NASFAA
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS



Professional Judgment: Best Practices

September 28, 2022

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September 2022

NASFAA Webinar
Professional Judgment: Best Practices

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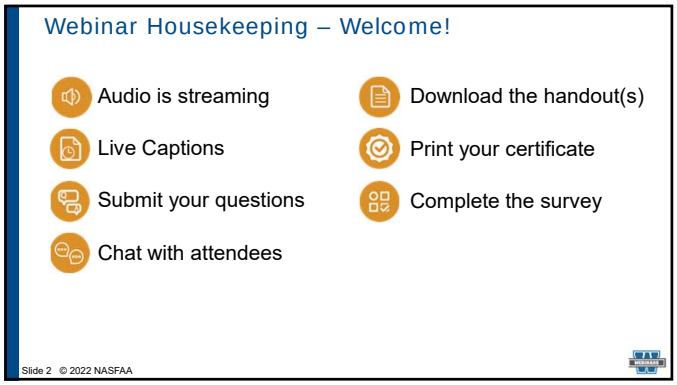
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NASFAA's Webinar Series
Professional Judgment: Best Practices
Presented September 28, 2022



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Agenda

- Overview of Professional Judgment
- Upcoming Changes in Professional Judgment
- What Would You Do?
  - Cases Presented and Discussed by School Panelists

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Overview of Professional Judgment



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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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Poll Question

Does your institution make PJ determinations by committee or individuals?

- ❑ By committee
- ❑ An individual is responsible
- ❑ Not sure what we do at my institution
- ❑ It depends

Select a single answer

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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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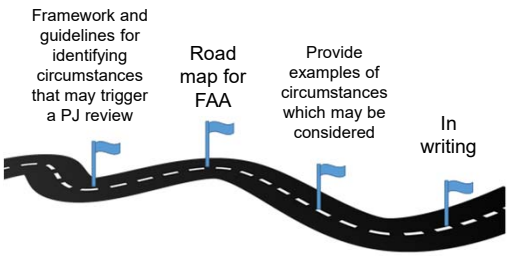
PJ Cannot Be Used

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	Include post-enrollment costs in COA (1 exception)

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PJ Policies and Procedures



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Implicit Bias Toolkit



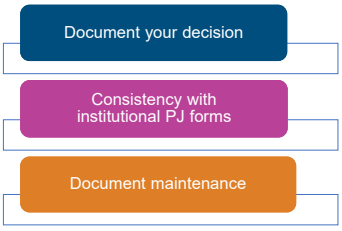
- Initiating the conversation
- How do you publicize the types of PJ students can access?
- How difficult are your processes to navigate successfully? How do you assess this?
- What assistance do you or could you provide to mitigate barriers?
- Nuclear family assumptions

https://www.nasfaa.org/implicit_bias_toolkit

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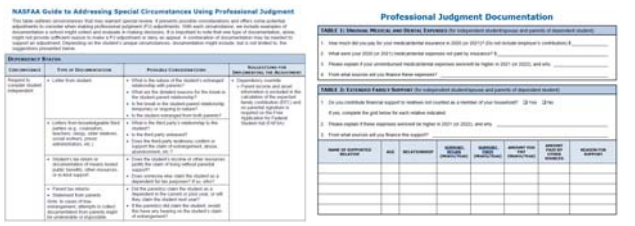
Professional Judgment Documentation



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Documentation



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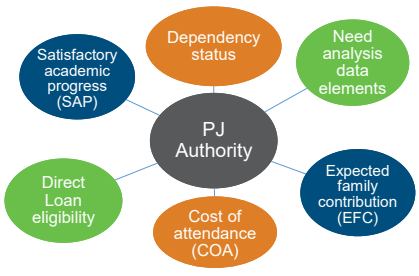
Professional Judgment Includes



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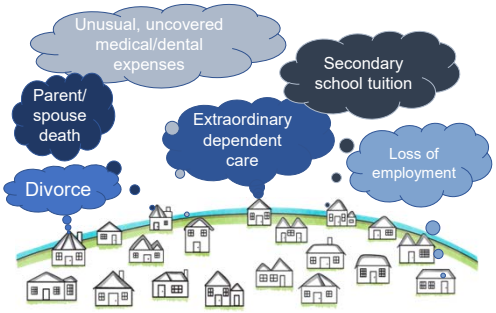
Professional Judgment Authority



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Special Circumstances



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Application

Dependency override ≠

- 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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Denial or Reduction of Direct Loan Eligibility

- Case-by-case basis
- Document the decision
- Notify borrower, in writing
- Do not discriminate on the basis of race, national origin, religion, sex, marital status, age, disability status, or income

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Application

Reasons for denying or reducing loan eligibility	• High debt burden • Borrower's unwillingness to repay the loan
Reasons for denying or reducing a Direct PLUS	• Parent is incarcerated • Parent's only source of income is public assistance or disability benefits • Parent's income/debt ratio indicates inability to repay PLUS

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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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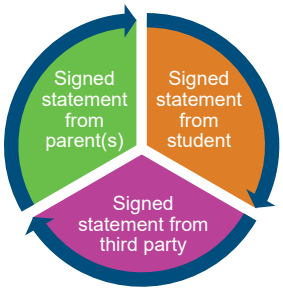
Direct Unsubsidized Loan for Dependent Student Without Parental Data

- 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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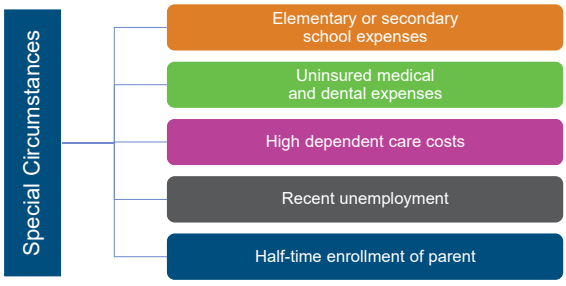
Documentation



