



**[MARTY GUTHRIE:]** My name is Marty Guthrie, and I am here today with Carnie McCullough. We're a part of the Office of Postsecondary Education. Today we're going to talk about a topic that's at the heart of all you do to help students fund their education and what makes it possible to help students whose situation does not fit into the standard calculation formula, and that is professional judgment. You all know how important this authority is. Today we'll specifically focus on how you can use professional judgment to help families who are impacted by the economy. I am going to get things started and then turn it over to Carnie to dive into the details.

As an overview, we'll cover a bit about the main areas where professional judgment can be used, give some context about using professional judgment and then cover some "What would you do?" scenarios. When we get to those we'll be looking for some answers and for some discussion from the group. But remember that this is professional judgment so there is not a single right or wrong answer. So there is? Okay.

Let's start with the basics. There we go, there's the basics. Professional judgment is authorized in Section 479A of the Higher Education Act, which is the governing statute for the student aid programs. There are no regulations on this topic because the Department is prohibited by law from regulating on it. Instead, we use Dear Colleague Letters and presentations like this to help describe what professional judgment is and things that you might consider when you use it for the students at your school. So let's get started. Today we'll cover these specific areas where a financial aid administrator may exercise professional judgment. Dependency override, expected family contribution, cost of attendance and unsubsidized loan eligibility. We've issued some special guidance this year to help you. This past spring we issued two Dear Colleague Letters on professional judgment, which I'm sure you are more than familiar with. I think it has been more than 10 years since we've issued Dear Colleague Letters that had been focused on this particular topic. I'm going to mention them briefly now and then Carnie will spend more time discussing those later in the presentation. In the first letter, GEN-09-04, we reminded you of your ability to make documented professional judgment decisions and encouraged you to consider special circumstances of your students and their families during these challenging economic times. In the second letter, GEN-09-05, we provided information about our work with the Department of Labor and included one approach that you might consider for students who are receiving unemployment benefits. We'll cover these in more detail later in the presentation. And now I'm going to turn it over to Carnie who will dive into the exciting world of dependency overrides.

**[CARNIE MCCULLOUGH:]** Good afternoon. Everybody said to make sure that we adjust this so that you can hear our voices because they are taping this for later ability for people who weren't able to come to the conference to see it. So good afternoon, it's nice to be here. This is my home town so I'm very excited about being here in Nashville. It's been a long time since I've lived here but some things don't change. In fact, my very first job when I was in high school was at Opryland USA back when it was an amusement park, now where the mall is. So it's really a homecoming for me.



I'm glad you're here this afternoon so we can talk a little bit more about dependency overrides and professional judgment. We have been living this a lot in our office, and I know you have been on your campuses this year. So starting with dependency overrides, let's first talk about that a little bit. The independent student definition is found in Section 480(d) of the Higher Education Act of 1965. As Marty mentioned, that's our governing statute for the Title IV Student Financial Aid Programs. First of all an independent student is one who meets one of the eight criteria that are specified in the HEA and reflected on the FAFSA, or it's a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances. So let's take that definition apart a little bit and look at what are the key elements in that particular definition. Well, the first is that it's case by case; that means that it must be made on an individual student basis. The second is that it's a student who has unusual circumstances. Well, what's that? Well, per Webster that's something that's rare, extraordinary, uncommon, unexpected or distinctive. That's the definition of "unusual." And last of all, it's documented. You'll here us say documentation over and over and over again until you are going to be tired of hearing it. You need to document both the determination that you've made and keep supporting documentation that supports that determination that you made. We certainly can't stress documentation enough. We have given some guidance about some conditions that do not qualify as unusual circumstances, either individually or in combination, and these are the following: The parents refuse to contribute to the student's education; the parents are unwilling to provide information; the parents don't claim the student as an income tax deduction or dependent; and the student demonstrates total self-sufficiency. I mean they're, unfortunately, not necessarily all that unusual these days, are they, as we see.

Now I have some examples that might constitute unusual circumstances, and I think most of these we could agree with: A student's voluntary or involuntary removal from the parents' home due to an abusive situation that threatened the student's safety and/or health; incapacity of the parents such as being incarcerated or disability or mental or physical illness of the parent that makes them where they are really unable to take care of the student. In fact, the student might be taking care of them; inability of the student to locate the parents after making reasonable efforts; and other extenuating circumstances sufficiently documented, there's that documentation word again, by a signed letter from a third party. So these are things you might wish to consider as unusual circumstances.

When I talked with my colleagues that do program reviews and audits and those types of things and said, you know, what should I stress when we do this type of a presentation? The one thing they said was "documentation," over and over and over again. That's what they tend to have as findings is inadequate documentation. So I want to remind you when you are doing dependency overrides you have to document the reason for the determination and maintain the documentation that supports that decision, and that your documentation should come from a knowledgeable third party who knows what the unusual circumstances are. So, those are some of the key things



there in terms of documentation. Some of the third party individuals that you might be getting documentation from could include people like counselors or teachers who would be knowledgeable of the student's situation, clergy members, perhaps community groups, government agencies, medical personnel, courts or prison administrators. Those are just some examples of third parties that could perhaps provide documentation that would support a dependency override. Now if your case is where third-party documentation truly cannot be obtained you could accept signed statements from relatives, friends or as an absolute last resort, the student his or herself. The reason for saying that is, you know, the third-party documentation shouldn't be that difficult to come by, and it certainly is much more valid than Johnny saying, "I really have an unusual circumstance." It's much better to get that documentation from a third party. A couple little reminders which are, we're talking about dependency overrides, you can make an otherwise dependent student an independent student, but the flip side doesn't apply; you cannot make an independent student dependent. That comes up every once in awhile. The other thing is it is an annual determination; you have to make the determination each and every year. It's not like you get to make it once and it stays with the student throughout their career. You have to affirm each year that the unusual circumstances still exist. That could be a lesser documentation requirement if the student is continuing at your institution. But you want to make sure that you remember that you've got to look at each student. It's not good enough just to say, "Oh they were independent last year. I did a dependency override for them last year, you know, I guess it's good to go this year," without going back and pursuing and making sure that the unusual circumstances still exist, because sometimes these things do change.

