DJA
FINANCIAL AID SERVICES, INC.

JANUARY 2022 NEWSLETTER

IMPORTANT DATES:

January 1 – Happy New Year!

January 12*- DJA Webinar: Cohort Default Rates 11:00 am CST*

January 21*- FWS Waiver Due*

February 2*- DJA Webinar: Consumer Information, Record Keeping and Disclosures*

February 20*- SAIG Software Upgrade Deadline*

IN THIS ISSUE:

- In the News: Pres. Biden Extends Pause on Student Loan Repayment
- In the News:Rising Cyberinsurance Costs as Ransomware Attacks on Higher Education Institutions Increase
- Upcoming Deadline- Complete Waiver of the Non-Federal Share Requirement for FWS and SEOG
- COD School Testing for the 22/23 AY
- Mandatory SAIG Upgrade Deadline Extended
- Fiscal Year 2019 CDR Schedule
- Protecting Student Information Requirements
- Direct Loan Reconciliation
- Compliance Corner: Professional Judgment
- DJA Calendar

Happy New Year to all! 2021 continued to bring many unprecedented challenges to both the world and to our higher education industry. While the COVID-19 pandemic continues, legislation is consistently working to provide relief. President Biden recently announced an extension to the pause on student loan repayment. Additionally, 2021 brought the third round of Higher Education Relief Funds through the American Rescue Plan. The Senate is still reviewing the Build Back Better Plan, which would provide additional Pell grant funding. Current verbiage of the plan leaves out those attending proprietary institutions, which has lead our sector leaders pleading for changes to be made prior to its passing.

Alas, the start of the calendar year reminds us that we are nearly halfway in the 2021-2022 academic year. Schools have been receiving 2022-23 ISIRs since the beginning of October, so preparations for 2022-23 processing have been underway for quite a while now. It's a very demanding period for schools with so many deadlines during this time of peak processing for multiple award years!

DJA is committed to assisting schools in meeting their processing deadlines and maintaining compliance with USDE regulations. This newsletter contains multiple links to Knowledge Center and other resources you will need to help you stay on top of things. In addition, our monthly webinars and yearly training will keep you fluent in current requirements. Please visit our website at www.gotodja.com if you are interested in learning more about how DJA services can benefit your school in the coming year; or you may contact Kristi Cole, Director of Client Services at kcole@gotodja.com or myself at djohn@gotodja.com.

I wish you a bright, happy and successful New Year and look forward to working with you in 2022!

Thank you and stay safe!
Deborah John, President

ACCREDITED IN PEACE OF MIND

IN THE NEWS: PRESIDENT BIDEN EXTENDS THE PAUSE ON STUDENT LOAN REPAYMENT

On December 22, 2021, President Biden released a statement extending the current pause on student loan repayment an additional 90 days. Past President Trump had initially paused student loan repayment in March 2020 when the COVID-19 pandemic was first declared and later extended it through the remaining term of his presidency. The pause on repayment was again extended by Biden on his first day in office and was set to expire in September. However, in August of 2021 the current administration had pushed back the pause to the upcoming deadline of January 31, 2022. With the COVID-19 global pandemic continuing to plague our country, the President recognizes the need is still prevalent as the economy continues to gain it's footing.

The President's announcement came as the Student Debt Crisis Center (SDCC) recently completed a nationwide survey of 33,703 student loan borrowers. In conjunction with Savi, a social impact technology company, the survey was aimed at reviewing the impact the pandemic continues to have on student loan borrowers. Of those surveyed, 68 percent are currently employed full-time. The survey revealed however that of those full-time employed borrowers, 89 percent reported they are still not in a financially secure position to resume making payments on the initial deadline of February 1, 2022. To review more survey results, visit: Survey: Huge majority of student loan borrowers not financially secure enough to resume payments (studentdebtcrisis.org).

Statement by President Joe Biden Extending the Pause on Student Loan Repayment an Additional 90 Days | The White House

IN THE NEWS: GROWING CYBERTHREATS IN THE HIGHER EDUCATION INDUSTRY CAUSE SURGING INSURANCE COSTS

Early last month Federal Student Aid conducted their Annual Conference through a virtual platform. An echoing concern presented throughout the breakout sessions was the raising concerns Cybersecurity attacks through the use of ransomware. As Dan Commons shared in his breakout session on "Cybersecurity: The Challenges Facing Financial Aid Administrators," the education sector has become a top target for ransomware attacks. The reason behind this uptick in incidents is that schools appear to be easy targets as IT staff tends to be smaller and possess a limited cybersecurity expertise. Additionally, the amount of money lent within the higher education industry, in addition to the fact that schools possess large repositories of personal information. Lastly, the COVID pandemic has sent a lot of our students attending higher education schools into remote attendance options, opening the platform for hackers to attack.