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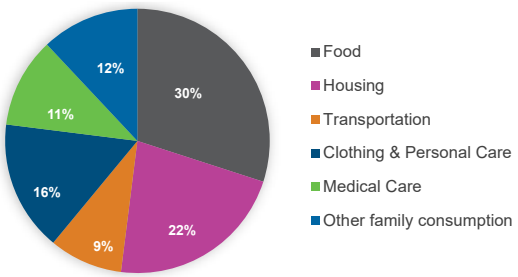
Need Analysis



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Income Protection Allowance



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Alternative-Year Income

- Use actual or estimated income for calendar year, award year, or other reasonable 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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Cost of Attendance Adjustments

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

Basic COA Components

- Tuition and fees
- Room and board
- Books and supplies
- Transportation
- Miscellaneous personal expenses

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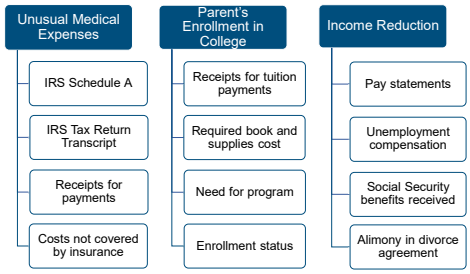
COA Adjustments for Living Expenses

- One approach is to compare expenses to the IPA
  - 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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Documentation



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Upcoming Changes in Professional Judgment



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Poll Question

Does your institution have a published policy on professional judgment?

- ❑ Yes
- ❑ Not yet but we will soon
- ❑ No and we do not plan on having one
- ❑ 2023-2024 is another year away we have time, *I think*

Select a single answer

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FAFSA Simplification Act

- Prohibits institutions from maintaining a policy of denying all PJ requests
- Must have a published policy on PJ
- Provisional Independent Status
- Dependency overrides in subsequent award years
- Dependent students and unsubsidized loan changes
- Acceptable documentation
- Specific examples of special circumstances

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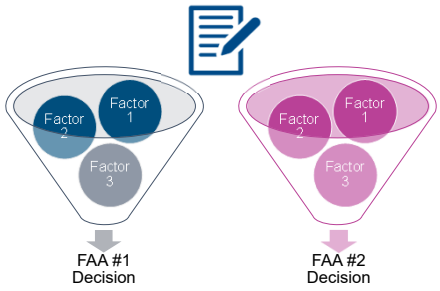
Cases Presented and Discussed by School Panelists…. What Would You Do?



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Financial Aid Administrator's Decision



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Case #1: Alimony Payments

The custodial parent comes into your office with Noah, a dependent student. The parent explains that since alimony payments are no longer tax deductible as of the 2019 tax year, they would like you, as the Financial Aid Administrator, to remove the alimony payments they paid in 2020 from their adjusted gross income (AGI) to their ex-spouse. The ex-spouse that receives the alimony payments is Noah's non-custodial parent, is not in the household and does not currently provide any financial support to Noah.

What Would You Do?

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Preliminary Vote

Would you reduce the custodial parent's 2020 AGI to reflect the amount of alimony payments paid?

- ❑ Yes, I would make the adjustment
- ❑ Yes, but only if it resulted in a change of Pell eligibility
- ❑ No, there is a reason alimony is being paid to the ex-spouse
- ❑ I don't know? I never realized alimony payments were ever tax deductible

Select a single answer

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Case #1 Panelists: Aurie and Nick



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Final Vote

Would you reduce the custodial parent's 2020 AGI to reflect the amount of alimony payments paid?

- ❑ Yes, I would make the adjustment
- ❑ Yes, but only if it resulted in a change of Pell eligibility
- ❑ No, there is a reason alimony is being paid to the ex-spouse
- ❑ I don't know? I never realized alimony payments were ever tax deductible

Select a single answer

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Case #2: 401K Withdrawal for Medical Expenses

- Harper, a single independent student with no dependents, has an AGI of $75,000.
- In 2020, Harper withdrew $24,000 from their 401K to pay for credit card debts.
- They provide documentation to show the $24,000 in credit card charges were for a cosmetic surgery procedure.
- Insurance did not cover any of the medical procedures.
- The $24,000 in procedures was in excess of the 11% Medical Care allotment of their Income Protection Allowance.
- Harper requests the 401K withdrawal (that was later used to pay off the credit cards) be excluded from their AGI.

What Would You Do?

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Preliminary Vote

Harper requests the 401K withdrawal to be excluded from AGI?

- ❑ Approve the Request
- ❑ Deny the Request
- ❑ Another solution? Type it in the chat

Select a single answer

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Case #2 Panelists: Nick and Celena



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Final Vote

Harper requests the 401K withdrawal to be excluded from AGI?

- ❑ Approve the Request
- ❑ Deny the Request
- ❑ Another solution? Type it in the chat

Select a single answer

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Case #3: Dependency Override

- Akua, a 19-year-old high school student will be a freshman during the 2022-23 award year. When she was nine, her parents brought her to the United States from Ghana to live with her maternal grandmother. Akua, her mother, and grandmother, are U.S citizens, but her father is not.
- The grandmother did not legally adopt Akua, and she was never declared a ward of the court, nor did she ever have a legal guardian appointed for her.
- Akua's parents still live in Ghana, and they refuse to contribute to her educational costs as they cannot afford to support her financially. Her mother and father make only enough to support themselves and Akua's younger brother Kofi.
- Akua and her grandmother come into the office to ask about a dependency override.

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Preliminary Vote

Would you approve the dependency override?

- ❑ Yes, I will allow the dependency override
- ❑ No, I would not make the student independent
- ❑ Another Solution? Type in the chat

Select a single answer

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Case #3 Panelists: Celena and Aurie



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Final Vote

Would you approve the dependency override?

