

NASFAA Presentation to NeASFAA

Professional Judgment

March 19, 2026



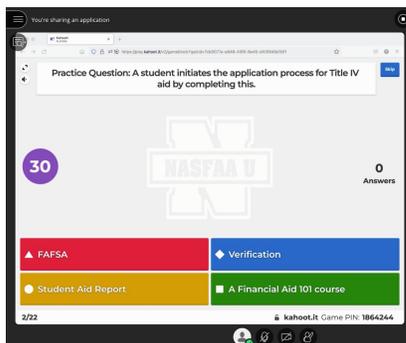
Professional Judgment

David Tolman, NASFAA

Kahoot!

Download Kahoot! app, or go to kahoot.it on your phone's browser

Question and answer appears in Collaborate browser window



Use phone to select the correct answer with the corresponding color and shape



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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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Definitions

Unusual Circumstances

- Refers to conditions that justify an aid administrator making an adjustment to a student's dependency status

Special Circumstances

- Refers to the financial situations that justify an aid administrator adjusting data elements in the COA or SAI calculation

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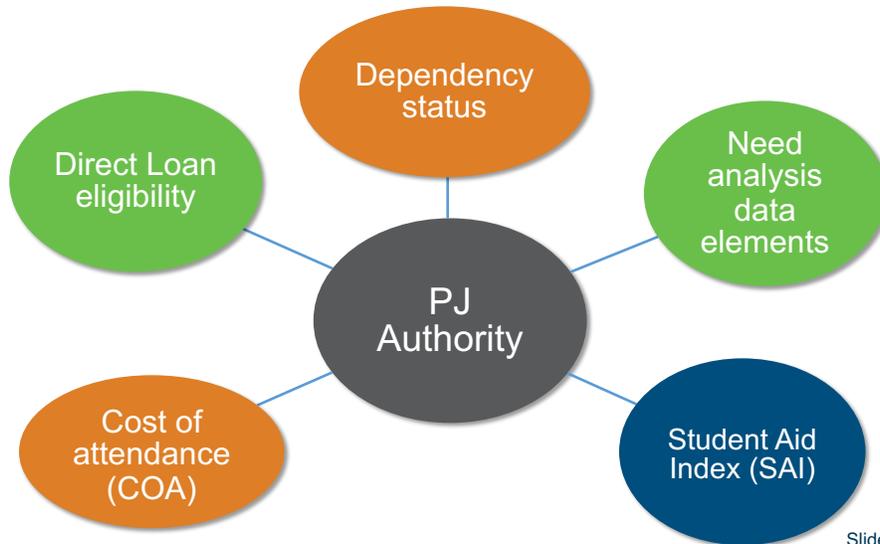


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Principles of PJ

- Subjective in nature
- Made on case-by-case basis, not across the board
- Must be documented and free
- FAA's own decision

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PJ Institutional Requirements

Publicize opportunity to pursue PJ

- How this is done is up to the school



Prohibited from having a policy to deny all PJ requests and must consider such requests

- Must develop policies and procedures for reviewing those requests



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PJ Cannot Be Used

Change independent to dependent	Create new COA category	Make "bottom-line" SAI 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 awarding criteria	Include post-enrollment costs in COA (1 exception)



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PJ Documentation



(Student)

Depends on Situation - Subjective

- Written explanations
- Copies of third-party letters or testimonials
- Copies of receipts, bills, payroll statements



(Institution)

Must have clear record of:

- The specific circumstances
- The source(s) of information
- The decision that was made, the date, the name of individual who made the decision.



