



# NASFAA U Authorized Event Overview of Professional Judgment



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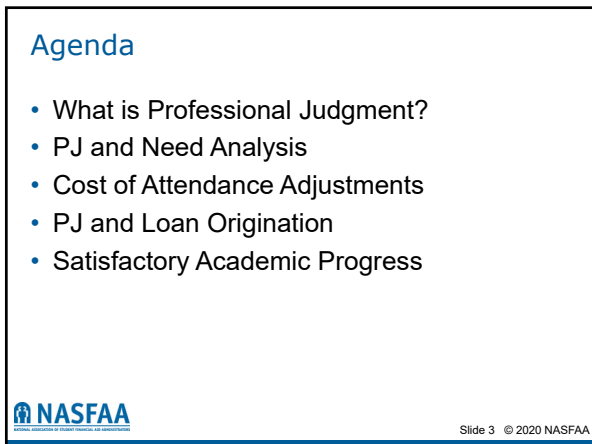
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# NASFAA U Authorized Event Overview of Professional Judgment

## Statutory Authority

HEA Section 479A establishes authority for the financial aid administrator to exercise professional judgment (PJ) discretion to make adjustments on a case-by-case basis in a number of areas when an applicant, parent, or spouse has special or unusual circumstances.



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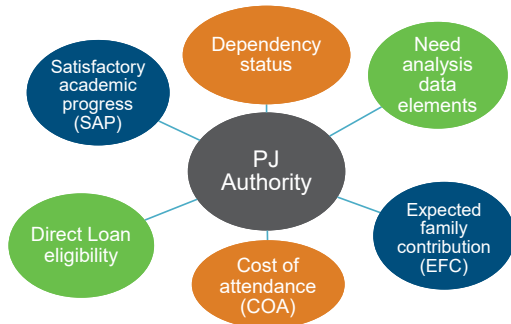
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## Professional Judgment



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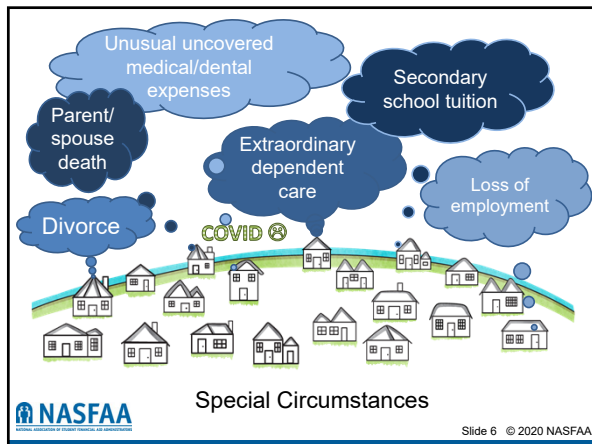
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# NASFAA U Authorized Event Overview of Professional Judgment

## HEROES Act



### Affected individuals

- Serving on active duty during war or other military operation or national emergency;
- Performing qualifying National Guard duty during war or other military operation or national emergency;
- Reside or employed in area declared a disaster area by any federal, state, or local official in connection with a national emergency; or
- Suffer economic hardship as a direct result of war or other military operation or national emergency, as determined by ED.



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## Principles of PJ

Subjective in nature

Made on case-by-case basis,  
not across the board

Must be fully documented and free

FAA's own decision



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## PJ Policies and Procedures

Framework and guidelines for identifying circumstances that may trigger a PJ review

Road map for FAA

Provide examples of circumstances which may be considered

In writing



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### PJ Cannot Be Used

Change independent to dependent	Create new COA category	Make "bottom-line" EFC adjustment
Adjust Federal Methodology formula or tables	Make across-the-board changes	Make otherwise ineligible student eligible
Circumvent intent of law or regulations	Circumvent FSEOG award criteria (exception with ESEOG)	Include post-enrollment costs in COA (1 exception)