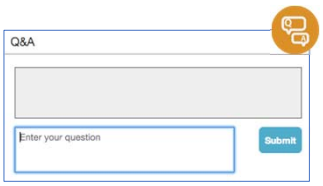
- ❑ Yes, I will allow the dependency override
- ❑ No, I would not make the student independent
- ❑ Another Solution? Type in the chat

Select a single answer

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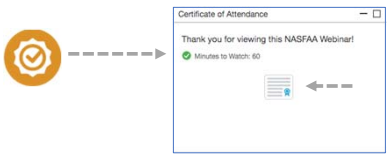
Submit Your Questions



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Download Your Certificate of Attendance



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Complete the Survey



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Tune In Next Time:

FAFSA Update: 2023-24
October 12, 2022
2:00 p.m. ET

Verification: 2023-24
Extended Edition
October 26, 2022
2:00 p.m. ET

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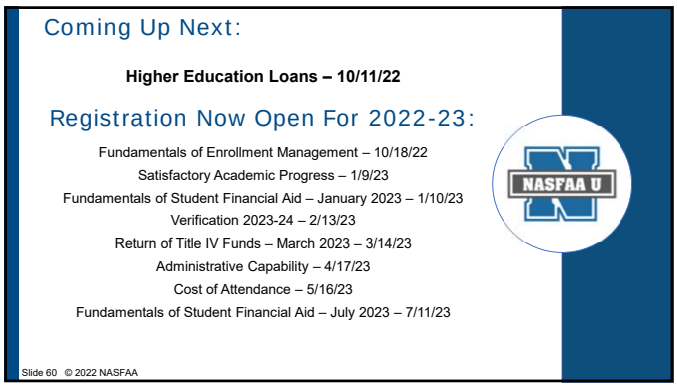
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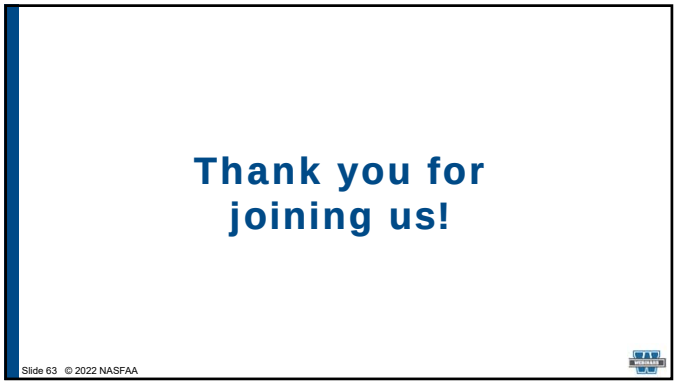


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NOTES:

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Professional Judgment: Best Practices References and Resources

GEN-21-02: Update on the use of “Professional Judgment” by Financial Aid Administrators (updated 4/29/22)

GEN-09-05: Update on the use of “Professional Judgment” by Financial Aid Administrators

GEN-16-03: Use of Professional Judgment When Prior-Prior Year Income is Used to Complete the Free Application for Federal Student Aid (FAFSA)

GEN-11-15: Dependency Overrides

GEN-11-04: Update on the Use of “Professional Judgment” and Reminder of Combat Pay Exclusion

GEN-11-07: Guidance on Participation in the William D. Ford Federal Direct Loan (Direct Loan) Program

34 CFR 685.301(a)(8) – Origination of a Loan by a Direct Loan Program School

2022-23 Expected Family Contribution (EFC) Formula Guide

2023-24 Expected Family Contribution (EFC) Formula Guide

NASFAA Implicit Bias Toolkit

NASFAA Findings from Survey on PJ (May 2022)

NASFAA Monograph 26: Professional Judgment in Eligibility Determination and Need Analysis

NASFAA Detailed Summary of Non-Pell/FM Changes From the FAFSA Simplification Act and FAFSA Simplification Act Technical Corrections Act

NASFAA New Aid Officer Training Webinar Series 2022-23

Student Aid Reference Desk (formerly NASFAA Student Aid Index) – Professional judgment or category

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Higher Education Act of 1965, As Amended—Section 479A

(a) IN GENERAL.—Nothing in this part 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 to the cost of attendance or the values of the data items required to calculate the expected student or parent contribution (or both) to allow for treatment of an individual eligible applicant with special circumstances. However, this authority shall not be construed to permit aid administrators to deviate from the contributions expected in the absence of special circumstances. Special circumstances may include tuition expenses at an elementary or secondary school, medical, dental, or nursing home expenses not covered by insurance, unusually high child care or dependent care costs, recent unemployment of a family member or an independent student, a student or family member who is a dislocated worker (as defined in section 101 of the Workforce Investment Act of 1998), the number of parents enrolled at least half-time in a degree, certificate, or other program leading to a recognized educational credential at an institution with a program participation agreement under section 487, a change in housing status that results in an individual being homeless (as defined in section 103 of the McKinney-Vento Homeless Assistance Act), or other changes in a family's income, a family's assets, or a student's status. Special circumstances shall be conditions that differentiate an individual student from a class of students rather than conditions that exist across a class of students. Adequate documentation for such adjustments shall substantiate such special circumstances of individual students. In addition, nothing in this title shall be interpreted as limiting the authority of the student financial aid administrator in such cases (1) to request and use supplementary information about the financial status or personal circumstances of eligible applicants in selecting recipients and determining the amount of awards under this title, or (2) to offer a dependent student financial assistance under section 428H or a Federal Direct Unsubsidized Stafford Loan without requiring the parents of such student to file the financial aid form prescribed under section 483 if the student financial aid administrator verifies that the parent or parents of such student have ended financial support of such student and refuse to file such form. No student or parent shall be charged a fee for collecting, processing, or delivering such supplementary information.

(b) ADJUSTMENTS TO ASSETS TAKEN INTO ACCOUNT.—A student financial aid administrator shall be considered to be making a necessary adjustment in accordance with subsection (a) if—

(1) the administrator makes adjustments excluding from family income any proceeds of a sale of farm or business assets of a family if such sale results from a voluntary or involuntary foreclosure, forfeiture, or bankruptcy or an involuntary liquidation; or

(2) the administrator makes adjustments in the award level of a student with a disability so as to take into consideration the additional costs such student incurs as a result of such student's disability.