Now effective for the 2009-10 award year, a financial aid administrator may for the first time rely on a dependency override performed by another institution for the same award year. That came into law with the College Cost Reduction and Access Act of 2007, and I'm just curious because when I asked this last year I had a smattering of hands. Now that we actually have it in effect, is anybody doing this out there? Are some people doing that, accepting dependency overrides from other schools? Yes. It's interesting, you know, that was the same reaction last year, and I just wondered whether anybody was doing it. I did have a couple of people who mentioned that they were, but that was basically in a case where they had a very close relationship with another institution. They were almost like feeder institutions, so they sort of had a common set of things that they would look at. But, I was just curious about that.

Okay. So now we're going to move to our first "What would you do?" situation. So you people are going to have to shout things out, and I'll repeat them for the microphone. We'd like to kind of walk through some cases, and these are based on cases that people have actually brought to some of us over time and, as Marty said, there are no right or wrong answers, it's really your call. Right now, we'll talk about it when we get to the letters later on, but I'm getting a ton of e-mails from people, and they're giving me individual cases, and it's really your call. It's not our call as to what's appropriate or not appropriate to do.



So here's our first case. This is on a dependency override. You have Lauren who lives with her grandparents. When her mother died she was 12 years old and her father was so distraught that he just left Lauren with his parents and left. He gave them the \$500,000 life insurance settlement that he had received from his wife's death to be used for Lauren's expenses, and he just left town. Just disappeared. Lauren and her grandparents hear from him periodically; sometimes he sends presents or cards for holidays or birthdays, but months and even years sometimes have gone by without any contact. Lauren and her grandparents don't have the father's address or a way to contact him. What would you do? I'm hearing PJ? Okay. Lots of PJs out there? Okay. Yeah, you're in the right session. So most everybody here would do a dependency override? Anybody who wouldn't? Okay. I mean there's, once again, no right or wrong answer, there's some people who would say, well there's the periodic contact, they would probe a little deeper. When's the last time you heard from the father? You don't really have a way of contacting but, you know, in recent years has he been more regular about getting in touch with them or is there a way, is there somebody else who knows him to reach him? That's just what some people might say. Kayla?

[AUDIENCE:] [ Inaudible ]

[MCCULLOUGH:] That's a documentation part.

[AUDIENCE:] [ Inaudible ]

[MCCULLOUGH:] Right. She said it's a documentation requirement, you know, some of the documentation you might collect was when was the last time you heard from him? Is it becoming a regular thing or just do the dependency override? Okay, so that's our first "What would you do?" situation. Yes?

[AUDIENCE:] [ Inaudible ]

[MCCULLOUGH:] That's a good question: What would you do about the \$500,000? It doesn't really say here; it says he left the money with them to take care of Lauren's expenses, but the question is, did they put it in Lauren's name? Did they put it in the grandparents' name? Who did he give it to? Whose money is it and how would it show up on the application? Good point.

[AUDIENCE:] And would any be left?

[MCCULLOUGH:] And would any of it be left at this point? Because we don't know; we don't know what the grandparents might have done with that but that's a good point, too, to look at. Any other things that people want to point out on this case? Yes?

[AUDIENCE:] [ Inaudible ]

[MCCULLOUGH:] Yes. Another good question would be, "Have the grandparents been given legal guardianship?" because maybe they have, and in that case the student



would be able to be independent just without having to do PJ. And we won't really talk about that in this session. Another session I'm doing has got some information about independent students, you know, about some of the new definitions and the differences that that now make that people are not used to being independent based upon being in a legal guardianship relationship. Okay.

Our second situation deals with Tom. He's 21 years old, and he got in trouble when he was in high school and he was arrested, he was tried, he was convicted for passing bad checks. He's now under probation, and he's got some very strict criteria. One of those criteria is that he's forbidden from having any contact with his mother, because she works for the probation department. He comes to you because he doesn't know how he can get parental information to complete his FAFSA. His father is deceased, and he has a married sister who lives close by. So what sort of things would you consider here if Tom came to you?

**[AUDIENCE:]** [ Inaudible ]

**[MCCULLOUGH:]** Have his sister go get the information. Okay. That's a good possibility. Any others? Some people would make him independent? No, most people would not in this case. Okay. Like I said, no right or wrong answers. But I think probing more deeply about could the sister get the information? What's the relationship with the mother, would she be willing, for example, through the sister, to provide the information? These are the types of things and the types of information that you follow up on. In this case this is one of the, going back to the documentation requirements, you've got possibly court documentations that say that he's not allowed to have contact with his mother. So that would be a good third-party document to have on file if you choose to make a dependency override, because, not only did he get arrested, the mother wants nothing to do with him. The court says stay away from her and she's just as glad; she's written him out of her life too because of what he did. So those are all things to consider.

Okay, the area where we hear the most about professional judgment is in the use of changing expected family contribution, data elements that lead to expected family contribution and cost of attendance issues. This is in, Marty mentioned Section 479A of the Higher Education Act is amended and the general, it's getting, it's funny; this is about what it started at back in about 1986 and now it's gotten to be a whole lot longer. But I'm going to read to you just the main portion here, which is "Nothing in this part shall be interpreted as limiting the authority of the financial aid administrator on the basis of adequate documentation" there's that documentation word again, "to make adjustments on a case-by-case basis" note the case-by-case, "to the cost of attendance or to the values of the data elements that are required to calculate the expected student or parent contribution (or both) to allow for treatment of an individual eligible applicant with special circumstances." So you saw there some of the same types of words, 'special circumstances', 'unusual circumstances', 'case-by-case documentation'. Some of those things that we talked about when we were talking about dependency overrides, they apply here as well. The law also goes on to give some examples of special



circumstances specifically that you might wish to consider. In somebody who has been dealing with this for a very long time, and some of you out there that have been dealing with this for a long time also know that some of these things used to be in the Need Analysis Formula, and they moved them; they took them out. And so, sort of like when they took them out of the formula they moved them to, you might want to consider this for professional judgment; this is a little history lesson here. One is elementary or secondary school tuition expenses; medical, dental or nursing home expenses not covered by insurance; unusually high child or dependent care costs; or recent unemployment of a family member or an independent student. So those are some specific examples that are covered, also family member or the student being a dislocated worker; parents being enrolled in college. There was a time when we used to count those in number in college automatically. A change in housing status that results in homelessness or other changes in the family's income, family's assets or student's status. So I want to be clear about something here, which is that professional judgment is not limited to these circumstances that I just mentioned in the law. It's also not required in these circumstances. The examples are just that; they are ideas about the types of conditions that you might want to consider when deciding whether or not to make a professional judgment determination for someone.

