



Pennsylvania Association of Financial Aid Administrators

Professional Judgement

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What is Professional Judgement?

- Professional Judgement is a process by which we, as financial aid professionals, have the authority to change data elements on the FAFSA to better reflect the actual financial situation of the student and family.

Why is Professional Judgement?

- The FAFSA is “supposed to” gather an accurate portrait of the family’s monetary resources.
- Things change....
 - Death
 - Job loss
 - Fewer hours (especially overtime)
 - One time distributions from retirement
 - High medical expenses (above the 11% allowable threshold)

Professional Judgements Will Increase

- There are numerous reasons that a family's income might not “look” the same by the time the student enters school.
- Exacerbated by prior prior year
 - Now there are two years for changes to occur rather than one
 - ED does expect to see more PJs moving forward
- The intent of doing a PJ is to represent an accurate picture of the household resources.

What Will Your School Do?

- Reporting 2015 income gives us some flexibility as institutions:
 - Will you use 2016 taxes?
 - Will you project 2017 income?
- What base year will you use?
 - The FAFSA must collect financial information for one full year's duration
 - That year can be changed with PJ
 - Normal base year for 2017-18 FAFSA is 01/01/2015-12/31/2015.

The Dynamics of PJ

- Can't charge a fee for completing a PJ
- Must set the FAA Adjustment flag on the ISIR
 - Do this in your FAMS or in FAA Access wherever you make your corrections at
- Our decision and changes are final and cannot be appealed to ED by the student or family
 - Even if we decide not to make changes

The Dynamics of PJ

- We can not make direct changes to the EFC!
- Instead we must change the income elements on the FAFSA which will have an impact on the EFC
 - Could also change household information in some cases
 - We have the latitude to count parents in the HH as going to college if circumstances warrant

Impacting EFCs

- Reducing the income from work will increase an EFC
 - Unemployment benefits don't count in income from work! – can have unintended consequences when making changes
- Adding a person in college can sometimes increase an EFC
 - Within Pell range already? – consult the needs formula before adding a student in school!

Impacting EFCs

- Adding a student in college example:

Household Size/College #	7/1	7/2
EFC	399	585
IPA	42140	39090
AGI	53902	53902

Impacting EFCs

- Reducing AGI generally reduces the EFC
 - But remember the income allowances!
 - If trying to make changes based on dependent student's income the IPA is \$6,400; therefore if a student makes less than this with 2015 income, your change will have NO impact on EFC
- Removing one time withdrawals from retirement has a double whammy effect
 - Reduces the AGI
 - Brings working wages closer to the AGI
 - This impacts EFC dramatically

Impacting EFCs

- It is important to have working wages attributed accurately between parents
 - If two parents work there can be more income in the household without increasing EFC
 - When making adjustments pay attention to this factor

Professional Judgement Basics

- PJs are not “regulated” by ED
- There are no strict “how to” guidelines
 - Can choose your base year
 - Can adjust any income element so long as you have documented reason to do so
- Consistency – you must be consistent with your policy and apply it fairly across your student body
- Cannot perform “blanket” PJs

PJ Documentation

- Documentation is key!
 - Because there aren't any guidelines, all of your changes must be solidified with documentation.
 - If you can't document it, it didn't happen
 - Tax transcripts
 - W2s
 - Unemployment statements
 - Medical Bills
 - Termination letters
 - Pay Stubs

PJ Documentation

- Make it easy to understand
- Having clear forms and a consistent method of documenting changes is good practice
 - Any person should be able to look at the file and determine what happened and why
 - Easy to explain in an audit
 - Turnover happens

PJ Documentation

- Directly from our handbook:
- “Your school is held accountable for all professional judgment decisions and for fully documenting each decision.”

Professional Judgement



References

- Collins, B. (2016). Federal student aid: need analysis formulas and expected family contribution. *Congressional Research Service*. 1-35.
- 2016-17 Federal Student Aid Handbook, Application and Verification Guide