



# Understanding Professional Judgement & Conflicting Information

CAPPS 2025 Conference





# Discussion Topics



- History
- Professional judgement categories
  - Special circumstances
  - Unusual circumstances
- PJ Requirements
- PJ Guideline
- Timing
- Documentation
- Disaster Relief
- Examples
- Conflicting Information
- Reminders
- Resources

# Changes Enacted into Law



- The Higher Education Act of 1965 *as amended* (HEA) by
- The FAFSA Simplification Act (Act) which was enacted into law:  
*As part of the Consolidated Appropriations Act, 2021 and*  
*Amended by the Consolidated Appropriations Act, 2022*
- *Implementation date July 1, 2024*

# Professional Judgement Categories



- Special Circumstances
  - Are financial situations that lead to adjusting data elements in the COA or in the SAI calculation by an FA Administrator.
    - Example: loss of a job, change in housing status, divorce, death of spouse or parent

# Special Circumstances



- Income protection allowance (IPA) to account for modest living expenses is included in SAI calculation and safe to assume:
  - 30% is for food
  - 22% is for housing
  - 9% is for transportation expenses
  - 16% is for clothing and personal care
  - 11% is for medical care
  - 12% is for other family consumption
- See AVG, chapter 3 for the IPA values and how they impact the student's SAI calculation

# Professional Judgement Categories



- Unusual Circumstances
  - Are conditions that lead to making an adjustment to a student's dependency status based on a unique situation
    - Example: human trafficking, refugee or asylee status, parental abandonment or estrangement, student or parent incarceration

# Unusual Circumstances



- Unusual Circumstances **do not include!!!**
  - Parents refuse to contribute to the student's education
  - Parents will not provide information for the FAFSA or verification.
  - Parents do not claim the student as a dependent for income tax purposes.
  - Student demonstrates total self-sufficiency

# Institutional Requirements



- Make and document professional judgment determinations on a case-by-case basis without regard to how broadly an event may affect its student population
- Substantiate the student's circumstance with supporting documentation
- Review and notify student of result of the decision
- Previous reasons for exercising professional judgment (e.g., unemployment, dislocated worker, school tuition expenses) are still allowable



# Dependency Overrides



- A dependency override for unusual circumstances is considered unique from a determination of independence for homeless youth or at-risk homeless youth
- If the financial aid administrator does not determine that the student should be considered independent and parental data is not provided in a subsequent FAFSA
  - The student is only eligible for dependent level Direct Unsubsidized loans (ex: 1<sup>st</sup> year \$5,500)

# PJ Requirements



- Provide students notification of the institution's
  - Process
  - Requirements
  - Reasonable time to review PJ adjustment requests
- Provide student with
  - A final determination of their dependency status
  - Financial aid award after all requested documentation has been reviewed

# PJ Requirements



- Retain for 3 years after the student's last term of enrollment
  - All documentation used related to the adjustment
- Presume the approved student to be independent
  - For each subsequent award year at the same institution
  - Unless
    - Student notifies institution that circumstances changed
    - The institution has conflicting information about the student's independence

# PJ Guidelines



- Schools must publish on their website that students may pursue an adjustment based on special or/and unusual circumstances
- Retain all documentation, including documented interviews, related to the adjustment for at least 3 years after the student's last term of enrollment
- Schools are prohibited from maintaining a policy of denying all PJ requests and must consider all requests
  - Must develop policies and procedures for reviewing those requests
  - Explain the timeline for review of PJ requests
  - Respond to all requests, in writing, within the required timeframe

# PJ Guidelines



- Unsubsidized eligibility for dependent students without parental info on FAFSA
- Financial aid professional would have to determine that the parent(s) of the student ended support or would not fill out the FAFSA
- PJ during a qualifying emergency to zero out income earned from work with documentation of unemployment
- Dependency override automatically carries forward from prior year
  - Institution must resolve conflicting information

# Timing of Determinations



## 60 Day Max

Institutions must review all requests  
○ ASAP *and* no later than 60 days after the student enrolls

## Renewal Applications

Renewal applications with eligible flags will have the answers to the questions carried over and pre-populated