Now, you know, as Marty said, we're prohibited for regulating this, but we have given some guidance over the years, and we've seen some examples of unreasonable adjustments over time, too, so let me give you some of those. Vacation expenses; that would generally not be something we think you should be accounting for in the analysis. Tithing expenses; standard living expenses such as utilities, cable bills, credit card payments; children's allowances. I'm using the word "standard" here because you can always find an exception to the rule why there is something that you might want to, but you know, the standard living expenses. Standard maintenance items such as lawn care and home repair. We've actually seen a case where somebody was budgeting in their lawn care for somebody, and it wasn't somebody who was like deathly allergic to something to where they would be like falling out dead if they cut their own grass; it was in there. So those are some examples of things that we would consider unreasonable adjustments.

Now, back to sort of hammering home again the points of the law here. Remember, you have to have special circumstances. It has to be individual, not a class of students that you're applying this to. Now, having said that, I also recognize that people do want to treat people with similar circumstances in similar ways and you can still do that. Our old example when this first came into being was, you know, like a fire in the dorm, you know, and everybody gets an adjustment, but you've looked at each individual circumstance and you found out that, yes, they lived in the dorm and, yes, they had property that was damaged, and then you made an adjustment based on that. That's still okay, that's not a class of students, per se. You have to have adequate documentation, and you cannot use professional judgment to waive eligibility requirements, such as the fact that a student be a regular student in an eligible program, or to circumvent the intent of the statute.



Okay, here we go to the Dear Colleague Letters that Marty talked about earlier. As we know, and it came up the very first question that Secretary Duncan was asked this morning was about this, which I found interesting. As we know, the economy really has not been good. We've had some problems with the economy, and I'm sure you are seeing more and more students applying for financial aid maybe for the first time ever, and you're seeing more and more students that are coming to you that have had conditions that have changed since they applied for school, or applied for the FAFSA, filled it out for that particular year where their circumstances have in fact changed. So the first Dear Colleague Letter we issued in April was signed by Dan Madzelan. It was GEN-09-04 and this particular letter just was our first encouragement letter. We were encouraging you, we reminded you that you've got the ability to exercise professional judgment, and you should consider this during these challenging economic times. It also reminded you about your ability to make the changes and your ability to use an alternate 12-month period. And I've got to stop here for a second and give you another little history lesson for a second. We used this as an example in the Dear Colleague Letter, but there's nothing magical about a calendar year folks. There's nothing magical about it other than it's used right now in the Need Analysis Form to use a base year. Once again, those of us who have been around for a million years know that the reason that was put into the law originally was it was something that could be verified. At the end of a calendar year you've got a tax return, you can verify that. The base year was always intended to be a predictor, an accurate predictor, of what was going to happen during the period of time the student was in school. So, right now, if you've got special circumstances, someone's lost their job, it's not necessarily the best predictor. Let's use this time of year, let's say a month or so ago, as an example. Let's say you had somebody who was one of your students for the 2009-2010 award year. Your base year was 2008. The parents or the student, either one, they were employed; they were making a good living in 2008, right? In 2009 in September/October they lose their job. Let's say August or September, right? Let's say it's an independent student, and they're coming back to school now. Is 2009 really a good indicator of what's going to be happening while the student's still in school? No. I mean a lot of people would say, "Oh I used the nine months of 2009 and then the remainder of it I zeroed out," or something like that. I'm just reminding you, you can do that; you don't have to. There's nothing magical about 2008, 2009, 2010. Twelve months is magical, because that's what the formula is based on, but it doesn't have to be a calendar year period. Just want to remind you of that.

The other thing in that letter is that it alerts you to special needs of independent students who need job training to obtain employment and need funding to receive that education, and once again encouraged you to use professional judgment for those particular students. Then we issued another Dear Colleague Letter; this one went a little further. As Marty said, we haven't done these in years and years and years but here we did two in a matter of two months. This was Dear Colleague Letter GEN-09-05 right after 09-04, and it was issued May 8, 2009. This was telling you about something that was happening to students who were receiving unemployment benefits, basically. And this one came from Secretary Duncan. It was issued to address independent students, basically, that was the focus of this, who need job retraining in order to obtain



employment, and they need funding in order to receive that education. It tells you that the Department of Labor has been working with states to send letters to all recipients of unemployment insurance benefits and to encourage them to enroll in postsecondary education and to apply for Federal financial aid or to apply for financial aid. In fact, some of them even said you should apply and get a Pell grant. We had to make sure that they communicated that Pell grants are only for first baccalaureate degrees, because there are people out there that aren't. They weren't real clear in their first communication to people about that, so we fielded a lot of questions about that. Then the letter went on and described their work through the states with the recipients of unemployment benefits, and then we gave some guidance about how to help these particular people who are applying for Federal student aid. We said with documentation you could adjust the income that they have earned from work and from unemployment down to zero; now remember here, I'm focusing on your independent students themselves here, and that you could in fact keep the letter from the state unemployment agency as documentation of the student's special circumstances. We put an expiration on that letter. The letter was valid for 90 days from the date it was issued, unless you know the student has gotten a job. The reason we put the 90 days, it wasn't really something magic about that, other than we thought that it might take somebody 90 days at least to decide that they really weren't going to be able to find a job and they needed to go back and get job retraining. On the other hand, we didn't want somebody to show up on your doorstep eight or nine months later with a letter that was dated nine months previous saying they were getting unemployment benefits. We didn't think you would feel comfortable accepting that without additional documentation. That's where the 90 days came from. We also said you can use any other evidence that you have that the student is receiving unemployment benefits. And I didn't check with Labor before I came. There was a point which very few of the states had issued their letters, and I think that's been on a rolling basis and there are more of them coming out now. I can base that on the number of phone calls and e-mails that I'm getting, because my name's the contact person in this letter. Marty has been getting some of them too because I'm sharing with her now. We also said that if you've got other family members who are employed, such as the dependent student's parents or the spouse of an independent student, you should look at the totality of the family circumstance and make appropriate adjustments. And for those individuals that could be doing the exact same thing, we're not going to tell you what it should be or not be in terms of that. We also let you know that we're going to make appropriate adjustments to our risk-based models for audits that we use to select institutions for program reviews, recognizing that during this difficult economic time there's going to be an increase in use of professional judgment. We told you to, in fact, use that, and we're not going to come around and say, "Wait a minute, they've got a few more of those, let's select them for a program review or audit." The question, if you were not here, that Secretary Duncan had was, as you see these letters were issued in April and May, so that was awhile ago. And people are saying well what about 2009-10? I'm getting ready to package and does the same guidance still hold? Yes, it does. The economic things have not changed; we've not issued anything that has said that it's not valid, so you can still continue to use that particular guidance. Once again, in that same Dear Colleague Letter, we're sort of partnering with our colleagues in the Department of Labor and really strongly



