

---

# The Power of Decision Making: PJ's and Dependency Overrides



---

*MASFAA – November 15, 2018*

Sam Veeder

Associate Dean for College Enrollment,  
Director of Financial Aid

University of Rochester

# Agenda



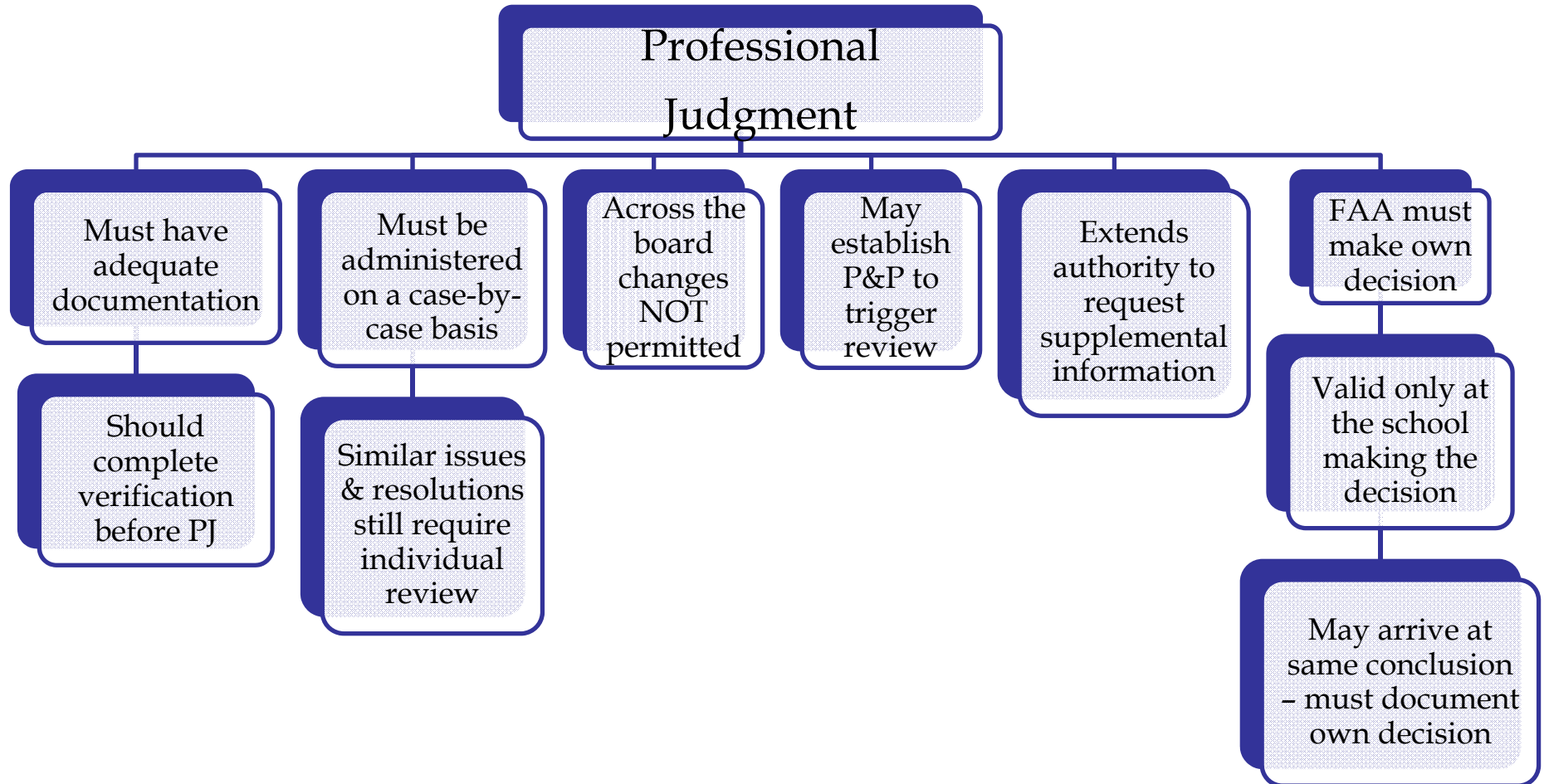
- Professional Judgment (PJ) definition
  - Basic PJ principles
  - Application
  - Examples and documentation
  - Income Protection Allowance (IPA)
- Dependency status
- Dependency overrides

# PJ Definition



- Higher Education Act (HEA Sec. 479(a)) provides authority for FAA's to exercise discretion in a number of areas.
- Must treat the student individually, on a case-by-case basis, when the student has special circumstances that are not sufficiently addressed by the standard approach.
- Special circumstances are conditions that differentiate a student from a class of students.
- Often used in cases of either dependency overrides or income adjustments.

