

Professional Judgment

The Basics

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What are the Rules

- Financial Aid Administrators have the authority to review on a case by case basis, to make changes based on unusual circumstances
- Each person has a unique situation cannot perform as a group
- Can't carry over from year to year – Annual evaluation



What are the Rules

- Applies to Federal and Institutional Aid only
 - PA State Grant has a separate process
- Schools are NOT required to do professional judgment
- Decisions made by one school do not apply to another



Common Practices

- Administrators role to make professional judgment decisions
- In house forms
- Documentation/Documentation/Documentation



Professional Judgment

- Dependency Override
- Income Reduction
- Divorce/Separation
- Cost of Attendance
- Selective Service
- Elementary or Secondary private school tuition
- A parent enrolled in college

Dependency Override

- Common errors on questions
 - Ward of court
 - Legal guardianship
 - Dependents
 - Homelessness
 - Veteran



Dependency Override

- There are cases where a student does not meet any of the criteria to be automatically independent, yet it is unreasonable to expect the parents' to complete the FAFSA or contribute toward child's education
 - Abusive situations
 - Parents whereabouts unknown
 - Parents deceased after student is 18
 - Parent is incarcerated
 - Third party documentation
 - State Grant has a separate appeal/process

Dependency Override

- What doesn't qualify
 - Parents refusing to contribute toward their child's education
 - Parents' unwillingness to supply information
 - Parents not claiming the student as a dependent for tax purposes
 - The student no longer living in the parents' home
 - Parents and student "just don't get along"

Counseling Scenarios

- Dependency Override?
 - John's mother was hospitalized when he was 12. He goes to live with grandparents. High school used grandparents information for purposes such as guardianship, mailing address, reduced lunch. Mom is out of hospital and lives with a boyfriend. John decides to stay with grandparents.
 - Whose information does John provide on the FAFSA? Does John warrant a dependency override?

Income Reduction

- Loss of job/income source
 - Don't forget to pro-rate the taxes
- Parent/Spouse becomes deceased or disabled
- Unusually high medical expenses not covered by insurance
 - The formula already considers 11% of the Income Protection Allowance towards medical expenses
- One-time income such as gas leases, lottery winnings, etc.
- Roth IRA Conversion



Interesting Cases

- Parent calls to request that the Financial Aid Office consider the high veterinarian bills that they have had to pay because of their cat's surgery. The family explains that the cat is like a member of their family.
- The mother calls because they are having trouble paying the bill because they just had to pay \$20,000 toward their other daughter's wedding in the last year, and they took out funds from their IRA which now appears in the AGI.

PPY – have you seen an impact?

- Does your school consider both prior year changes as well as current year changes?

Divorce/Separation

- Pennsylvania does not have legal separation, but you can still consider based upon separate residences
- Keep in mind changes to household size
- Determine tax calculation – pro-ration versus tax tables

Cost of Attendance

- Tuition & Fees
- Books/Supplies
- Room & Board
- Transportation
- Dependent care
- Disability Expenses
- Study Abroad



Selective Service

- Male students who fail to register with Selective Service before turning age 26 are ineligible for Federal aid.
- If a student was not required he will need to obtain a status information letter from selective service
- If required to register describe in detail circumstances that prevented him from registering
- Final decision is made by financial aid administrator



Elementary or Secondary Private School Tuition

- Documentation
- Add to COA or
- Adjust AGI



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A Parent Enrolled in College

- Each case has to be individually reviewed
- Items to consider:
 - Enrolled at least $\frac{1}{2}$ time
 - Degree-seeking
 - Is the parent paying anything towards the bill?



Discussion

