



# **CCCSFAAA**

## **December 2009**

### **Professional Judgment: the Ups and Downs of EFCs and Loan Award Amounts**

**Presented by:**

**Nancy Davis, Financial Aid Director  
San Bernardino Valley College**

**Rita Grogan, Financial Aid Director  
Mission College**

**Kris Shear  
Director, Student Financial Services  
Santa Rosa Junior College**

# Professional Judgment Authority

**Section 479A of The Higher Education Act of 1965, as amended (HEA) provides authority for the financial aid administrator to exercise discretion in a number of areas.**

**In addition, other published guidelines, such as GEN-09-05 regarding unemployment benefits.**

**When properly documented and identified as PJ, the US Department of Education (ED) cannot:**

- Regulate PJ**
- Overturn a PJ decision made by a financial aid administrator**

# Areas of Professional Judgment

- **Make individual adjustments to override a student's dependency status (from dependent to independent)**
- **Adjust the components of a student's cost of attendance (COA)**
- **Adjust the data elements used to calculate the student's Expected Family Contribution (EFC)**
- **Denial or reduction of Stafford or Plus loan eligibility**
- **Unsubsidized Stafford Loan eligibility for a dependent student without parental FAFSA data**
- **Satisfactory Academic Progress (SAP)**
- **Other Institutional policies and procedures**

# Adjusting Data Elements

- **If an FAA uses professional judgment to adjust a line item on the ISIR, he or she must use the resulting EFC consistently for all federal student aid awarded.**
- **Data elements adjustment must relate to the student's special circumstances**

# Data Elements Adjustment Types

- **Income — taxed and untaxed**
- **U.S. income taxes paid**
- **Assets**
- **Household size**
- **Number in college**

# Data Elements

**Common data element adjustments include:**

- **Use of alternate year income (calendar or academic year)**
- **Reduction or elimination of income (unemployment does not need to be counted)**
- **Inclusion of the value of certain types of support such as free rent**
- **Exclusion or reduction of lump sum payments**

# Professional Judgment - rules

- Professional judgment can only be used on a case by-case basis and the reason must be documented in the student's file, and applies to that aid year only.
- Professional judgment cannot be used to circumvent the law or Title IV regulations.
- The adjustment is valid only at the school making the decision.

# Dependency Overrides

**A student sometimes has unusual circumstances that may justify a dependency override.**

- **An FAA may override only from dependent to independent.**
- **If an independent student is receiving substantial support from his or her parents, an FAA may use professional judgment to adjust one or more of the FAFSA data elements, such as untaxed income.**

# Dependency Overrides, continued

- **May transfer from one school to another (for that aid year).**
- **Must reaffirm each year that the unusual circumstances persist and that the override is still justified.**

# PJ Impact

Adjusting data elements may lower the EFC and thereby

- increase student's Pell Eligibility
- increase student's eligibility for other need-based aid

Adjusting COA components may increase need and thereby

- May increase student's eligibility for need-based aid

# Special Circumstances

- **An FAA may not make a direct change to the EFC figure, assessment rates, or allowances; he or she may adjust only an actual data item in keeping with the student's special circumstances.**
- **Because items like medical expenses and tuition do not appear on ISIR, FAAs need to be familiar with the elements in the formula to make and document professional judgment changes properly.**

# Examples of Special Circumstances

- **Income reduction**
- **Death in the family**
- **Marital Separation**
- **Unemployment**
- **Increased medical expenses**
- **Tuition costs**
- **Dependency Overrides**
- **Parents: number in college**
- **Nursing home expenses not covered by insurance**
- **Dislocated Workers**
- **Expenses for supporting other family members**
- **Lump sum payments**
- **One or more of these, and others...**

# **“Reasonable” Judgments**

- **Occasionally an FAA makes a decision contrary to the professional judgment provision's intent (i.e. EFC increasing).**
- **Department of ED grants significant latitude in exercising professional judgment, however FAAs are expected and required to make "reasonable" decisions that support the intent of the provision.**
- **The school is held accountable for all professional judgment decisions made, and it must fully document each decision.**

# Unreasonable Judgments

Unreasonable judgments have included reductions of income based on reoccurring costs or costs that are choices that we all elect to support our perceived standard of living such as:

vacation expenses,

tithing expenses,

standard living expenses (related to utilities, credit card expenses, children's allowances, and the like).

# Other Considerations

- In making adjustments for unusual expenses, an FAA should keep in mind that the income protection allowance is already included in the EFC calculation to account for modest living expenses.
- The FAA should consider whether the expense is already taken into account through the income protection allowance before making an adjustment.

# Income Protection Allowance

In general, the following have been included in the income protection allowance however if the amount is significantly higher, an adjustment may still be made.

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

# Getting comfortable with PJ....

Let's talk about some examples,  
and ask us all your questions!

Nancy Davis: [ndavis@valleycollege.edu](mailto:ndavis@valleycollege.edu)

Rita Grogan: [rita.grogan@wvm.edu](mailto:rita.grogan@wvm.edu)

Kris Shear: [kshear@santarosa.edu](mailto:kshear@santarosa.edu)

This presentation will be on the association website at [ccsfaaa.org](http://ccsfaaa.org) after the conference.