

HIGH WIRE ACT ?

UPHILL BATTLE?

PROFESSIONAL JUDGMENT
AASFAA Fall Conference
October 2-3, 2014

SLIPPERY SLOPE?

?

TOTAL UNKNOWN

Nothing in [the statute] 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. . . .

- An FAA's decision regarding adjustments is final and cannot be appealed to the Department of Education (ED).
 - **However**, the school is accountable for all professional judgment decisions and for fully documenting each decision
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WHAT IS PROFESSIONAL JUDGMENT?

An *unusual* situation in which you choose to exercise your professional discretion as a financial aid administrator to

- Modify the data used to calculate the EFC
- Adjust a student's cost of attendance
- Override a student's dependency status from dependent to independent

WHAT IS PROFESSIONAL JUDGMENT?

CONTINUED

- Award unsubsidized loan funds to a dependent student whose parents refuse to complete the FAFSA and have ceased proving parental support
 - Refuse to award a direct loan or reduce the loan amount
 - Make a determination that a student is an unaccompanied youth who is either homeless or is self-supporting and at risk of being homeless.
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WHAT PROFESSIONAL JUDGMENT IS *NOT*

- You must apply PJ on a case-by-case basis to individual students and not to conditions that exist for a whole class of students.
 - You are prohibited from modifying either the EFC formula or the tables used in the EFC calculation
 - You can't use PJ to waive general student eligibility requirements or to circumvent the intent of the law or regulations
 - In the case of a dependency override, none of following conditions, either singly or in combination, qualify as unusual circumstances meriting a dependency override:
 - Parents refuse to contribute to the student's education.
 - Parents are unwilling to provide information on the FAFSA or for verification.
 - Parents do not claim the student as a dependent for income tax purposes.
 - Student demonstrates total self-sufficiency.
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***BEFORE* MAKING A PROFESSIONAL JUDGMENT DECISION YOU MUST**

- Complete verification if the student was selected
 - Resolve all conflicting information
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DOCUMENTATION REQUIREMENTS MODIFY THE DATA USED TO CALCULATE THE EFC

For example:

- Reduction in income due to job loss
- One-time income
- Medical expenses not covered by insurance

DOCUMENTATION REQUIREMENTS

ADJUST A STUDENT'S COST OF ATTENDANCE

- A reasonable amount, as determined by your school, for the documented rental/purchase of a personal computer that the student will use for study for the enrollment period.
 - For a student with a disability, an allowance for expenses related to the student's disability. These expenses include special services, personal assistance, transportation, equipment, and supplies that are reasonably incurred *and not provided by other agencies*.
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DOCUMENTATION REQUIREMENTS DEPENDENCY STATUS OVERRIDE

Not unusual circumstances:

- Parents refuse to contribute to the student's education.
- Parents are unwilling to provide information on the FAFSA or for verification.
- Parents do not claim the student as a dependent for income tax purposes.
- Student demonstrates total self-sufficiency.

May qualify as extenuating circumstances with the appropriate documentation:

- abandonment by parents,
 - an abusive family environment that threatens the student's health or safety
 - student is unable to locate his parents
 - incarceration of the parent
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DOCUMENTATION REQUIREMENTS

AWARD UNSUBSIDIZED LOAN FUNDS TO A DEPENDENT STUDENT WHO IS WITHOUT PARENTAL SUPPORT

Collect a signed statement from the parent documenting:

- that parents refuse to complete the FAFSA
 - that parents do not and will not provide any financial support
 - date parental support ended
 - Be wary of conflicting information
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DOCUMENTATION REQUIREMENTS

LOAN REDUCTIONS

Refuse to award a direct loan or reduce a loan amount

- Reason must be documented in student's record
- Must be provided to the student in written form
- Cannot be due to discrimination based of race, national origin, religion, sex, marital status, age, or disability.

DOCUMENTATION REQUIREMENTS UNACCOMPANIED HOMELESS YOUTH

FAFSA Dependency Questions (56–58) A student is independent if at any time on or after July 1, 2013. . . he is determined to be an unaccompanied youth who is homeless or is self-supporting and at risk of being homeless.