(c) REFUSAL OR ADJUSTMENT OF LOAN CERTIFICATIONS.—On a case-by-case basis, an eligible institution may refuse to certify a statement that permits a student to receive a loan under part B or D, or may certify a loan amount or make a loan that is less than the student's determination of need (as determined under this part), if the reason for the action is documented and provided in written form to the student. No eligible institution shall discriminate against any borrower or applicant in obtaining a loan on the basis of race, national origin, religion, sex, marital status, age, or disability status.

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NASFAA Guide to Addressing Special Circumstances Using Professional Judgment

This table outlines circumstances that may warrant special review. It presents possible considerations and offers some potential adjustments to consider when making professional judgment (PJ) adjustments. With each circumstance, we include examples of documentation a school might collect and evaluate in making decisions. It is important to note that one type of documentation, alone, might not provide sufficient reason to make a PJ adjustment or deny an appeal. A combination of documentation may be needed to support an adjustment. Depending on the student's unique circumstances, documentation might include, but is not limited to, the suggestions presented below.

Dependency Status			
Circumstance	**Type of Documentation**	**Possible Considerations**	**Suggestions for Implementing the Adjustment**
Request to consider student independent	• Letter from student	• What is the nature of the student's estranged relationship with parents? • What are the detailed reasons for the break in the student-parent relationship? • Is the break in the student-parent relationship temporary or ongoing in nature? • Is the student estranged from both parents?	• Dependency override ➢ Parent income and asset information is excluded in the calculation of the expected family contribution (EFC) and no parental signature is required on the Free Application for Federal Student Aid (FAFSA)
	• Letters from knowledgeable third parties (e.g., counselors, teachers, clergy, older relatives, social workers, prison administrators, etc.)	• What is the third party's relationship to the student? • Is the third party unbiased? • Does the third-party testimony confirm or support the claim of estrangement, abuse, abandonment, etc.?	
	• Student's tax return or documentation of means-tested public benefits, other resources, or in-kind support	• Does the student's income or other resources justify the claim of living without parental support? • Does someone else claim the student as a dependent for tax purposes? If so, who?	
	• Parent tax returns • Statement from parents *Note*: In cases of true estrangement, attempts to collect documentation from parents might be undesirable or impossible.	• Did the parent(s) claim the student as a dependent in the current or prior year, or will they claim the student next year? • If the parent(s) did claim the student, would this have any bearing on the student's claim of estrangement?	

DEPENDENCY STATUS			
CIRCUMSTANCE	**TYPE OF DOCUMENTATION**	**POSSIBLE CONSIDERATIONS**	**SUGGESTIONS FOR IMPLEMENTING THE ADJUSTMENT**
Request to consider student independent (continued)	• Lease/rent receipts or other documentation of living arrangements	• Does this support the claim of separate domicile from parent(s)? • Are the student's housing expenses provided by someone other than the student's parents? • Does the student have roommates to share this expense, making it more manageable? • Does the student receive in-kind support (e.g., free room and board)?	• Dependency override ➢ Parent income and asset information is excluded in the calculation of the EFC and no parental signature is required on the FAFSA
	• Utility bills	• Is the student managing utility costs without assistance from his or her parents? • Is there a roommate to share these expenses?	
	• Health insurance policy	• Does the student have insurance in her or his own name? • Is the policy in the parent's name?	
	• Court documents	• Do these documents justify claims of estrangement from the parents? *Note*: If documents indicate court-ordered legal emancipation or legal guardianship in the student's state of legal residence, the student is independent by statutory definition.	

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EXPECTED FAMILY CONTRIBUTION			
CIRCUMSTANCE	**TYPE OF DOCUMENTATION**	**POSSIBLE CONSIDERATIONS**	**SUGGESTIONS FOR IMPLEMENTING THE ADJUSTMENT**
Unusual medical, dental, or nursing home expenses	• Federal income tax form, Schedule A—Itemized Deductions • IRS Tax Return Transcript (if necessary) • Receipts for payments • Canceled checks • Documentation of costs covered by insurance	• Did payment of the expenses affect the family's ability to meet the EFC? • Is any portion of the debt covered by insurance? • Is there an unpaid balance that must be satisfied during the student's period of enrollment? • Is the expense long-term due to an ongoing treatment, condition, or illness?	• Reduce adjusted gross income (AGI) by medical and dental expenses exceeding a certain percentage of total income or the amount in the Income Protection Allowance (IPA) • Reduce AGI by annual installment payments made for long-term medical and dental care (e.g., cancer therapy or orthodontic work), nursing home payments • Consider long-term debt as allowance against assets if family assets exceed IPA (may better reflect actual costs if expenses are paid over period of years)
Support of extended family or second household	• Receipts • Billing statements • Statement from student or parent • Divorce decree	• What is the reason for the family member's lack of income? • Does the individual reside in the household? • Does the family member reside outside of the United States? • Are the expenses for care of the elderly? If so, does the person(s) live in the household or in an assisted-care facility? • Is the second household job-related?	• Reduce AGI by amount of support or second household expenses • Adjust family size • Adjust assets
Elementary and secondary school costs for dependent student's sibling or independent student's child	• Receipts for tuition payments • Canceled checks • Signed, itemized statement of expenses	• Will any of the costs be reimbursed by another source? • Why does the child attend private school? • Does the child have special needs that are met by the private school?	• Reduce AGI by elementary/secondary tuition expense amount • Adjust assets