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PJ Allowed or Not Allowed

Making across-the-board changes

- 1) PJ Allowed
- 2) PJ Not Allowed



PJ Allowed or Not Allowed

Making across-the-board changes

- 1) PJ Allowed
- 2) **PJ Not Allowed**



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PJ Allowed or Not Allowed

Changing data elements used to calculate the SAI

- 1) PJ Allowed
- 2) PJ Not Allowed



PJ Allowed or Not Allowed

Changing data elements used to calculate the SAI

- 1) PJ Allowed
- 2) PJ Not Allowed



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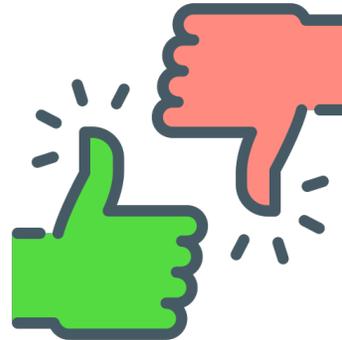
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PJ Allowed or Not Allowed

Changing values in the Federal Methodology tables used to calculate the SAI

- 1) PJ Allowed
- 2) PJ Not Allowed



PJ Allowed or Not Allowed

Changing values in the Federal Methodology tables used to calculate the SAI

- 1) PJ Allowed
- 2) **PJ Not Allowed**



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PJ Allowed or Not Allowed

Making a “bottom-line” adjustment directly to the SAI

- 1) PJ Allowed
- 2) PJ Not Allowed



PJ Allowed or Not Allowed

Making a “bottom-line” adjustment directly to the SAI

- 1) PJ Allowed
- 2) **PJ Not Allowed**



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PJ Allowed or Not Allowed

Changing student's dependency status from dependent to independent

- 1) PJ Allowed
- 2) PJ Not Allowed



PJ Allowed or Not Allowed

Changing student's dependency status from dependent to independent

- 1) PJ Allowed
- 2) PJ Not Allowed



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PJ Allowed or Not Allowed

Changing student's dependency status from independent to dependent

- 1) PJ Allowed
- 2) PJ Not Allowed



PJ Allowed or Not Allowed

Changing student's dependency status from independent to dependent

- 1) PJ Allowed
- 2) **PJ Not Allowed**



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PJ Allowed or Not Allowed

Adjusting costs associated with a component of the COA

- 1) PJ Allowed
- 2) PJ Not Allowed



PJ Allowed or Not Allowed

Adjusting costs associated with a component of the COA

- 1) PJ Allowed
- 2) PJ Not Allowed



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PJ Allowed or Not Allowed

Creating a new category of costs in the COA

- 1) PJ Allowed
- 2) PJ Not Allowed



PJ Allowed or Not Allowed

Creating a new category of costs in the COA

- 1) PJ Allowed
- 2) **PJ Not Allowed**



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PJ Allowed or Not Allowed

Circumventing FSEOG award selection criteria

- 1) PJ Allowed
- 2) PJ Not Allowed



PJ Allowed or Not Allowed

Circumventing FSEOG award selection criteria

- 1) PJ Allowed
- 2) **PJ Not Allowed**



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PJ Allowed or Not Allowed

Refusing or reducing a student's or parent's Direct Loan eligibility

- 1) PJ Allowed
- 2) PJ Not Allowed



PJ Allowed or Not Allowed

Refusing or reducing a student's or parent's Direct Loan eligibility

- 1) PJ Allowed
- 2) PJ Not Allowed



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PJ Allowed or Not Allowed

Awarding Direct Unsubsidized Loans to students whose parents refuse to complete the FAFSA

- 1) PJ Allowed
- 2) PJ Not Allowed



PJ Allowed or Not Allowed

Awarding Direct Unsubsidized Loans to students whose parents refuse to complete the FAFSA

- 1) PJ Allowed
- 2) PJ Not Allowed



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PJ Allowed or Not Allowed

Awarding Direct Unsubsidized Loans for students whose parents do not provide financial support

- 1) PJ Allowed
- 2) PJ Not Allowed



PJ Allowed or Not Allowed

Awarding Direct Unsubsidized Loans for students whose parents do not provide financial support

- 1) PJ Allowed
- 2) PJ Not Allowed



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PJ and Direct Loans

34 CFR 685.301(a)(8)

(8) A school may refuse to originate a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan or may reduce the borrower's determination of need for the loan if the reason for that action is documented and provided to the borrower in writing, and if—

- (i) The determination is made on a case-by-case basis;
- (ii) The documentation supporting the determination is retained in the student's file; and
- (iii) The school does not engage in any pattern or practice that results in a denial of a borrower's access to Direct Loans because of the borrower's race, gender, color, religion, national origin, age, disability status, or income.