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### PJ Documentation

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graph TD; A[Document your decision] --> B[Consistency with institutional PJ forms]; B --> C[Document maintenance];
```

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### FAFSA Processing

- FAFSA available on October 1
- "Prior-prior year" data collected
  - 2021-22 FAFSA will collect 2019 tax and income information
  - 2023-24 FAFSA will collect 2020 tax and income information
- May use PJ to adjust income or tax items to reflect any 12-month period

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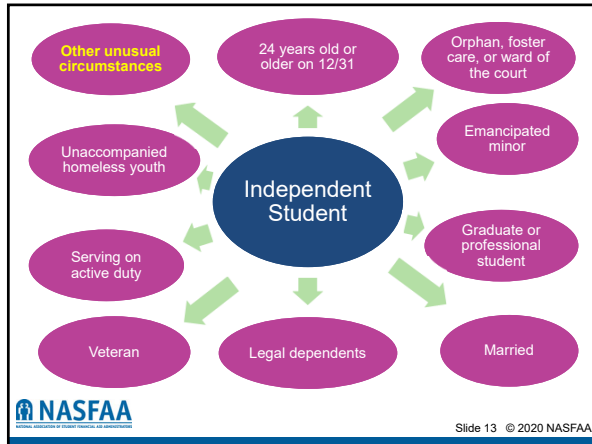
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### Application

**Dependency override**  $\neq$

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

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### Dependency Status

Documentation	
	Signed statement from student
	Letters from knowledgeable third parties
	Student's IRS tax return or tax transcript
	Signed statement from parents
	Court documents

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## Example: Natasha

- 16-year-old high school student
- Living with grandmother for 8 years
- She and her mother are U.S. citizens, but not her father
- Not adopted, ward of court, or appointed a legal guardian
- Parents live abroad and cannot support her
- No contact in several years and contact information is unknown



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## Example: Natasha

### Questions:

- Dependent or independent?
- Whose information belongs on her FAFSA?
- How does her parents' location and contact information factor in?
- Is her relationship with her parents a factor?
- What documentation would you request?



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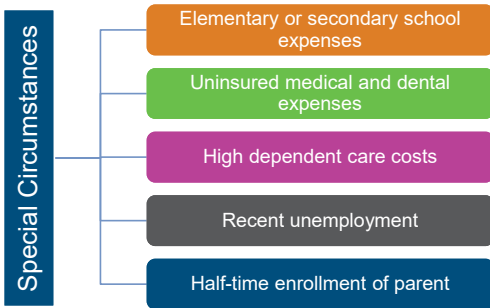
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## Need Analysis



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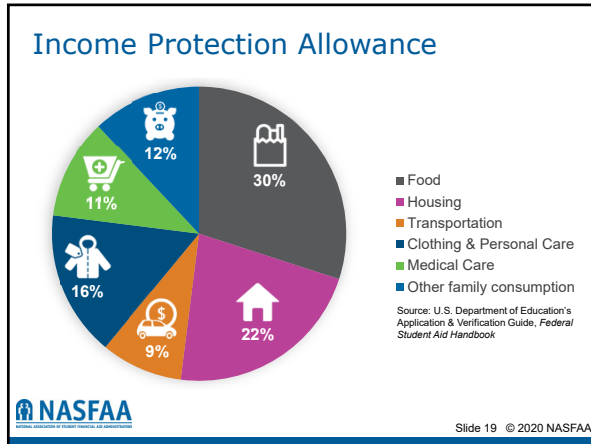
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### Alternative-Year Income

- Use actual or estimated income for calendar year, award year, or other 12-month period
- Under HEROES, schools are encouraged to use PJ to determine need for affected individuals
- Applying PJ during the implementation of prior-prior year is described in GEN-16-03

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National Association of Student Financial Aid Administrators

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### Example: Lori

- Returning to college
- Worked full time during 2018
- Leaving her job in August 2020
- Income for 2020 will be significantly less than for 2018

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## Example: Lori

### Questions:

- Would it be reasonable to use 2018 income or projected income? Why?
- If projected income, would you use an estimate of 2020 income? Why?



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## Cost of Attendance Adjustments

- Address special circumstances
- Must be made within the COA categories defined in law



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## COA Adjustments for Living Expenses