EXPECTED FAMILY CONTRIBUTION			
CIRCUMSTANCE	**TYPE OF DOCUMENTATION**	**POSSIBLE CONSIDERATIONS**	**SUGGESTIONS FOR IMPLEMENTING THE ADJUSTMENT**
Parent's enrollment in postsecondary education program	• Receipts for tuition payments • Documentation of required book and supply costs • Documentation of need for program • Documentation of enrollment status	• Is the parent enrolled as a regular student in a Title IV-eligible participating institution? • What is the parent's enrollment status? • Is tuition reimbursed by an employer or does the parent receive financial aid? • Is the program required to find or retain employment, or is it discretionary?	• Increase number in college to reflect parent's (at least) half-time enrollment • Reduce AGI by portion or all of unreimbursed educational costs (direct costs only or all COA components) • Adjust assets
Unusual debts (e.g., mortgages or credit card debts to cover unemployment or failed business; parent or spouse education loans; legal fees for divorce or adoption; nondiscretionary personal debts)	• Contract, mortgage, or lien • Billing or payment summary from person, company, or agency to which money is owed • Explanatory statement from parent or student	• What circumstances created the expense or debt? • Is the expense or debt the result of discretionary choices? • Is the applicant or parent responsible for all or a portion of the debt? • Will any portion of the debt be expunged in a bankruptcy, legal settlement, or other legal agreement?	• Reduce AGI by some or all annual installment payments on debts considered extenuating • Adjust assets (this treatment may be a more accurate reflection of the family's cash flow, if debt will be paid over a period of years)
Income reduction or nonrecurring income (e.g., from divorce or death, change or loss of employment, disability, or receipt of nonrecurring income)	• For estimated income: Signed statements of estimated earnings; paycheck stubs; alimony in divorce agreement; unemployment compensation and Workforce Innovation and Opportunity Act (WIOA) benefits; disability and Social Security benefits received or to be received • For nonrecurring income: Federal income tax return, Form 3903-Moving Expenses; Schedule D-Capital Gains and Losses	• Is the reason for the income reduction related to school attendance? • Is the reason for the income reduction or increase a recurring condition? • Will the income reduction or increase have a significant impact on the EFC?	• Use alternative-year income. Consider using anticipated calendar-year income, award-year income, or income from another 12-month period that realistically reflects current and near-term economic situation ➢ Except in the case of death or divorce, consider waiting until 6 months of the current year has elapsed to obtain more accurate information • If nonrecurring income was received in the base year, reduce AGI by that amount

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EXPECTED FAMILY CONTRIBUTION			
CIRCUMSTANCE	**TYPE OF DOCUMENTATION**	**POSSIBLE CONSIDERATIONS**	**SUGGESTIONS FOR IMPLEMENTING THE ADJUSTMENT**
Exclusion of income due to sale of farm or business assets as a result of foreclosure, forfeiture, bankruptcy, or involuntary liquidation	• Court documents ordering foreclosure, forfeiture, bankruptcy, or involuntary liquidation • Federal tax return; Schedule C—Business Income; Schedule D—Capital Gains or Losses; Schedule E—Supplemental Income and Loss (such as rental real estate); Schedule F—Farm Income • Accountant or investment broker asset liquidation statements	• What circumstances caused the foreclosure, forfeiture, bankruptcy, or involuntary liquidation? • Will the income reduction from the loss of the farm or business have a significant impact on the EFC?	• Reduce income by the amount received from sale • Reduce AGI by the amount of income generated by the farm or business income from previous year, if any • Reduce business, farm, or investment net worth, if reported prior to sale
Income reduction or income exclusion for affected individuals under HEROES Act[1]	• For estimated income: Signed statements documenting estimated earnings; paycheck stubs; statements of military benefits • For affected individual status: Military documents; documentation of place of residence and/or employment; Federal Emergency Management Agency (FEMA) notifications	• Is the reason for the income reduction or income exclusion related to the individual's status as an affected individual? • Will the income reduction or income exclusion have a significant impact on the EFC?	• Use alternative-year income ➢ Financial aid administrator may consider using either anticipated calendar-year or award-year income
Income reduction due to dislocated worker status	• Notice of unemployment benefits • Letter from former employer	• Will the income reduction or income exclusion have a significant impact on the EFC?	• Use alternative-year income ➢ Financial aid administrator may consider using either anticipated calendar-year or award-year income • For independent students, unemployment benefits may be zeroed out

[1] Affected individuals are individuals who: are serving on active duty during a war or other military operation or national emergency; are performing qualifying National Guard duty during a war or other military operation or national emergency; reside or are employed in an area that is declared a disaster area by a federal, state, or local official in connection with a national emergency; or suffered direct economic hardship as a direct result of a war or other military operation or national emergency, as determined by the U.S. Department of Education (ED). Although there is no expiration of the HEROES Act and EDs waiver and modification authority extends indefinitely, the current waivers and modifications expire September 30, 2022.

COST OF ATTENDANCE			
CIRCUMSTANCE	**TYPE OF DOCUMENTATION**	**POSSIBLE CONSIDERATIONS**	**SUGGESTIONS FOR IMPLEMENTING THE ADJUSTMENT**
Use of actual tuition and fees instead of average used in standard COA	• Receipt from business office • Copy of student's billing statement	• Do actual costs exceed the average by more than a reasonable variance? • Is the student unable to pay the difference?	• Adjust standard tuition and fees COA component to include actual tuition and fees
Assessment of additional institutional fees not standard to all or to particular groups of students	• Receipt from business office • Copy of student's billing statement • Student and/or instructor statement explaining why additional fee is required	• Is the fee related to the student's academic program? • Is the student or family unable to pay it?	• Add the additional fees to the standard tuition and fees COA allowance
Increase in room allowance for private room	• Receipt from business office • Copy of student's billing statement	• Why does the student need a private room? • Is this a lifestyle choice, academically-related, or a result of other special needs?	• Increase the room COA allowance based on documented actual expenses or to pre-established school maximum
Increase in room component for rent and/or utilities	• Rent receipts • Landlord statements • Canceled checks • Copies of utility bills • Credit card receipts	• Why is the increase necessary? • Does student have a roommate to share expenses? • Is this a lifestyle choice, academically-related, or a result of other special needs?	• Use an average of rent and/or utility bills to adjust room COA component • Use actual expense amount to increase room COA component
Increase in board component for special diet	• Grocery receipts • Physician statement indicating diet is for health reasons • Statement confirming student's religious requirements	• Why does the student need the special diet? • Is it health-related or a personal choice?	• Increase board COA component by actual cost incurred • Use an average based on the grocery receipts
Program of study requires books and/or supplies over COA allowance	• Bookstore receipts or statements • Instructor statement(s)	• Is the student or family unable to meet the additional books and/or supplies costs?	• Add the actual costs to the books and supplies COA component