- Legal guardianship
- Homeless youth
- Orphan
- Foster care youth
- Ward of the court

## Affirmation

Affirmation of previous answers to dependency questions is still required

# Acceptable Documentation

- Special Circumstances, may include
  - A documented interview between the student and the financial aid administrator; or
  - Supplementary information, as necessary, about the financial status or personal circumstances of eligible applicants as it relates to the special circumstances



# Acceptable Documentation



- Unusual Circumstances, may include
  - A documented interview between the student and the financial aid administrator
  - Submission of a court order or official Federal or State documentation that the students' parents or legal guardian are incarcerated
  - A documented phone call or written statement from an attorney, a guardian ad litem, a court-appointed special advocate (or similar), or a representative of a TRIO or GEAR UP program that confirms the circumstances and the person's relationship to the student
  - A documented determination of independence made by a financial aid administrator at another institution in the same or a prior award year
  - Utility bills, health insurance, or other documents that demonstrate a separation from parents or legal guardians



# Acceptable Documentation



- Foster Care Youth
  - Submission of a court order or official State documentation that the student received Federal or State support in foster care;
  - A documented phone call or a written statement from an attorney, guardian ad litem, or Court Appointed Special Advocate;
  - Verification of the student's eligibility for an education and training voucher under the John H. Chafee Foster Care Program under section 477 of the *Social Security Act* (42 U.S.C. 677); or

# Acceptable Documentation



- Foster Care Youth (cont.)
  - A documented phone call or written statement from a financial aid administrator who documented the student's circumstance in the same or a prior award year.
  - Must also consider a phone call, written statement or verifiable electronic data from
    - A State, county, or Tribal agency administering a program under part B or E of title IV of the *Social Security Act* (42 U.S.C. 621 et seq. and 670 et seq.);
    - A State Medicaid agency; or
    - A public or private foster care placing agency or foster care facility or placement



# Disaster, Emergency or Economic Downturn



- *Only if the Department of Education exercises its statutory authority and issues guidance to the higher education community*
- Financial aid administrators may, during a qualifying emergency:
  - Determine that the income earned from work for an applicant is zero, if
    - The applicant can provide paper or electronic documentation of receipt of unemployment benefits or
    - Confirmation that an application for unemployment benefits was submitted; and





# Disaster, Emergency or Economic Downturn



- Financial aid administrators may, during a qualifying emergency (cont.)
  - Make additional appropriate adjustments to the income earned from work for a student, parent, or spouse, as applicable, based on the totality of the family's situation, including consideration of unemployment benefits
    - Acceptable documentation of unemployment, submitted no more than 90 days from the date issued



# Special Circumstances- Example 1



- A student's parent had income earned from work of \$50,000 in 2023 but is no longer employed.
- What documentation should be requested?
- What is the next step?

# Example 1-Next Steps



- Documentation
  - Written statement from parent regarding loss of income
  - Statement from unemployment
- Adjust the AGI reported for the student's parents to account for their reduced income
- Reduce tax paid
- Reduces the income earned from work for the student's parent to zero
- Notify the student of PJ approval and the new award amount.

# Special Circumstances - Example 2



- In 2023, a student had \$4,500 in medical expenses that were out-of-pocket costs and they are struggling to pay their bills.
- The student is married and has two children, so their income protection allowance (IPA) is \$69,670.
- The student requested a PJ decision based on unusual medical expenses.
- What documentation should be requested.
- Would you make a PJ adjustment?



# Example 2



- The student submitted proof of out of pocket costs
- The student's expenses were less than the amount for medical expenses already provided for in the IPA (11% of \$69,670 is \$7,664).
- The aid administrator notified the student, in writing, of the decision not to adjust the student's FAFSA form.





# Unusual Circumstances – Example 1



- A student is a refugee from Ukraine who qualifies for federal student aid as an eligible noncitizen. The student's FAFSA form was rejected because the student is a dependent student and did not provide data for their parents.
- When the aid administrator asks the student for their parents' information, the student says their parents are in Ukraine and have been displaced due to the situation there. The student doesn't know how to contact them.
- The student does have other relatives living in the US.
- What documentation should the financial aid officer request?