encouraging you to use this authority for students who are currently receiving unemployment benefits, because we want to help these people to get necessary retraining and funding for that if they need it so that they can, in fact, become employed and be successful.

So after that commercial for the use of professional judgment, let's talk a little bit about actually doing that and what happens. We are adjusting the EFC, which one of the authorities that you are given. You have to adjust the data element that's in the formula, for example, HEI, untaxed income and benefits, something along those lines. You can't change the formula itself; you can't change the asset conversion rate or the income protection allowance or the tables, something like that. You also cannot make an adjustment to the bottom line parents' contribution, student's contribution or EFC, and you cannot make the adjustment on the initial FAFSA. That's come up before also and some people say, "Why?" One reason is, we really don't have a mechanism right now in our system, but the second is, if you stop and think about it, what is that little certification at the bottom of the FAFSA say? "I promise that I'm not giving false or misleading information," so on and so on, and "I'm subject to this penalty if I do so." And so if you're doing a PJ on the initial application, there's not a way right now to have a financial aid administrator certify to that, then you'd basically be asking the student to perjure themselves by signing the statement. So you can't make the adjustment on an initial FAFSA at this point.

I want to remind you, you also have to resolve any conflicting information that you have before you make an adjustment, and it's really just very logical because you want to make sure that you're making the adjustment based on accurate information. So if there's a conflict you are going to have to figure out what's the right information before you decide what adjustment to make. Also, our guidance has been that you have to verify base your data if selected for verification. I think that holds except this year if it's one of these people that are unemployed that now you're going to be zeroing it out, because it really doesn't matter whether it was \$25,000 or \$30,000; if it's going to be zero it's going to be zero. So it's not like you're adjusting for something else where you're lowering the amount there. The adjustment is valid only at the school that's making it, unlike the dependency override, which we spoke about a minute ago, where you could rely on someone else's. This is good only at your institution, and you have to use the resulting EFC consistently for all Federal student aid funds, meaning that the EFC that's good for Pell is also good for FFEL or direct loans or for campus-based. It's not like you make an adjustment for one program but not for another. Okay.

So, some things to remember as you're making adjustments to the EFC are, let's talk about the income protection allowance, because a lot of the adjustments that you see are based upon income things. For parents and independent students with dependents, the income protection allowance increases as the family size increases, right? And that makes logical sense; however, it decreases as the number in college increases and that's because this is still an artifact of the need analysis from the 1950s where if somebody went to college so they left the household and the household had less expenses because they didn't have another person to feed and clothe in the household.



So for dependent students for 2009-10 it's \$3,750, and for independent students without dependents other than a spouse, for single or married with both in college for 2009-10, it's \$7,000 and for married with one in college it's \$11,220. Now this income protection allowance, it's been around for awhile, but it's comprised of, regardless of the dollar figure, 30% of that is what's allotted for food, 22% for housing, 9% for transportation, 16% for clothing and personal, 11% for medical and 12% for other family consumption items. If you add them all up that should come to 100%. I hope it does. But if you apply that to a given family, for example, if you're looking at medical expenses, you can figure out how much of the IPA in the formula is already accounting for unusual medical expenses by taking 11% and multiplying it times the IPA. So you would know what's already been taken into account in the formula. I am a dinosaur, so I used to do hand calcs, so we didn't have the ability of running little computer programs. I used to have to be able to do hand calcs.

I have another couple of "What would you do?" cases here. First of all we have Rob, who is married, and he has two children. He worked almost full time until June. and then he lost his job and he has not been able to find another. He is the only family member that's in college, but his wife earns \$750 a month babysitting for a neighbor's child. What would you do? Oh come on. Silence? Yes?

**[AUDIENCE:]** [ Inaudible ]

**[MCCULLOUGH:]** Okay. What she said was, I'm trying to repeat this for the thing, um, use an academic year income level, 12-month thing beginning with the academic year, and would zero his income out because he's unemployed. What would you do with his wife's income?

**[AUDIENCE:]** [ Inaudible ]

**[MCCULLOUGH:]** She says it's not going to matter because it's going to be zero anyway, even \$750 a month? Well, okay. That would be one thing. Yes?

**[AUDIENCE:]** [ Inaudible ]

**[MCCULLOUGH:]** A question here is was he getting unemployment comp? We did say in our Dear Colleague Letter that you could, for example, zero out unemployment as well. Okay.

**[AUDIENCE:]** [ Inaudible ]

**[MCCULLOUGH:]** Correct. Her question is, if we're looking at 09-10 she said, "Could I use 2009, January 1st to December 30th or could I use like a June to May or a July to May within the award year as my 12-month period?" It has to be a 12-month period, yes.

**[AUDIENCE:]** Within the academic year.



**[MCCULLOUGH:]** Within the academic year. Well, I should say, it doesn't not have to be within the academic year, it could be any 12-month period that has applicability to that period. I mean you wouldn't want to start a 12-month period that was happening after the student was leaving school but, you know, if they applied, say, in January of 2010 for the 09-10 award year you might still use a January 1, 2010 to December 30, 2010 year for that particular student, for example. Yes, over here?

**[AUDIENCE:]** [ Inaudible ]

**[MCCULLOUGH:]** She said we should check the student's EFC to begin with, maybe your working too hard. He may already have a zero EFC, because it doesn't say, in this case, he worked almost full time, he's lost his job, but he might have a zero EFC even then, that's true. That's exactly right. Kayla?