With this rise in ransomware attacks comes a rapid increase in cyberinsurance costs. As Insider Higher Ed covered recently in their December 16, 2021 publication, there are "institutions (are) facing cyberinsurance premium hikes of as much as 400 percent- or even discovering they are uninsurable." Cyberinsurance is beneficial to obtain as it can assist financially in paying out the substantial demands of money ransomware groups are demanding when they infiltrate.

While obtaining cyberinsurance is a best practice approach to prepare for protection in the case of a cybersecurity attack, the Department of Education also shares recommended guidance to the higher education industry to assist in preventing a cybersecurity attack and stay in compliance with legal regulations.

BEST PRACTICE EXAMPLES

- Form a hierarchical cybersecurity policy
- Employ a risk-based approach to security
- Segregate your data
- Back up your data
- Use multi-factor authentication
- Handle passwords securely
- Keep an eye on privileged users
- Raise employee awareness
- Monitor third-party access to your data
- Use the principle of least privilege

https://fsaconferences.ed.gov/2021sessionppts.html

Ransomware is surging—and so are cyberinsurance prices (insidehighered.com)

APPLY BY JAN. 21 2022 FOR DESIGNATION AS A TITLE III OR TITLE V INSTITUTION AND WAIVER OF THE NON-FEDERAL SHARE REQUIREMENT FOR FWS OR FSEOG

In a recent Federal Register notice and subsequent Electronic Announcement, FSA provides the following information regarding the designation of Title III or Title V status for institutions and the resulting waiver of the non-federal share requirements for the Federal Work-Study (FWS) and Federal Supplemental Education Opportunity Grant (FSEOG) programs.

Campus-Based Programs Title III or Title V Non-Federal Share Requirement Waiver

Institutions participating in the FWS and FSEOG programs are normally required to provide a non-federal share under each program. Certain institutions, however, are eligible for a waiver of those requirements under 34 CFR 675.26(d) of the FWS regulations and 34 CFR 676.21(b) of the FSEOG regulations. To receive this waiver of the FWS and FSEOG non-federal share requirement, an institution must be designated by the Department of Education's Office of Postsecondary Education Institutional Service (OPE/IS) as an eligible Title III or Title V institution under the *Higher Education Act of 1965 (HEA)*.

If an institution is designated as a Title III or Title V institution for federal fiscal year 2022 under the process described below, it will receive a waiver of the requirement for the non-federal share of earned compensation paid to students under the FWS Program and of FSEOG funds awarded to students for the 2022–23 award year. Federal Student Aid will send a notice to the financial aid administrator indicating that the waiver of the non-federal share matching requirement has been granted.

Institutions that receive the waiver may choose to continue to provide a non-federal share and to determine the amount of that share for one or both programs.

It is important to note that the 50% federal share limitation for FWS wages paid to students employed by a private, for-profit organization, and the 80% federal share limitation for the administration of the Job Location and Development (JLD) Program are **not** waived under the Title III or Title V designations.

Designation as an Eligible Institution for Title III or Title V Programs

OPE/IS uses an automated designation process by reviewing existing data from the Integrated Postsecondary Education Data System (IPEDS) to assess eligibility for Title III and Title V programs.

Note

A notice announcing the availability of the 2022 "Application for Designation as an Eligible Institution" and the application deadline has been published in the *Federal Register*.

Institutions must check their eligibility status by going to the "Application for Designation as an Eligible Institution" on the OPE/IS website (https://hepis.ed.gov/title3and5/).

Institutions that are determined to be eligible for a Title III or Title V program automatically receive the waiver of the non-federal share requirement for the Campus-Based Programs for the 2022–23 award year. No further action is required.

Institutions that are **not** designated as eligible for a Title III and Title V program must complete the "Application for Designation as an Eligible Institution" by the **Friday, Jan. 21, 2022**, deadline stated in the Federal Register Notice if they wish to be considered for Title III or Title V eligibility and the resulting waiver of the non-federal share requirement for FWS and FSEOG.