# Basic PJ Principles



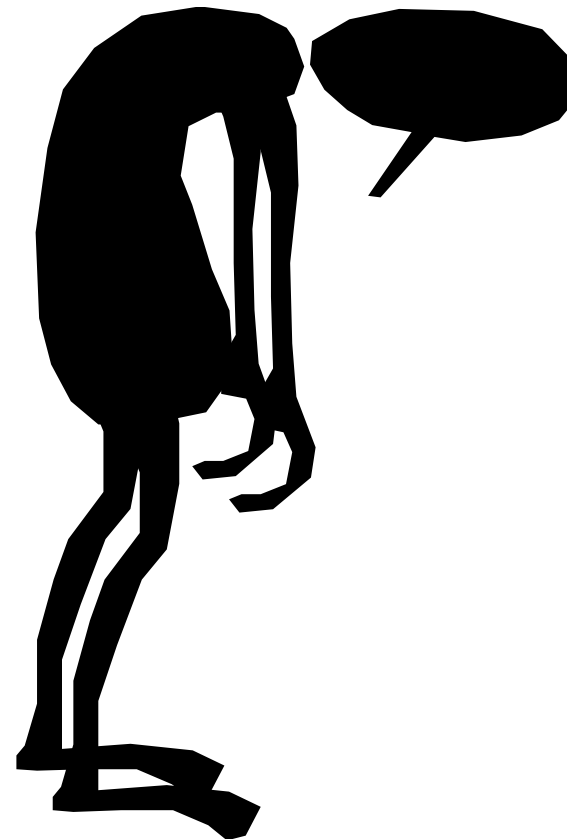
# Areas to Perform PJ Adjustments

- Needs analysis (EFC calculation)
  - Income
  - Assets
  - Divorce/separation
- Cost of Attendance
  - Dependent care
  - Computer purchase
- Refusal or adjustment of loan certification



# Areas Where PJ Does NOT Apply

1. May not modify the formula or tables used to calculate EFC.
2. Create new COA category.
3. Adjust EFC directly.
4. Change a student's status from independent to dependent.
5. Waive general eligibility criteria or circumvent the intent of the law.



# Examples & Documentation



<u>CIRCUMSTANCE</u>	<u>DATA VERIFICATION</u>	<u>POSSIBLE ADJUSTMENTS</u>
Unusual medical and dental expenses	Federal income tax sched. A - itemized deductions, and/or receipts	Reduce AGI by expenses exceeding certain % of income.
Income reduction or non-recurring income (divorce, death, loss of employment)	Signed statements documenting estimated earnings, divorce agreements, disability/SS benefits, death certificate	Use projected year income for income reduction. For non-recurring income, reduce AGI by that amount.
Unusual debts (mortgages, credit card to cover unemployment)	Contract, mortgage, lien, billing payment summary	Reduce AGI by annual installment, or adjust assets
Elementary/secondary school costs; dependent care, living allowance, computer purchase	Receipts for payment, signed statements	Reduce AGI by expense amount, increase COA

# Reminder: Income Protection Allowance (IPA)



- An IPA is already included in EFC Calculation to account for modest living expenses.
- Before adjusting for an unusual expense, consider whether it is already covered by the IPA.
- Reasonable assumptions:
  - 30% food
  - 22% housing
  - 9% transportation
  - 16% clothing and personal care
  - 11% medical care
  - 12% other family consumption



# Dependency Status



- Section 480(d) of HEA. See Dear Colleague Letter GEN-11-15 issued 7/26/11 for additional information.
- Based on premise that family is first source to pay for student's education.
- Student's reaching age of 18 or 21, living apart from parents, or not being claimed by parents on tax return **DOES NOT** affect dependency status.
- Automatically independent if:

Married	Graduate student	Veteran
Children/legal dependents	Orphan, foster child, ward of court	Emancipation or legal guardianship
Unaccompanied homeless youth	Age 24 by December 31 <sup>st</sup> of award year	

# Dependency Overrides



- In unusual circumstances, FAA has authority to determine that a student is independent.
- As with PJ decisions, must be performed on a case-by-case basis and the basis for each determination must be well documented in the student's file.
- Documentation must include:
  - Reason for determination and must support decision
  - Should come from a 3<sup>rd</sup> party source (at least one) with knowledge of the unusual circumstance
    - i.e. counselor, teacher, clergy, coach, medical personnel, courts, etc.
    - May accept statement from student alone or student and relatives only in extremely rare cases.

# Dependency Override Situations



- Student's voluntary or involuntary removal from the parent's home due to an abusive situation that threatened the student's safety and/or health
- Student's abandonment by parents
- Inability of the student to locate the parents

# Not Dependency Override Situations



- Parents who refuse to contribute (whether or not they are able)
- Parents who are unwilling to provide financial information
- Parents who do not claim the student as an income tax dependent
- A student who demonstrates total self-sufficiency
- Parents who live in another country

Questions????