**[AUDIENCE:]** [ Inaudible ]

**[MCCULLOUGH:]** She also raised the question that it's possible he lost his job and he's not receiving unemployment, that's also true. Sometimes people don't receive unemployment right away, so there are a number of things to consider. Yes?

**[AUDIENCE:]** [ Inaudible ]

**[MCCULLOUGH:]** Okay, let me see if I can repeat what you said, and nod at me if I get it right, because the people in the back room I'm sure couldn't hear you. She said she's been hit very hard with this, and she's had some students who have had a year's worth of unemployment, and now they'll be filing their 2009 taxes. So they'll have a \$20,000 income that they're showing up in their 2009, which is what they'll be using to fill out the 2010-11 FAFSA as the base year, and then she'll be faced with another round of doing professional judgments for these students, you know, for this next year, and the answer to that is, yes.

**[AUDIENCE:]** [ Inaudible ]

**[MCCULLOUGH:]** You can do that, there's nothing that says you can't do that, no. You can do that. And once again, like I said, the magic, so called "magic," of the base year is it is supposed to, in the formula, be a predictor of the student's financial situation and it's just not always that case. This year in particular we're finding that it's not a good measurement of what the student's family circumstances are right now. Yes?

**[AUDIENCE:]** [ Inaudible ]

**[MCCULLOUGH:]** Okay.

**[AUDIENCE:]** [ Inaudible ]



**[MCCULLOUGH:]** Her question here is that, for internal policies, they didn't do any PJ adjustments for current year income for students until June, until like midway through the year, in case somebody lost a job and then got another job two weeks later; they wanted to have some point. And she said, "Can we start doing them earlier or are we still limited by the date we set ourselves?" We would not limit you. We can't regulate this, that's up to you as to what you choose to do. Okay?

Let's go on to a couple more of the cases so we get through all of the slides, and then we're going to have plenty of time at the end to talk about more things in more detail. We do have one more "What would you do?" case on the EFC side. Katie is a dependent student who lives with her mother and her sister. She is the only family member in college. Her mother has incurred credit card debt of \$9,500. The IPA for Katie's family is \$19,730, so, just for discussion purposes, if you think of the IPA having a 12% for other family consumer items; you multiply that towards the \$19,730 and find out that \$2,368 has been allowed already for consumer debt. So, what would you do in this circumstance? Remember, there are no right or wrong answers. Yes?

**[AUDIENCE:]** [ Inaudible ]

**[MCCULLOUGH:]** Good point. She'd find out what the credit card debt was about; was it medical expenses, for example, that they had used their credit card to pay for that. Any other thoughts? I'll throw one out there. One is that this is the amount of the, they've run up \$9,500 worth of credit card debt, maybe they don't have to retire the entire debt in a given year, you know, what's the required minimum monthly payment on it? Maybe it's not \$9,500; maybe it ends up being \$3,000, and you've already accounted for \$2,368. I have had other people that have said, for example, if they had used the credit card to pay their college tuition or something like that that would be something else they would look at before deciding whether to make an adjustment. Once again, professional judgment, it's all your decision; it's not ours. These are meant just to illustrate that there are a number of possible scenarios, ways you could make adjustments or not make adjustments, and just to give you some food for thought about how you might approach some of them. They're purposefully vague here to get you to think about what sort of questions you might ask.

Moving on a little more in the EFC here. Moving to the asset side of the equation. For the asset side, we have an Education Savings and Asset Protection Allowance and that allowance goes up with the age of the parent and an independent student and that's deducted from the net worth to get to the contribution from assets. And the asset conversion rate in the formula, for the parents it's 12%, for a dependent student it's 20%, and for an independent student without dependents other than a spouse, it's also 20%. If the student has dependents other than a spouse it's at 7%. Let's look briefly at how the asset contribution is calculated. Let's say you've got someone who's got \$150,000 net value of a rental home and \$5,000 worth of savings. So their net worth is \$155,000. In this example, the Asset Protection Allowance for this family is \$48,700, which leaves them with \$106,300 discretionary net worth, multiplied times the 12% asset conversion rate for a contribution in the parental contribution from assets of



\$12,756. I just kind of go through that because, like I said, I used to have to do hand calcs, and sometimes it's not so easy to see how the formula works if you're not used to doing that to know how you might want to make an adjustment and see sort of how it plays out in the formula.

So I have another "What would you do?" case here. In this case we have Sarah and her parents own a rental home with a net worth of \$150,000, interestingly enough, and the rental home burns down. The family loses potential rental income but has the potential for an upcoming insurance settlement. So what would you do in this case? In this one you've got potentials on asset side and on income side to look at. Now this is a quiet crowd for after lunch, come on. Anybody got some thoughts here? Yes?

[AUDIENCE:] [ Inaudible ]

[MCCULLOUGH:] Wait to find out about the insurance settlement. Yes?

[AUDIENCE:] [ Inaudible ]

[MCCULLOUGH:] Okay, she said she'd immediately eliminate the asset because it's gone.

[AUDIENCE:] [ Inaudible ]

[MCCULLOUGH:] And she would wait for next year's FAFSA for the insurance; that's a possibility. What about the rental income?

[AUDIENCE:] [ Inaudible ]

[MCCULLOUGH:] That will be the next few years' tax return too; you wouldn't do anything about it for now? Once again, no right or wrong answers here, I just, you know, these are all things that you might want to consider. And some of it is timing, you know, timing is everything. Did this happen early in the award year where they burned down? Is it a summer rental home, for example, they get all the rental out of the summer, and when the fire happened it was already in the fall? There are all these different types of things that you might want to consider. Like I said, these are questions you just want to ask yourself about what you might think about doing as you ask the student questions.

Now I'm going to turn it over to Marty, who is going to move on to cost of attendance.

[MARTY GUTHRIE:] Yes. We're going to switch gears a little bit and talk about cost of attendance for some different categories of students. As we're going through this, I want you to remember what Carrie indicated a few minutes ago; as with the EFC you have the authority to use professional judgment to make adjustments in the cost of attendance on a case-by-case basis as well. And this would be, of course, for individuals with special circumstances and, again, the documentation concept, all



adjustments must be documented in the student's file. As you know, the cost of attendance includes more than just the direct educational expenses of tuition and fees, it also includes room and board, books and supplies, transportation, miscellaneous personal expenses, and a dependent care allowance, in addition to disability-related expenses, study abroad, co-op ed expenses, loan fees, and the cost of obtaining a first professional credential or license, which was added beginning in the 2006-2007 award year.