Single Institutional Applications

To qualify for a Title III or Title V waiver of the FWS/FSEOG non-federal share requirement, any institution with a unique 6-digit OPEID (with a 2-digit extension of "00") must submit its own annual Fiscal Operations

Report and Application to Participate (FISAP). Its FISAP cannot be submitted as part of an affiliated institution's FISAP.

Eligibility for Title III and Title V programs is determined by OPE/IS at the 8-digit OPEID level for branch campuses, but not additional locations. Campus-Based funds are awarded at the main campus level (6-digit OPEID) only. If a main campus has received the waiver of the non-federal share requirement, it may extend the waiver to any of its additional locations that are not eligible to apply for Title III or Title V designation independently. **However, the waiver may not be extended to any branch campuses unless those branch campuses have also been designated by OPE as eligible to participate in a Title III or Title V program.** The institutional match must be provided for any portion of an institution's FSEOG and/or FWS funds expended at a branch campus that has not been designated as Title III or Title V-eligible.

Apply by Jan. 21, 2022 for Designation as a Title III or Title V Institution and Waiver of the Non-Federal Share Requirement for FWS and FSEOG | Knowledge Center

Federal Register :: Eligibility Designations and Applications for Waiving Eligibility Requirements; Programs Under Parts A and F of Title III and Programs Under Title V of the Higher Education Act of 1965, as Amended (HEA)

COD SCHOOL TESTING FOR THE 2022-23 AWARD YEAR

The Common Origination and Disbursement (COD) School Relations Center will allow for COD School Testing for the 2022–23 award year from Jan. 3, 2022, through Dec. 19, 2022.

The purpose of COD School Testing is to provide organizations (schools, third-party servicers, and software providers) an opportunity to test Federal Pell Grant (Pell Grant), Teacher Education Assistance for College and Higher Education (TEACH) Grant, and William D. Ford Federal Direct Loan (Direct Loan) business processes and system software with the COD System prior to the transmission and processing of actual production data using COD Common Record XML Schema Version 5.0a. It also allows schools, third-party servicers, and software providers the opportunity to make corrections or enhancements to software applications and processes prior to sending data to the "live" production environment.

All organizations that wish to participate in COD School Testing must submit the "COD School Testing 2022–23 Sign-Up Document" to the COD School Relations Center.

Complete testing information is available in the COD School Testing Guide (Volume V of the 2022–23 COD Technical Reference) posted on the Knowledge Center. In this announcement, FSA provides useful high-level information about COD School Testing for the 2022–23 award year.

Participation in COD School Testing for the 2022–23 Award Year

Any school that will participate in the Pell Grant, TEACH Grant, or Direct Loan program for the **first time** in the 2022–23 award year **must** complete school testing with the COD System before sending data into production. The only exception to this requirement is schools using EDExpress or software from software providers or third-party servicers.

While other schools are not required to test with the COD System, all schools, software providers, and third-party servicers may participate in testing. Schools using a solution developed in-house (mainframe system, server, software, or other) to send and receive the COD Extensible Mark Up Language (XML) Common Record are encouraged to test with the COD System.

Software providers and third-party servicers may perform their own product testing on behalf of their customers. Schools should contact their software provider or third-party servicer to discuss testing plans/concerns. The Department of Education (the Department) will test the EDExpress software before releasing it to schools.

School Testing Phases

School testing is comprised of three phases; the table below shows when each testing is available. School testing is self-paced, but an organization must complete Phase I testing before participating in Phase II testing. Following the completion of Phase I and Phase II testing, an organization may participate in Phase III. Organizations are not required to test for the full duration of a testing phase, and often complete a testing phase before the end date of that phase. **Note:** The COD School Relations Center will supply the **test** student data that must be used during testing.

TESTING PHASE	TESTING PHASE DESCRIPTION	START DATE	END DATE
Phase I	Common Record Manual Verification Testing	01/03/2022	10/03/2022
Phase II	Structured Application Testing	04/13/2022	11/18/2022
Phase III	Unstructured Application Testing	04/13/2022	12/19/2022

A complete breakdown of each phase can be found by visiting the complete Electronic Announcement published on the Knowledge Center at https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2021-12-20/cod-school-testing-2022-23-award-year.