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COST OF ATTENDANCE			
CIRCUMSTANCE	**TYPE OF DOCUMENTATION**	**POSSIBLE CONSIDERATIONS**	**SUGGESTIONS FOR IMPLEMENTING THE ADJUSTMENT**
Purchase of discretionary books and/or supplies	• Student and/or instructor statement indicating why request is necessary • Receipts for discretionary items or bookstore statements for costs	• Why is the discretionary purchase necessary? • Will the discretionary items help the student in his or her academic program?	• Add the actual cost to books and supplies COA component
Increase in allowance for computer purchase that exceeds any standard allowance according to school's COA policy	• Instructor statement explaining need for certain type of computer • Computer receipts	• Does the cost exceed the standard allowance for the purchase of a computer provided for the COA policy? • Why is it necessary to have a computer that costs more than the average one?	• Add the actual computer cost that exceeds the standard computer allowance to the COA
Increase in transportation allowance	• Statement from student about additional mileage or costs • Receipts for student costs to travel home • Automobile operation, repair, or insurance bills	• Why is it necessary? • Does the student have any other transportation option (such as public transportation)? • Is transportation related to Federal Work-Study (FWS) employment?	• Adjust the transportation COA component to reflect the documented additional costs • Costs for automobile purchase or lease cannot be included
Increase in miscellaneous personal expenses for medical and/or dental expenses	• Statement from physician and/or dentist • Copies of bills or receipts • Canceled checks • Student statement describing situation	• Why is it necessary? • Is the procedure cosmetic or medical in nature? • Is the amount already covered in the IPA? • Is the expense covered by insurance or otherwise reimbursable?	• Adjust miscellaneous personal expenses COA component to reflect additional health care costs • Allow amount which exceeds f IPA
Increase in miscellaneous personal expenses for clothing	• Clothing receipts • Statement from student indicating why the clothing is necessary • Police report of theft or fire	• Why are the clothes necessary? • Is this a lifestyle request? • Is the student in a cooperative education, student teaching, or internship position? • Is the student from a radically different climate and otherwise unable to afford appropriate clothing?	• Adjust the miscellaneous personal expenses COA component to reflect the additional clothing costs

COST OF ATTENDANCE			
CIRCUMSTANCE	**TYPE OF DOCUMENTATION**	**POSSIBLE CONSIDERATIONS**	**SUGGESTIONS FOR IMPLEMENTING THE ADJUSTMENT**
Increase in dependent care allowance that exceeds the standard allowance according to school's COA policy	• Day care receipts • Care provider receipts • Canceled checks • Student and/or care provider statement explaining increase	• Is it a personal choice to use a more expensive facility? • Does the dependent have special needs? • Is the student involved in an internship or academic work experience that necessitates more dependent care?	• Adjust dependent care COA allowance by the amount that exceeds the standard dependent care allowance based on the documented actual dependent care expenses
Increase in personal disability assistance allowance that falls outside school's COA policy	• Statement from person or agency providing the assistance • Physician's statement • Healthcare coverage documentation	• What type of personal assistance is needed? • Is more assistance necessary or optional? • Are other sources of assistance available (e.g., Office of Vocational Rehabilitation)?	• Adjust COA allowance for disability-related expenses to account for additional amount not covered by other assisting agencies • Add allowance to less-than-half-time student's COA
Increase in professional credential costs beyond the one-time cost of obtaining the first professional credential	• Statements or receipts for licensure or credential costs • Travel receipts	• Does the COA policy allow for the inclusion of the one-time cost of obtaining a professional credential? • Is the student applying for more than one license or credential? • Are costs or expenses incurred during a period of enrollment? • Must the student incur travel expenses?	• Adjust the amount of the professional licensure or credential allowance • Add the additional allowance to the student's COA

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DENIAL OR REDUCTION OF FEDERAL DIRECT STUDENT LOAN ELIGIBILITY			
CIRCUMSTANCE	**TYPE OF DOCUMENTATION**	**POSSIBLE CONSIDERATIONS**	**SUGGESTIONS FOR IMPLEMENTING THE ADJUSTMENT**
Borrower indication of unwillingness to repay student loan(s)	• Documentation of a conversation financial aid administrator had with the borrower • Signed statement from the borrower indicating an unwillingness to repay • Other documentation that shows previous history of unwillingness to repay student loans	• Is the borrower unwilling, not unable, to repay the loan? • Has the borrower defaulted on any previous loans?	• Deny or reduce the amount of subsidized and/or unsubsidized Direct Loan and/or Direct PLUS eligibility • Denial or reduction cannot be based upon a borrower filing bankruptcy or having loans previously discharged in a bankruptcy proceeding; this represents inability—not unwillingness—to repay a loan
Student's high debt burden	• National Student Loan Data System (NSLDS) data or other documentation indicating total loan debt • Documentation from career or employment services office showing average starting salaries for graduates in various fields	• What is the average loan debt burden at the institution or for the student's academic program? • Is the student's earning potential high enough to support substantial loan payments? • How much of the academic program remains to be completed?	

UNSUBSIDIZED DIRECT LOAN ELIGIBILITY FOR A DEPENDENT STUDENT WITHOUT PARENTAL FAFSA DATA			
CIRCUMSTANCE	**TYPE OF DOCUMENTATION**	**POSSIBLE CONSIDERATIONS**	**SUGGESTIONS FOR IMPLEMENTING THE ADJUSTMENT**
Dependent student's parent(s) refuses to provide parental data on the FAFSA, has ended all financial support for the student, and refuses to provide future support	• Signed and dated statement from one of the student's parents stating the parents: ➢ Have stopped providing financial support and the date when that support ended; ➢ Will not provide support in the future, **and** ➢ Will not complete the parental section of the FAFSA • If student is unable to obtain parent statement, a signed statement from a responsible third party (e.g., teacher, counselor, clergy, court) with knowledge of the situation describing the student's relationship with his or her parents	• Does the family situation warrant a dependency override? • Has all financial support ended, including payment of education costs, and other cash and noncash support such as room, board, and/or utilities? • How does the student intend to financially support himself or herself without parental support?	• Have the student complete the FAFSA with only his or her information and signature • Confirm and document the student has passed all database matches performed by the Central Processing System (CPS) • Originate Direct Unsubsidized Loan with limited additional unsubsidized loan amount