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Requirements

Determined on a case-by-case basis

Decision documented in student's file

Student and/or parent borrower are notified in writing

Do not discriminate against any borrower in obtaining a loan

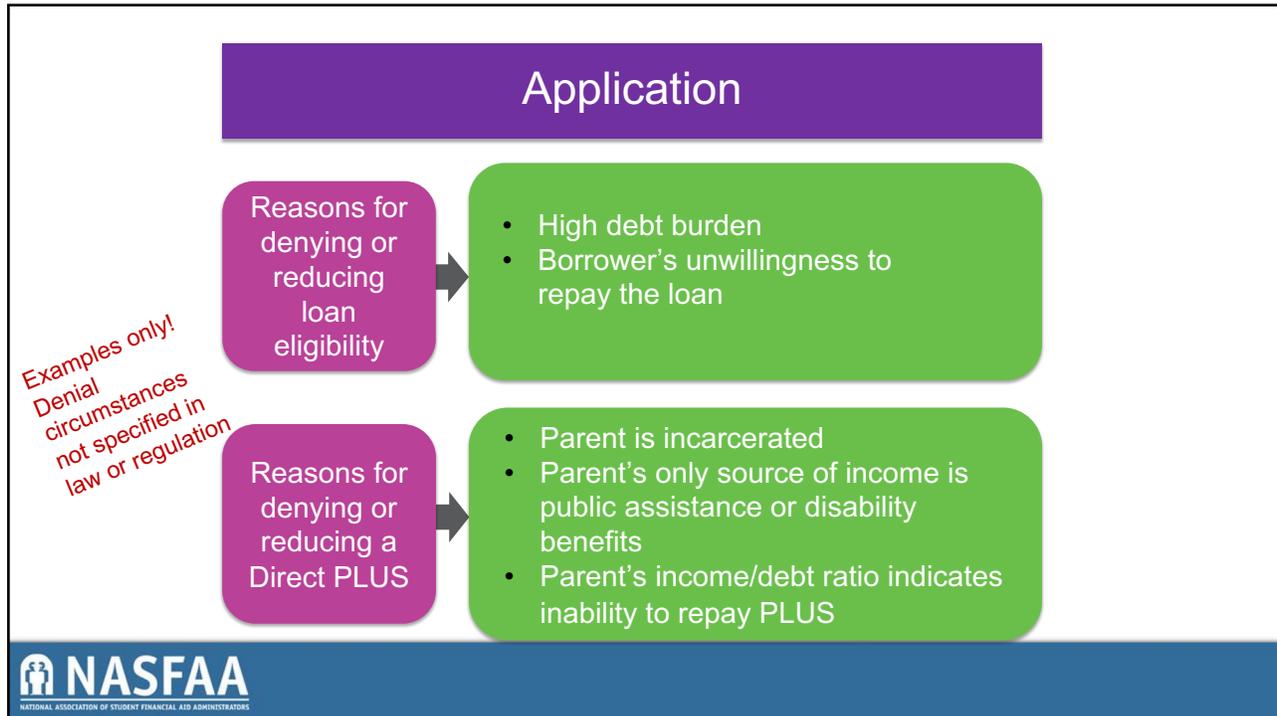
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PJ and Direct Loans

Denying or reducing Direct Loan or Direct PLUS eligibility

- Cannot be based solely because a student borrower filed for bankruptcy or has loans discharged in a bankruptcy proceeding
 - This represents an inability, not an unwillingness, to repay a loan

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Documentation

*Examples only!
Denial
circumstances
not specified in
law or regulation*

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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Dependent Students Without Parental FAFSA Data