COD School Testing Sign-Up Process

An organization registers for testing by completing the “COD School Testing 2022–23 Sign-up Document”. The sign-up document is posted on the COD website's Home page under the “COD Resources” link or can be found in the Volume V of the COD Technical Reference.

An organization may register to participate in Phase I testing, in both Phase I and Phase II testing, or in Phase I, Phase II, and Phase III. To ensure enough time to complete all testing before the established testing end dates, organizations must register no later than Sept. 18, 2022.

An organization should submit the completed sign-up document to the COD School Relations Center by faxing it to 1-877-623-5082 or emailing it to CODSupport@ed.gov with "School Testing Sign-up" in the subject line. After the sign-up document is received, the COD School Relations Center will contact the organization via email to obtain school-specific information and to schedule specific test dates.

Note: Upon receipt of the sign-up document, the COD School Testing Support Team must complete a considerable setup process to establish the organization/school in the COD test environment before testing can begin. Allow 7-10 business days for completion of the sign-up and set-up processes. An organization should take this timeframe into account before beginning to test and provide enough lead-time in its schedule. It is also important that the sign-up document is complete and includes accurate information.

Contact Information

If you have any questions about COD School Testing or signing up for testing, contact the COD School Relations Center at 1-800-848-0978. You may also email CODSupport@ed.gov.

MANDATORY SAIG SOFTWARE UPGRADE BY FEB. 20, 2022

Federal Student aid published a recent Electronic Announcement reminding Student Aid Internet Gateway (SAIG) users an EDconnect or TDClient software upgrade is necessary to comply with an important federal mandate to improve email and web security. The recent communication notified users that the upgrade deadline was being extended and a new deadline date was under discussion.

Important

The new mandatory SAIG software upgrade deadline has now been finalized and is **Feb. 20, 2022**. After Feb. 20, older versions of EDconnect and TDClient will no longer connect to the SAIG and cannot be used to send/receive transmissions.

To avoid losing access to the SAIG, all users must complete their upgrades by Feb. 20 to EDconnect 8.5 or to the current version of TDClient, both available for download on the Software and Other Tools page of the Knowledge Center website, along with user documentation.

We greatly appreciate the work of the vast majority of TDClient users who have completed their upgrades. No further action is needed by these users.

Important Information for EDconnect Users

While a majority of EDconnect users have upgraded to EDconnect 8.5, some users still need to complete the upgrade. Do not wait until just prior to the deadline or you risk losing access to the SAIG. In addition—

- After upgrading to EDconnect 8.5, users must also install a required software patch (EDconnect 8.5.1) by **Feb. 20, 2022**, to provide increased security and additional data protection. The security patch will only impact the authentication capability of EDconnect; there will be no changes to the user interface or software functionality. The EDconnect 8.5.1 security patch will be available in early January 2022 on the Software and Other Tools page of the Knowledge Center website. We will notify users with an Electronic Announcement when the patch is available for download.
- As a reminder, EDconnect 8.5 must be used with the Windows 10 or Windows Server 2012 operating systems or higher. EDconnect 8.5 software is not supported on Windows 7, Windows 8, Windows Vista, Windows Server 2003, or Windows 2008. If a compatible operating system is not yet being used by the school, immediate attention is needed to upgrade to an operating system that will support the updated software.
- Some users who have installed EDconnect 8.5 have reported technical issues which may be related to the user's local system configuration. If needed, please contact CPS/SAIG Technical Support for assistance with addressing these issues. In addition, the EA references workarounds to several known EDconnect 8.5 issues. To view a list of available workarounds, visit the complete announcement linked here: https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2021-12-16/mandatory-saig-software-upgrade-upgrade-edconnect-85-and-updated-tdclient-software-feb-20-2022

FISCAL YEAR (FY) 2019 COHORT DEFAULT RATE CALCULATIONS

NSLDS will calculate the cohort default rates according to the following schedule:

Cohort Default Rate

DRAFT FY 2019 3-YEAR	Calculation:	January 2022
	Release:	February 2022

OFFICIAL FY 2019 3-YEAR	Calculation:	August 2022
	Release:	By September 30, 2022

Schools must provide NSLDS with all the changes that may affect the FY rates prior to the calculation dates noted above. Providing timely updates to NSLDS ensures the accuracy of the cohort default rate calculation and reduces challenges and appeals from schools during the draft and official cycles. A borrower's record(s) may be updated online via the NSLDS Professional Access website or as part of your Guaranty's Agency's (GA) submittla. All updates must be received and accepted by NSLDS prior to the above-noted calculation dates in order for the data to be reflected in the calculations.