# Unusual Circumstances – Example 1



- The FAA asks the student for documentation and the student says they have a relative living in the U.S. who can confirm the situation. The FAA, per institutional policy, asks for the relative to either appear in person and sign a statement confirming the student's account or to send the aid office a notarized statement.
- The relative, who works not far from the school, comes to the aid office, signs the statement, and the FAA grants the student a dependency override.





# Unusual Circumstances – Example 2



- The student is 18 years old, has no income and has lived with her grandmother since she was 12 years old. The mother took off with her boyfriend and left a note with the grandmother indicating that she was now responsible for the daughter.
- The grandmother does not have legal custody or guardianship of the prospective student. The grandmother has had no contact with mom and the student's father is diseased.





# Unusual Circumstances – Example 2



- The FAA asks for documentation from the high school, that the student has been living with grandmother and she was the contact on record at the school.
- Grandma is also able to provide proof of the father's death.
- The grandmother provides a statement that she is responsible for the child, who lives with her, there is no contact with the mother, and the mothers whereabouts is unknown
- The student provides a statement that she has lived with grandma since she was 12 years old and has no contact with mom.
- The FAA does a P J dependency override and notifies the student of the decision.



# Not Unusual Circumstances



## UNBORN CHILDREN

- A financial aid administrator may not use professional judgment to add an unborn child to the family size
- Once the child arrives, you have options
  - See 34 CFR 668.55 for when a family size can be updated
  - If dependency status changes after the birth of the child then the dependency status and family size must be updated

# Not Unusual Circumstances



## UNBORN CHILDREN

- If dependency status DOES NOT change, family size can only be updated to include the new baby IF the student was selected for verification.
  - New baby must qualify as a dependent under the IRS rules.
  - Correction must be processed to ensure verification is correct at the time of verification

# Reminders



- Set the FAA adjustment flag, when processing adjustments due to PJ ... **common error!**
- Student selected for verification (by Department of Ed or school)
  - Must complete verification first before considering PJ adjustment
  - May complete verification and PJ adjustment in the same transaction
  - No need to verify the information you will entirely remove due to the PJ
- School is not permitted to make PJ
  - Student ceased to be eligible including no longer enrolled
- FSA Assessments site, verification page, Activity 2

# Conflicting Information



- In addition to reviewing application and data match information from the FPS, a school must have an adequate internal system to identify conflicting information
- Regardless of the source and regardless of whether the student is selected for verification—that would affect a student’s eligibility
  - Information from the admissions office as to whether the student has a high school diploma
  - Marital status
  - Information from other offices regarding academic progress and enrollment status.
- The school must resolve all such conflicting information, except when the student dies during the award year or when they are no longer enrolled and will not re-enroll; if the student later enrolls, you are again obligated to resolve the conflicting information



# Conflicting Information Discussion



- Mary is 19 years old and has a child, for which on her ISIR, she indicates she provides more than 50% support and is processed and disbursed Pell grant as an independent student.
- The fact that she had no income and was listed on the parent's tax return was not questioned since she was only 17 years old in 2023.
- Upon reviewing her file, the FAD sees an admissions form indicating that the student's address is the same as the parents.
- The student also indicates she is not currently working or receiving help from state or local agencies
- Would this be considered conflicting information?



## Next Steps



- Talk to the student
- Question how the student is supporting themselves and the child?
- Is she receiving money from the child's father that wasn't reported?
- Does she receive aid for dependent children or other benefits?
- A correction may be needed to change the student's status to dependent and aid may need to be reprocessed or returned.

# Resources



- [HEA 479A](#)
- [HEA 480\(d\)\(1\)\(I\)](#)
- [34 CFR 668.53\(c\)](#)
- [2025 -2026 FSA Handbook, AVG, Chapters 4 & 5](#)
- [DCL GEN-21-02 Update on the use of Professional Judgment](#)
- [DCL GEN-23-12 2024-2025 Award Year: FAFSA Information to be Verified and Acceptable Documentation](#)
- Knowledge Center Training- PROFESSIONAL JUDGMENT AND DEPENDENCY CONSIDERATIONS *2025 Wednesday*



Q&A