Direct Unsubsidized Loan Only:

- Option available to students whose parents ended financial support or refuse to file the FAFSA
- Parent refusal to file the FAFSA is not grounds for a dependency override

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Unsubsidized Loan Eligibility

- Direct Unsubsidized Loan eligibility is limited to the student's base annual unsubsidized loan limit plus \$2,000 in additional unsubsidized loan funds

- FAFSA is required to be completed by the student

- School must document that the parents refuse to complete the FAFSA and have ceased providing financial support

Academic Level	Base Annual Loan Limit for Academic Year (Subsidized or Unsubsidized Direct Loans)	Additional Unsubsidized Limit for Dependent Students Whose Parents Can Borrow PLUS	Total Annual Limit for Dependent Students Whose Parents Can Borrow PLUS
First Year	\$3,500	\$2,000	\$5,500
Second Year	\$4,500	\$2,000	\$6,500
Third Year	\$5,500	\$2,000	\$7,500





Using PJ in Special Circumstances

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Definition

Special Circumstances

- Financial situations that justify an aid administrator adjusting data elements in the COA or SAI calculation



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Haley

Haley submits an appeal to your institution for special circumstances. Her parents have a 2023 adjusted gross income (AGI) of \$113,000. In 2023, Haley's mother withdrew \$22,000 from her 401K to pay for medical expenses, which is included in the parent AGI. The documented medical expenses show that her mother had cosmetic surgery, removal of excess skin which her insurance did not cover. This procedure was completed following weight-loss surgery, which the insurance did cover. The amount of \$22,000 in procedures is in excess of the 11% medical care allotment of their income protection allowance.



Haley is requesting the 401K withdrawal be excluded from consideration for her financial situation.

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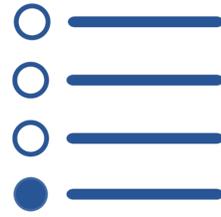
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Quick Poll

Would you approve or deny
Haley's professional judgment
request?