For questions, please contact the NSLDS Customer Support Center at 1-800-999-8219 or by email at NSLDS@ed.gov.

Please note, DJA is hositing a webinar on Cohort Default Rates this month as part of our Monthly Webinar Series. Information to attend is avaible later in the newsletter. As always, participation in these monthly webinars is FREE to all DJA clients.

PROTECTING STUDENT INFORMATION- COMPLIANCE WITH CIU AND GLBA

As mentioned above in this newsletter, instances of data and information breaches continue to rise. With this increase it is vital that institutions of higher education (IHEs) protect Controlled Unclassified Information (CUI) used in the administration of federal student aid programs authorized under Title IV, of the Higher Education Act, as amended. FSA is finalizing the Campus Cybersecurity Program framework. Last year, FSA released an EA (found here), detailing a multi-year phased implementation of the National Institute of Standards and Technology Special Publication 800–171, *Controlled Unclassified Information in Nonfederal Systems* (NIST 800–171 Rev. 2). FSA continues it's commitment to fully advancing and encouraging all postsecondary institutions implementation of NIST 800-171 controls in 2022.

At the recent virtual FSA Annual Conference, Joshua Gray with the U.S. Department of Conduction shared in his breakout session titled "Protecting Student Data: What you need to know about Controlled Unclassified Information," all schools should be implementing a Campus Cybersecurity Program. This program should focus on three factors:

- GLBA Compliance
- Proactive Risk Management
- NIST SP 800-171 Compliance

Instances of data breaches at organizations entrusted with personally identifiable information (PII) continue to proliferate and reinforce the need for the Department and IHEs to work together to combat cybersecurity threats and strengthen cybersecurity infrastructure at IHEs. Ensuring the confidentiality, security, and integrity of Title IV information depends on cooperation between the Department, IHEs, and other entities, including state grant agencies, lenders, contractors, and third-party servicers.

In his session, Gray provides a simplistic review of NIST 800-171 by ensuring the Campus Cybersecurity Program answers the following questions:

- Access Control: Who is authorized to view this data?

- Awareness and Training: Are people properly instructed in how to treat this info?
- Audit and Accountability: Are records kept of authorized and unauthorized access? Can violators be identified?
- Configuration Management: How are your networks and safety protocols built and documented?
- Identification and Authentication: What users are approved to access CUI and how are they verified prior to granting them access?
- Incident Response: What's the process if a breach or security threat occurs, including proper notification?
- Maintenance: What timeline exists for routine maintenance, and who is responsible?
- Media Protection: How are electronic and hard copy records and backups safely stored? Who has access?
- Physical Protection: Who has access to systems, equipment, and storage environments?
- Personnel Security: How are employees screened prior to granting them access to CUI?
- Risk Assessment: Are defenses tested in simulations? Are operations or individuals verified regularly?
- Security Assessment: Are processes and procedures still effective? Are improvements needed?
- System and Communications Protection: Is information regularly monitored and controlled at key internal and external transmission points?
- System and Information Integrity: How quickly are possible threats detected, identified and corrected?

For DJA Clients- we are currently updating our training on Cybersecurity Compliance with the newest information released by the FSA and the Department of Education. Look for a client memo soon announcing new training and a new template to assist in updating your Campus Cybsersecurity Program. For questions, please email Renee Ford at rford@gotodja.com.

To view Gray's presentation in it's entirety, visit the FSA Conference website at: https://fsaconferences.ed.gov/2021sessionppts.html

DIRECT LOAN PROGRAM RECONCILIATION

Last month we shared the reporting and reconciliation requirements of all the Title IV programs. In this month's edition, we will share the Department's recent electronic announcement regarding the expectations of the Direct Loan Program Reconciliation process.

The information provided below should be viewed by both the financial aid office and business office.

Direct Loan Reconciliation Defined

Direct Loan reconciliation is the process by which Direct Loan funds received and disbursed as recorded on the Department of Education's (the Department's) systems are reviewed and compared with a school's internal records; AND

- Discrepancies are identified and resolved

- Reasons for remaining cash balances are documented

Direct Loan reconciliation is a ***mandatory*** monthly process, as required under 34 CFR 685.300(b)(5). A school should reconcile all cash (drawdowns and refunds of cash) and disbursement records (actual disbursements and adjustments) with information in the Common Origination and Disbursement (COD) System on an ongoing basis.