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Professional Judgment Documentation

TABLE 1: UNUSUAL MEDICAL AND DENTAL EXPENSES (for independent student/spouse and parents of dependent student)

1. How much did you pay for your medical/dental insurance in 2020 (or 2021)? (Do not include employer's contribution) $_____
2. What were your 2020 (or 2021) medical/dental expenses not paid by insurance? $_____
3. Please explain if your unreimbursed medical/dental expenses were/will be higher in 2021 (or 2022), and why. _____
4. From what sources will you finance these expenses? _____

TABLE 2: EXTENDED FAMILY SUPPORT (for independent student/spouse and parents of dependent student)

1. Do you contribute financial support to relatives not counted as a member of your household? ❑ Yes ❑ No

   If yes, complete the grid below for each relative indicated.
2. Please explain if these expenses were/will be higher in 2021 (or 2022), and why. _____
3. From what sources will you finance this support? _____

NAME OF SUPPORTED RELATIVE	AGE	RELATIONSHIP	SUPPORT BEGAN (MONTH / YEAR)	SUPPORT ENDS (MONTH / YEAR)	AMOUNT YOU PAY (MONTH / YEAR)	AMOUNT PAID BY OTHER SOURCES	REASON FOR SUPPORT

TABLE 3: ELEMENTARY AND SECONDARY EDUCATION, AND DEPENDENT CARE EXPENSES (for independent student/spouse and parents of dependent student)

1. Did you pay for elementary or secondary education expenses or dependent care expenses? ❑ Yes ❑ No

   If yes, list family members and the amount of relevant support given for each by completing the grid below.

2. Please explain if these expenses were/will be higher in 2021 (or 2022), and why. _____

3. From what sources will you finance these expenses? _____

4. Please explain why these expenses are necessary. _____

NAME OF SUPPORTED FAMILY MEMBER	AGE	RELATIONSHIP	CHILD CARE EXPENSE	ELEMENTARY EDUCATION EXPENSE	SECONDARY EDUCATION EXPENSE	ADULT DEPENDENT CARE EXPENSE	TOTAL ANNUAL EXPENSE

TABLE 4: UNUSUAL DEBTS (for student/spouse and parents of dependent student)

1. Do you or your parents have unusual debts or loans for which you or they are **currently** making monthly payments? (Such as mortgages or credit card debts to cover unemployment expenses or failed businesses; legal fees for divorce, adoption, etc.; education loans of parents or spouse; or personal debts for nondiscretionary expenses such as nursing home expenses.) ❑ Yes ❑ No

2. If yes, list type and purpose of debt, total amount owed, and amount of monthly payment on the grid below.

3. Please explain if these expenses were/will be higher in 2021 (or 2022), and why. _____

4. From what sources will you finance these expenses? _____

TYPE OR CAUSE OF DEBT AND WHO OWES IT	AMOUNT OF ORIGINAL DEBT AND DATE INCURRED (MONTH / YEAR)	BALANCE OWED ON DEBT	DATE PAYMENTS BEGAN	MONTHLY PAYMENT	HOLDER OF DEBT	DATE PAYMENT SENT

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TABLE 5: INCOME REDUCTION (for student/spouse and parents of dependent student)

1. Was/is your income and/or your spouse's or parents' income less in 2021 (or 2022) than in 2020? ❑ Yes ❑ No

2. If yes, please circle the appropriate reason, attach an explanation, and give the date of the change in your situation. Date: _____

   a. Unemployment or change in employment
   b. Divorce/separation
   c. Death of spouse or parent
   d. Disability of student, spouse, or parent
   e. Income reduction due to status as an affected individual under the HEROES Act[1]
   f. One-time income (examples: inheritance, moving allowance, prior-year Social Security payments, severance, or IRA/pension distribution)
   g. Loss or reduction of untaxed income such as child support, etc.

3. If 2f is circled, identify source of income and how funds were spent or invested. _____

4. If 2a, 2b, 2c, 2d, 2e, or 2g are circled, please complete the following income information for the period _____ (month/year) to _____ (month/year).

   If you or your parent are divorced or separated, give only your information or the information of the custodial parent.

   If the loss of income was due to the death of your spouse or parent, give only your information or that of the surviving parent.

ANTICIPATED INCOME FROM _____ TO _____	**PARENT**	**STUDENT AND SPOUSE**
Wages, salaries, tips (including severance pay, disability payments, and any income from work)		
Other taxable income		
Untaxed Social Security benefits		
Temporary Assistance to Needy Families (TANF)		
Child support received		
Other untaxed income		
Total anticipated income		

[1] Affected individuals are individuals who: are serving on active duty during a war or other military operation or national emergency; are performing qualifying National Guard duty during a war or other military operation or national emergency; reside or are employed in an area that is declared a disaster area by any federal, state, or local official in connection with a national emergency; or suffered direct economic hardship as a direct result of a war or other military operation or national emergency, as determined by the U.S. Department of Education.

DEPENDENCY STATUS DOCUMENTATION FORM

Federal law assumes the family has the primary responsibility for meeting the educational costs of students. Therefore, a student must meet certain federal criteria to qualify for financial aid as an independent student. If you do not meet one of the criteria listed on the FAFSA, you will be evaluated as a dependent student, meaning your parents must provide income and asset information. If there are extraordinary circumstances that may warrant re-evaluation of your dependency status, provide the following information so your financial aid administrator may make this determination. You may be asked for additional documentation depending on your individual situation.

Attach the following information to this form:

- **Letter from you explaining:** (1) Nature of your relationship with your parents; (2) Location of both parents and when you last had contact with them; (3) Why you cannot obtain information and/or support from your parents; and (4) How you have been supporting yourself.
- **Statement from a responsible adult** who is aware of your situation and can corroborate the facts you present in your letter.
- **Copies** of your two most recent federal tax returns.