- 1) Approve
- 2) Deny
- 3) I'm not sure



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Additional COA Components



License, certification or credential



Federal educational loan fees



Dependent care expenses



Disability-related expenses



Cooperative education expenses



Study abroad expenses

Adding these
expenses to a
student's COA is not
professional judgment

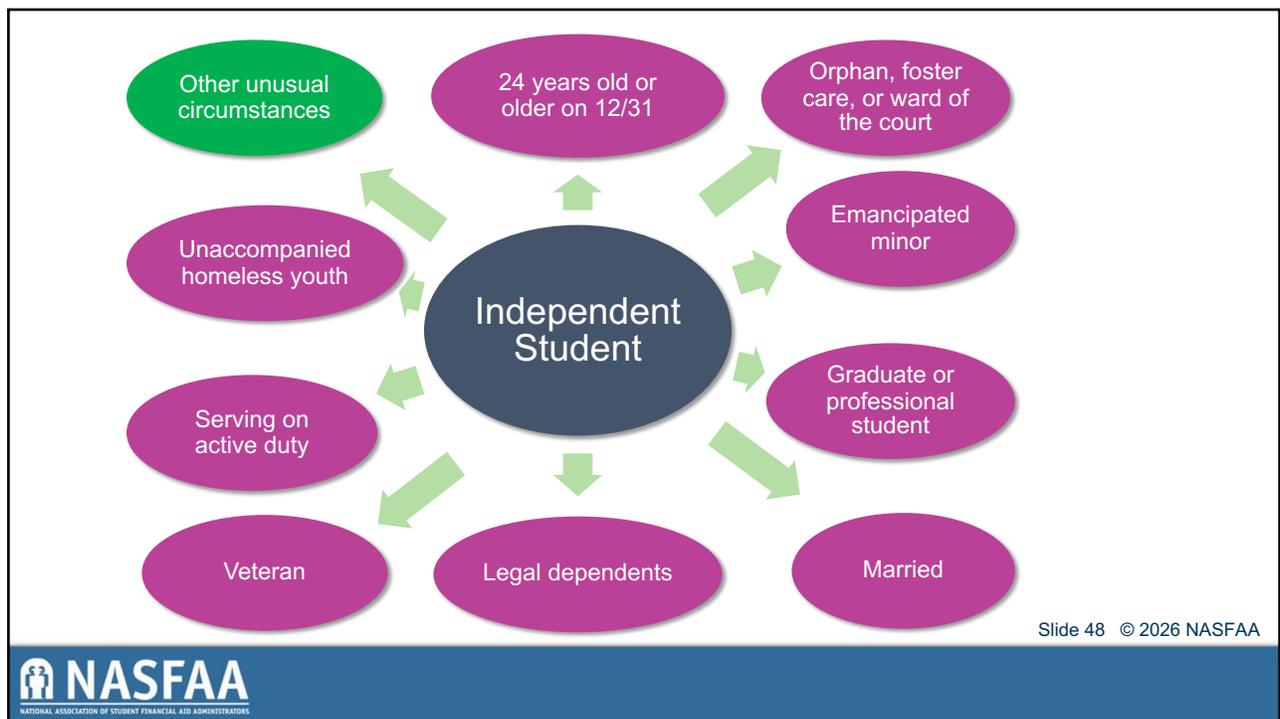
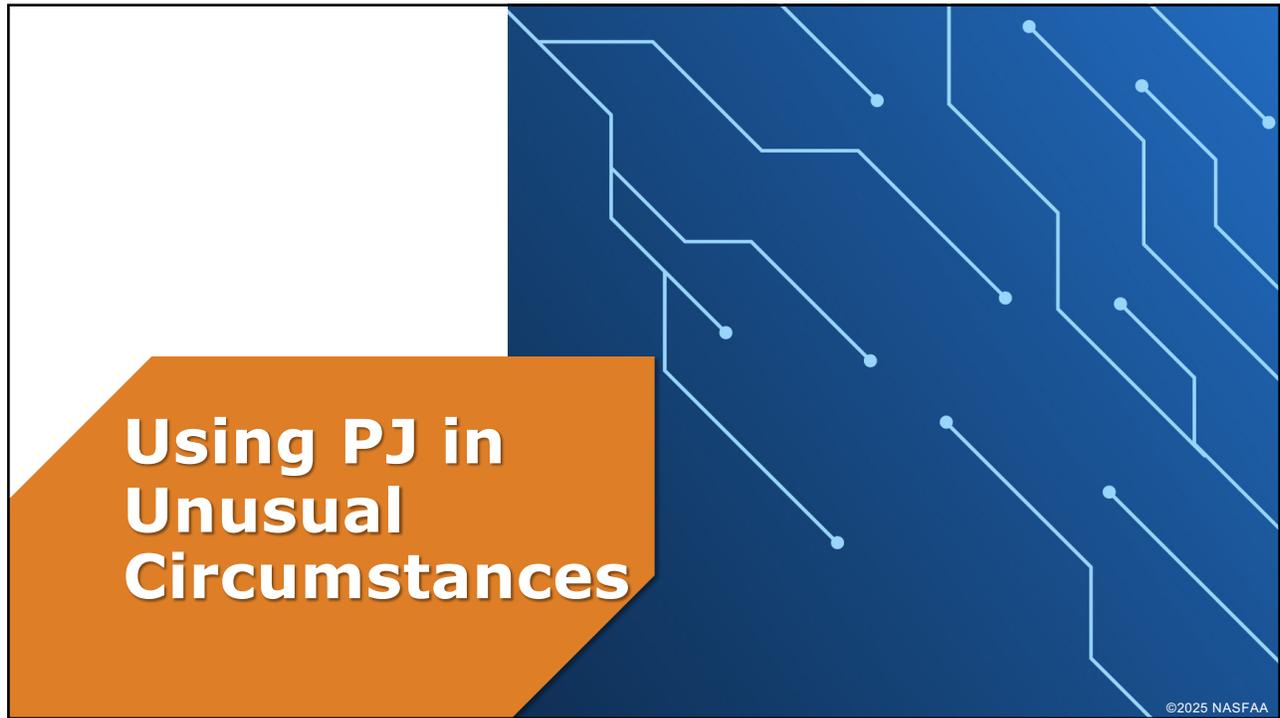
Departing from the
school's policy based
on circumstances or
amounts can be
professional judgment