There are two types of reconciliation, which can be performed separately or simultaneously during the month, including:

Internal Reconciliation
This is the process where the business and financial aid offices compare the monthly financial aid office roster of scheduled and actual disbursements in each office's system to a monthly business office cash detail report that reflects funds drawn down and funds disbursed for the month. If discrepancies are found, the school must document and resolve them in a timely manner.

External Reconciliation
The school compares its reconciled internal records to the Department's records of funds received and returned, and loans originated and disbursed to students at the school. At a minimum, this reconciliation must be completed at least monthly to ensure that data is correct in all systems and that cash management and disbursement reporting timelines are being met. If you have completed the internal reconciliation first, the school will have fewer discrepancies to resolve when you perform this external reconciliation. The Department offers various tools to assist you with external reconciliation. For more information, see the attachment to this announcement. If you are a DJA client, we conduct external reconciliation on a monthly basis for you as part of your contracted services. However, each month when we send over the external reconciliation we also remind schools that they are responsible for the internal reconciliation on their end.

Direct Loan schools must also complete a final reconciliation to a zero ($0) Ending Cash Balance at the end of their processing year. This should occur within a month or two of the school's final disbursements but no later than the Program Year Closeout deadline, which is the last processing day in July of the year following the end of the award year. Information regarding this final reconciliation and the Program Year Closeout deadline is published in three (3) Electronic Announcements posted to the FSA Partner Connect - Knowledge Center, in February, May, and July prior to the deadline.

For additional information on Direct Loan reconciliation, refer to the attached questions and answers document. If you have questions about this announcement or its attachment, contact the COD School Relations Center at 1-800-848-0978. You may also email CODSupport@ed.gov. If you are a DJA client and contract with us for Direct Loan, feel free to contact your Account Representative with any questions you might we have. They can either answer them directly or connect you to a member of our Reconciliation Team.

FSA also provided a list of Questions and Answers regarding the Direct Loan Program Reconciliation.
https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2021-12-21/william-d-ford-federal-direct-loan-program-reconciliation

COMPLIANCE CORNER
PROFESSIONAL JUDGMENT

In a recently released report by the Office of Inspector General (OIG), they outlined a variety of issues present in their audits relating to the Student Financial Assistance Programs. Among the areas reported in their audit findings concerned the completion of Professional Judgments (PJ). They discovered "in the first of a series of audit work in this area, we found that a school did not adequately document special circumstances for more than 90 percent of the students in our nonstatistical random sample for whom it applied professional judgment." Due to the school's lack of documentation, it was found the Professional Judgment conducted did not meet the regulations outlined in the HEA.

As the COVID-19 pandemic continues to affect today's students, the Department recognizes the need to conduct a PJ to more accurately reflect the current financial need of students and families. The FSA Handbook is clear that all reasons for these adjustments **MUST BE DOCUMENTED**. While conducting a PJ is done on a case by case basis, it is recommended your school have a documented campus wide policy outlining it's authority to perform Professional Judgments, as well as the requirement to record the special circumstances that exist that differentiate that particular student. It is also important to note that while the handbook provides examples of these special circumstances, the campus policy cannot universally apply these circumstances to the masses and allow a universal approach of conducting Professional Judgments to all students present in the class.

Chapter 5 of the Application and Verification Guide: Special Cases

We have included sections of this chapter of the Application and Verification Guide in relation to Professional Judgment for your assistance:

Professional Judgment: An aid administrator may use PJ on a case-by-case basis only to adjust the student's cost of attendance or the data used to calculate his or her EFC. This adjustment is valid only at the school making the change. You submit a PJ change electronically, via FAA Access to CPS Online or third-party software, and may do so without a signature from the student or parent. In FAA Access or Electronic Data Exchange (EDE), you must select "EFC adjustment requested" for the professional judgment field. The next ISIR will indicate "Professional judgment processed."
The reason for the adjustment must be documented (by a third party if possible), and it must relate to the special circumstances that differentiate the student—not to conditions that exist for a whole class of students. You must resolve any inconsistent or conflicting information shown on the output document before making any adjustments. An FAA's decision regarding adjustments is final and cannot be appealed to the Department.