That was full-time students. For less than half-time students, we have a similar listing of items, not exactly the same though, but many of the same items, with the room and board component being added in the 2006-2007 award year as well. For students enrolled in correspondence programs, the items include tuition and fees, books and supplies, transportation, and room and board in the specified circumstances. Zooming through, for incarcerated students, we only have the two items that are listed there. I think those are pretty self-explanatory. That was a kind of a whirlwind review of cost of attendance.

Now, going back to the documentation aspect, this of course applies to both the EFC changes that you might make as well as cost of attendance changes. We can't stress documentation enough. For any PJ decision you must document the reason for the change as well as what adjustment is made, and you must maintain the documentation to support the decision. Carnie mentioned earlier some of the individuals from whom you might get documentation in a third-party situation, here we have some examples of types of documentation that you might accept to make adjustments in the cost of attendance or the expected family contribution. I'm sure that you're familiar with these, and there's nothing that's too unusual here. Okay, so one more time on the documentation issue; can you collect too much? No. Really, you can't. I think you get the idea there.

Now we're going to move to the last area of professional judgment that we'll talk about today, which involves the new provision governing unsub eligibility for otherwise dependent students. This is not the same as a dependency override. We've said that a refusal to provide information is not sufficient for a dependency override, but now these students may get an unsubsidized loan if you determine that the parent has ended financial support and refuses to file the FAFSA. These are parents who would otherwise be required information on the FAFSA, and note the parents of these students would not be eligible to borrow a Plus Loan. And then to clarify, I'd like to note that financial support in this instance includes payment of educational costs, cash, and non-cash support such as room and board. So, for this situation, effective for any loan period that includes August 14, 2008, or a loan period that began on or after August 14, 2008, the student would be eligible for the base amount for their grade level plus the additional \$2,000 added by ECASLA that was available to all dependent students. I think the Dear Colleague Letter that we gave you last year as a holiday gift, the one that described the provisions of the Higher Education Opportunity Act, offers the fullest explanation of this provision that we have released to date. Anyway, the student will need to complete the student portion of the FAFSA, and that would be for purposes of



using the data base matches to confirm the student eligibility criteria. But for your purposes, you would need to collect a signed and dated statement from the student's parent that indicates that the parent has stopped providing financial support and the date it stopped, the parent will not provide financial support in the future, and that the parent refuses to complete the parental section of the FAFSA. The parents don't have to give a reason for ending support, and if you can't get a statement from the parents, you may get a statement from a knowledgeable third party. You could look back at the earlier slides to determine some of the folks that might qualify there. And note that, in this instance, student self-certification would not be sufficient to gain this additional unsub eligibility.

Okay, here we have another "What would you do?" Matt, our 21-year-old student, his parents don't believe that the Federal government has the legal right to levy income tax so they haven't paid any, and they haven't filed tax returns for the past 10 years. He has been working, on the other hand, and he files a tax return each year, but he's indicated that his parents refuse to provide any information or to file the FAFSA. So, in this situation, what would you do? It's quiet out here. Thoughts? Yes?

**[AUDIENCE:]** [ Inaudible ]

**[GUTHRIE:]** Well, this is not the same thing as a dependency override. This is simply; the student would have the ineligible.

**[AUDIENCE:]** [ Inaudible ]

**[GUTHRIE:]** Correct. If the parent would not provide information and the student was deemed to be dependent, and the parent didn't provide any information, the student would complete the information that he could, and then the FAFSA would go through the database matches to confirm the data eligibility requirements that could be confirmed in that manner. But the student wouldn't be eligible for anything but the unsub there, the additional unsub. Yes?

**[AUDIENCE:]** [ Inaudible ]

**[GUTHRIE:]** Yes.

**[AUDIENCE:]** [ Inaudible ]

**[GUTHRIE:]** Okay, you said you wouldn't touch it, but I missed the end of it.

**[AUDIENCE:]** [ Inaudible ]

**[GUTHRIE:]** Because there's nothing that indicates, in the case, that the student is not living with the parents.

**[AUDIENCE:]** [ Inaudible ]



**[GUTHRIE:]** Okay. Okay. That's an approach. Yes?

**[AUDIENCE:]** [ Inaudible ]

**[GUTHRIE:]** Okay, so you would require, you would not.

**[AUDIENCE:]** [ Inaudible ]

**[GUTHRIE:]** A statement from the parents that they're not helping, a documentation of his alternative residence, and then inform the student that the additional unsub would not likely be sufficient to cover the costs incurred at your school. Okay. Other ideas people would like to raise on this one? Yes?

**[AUDIENCE:]** [ Inaudible ]

**[GUTHRIE:]** The comment is, "What is the school's liability regarding the parents' failure to file their IRS forms? What do you think? Okay. Any additional comments on this one? Yes?

**[AUDIENCE:]** [ Inaudible ]

**[GUTHRIE:]** I'm sorry; you're saying that if the students' parents refuse to file the FAFSA, you said you.

**[AUDIENCE:]** [ Inaudible ]

**[GUTHRIE:]** He's only eligible for the unsub. Right. That's correct.

Okay. So here's our contact information. We're going to take questions now but just wanted to let you know that we appreciate your comments and we appreciate your feedback and here's how you can find us.

**[MCCULLOUGH:]** I saw a hand in the back of the room. There's a microphone, I believe, in the middle. It would be easiest if you have questions to come to the microphone so that everyone can hear them. Okay.

**[SPEAKER:]** Or if you'd like a break.

**[MCCULLOUGH:]** Yes?

**[AUDIENCE:]** [ Inaudible ]

**[MCCULLOUGH:]** Excuse me, if you're leaving could you be kind of quiet, because we're taking questions, and we can barely hear from the front of the room. Thank you. Go ahead.



[AUDIENCE:] [ Inaudible ]

[MCCULLOUGH:] Not gotten a letter from the unemployment people or they didn't get them. Okay.