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Unusual Circumstances

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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Nadiya

18-year-old refugee from Ukraine
Arrived in the United States without her parents who are in Ukraine
Lived with her aunt and uncle who are U.S. citizens
Contact with parents are limited and they do not support her financially



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Christian

19-year-old student
Convicted as a juvenile for distribution of drugs
Earned his GED while incarcerated
Restraining order prevents contact with parents
Parents refuse to provide support



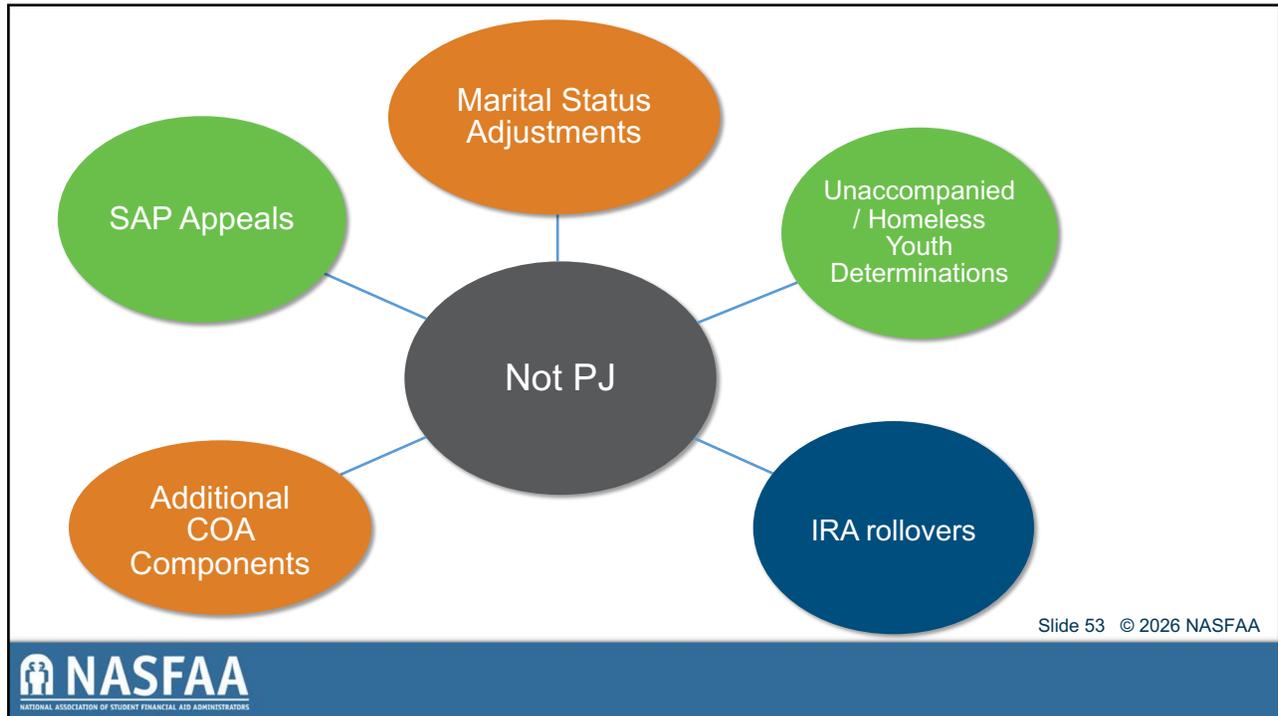
**Often Mistaken
for Requiring
Professional
Judgment**

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Thank you for your time!

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