The statute states that nothing within it shall be construed as limiting the authority of aid administrators to make data adjustments for some situations. However, the law gives examples of special circumstances, such as medical or dental or nursing home expenses not covered by insurance. Use of PJ is neither limited to nor required for the situations listed (see the section entitled "Entire text of the HEA section on PJ" later in this chapter).

Another situation where you might want to use professional judgment involves Roth IRAs. When someone converts a regular IRA into a Roth IRA by transferring funds, the amount converted has to be reported as taxable income on the tax return. Therefore, the income reported on the FAFSA form will be higher than without the Roth conversion, even though the family doesn't actually have additional income or assets available. You can use PJ to reduce the income and taxes paid to the amount that would have been reported if there was no Roth conversion if you think the adjustment is warranted for a student. As with the specific special circumstances listed in the law, you are not required to make an adjustment in this situation.

The law doesn't allow you to modify either the formula or the tables used in the EFC calculation; you can only change the cost of attendance or the values of specific data elements used in the EFC calculation. In addition, you cannot adjust data elements or the cost of attendance solely because you believe the tables and formula are not adequate or appropriate. The data elements that are adjusted must relate to the student's special circumstances. For example, if a family member is ill, you might modify the AGI to allow for lower earnings in the coming year or might adjust assets to indicate that family savings will be spent on medical expenses.

You also cannot use PJ to waive general student eligibility requirements or to circumvent the intent of the law or regulations. For instance, you cannot use PJ to change FSEOG selection criteria. Nor can you include post enrollment activity expenses in the student's COA. For example, professional licensing costs to be incurred after the enrollment period would not be includable (though one-time licensing costs incurred during the enrollment period may be—see Cost of Attendance in Volume 3, Chapter 2).

Occasionally aid administrators have made decisions contrary to the professional judgment provision's intent. **These "unreasonable" judgments have included**, for example, the reduction of EFCs based on recurring costs such as vacation expenses, tithing expenses, and standard living expenses (e.g. utilities, credit card expenses, children's allowances, etc.). 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.

When considering using PJ, an FAA should keep in mind that an income protection allowance (IPA) is included in the EFC calculation to account for modest living expenses. Before adjusting for an unusual expense, consider whether it is already covered by the IPA. It is reasonable to assume that approximately 30% of the IPA is for food, 22% for housing, 9% for transportation expenses, 16% for clothing and personal care, 11% for medical care, and 12% for other family consumption. The income protection allowance is one of the intermediate values in the FAA Information section of the output document (labeled as "IPA"). See Chapter 3 for the IPA values and how they impact the student's EFC calculation.

If you use professional judgment to adjust a data element, you must use the resulting EFC consistently for all FSA funds awarded to that student. For example, if for awarding the student's Pell Grant you adjust a data element that affects the EFC, that new EFC must also be used to determine the student's eligibility for aid from the Campus-Based and Direct Loan programs.

To review the entire directives on PJ's in the FSA Handbook, visit this link: Special-Cases.pdf (ed.gov).

In summary: **DOCUMENT, DOCUMENT, DOCUMENT!**

U.S. Department of Education FY 2022 Management Challenges

DJA CALENDAR

DJA WEBINARS

Cohort Default Rates – Wednesday, January 12, 2021: 11 a.m. CST

Consumer Information, Record Keeping and Disclosures – Wednesday, February 3, 2021: 11 a.m. CST

NOTE: There may be a difference between DJA local time and your time zone. To determine your time zone equivalent, click on this link to view a time zone map: http://www.worldtimezone.com/time-usa12.php

Webinars are free to clients. There is a fee of $45 for all others who may be interested in joining us for these presentations. Invitations are automatically sent to all clients, however if you do not receive an invitation, email Renee Ford at rford@gotodja.com. After registering, you will receive the log-in information. Questions can be directed to Renee by email or by calling toll free at 1-800-242-0977.

2022 DJA WEBINAR SCHEDULE

JAN 12	Cohort Default Rates
FEB 2	Consumer Information, Record Keeping and Disclosures
MAR 2	Administrative Capabilities
APR 6	Satisfactory Academic Progress
MAY 4	Return of Title IV Funds (Including LOA)
JUN 1	General Participation Requirements
JUL 6	Campus Crime Report
AUG 3	Entrance and Exit Counseling
SEPT 7	Cash Management
OCT 5	Enrollment Reporting Using NSLDS
NOV 2	Program Integrity (Audits, Program Review)
DEC 7	1098-T Reporting