Please complete the following statement of your calendar year income and expenses:

INCOME (If any amounts are zero, please explain on a separate sheet.)	**CURRENT CALENDAR YEAR**	**NEXT CALENDAR YEAR**
Earned income (e.g., wages, salaries, tips, work-study earnings)	**$**	**$**
Financial support received from parents	**$**	**$**
Monetary value of other support (e.g., health insurance, room and board) received from parents	**$**	**$**
Monetary value of other support (e.g., room and board) from persons other than parents (indicate source)	**$**	**$**
Amount of other annual income (indicate source)	**$**	**$**
Amount of other annual income (indicate source)	**$**	**$**
Amount of other annual income (indicate source)	**$**	**$**
TOTAL	**$**	**$**

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DEPENDENCY STATUS DOCUMENTATION FORM (CONT'D)		
EXPENSES (If any amount is zero, please explain on a separate sheet.)	**CURRENT CALENDAR YEAR**	**NEXT CALENDAR YEAR**
Housing	**$**	**$**
Food	**$**	**$**
Transportation (e.g., car payments, insurance, gas, maintenance)	**$**	**$**
Utilities	**$**	**$**
Child care and/or dependent care	**$**	**$**
Personal (e.g., clothing, entertainment)	**$**	**$**
Other (indicate source)	**$**	**$**
Other (indicate source)	**$**	**$**
Other (indicate source)	**$**	**$**
TOTAL	**$**	**$**
I certify that the information provided is true and correct. **Student's Signature:** _____ **Date:** _____		

PARENTAL REFUSAL TO COMPLETE FAFSA DOCUMENTATION FORM

Federal law assumes the family has the primary responsibility for meeting the educational costs of students. Therefore, a student must meet certain federal criteria to qualify for financial aid as an independent student. If you do not meet one of the criteria listed on the FAFSA, you will be evaluated as a dependent student, meaning your parents must provide income and asset information. If your parents refuse to provide parent information on the FAFSA and no longer provide any financial support to you, your financial aid administrator may determine that you may borrow a Direct Unsubsidized Loan only, if you are otherwise eligible for the loan. Please provide the following information so your financial aid administrator may make this determination. You may be asked for additional documentation depending on your individual situation.

Attach the following information to this form:

- **Statement from your parent** stating: (1) They have stopped providing financial support to you (including the date when the financial support stopped); (2) Will not provide financial support in the future; **and** (3) Their refusal to complete the parental section of a FAFSA.
- **If you are unable to obtain the parental statement, provide a letter from a responsible adult** who is aware of your situation and can describe the nature of your relationship with your parents.
- **Statement from you describing:** (1) Nature of your relationship with your parents; (2) Location of both parents and when you last had contact with them; (3) Why you cannot obtain information and/or support from your parents; and (4) How you have been supporting yourself financially.

Please complete the following statement of your calendar year income and expenses:

INCOME	CURRENT CALENDAR YEAR	NEXT CALENDAR YEAR
Earned income (e.g., wages, salaries, tips, work-study earnings)	**$**	**$**
Financial support received from parents	**$**	**$**
Monetary value of other support (e.g., health insurance, room and board) received from parents	**$**	**$**
Monetary value of other support (e.g., room and board) from persons other than parents (indicate source)	**$**	**$**
Amount of other annual income (indicate source)	**$**	**$**
Amount of other annual income (indicate source)	**$**	**$**
TOTAL	**$**	**$**

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PARENTAL REFUSAL TO COMPLETE FAFSA DOCUMENTATION FORM (CONT'D)

EXPENSES (If any amount is zero, please explain on a separate sheet.)	**CURRENT CALENDAR YEAR**	**NEXT CALENDAR YEAR**
Housing	**$**	**$**
Food	**$**	**$**
Transportation (e.g., car payments, insurance, gas, maintenance)	**$**	**$**
Utilities	**$**	**$**
Child care and/or dependent care	**$**	**$**
Personal (e.g., clothing, entertainment)	**$**	**$**
Other (indicate source)	**$**	**$**
Other (indicate source)	**$**	**$**
Other (indicate source)	**$**	**$**
TOTAL	**$**	**$**

I certify that the information provided is true and correct.

Student's Signature: _____ **Date:** _____

NOTES:

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What's next?

Please join us for the 2022-23 NASFAA Webinar Series



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On Demand Webinars are recordings of previously broadcasted events. The recordings are available for purchase and viewing at your convenience.

All webinars begin at 2:00 pm ET, unless otherwise noted, and last 60 to 90 minutes. Archives are usually available after the webinar for purchase; these archives are also free to webinar package purchasers.

Webinar Schedule for 2022-23 - See You Online!

Topic	Air Date
Return of Title IV Funds: To Freeze or Not To Freeze	July 27, 2022
Professional Judgment: Best Practices	September 28, 2022
FAFSA Update: 2023-24	October 12, 2022
Verification: 2023-24 (Extended Edition)	October 26, 2022
Why Your Financial Aid Office Needs an Operational Calendar*	November 2, 2022
Cash Management: Late Versus Retroactive Disbursement	November 16, 2022
Gainful Employment	December 7, 2022
NASFAA Policy Update*	December 14, 2022
A Conversation With: Guest Speaker TBD	January 25, 2023
Management Structures and Their Influence on Financial Aid	February 22, 2023
Graduate and Professional School Update*	March 16, 2023
Professional Development Panel: Honing in on your Emotional Intelligence	March 29, 2023
How to Get Started on your P&Ps*	April 12, 2023
NASFAA Quiz Show: Test Your Financial Aid Knowledge	April 19, 2023
Cost of Attendance: Exceptions and Adjustments	May 10, 2023
NASFAA Policy Update*	May 24, 2023
FAFSA Simplification: Planning for the Future	June 7, 2023

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The National Association of Student Financial Aid Administrators (NASFAA) provides professional development for financial aid administrators; advocates for public policies that increase student access and success; serves as a forum on student financial aid issues; and is committed to diversity throughout all activities.

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NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

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