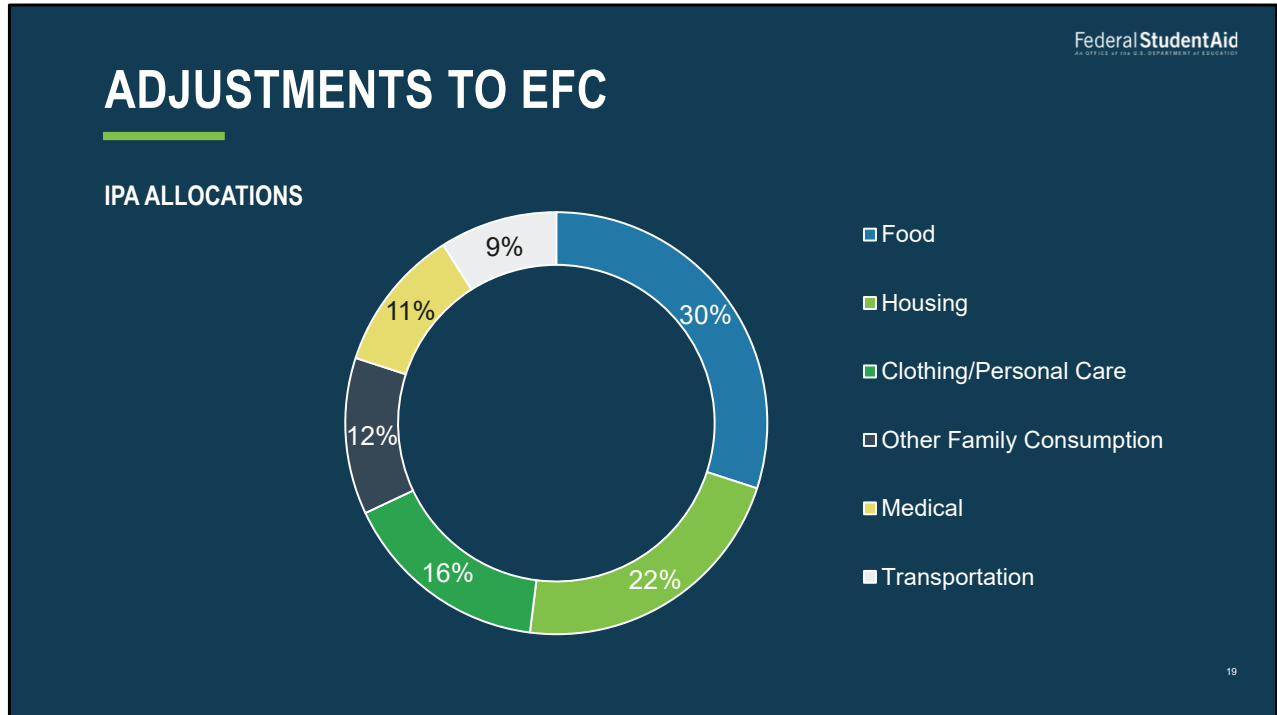
ADJUSTMENTS TO EFC

INCOME PROTECTION ALLOWANCE (IPA)

- Reduces AGI
- Shown on ISIR
- Informs possible adjustments to EFC data elements

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Income Protection Allowance (IPA) is a portion of family income which is subtracted from the AGI to acknowledge that not all family income can be used toward education expenses. While FAAs cannot directly adjust EFC, IPA can be instrumental in adjusting the data elements used to calculate the EFC.



Here is a breakdown of the allocation percentages for each category in the IPA.

- 30% for food
- 22% for housing
- 16% for clothing and personal care
- 12% for other family consumption
- 11% for medical expenses
- 9% for transportation

Next, we will explore how IPA may affect an FAA's decision to use professional judgment to adjust the data values used to calculate a student's EFC.

ADJUSTMENTS TO EFC



SCENARIO 1

James has \$5,000 in documented out-of-pocket medical expenses for recent plastic surgery. His IPA is \$60,000. 11% of IPA covers medical expenses (\$6,600).

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Would you use PJ to adjust James' EFC? Would the reason for the plastic surgery influence your decision? If so, how? Remember, the goal of PJ is to level the playing field for students with special circumstances to provide access to higher education.

ADJUSTMENTS TO EFC



SCENARIO 2

Jackie has documented housing expenses of \$28,800/year for a 2-bedroom off campus apartment. She attends school year-round. Her IPA is \$60,000. 22% of IPA covers housing (\$13,200).

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Would you use PJ to adjust Jackie's EFC? Would the reason for renting the 2-bedroom apartment influence your decision? If so, how? Remember, the goal of PJ is to level the playing field for students with special circumstances to provide access to higher education.