[AUDIENCE:] [ Inaudible ]

[MCCULLOUGH:] Okay, let me see if I can repeat it so other people can hear. She's from Michigan. She's experiencing a lot of these unemployment situations. Some of the people, she has a letter from the employer saying that they've been terminated but the student either has already exhausted their unemployment benefits or they didn't get unemployment benefits at all, and can they afford them the same treatment? The answer is yes, you can certainly do that. You just have to document. That letter, once again, it was sort of a partnership with the Department of Education and the Department of Labor, being, you know, the Department of Labor being very concerned about some of these students and wanting to give them avenues and encouragement to be able to get job retraining and, as you know, the one-stops do a lot of work with that. That wasn't meant to be the only thing that you could accept, it was just that we knew that for those people that was something you could do.

[AUDIENCE:] [ Inaudible ]

[MCCULLOUGH:] Okay. You're having trouble getting past the 90 days because sometimes it's longer than that?

[AUDIENCE:] [ Inaudible ]

[MCCULLOUGH:] Sure.

[AUDIENCE:] [ Inaudible ]

[MCCULLOUGH:] Right. Like I said the reason for the 90 days that we put in the letter was because we didn't want somebody to come in, you know, 11 months later with this one letter and not any other documentation. We felt that you would also have a problem with that so we thought, well, 90 days seems sort of a reasonable period of time for them to show up on your doorstep. Once again, you can get an updated letter; you can get another statement, something like that. We just didn't want to leave it hanging out there so three years later somebody walks in with a letter and use that as documentation.

Okay, we've got a line up at both microphones. Yeah! Okay, that one doesn't work? Okay, we'll alternate between them, how's that? Okay. Shout out there.

[AUDIENCE:] [ Inaudible ]



**[MCCULLOUGH:]** I can comment to the effect that that's the law; that's how the law is written. But you're right, I mean, yes. That's a possibility. It's like some of the other dependency statuses; you could be, you know, independent. Let's say you were a student that was married, for example. They're under 24, they're married one year and the next year they're divorced. They're back to being single so they're no longer married. They can flip-flop. But if you've got a circumstance that might be they're no longer homeless because financial aid gave them enough money to live off of, but they still have no contact, that might be something you might want to consider a dependency override.

**[AUDIENCE:]** [ Inaudible ]

**[MCCULLOUGH:]** Right. Now, once again, go back and look at the definition of what homeless is. It is fixed, adequate, or regular house. Living in the dorm probably does not qualify as fixed, adequate, and regular. It is for that period of time, but if they had no other place to go after that, they might still meet the definition. You just have to go back and look at those details.

**[AUDIENCE:]** [ Inaudible ]

**[MCCULLOUGH:]** Well, yes. You have to look at those particular things. Okay? Okay, back to the other microphone, we'll alternate.

**[AUDIENCE:]** My name's Jeff Olson from Bethel University in Minnesota. What types of questions would you encourage us to ask in situations where the parents have declared bankruptcy? What do you advise that we do in those situations?

**[MCCULLOUGH:]** You mean in terms of making adjustments to data elements for the EFC or?

**[AUDIENCE:]** Yes, their income may still be the same, but they have declared bankruptcy, and I am just curious what you would advise as far as good practice in making professional judgment changes to data elements based on the family's bankruptcy.

**[MCCULLOUGH:]** You know, interesting. I don't think I have ever been asked that question.

**[GUTHRIE:]** You'd still want to make sure that you understood what the family's resources were And how the bankruptcy had affected the family's overall resources. So it seems like there might be a like a prescribed way to go because it's a bankruptcy. I think you would think about it in largely the same way that you would think about any unusual circumstance.



**[MCCULLOUGH:]** You know they may have required payments that they have to make now that, they've got this amount of income but now they are required to pay X amount for these debts to pay things down. That would be something to look at, I think.

**[AUDIENCE:]** The Gen-05 talks about an independent student being unemployed, and there is has been some confusion where if you have a dependent student whose one parent or two parents are unemployed, can you still zero out if you have the proper documentation, zero out their income information and adjust their gross income?

**[MCCULLOUGH:]** That's why we have that second sentence that's buried down in the letter that says you look at the totality of the family's circumstances to determine what the appropriate adjustment would be.

**[AUDIENCE:]** Right. So then you would say there's no right or wrong answer?

**[MCCULLOUGH:]** That's right. You got it.

**[AUDIENCE:]** And then I just have a second question. With the professional judgments, you're basically stating that you have to put the FAFSA information as the base year into the, get one I saw, and then do the documentation for a professional judgment and then adjust that? And the reason is because of the certification?

**[MCCULLOUGH:]** That's in part the reason, yes.

**[AUDIENCE:]** Okay, thank you.

**[MCCULLOUGH:]** Sure.

**[AUDIENCE:]** My question is kind of question and fairness statement. We've been doing a lot of the professional judgments, a lot of unemployment. I'm Janet from Spokane Community College, so two-year very technical programs. Two students, literally within the same week came in; one had, like someone said, was on unemployment, and the 12-month unemployment amount was about that \$12-14,000 or whatever. And so for him I could have zeroed that out. Both of these students were independent, single males, no children, no wife. One was working and earned about the same amount as the one that was on unemployment. The working one does not end up with zero EFC, and it just felt really unfair that the same young man in the same situation because it his unemployment, I've been told it's okay to zero out; he drops down to a zero. He has full Pell, and I'm just really feeling for that other group out there. I mean, I would love to see the formula shift with this extra funding coming along that more of that, that's not even middle income. But that those students get served.

**[MCCULLOUGH:]** Yes. I hear what you're saying. The person who is working and scraping by but they are getting the income, and then on the other we'd said well, his unemployment wouldn't make a tremendous amount of difference for the person you



could zero it out. So I hear what you're saying, I don't really have a good answer for you.

**[AUDIENCE:]** Well, we kind of chose not to do some of them.

**[MCCULLOUGH:]** Yes.

**[AUDIENCE:]** So I guess I have an "I agree" but no real answer. Okay. Thank you for listening.

**[MCCULLOUGH:]** You're welcome. Sure.

**[AUDIENCE:]** [ Inaudible ]

**[MCCULLOUGH:]** She said you wouldn't be penalized not to do an automatic zero, that's correct. Professional judgment is your decision. Yes?

**[AUDIENCE:]** Is there any requirement by the department to verify base year information before you do professional judgment?

