

2011 Access Group  
Graduate and Professional  
Financial Aid Conference

*Shifting Sands*  
**Discovering the Foundation**



Case Study: Professional  
Judgment –Special  
Circumstances



## Charlie the future CPA

Charlie is a graduate student enrolled full-time in the third semester of a two-year MBA program. While he was out of town at a job fair, a fire devastated his condominium leaving him with only the clothes in his suitcase. Luckily he had renter's insurance, however the amount of his deductible will totally exhaust the savings he planned on applying towards the CPA review course and exams after graduating next summer. To make matters worse, Charlie also learned earlier that week that he will need to have knee replacement surgery next summer which will likely require months of physical therapy. The student approaches the President of your institution for assistance; the president asks you to review the student's case and report back if it is possible to increase the student's cost of attendance budget.





## Charlie the future CPA

- Question 1- Who grants the professional judgment?
- Question 2- Which of the following expenses can and cannot be covered?
  - Contents of the residence
  - Insurance deductibles
  - Temporary housing costs
  - Contents that are difficult to document (clothing, utensils, furnishings, etc.)
  - Delays in insurance reimbursement
  - CPA review course & examination costs
  - Anticipated medical expenses
- Question 3- What documentation should be requested from the student?





## 2011 Access Group Graduate and Professional Financial Aid Conference

- Question 1- Who grants the professional judgment?

- For Professional judgments, the decision of the financial aid administrator is final. There is no appeal to the college president nor to the US Department of Education (FinAid.org).

- Question 2- What expenses can and cannot be covered?

- Contents of the residence- **yes if not covered by insurance**
  - Insurance deductibles- **yes within reason**
  - Temporary housing costs-**yes for amounts not covered by insurance**
  - Contents that are difficult to document (clothing, utensils, furnishings, etc.)- **yes not covered by insurance**
  - Delays in insurance reimbursement- **maybe, if it poses significant costs to student**
  - CPA review course & examination upon graduation- **no, Charlie will no longer be a student**
  - Anticipated medical expenses- **no, Charlie will no longer be a student**

- Question 3- What documentation should be requested from the student?

- \*FinAid.org suggests that “Financial aid administrators should review the financial impact of the loss on the family, and make a decision after reviewing the family’s situation. The extent of the insurance settlement should be taken into account.”

- \*Chapter 5 of the FSA Handbook states “Aid administrators must make ‘reasonable’ decisions that support the intent of the provision. Your school is held accountable for all professional judgment decisions and for fully documenting each decision.”

\*Sources: [www.finaid.org](http://www.finaid.org): Chapter 5, FSA handbook





## 2011 Access Group Graduate and Professional Financial Aid Conference

### Resources:

- HEA Sec. 472 92-12) ,479A and 480(d)(7) of the Higher Education Act of 1965

Section 472 (2-12) is concerned with cost of attendance elements and adjustments.

Section 479A is concerned with the authority to adjust data elements of the FAFSA application and the authority to refuse to certify a student loan. It also includes language that is interpreted as prohibiting the US Department of Education from providing guidance to financial aid administrators on the use of professional judgment. Doing so would limit the authority of the financial aid administrator to make adjustments, and that is specifically excluded by the Higher Education Act.

Section 480(d)(7) is concerned with the authority to override a student's dependency status.

- Chapter 5 of the Federal Student Aid Handbook- Corrections, Updates and Adjustments has some text regarding Professional Judgment.

**General rule of thumb:** Use best practices as detailed in your policies & procedures and document as much as possible. Remember professional judgments are typically reviewed during program audits and reviews.





## Cost of Attendance Adjustments

The expenses normally included in the student budget are specified by [Section 472 of the Higher Education Act](#). Those elements which may be adjusted include:

Transportation costs, student health insurance and student medical fees.

Increased board due to special diet dictated by health or religion

½ of childcare expense for couple or full for single parent

Disability-related costs

Cooperative education employment costs

Amount of education loan fees





## Polly the Parent

A new student is legally separated from her husband who is the father of her child. The student alleges the husband domestically abused her in the past. Nevertheless, her home jurisdiction requires her to notify the divorce court and her husband of her (and their child's) home address. The student says that because of the alleged abuse, she does not feel comfortable sending the child to her local public school since the father could easily determine what school she was attending each day, which makes the student feel unsafe. Instead, the student chooses to send the child to another, more-distant public school, but must pay a small administrative fee and needs to provide her own transportation. Therefore, the student maintains a car and, because of the timing of the child's school and her own classes, says she must drive to the law school after dropping off the child and park in the law school's parking garage (which charges a fee). Car and parking costs are not standard items in the cost of attendance.





## Questions to Consider

- Would you adjust the COA to include the administrative fee associated with the optional enrollment of the child in the alternative, non-local public school?
- Would you include the costs associated with maintaining a car (insurance, loan payments, etc.) and/or of on-campus parking?
- What kind of evidence related to the allegations of abuse would you require?
- Does it matter that the court still requires disclosure of the student's address, despite the allegations of domestic abuse?





## Kojo the future MD

Kojo entered the U.S. from Ghana on a student visa at age 18 to attending Whatsis U. As a non-citizen, he was put into high interest private loans the terms of which included a proviso that there would be no deferment, forbearance or anything else once he had received his bachelor's degree. The terms were not clearly explained to him, but he needed loans to go to school, so he accepted them. He excelled and made a decision to take the MCAT and apply to medical schools. In the interim he had become a U.S. permanent resident with a green card. After attending medical school for three months and having obtained scholarships, sub., unsub. and PLUS loans up to the Cost of Attendance, he was notified that his undergrad loans were past due and the monthly payments would be \$300 and a late fee of \$500 was also charged. Kojo paid the late fee and two payments but was falling behind in his rent as well as having trouble concentrating on studies due to financial worry. He appealed to the Financial Aid Committee and the Assistant Dean called the bank holding his loans to ask for a possible exception to the no deferment clause, but the request was denied.





## Questions to Consider

- Question 1. Is the \$300/month to be considered as a current Cost of Education since it cannot be deferred?
- Question 2. Or, is it a cost from a prior year and thus inadmissible?
  - If an adjustment is made would it be to EFC or to COA and what element would you adjust.
- Question 3. What options could a FAO suggest to Kojo to keep him from dropping out of medical school?