RESOURCES



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PJ RESOURCES

- Higher Education Act, Section 479A – “*special circumstances*”
- 34 CFR 685.301(a)(8) - *Denying/Reducing Direct Loans*
- *FSA Handbook - Application and Verification Guide, Chapter 5*
- *GEN 11-07 - Denying/Reducing a Direct Loan*
- *GEN 21-02 – Update on use of PJ by FAAs (updated August 15, 2021)*

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DCL GEN-21-02, updated August 2021, addresses how PJ may be used in the wake of the economic impact of the COVID-19 pandemic to make postsecondary education attainable for students and families who have been affected financially. ED encourages FAAs to use documentation of unemployment to:

- Set to zero the income earned from work for a student and/or parent, and
- Make other needed adjustments to AGI

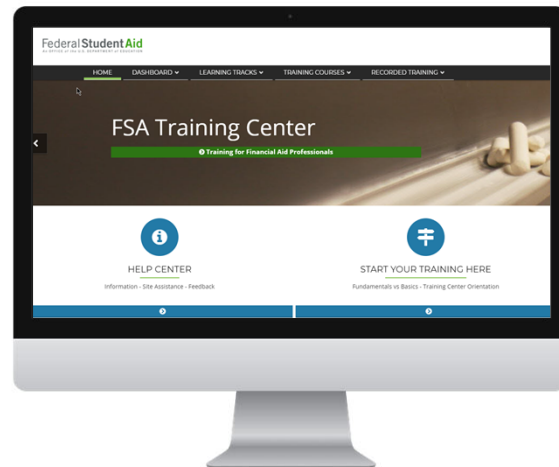
This will help students and families receive the maximum funding to which they are entitled under the law. Examples of documentation:

- Unemployment verification letter
- Online unemployment insurance account records from the state unemployment agency
- Other supporting records

FSA TRAINING CENTER

fsatraining.ed.gov

Check out learning tracks, software training, recorded policy videos here, and register for *FSA Fundamentals Training* series or *FSA Basics for New Staff* course.

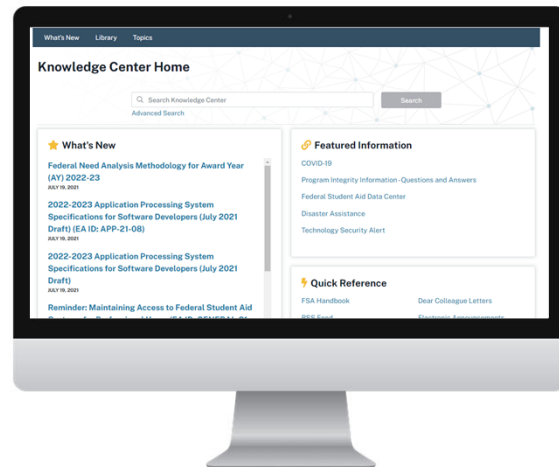


The FSA Training Center is a great resource for training! Create an account today for valuable trainings on Title IV aid administration as well as the new FSA Partner Connect Portal and Knowledge Center.

KNOWLEDGE CENTER

fsapartners.ed.gov/knowledge-center

IFAP is now the Knowledge Center! Subscribe for daily or weekly email updates.



The Knowledge Center has replaced IFAP, and it is where you'll find links to laws, regulations, and guidance related to Title IV aid administration, including the FSA Handbook, Electronic Announcements and Dear Colleague Letters.

GETTING HELP

fsapartners.ed.gov/help-center/

For policy questions, use *Contact Customer Support Form* in Help Center on FSA Partner Connect. Choose “Ask A Fed/Policy” in Topic dropdown list.

The screenshot shows a computer monitor displaying the 'Contact Customer Support' form. The form has a header 'Help Center > Contact Customer Support' and a sub-header 'Contact Customer Support'. Below the sub-header is a note: 'Please complete the Customer Support form if you have a question or would like to provide feedback. If you need further assistance, please contact the School Relations Center during its operating hours.' The form contains three main sections: 'Contact Customer Support' with fields for 'First Name', 'Last Name', and 'Email Address'; a 'Topic' dropdown menu with a list of options including 'Select...', 'Account Request', 'Ask A Fed/Policy', 'FSA Handbook', 'Financial Aid Delivery', 'General', 'Knowledge Center', 'Partner Connect Feedback', and 'Partner Handbook'; and a 'School Relations Center' section with 'Phone' (1-800-848-0978) and 'Phone Support Hours' (Monday-Friday 8:00 A.M. to 8:00 P.M. Eastern Time).

You may use this contact form for other types of inquiries as well.

If you need further assistance, you may contact the School Relations Center at 1-800-848-0978.

TRAINING FEEDBACK

- All attendees will receive email from FSA with link to online evaluation
 - Helps ensure quality training
 - Informs FSA of areas for improvement
 - Serves as effective tool for “listening” to our school partners

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Please complete the survey and give us your feedback on today’s session.

THANK YOU!



QUESTIONS?

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