This determination can be made by

- a school district homeless liaison
 - the director (or designee) of an emergency shelter or transitional housing program funded by the U.S. Department of Housing and Urban Development
 - or the director (or designee) of a runaway or homeless youth basic center or transitional living program.
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DOCUMENTATION REQUIREMENTS UNACCOMPANIED HOMELESS YOUTH

A *financial aid administrator* can also make a determination of homelessness or at risk of homelessness if the student does not have, and cannot obtain, documentation from one of the listed entities:

- See 2014-2015 Application and Verification Guide, Chapter 5, page 127 for more information and specific definitions
 - If the student is less than 22 years old, this is *not* a dependency override, since you are confirming student meets the definition of a homeless “youth” (21 years of age or younger)
 - If a student who is 22 or 23 has similar circumstances, you *must* perform a dependency override.
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PROFESSIONAL JUDGMENT RESOURCES

- 2014-2015 Application and Verification Guide, Chapter 5: *Special Cases*
- Online review of PJ practices (AVG-121)
<http://ifap.ed.gov/qadocs/FSAVeriModule/activity2verif.doc>
- Online review of conflicting information policies (AVG-125)
<http://ifap.ed.gov/qadocs/FSAVeriModule/activity1verif.doc>
- NASFAA Monograph 26: Professional Judgment in Eligibility Determination and Need Analysis

CASE STUDIES

- Rick and Carl
 - Michonne
 - Maggie and Glen
1. Would you make a professional judgment decision for this student?
 2. What documentation would you require?

QUESTIONS FOR DISCUSSION

1. Who makes PJ decisions in your office?
 2. Do you use a worksheet or a PJ “form” to document calculations?
 3. How do you guard against conflicting information?
 4. How do you notify students about PJ decisions at your campus?
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Case Study 1: Carl and Rick

- Carl comes to your office and meets with a financial aid advisor. He submitted a 2014-2015 FAFSA, but didn't provide any parent information. He tells you his mother is deceased and his father, Rick, has anger issues. He and his father don't get along. He answered "no" to the "homeless" questions on the FAFSA.
- His father has refused to fill out the FAFSA because he wants Carl to be a farmer but Carl wants to enroll in your culinary arts program – he believes he has a real affinity for desserts, especially chocolate pudding.
- Carl is under 21 and he tells you he hasn't had a real home in some time, but has been living from place to place, sometimes without an actual roof over his head. He doesn't have any documentation from a homeless shelter or his school district about his homeless status. He does mention that his high school counselor was aware of his situation and helped him with clothing and school supplies.

POSSIBLE DOCUMENTATION REQUIRED

CASE STUDY 1 - CARL AND RICK

- Written statement from Carl detailing his situation
 - Statements from others who are aware of the circumstances
 - Documentation of mother's death
 - Documentation of Carl's homeless status – Letter from High School Counselor
 - Is other third-party documentation available?
 - Statement from Rick
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Case Study 2 – Michonne

- Michonne meets with a financial aid advisor to discuss why she isn't eligible for a Pell Grant in 2014-2105. She is a junior, and received the maximum Pell Grant award for both her freshman and sophomore years. She is single and her earned income has been about \$6,000 each year for 2011, 2012 and 2013. She supports herself with her job and her financial aid refund checks.
- However, in 2013 she also received a settlement of \$25,000 from Woodbury Insurance Company. This additional income made her ineligible for Pell funds.
- Michonne tells you the settlement is a one-time payment and that most of the money went to pay medical bills for PTSD counseling. She does not have medical insurance and her out of pocket expenses for the counseling were almost \$22,000.

POSSIBLE DOCUMENTATION REQUIRED

CASE STUDY 2: MICHONNE

- Written statement from Michonne
 - Documentation of medical expenses paid by Michonne
 - Documentation of insurance settlement proceeds – amount and terms
 - Verification of her earned income in prior and current years
 - Any concerns about whether she is ready to return to school?
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Case Study 3: Glenn and Maggie

- Glenn and Maggie are married. Maggie has decided to return to school. She has filed a 2014-2015 FAFSA, and her expected family contribution is so high that she qualifies for unsubsidized funds only.
- However, she tells an aid advisor that the couple's 2013 income is not a good predictor of their current financial situation. Glenn lost his job as a pizza-delivery driver and Maggie (who didn't work previously) has been unable to find a full-time job.

POSSIBLE DOCUMENTATION REQUIRED

CASE STUDY 3: GLENN AND MAGGIE

- Written statement from Maggie
 - Documentation of Glenn's last date of employment and the amount of any earnings in current calendar year
 - Documentation of any severance pay received by Glenn
 - Documentation of amount of any unemployment benefits received by Glenn. When benefits will end?
 - Clarification of whether Glenn has found another job and documentation of year-to-date earnings if he has
 - Documentation of Maggie's year-to-date earnings
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THANK YOU!

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