- One approach is to compare expenses to the IPA ( income protection allowance)
  - Adjust for full amount of expenses or only for amounts above the IPA
- Adjust either the COA or data elements that affect the EFC, not both
  - Relevant and allowable COA components only



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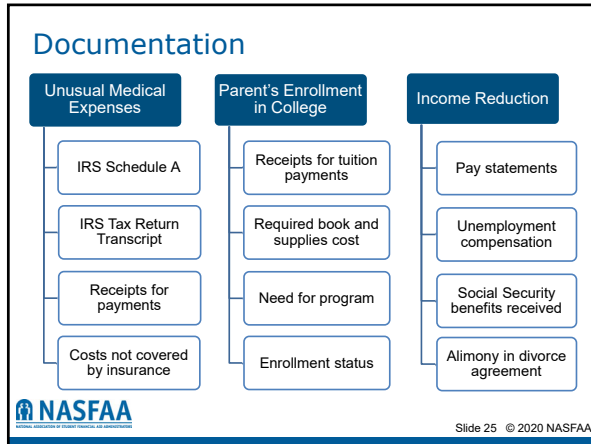
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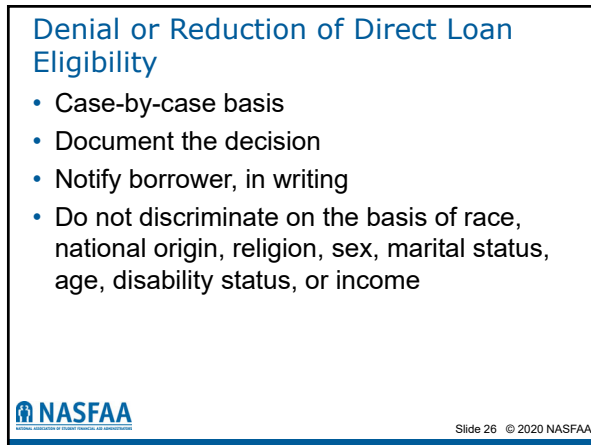
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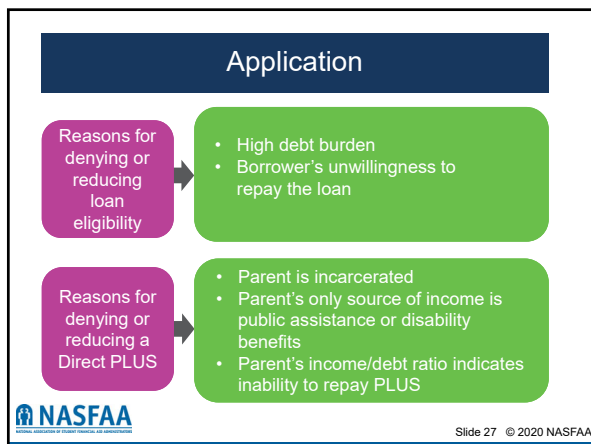
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Documentation

Borrower	Third-Party
Conversation with the borrower	NSLDS shows high debt burden
Signed statement from borrower of unwillingness to repay	Documentation from career services office showing average starting salaries in various fields
Documentation of previous history of unwillingness to repay	

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Direct Unsubsidized Loan for Dependent Student without Parental Data

- Option available to students whose parents ended financial support and refuse to file the FAFSA
- Parent refusal to file the FAFSA is not grounds for a dependency override

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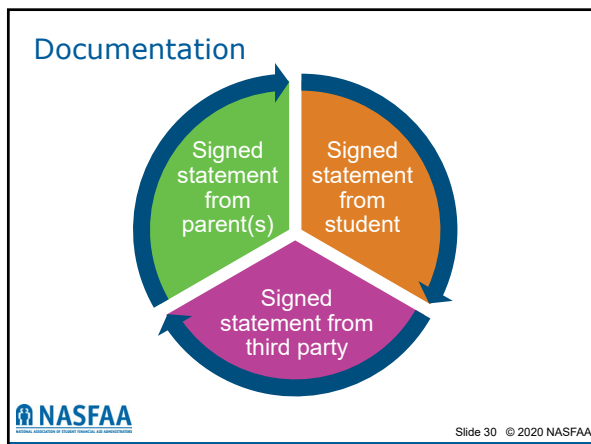
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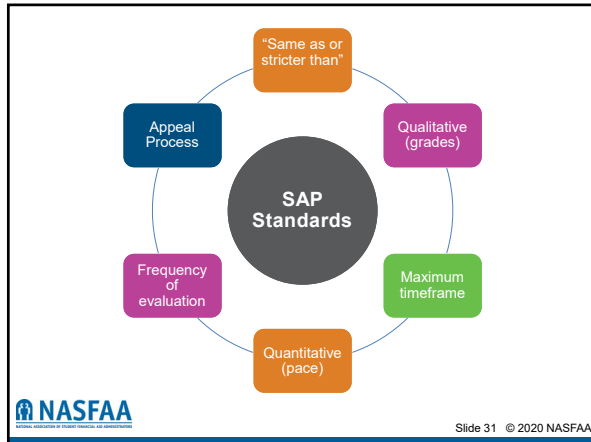
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### Exercising PJ

May use PJ to waive SAP standards due to undue hardships on case-by-case basis:

- Death of student's relative
- Student's personal injury or illness
- Special circumstances determined by institution

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### PJ Documentation for SAP

CIRCUMSTANCE	TYPE OF DOCUMENTATION
Death of a relative of the student	<ul style="list-style-type: none"> <li>• Copy of official death certificate</li> <li>• Statement from adult family member or physician</li> </ul>
Personal injury or illness of the student	<ul style="list-style-type: none"> <li>• Signed statement from student's physician</li> <li>• Accident or police report</li> </ul>
Family difficulties, such as divorce or illness	<ul style="list-style-type: none"> <li>• Copies of official legal documents</li> <li>• Signed statement from physician</li> <li>• Signed statement from an involved third party (e.g., counselor, clergy, lawyer, etc.)</li> </ul>
Interpersonal problems with friends, roommates, or others	<ul style="list-style-type: none"> <li>• Signed statement from an involved third party (e.g., resident advisor, school counselor, etc.)</li> </ul>
Time management difficulties	<ul style="list-style-type: none"> <li>• Documentation illustrating commitments outside of school (e.g., pay stubs, etc.)</li> <li>• Tangible steps for improvement</li> </ul>

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## PJ Documentation for SAP



Have these circumstances created an undue hardship on the student that caused the student's inability to meet the SAP standards?



Have the barriers to academic progress been removed or sufficiently managed to permit reasonable expectations for future academic progress?



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