**[MCCULLOUGH:]** We've said in the past that, yes, you are supposed to do that. However, in these cases where you are zeroing somebody's income out because they are unemployed, that doesn't seem to be something that you would have to do. But let's say you have an example where you were adjusting the income to account for unusual medical and dental expenses (I'm just making this up). Then you should go ahead and verify the base year income, because you want to make sure you're making the adjustment on the proper income. You know, it's like they had guesstimated that their AGI was going to be \$30,000 because they filed their FAFSA before they had filed their taxes. and when they filed their taxes they actually found out it was \$28,000. You'd want to make the adjustment to the correct figure rather than the incorrect figure.

**[AUDIENCE:]** So your answer is, you should but you're not required to?

**[MCCULLOUGH:]** We've said in the past that you're supposed to. I'm saying that I'm making an exception for that, for the zeroing the EFC, because then it doesn't really matter; it's going to zero. But for other adjustments you should.

**[AUDIENCE:]** Okay, thank you.

**[MCCULLOUGH:]** Sure.

**[AUDIENCE:]** [ Inaudible ]

**[MCCULLOUGH:]** Sure.

**[AUDIENCE:]** [ Inaudible ]



**[MCCULLOUGH:]** Okay, that's interesting. What she was saying, in case people couldn't hear, was that she requires verification of base year income before she does any PJs, with the exception of these zero EFCs, and she said it becomes a good hedge against frivolous PJ requests, because sometimes she'll make requests for the base year income and then they never hear from them again because maybe it wasn't quite accurate.

**[AUDIENCE:]** [ Inaudible ]

**[MCCULLOUGH/GUTHRIE:]** I'm sorry, you said if you've got?

**[AUDIENCE:]** [ Inaudible ]

**[MCCULLOUGH:]** As soon as you receive tax returns you are required to verify, you are required to resolve any conflicts.

**[AUDIENCE:]** [ Inaudible ]

**[MCCULLOUGH:]** You'd have to resolve any conflicts. That's not official verification, but you could call it verification if you are needing to use the tolerances. So, okay, sorry, back there.

**[AUDIENCE:]** Hi. I'm Ellen Haggerty from Keuka College. I just want to see if we're understanding PJ correctly in a certain instance. We're a FFEL school, and it seemed to us as though the lenders were approving many more parents for parent loans than they ever had in the past. Parents that had been denied for the first three years of the student's college were approved for the fourth year. And these are parents who never expected to be approved for parent loans, and when we asked them to fill out a budget sheet showing all their expenses, there was no room for a budget loan repayment. So is it appropriate to use PJ to overturn the approval of the parent loan from the lender?

**[MCCULLOUGH:]** Wow. We're both looking at each other saying, I don't really know. You can use PJ to reduce or deny eligibility for a loan; we didn't really talk about that in this particular session. But that's usually been used in very limited circumstances, and it's usually for the student and not for the parents, because Plus loans I don't think we've had that provision. If you'll give me your name and number, I'll look into it and get back to you.

**[AUDIENCE:]** Thank you very much.

**[MCCULLOUGH:]** We just need a little something to follow up with you on.

**[AUDIENCE:]** Thank you.

**[MCCULLOUGH:]** Okay? Yes?



**[SPEAKER:]** Is somebody else up there?

**[AUDIENCE:]** Hi. I'm Natalie from UC Hastings, and I have a quick question for you guys about, I needed some clarification about cost of obtaining first professional credential or license for students and including that in cost of attendance. I don't know if this will apply as a PJ, because it might be a population of students. Our last year students do take the bar, since they are law students, and typically they take a private loan upon graduation that's about \$12,000 to cover their bar pre-study exams, their bar exam, and their living expenses. But it would certainly be better if we could include that in their cost of attendance and get them a better loan like the Graduate Plus. So I'm wondering, how does this apply in PJ or does it not because it is a whole population?

**[MCCULLOUGH/GUTHRIE:]** It's basically the costs have to be a part of the educational program.

**[AUDIENCE:]** Okay, so it can't be upon graduation?

**[MCCULLOUGH:]** Right. It has to be during the term while they are there, so, yeah.

**[AUDIENCE:]** All right. Thank you very much.

**[MCCULLOUGH:]** You're welcome.

**[MCCULLOUGH/GUTHRIE:]** We've got two minutes. I'm getting signaled from the back. We've got two more questions I think so that will work.

**[AUDIENCE:]** Okay, very quickly. I work at a school in Michigan, and we're seeing a lot of families who don't qualify for unemployment because they've accepted buy-out packages from companies. And I'm just kind of curious as to what some guidance might be about how to handle these severance packages; sometimes they are quite substantial and sometimes they are not. Whether or not we should include them in income, take them out of income.

**[MCCULLOUGH:]** I'd kind of ask your colleagues on that one. I think that's, it's, you're looking at the, go ahead.

**[GUTHRIE:]** I'd also, in addition to that, say you'd want to examine the totality of the family circumstance. That it wouldn't maybe be an automatic decision, but you'd have to look at each one individually, which is what you're doing with professional judgment anyway.

**[AUDIENCE:]** Right, yes.



**[MCCULLOUGH:]** You know, in other words, you might, for example, not include all of it in the asset assessment or you might include some of his, you know, there are a number of ways you could do that, I think.

**[AUDIENCE:]** Thank you.

**[MCCULLOUGH:]** Sure.

**[AUDIENCE:]** Hi, my name is Rachel, and I'm from U.C. Berkley, California. A couple questions: You made reference to the consumer debt and the IPA times 12% like that. With the home mortgage situation the way it is, we've never made any adjustments for an IPA, like, so if the people with the new loans and the exploded loans, their mortgage payments are certainly way higher than the 30% of the IPA. Are you suggesting that we could, if we wanted to, make an adjustment to the adjusted gross income to account for some of that?

**[MCCULLOUGH:]** I guess what I'm suggesting is you could if you wanted to. Mainly an example so that people, a lot of times people will say, "Oh I've got unusual medical or dental expenses." That's always the one, and they say "I've got \$3,000." Well when you apply their percentage you see it's already accounted for in the need analysis so maybe it's not that unusual. I think some things people make decisions about lifestyle issues or non-lifestyle issues, and whether it's really unusual or not, all of those would go into the mix but you could, in fact, make an adjustment if it met all the criteria of case-by-case, unusual circumstance, and documented why it was unusual.

**[AUDIENCE:]** Okay. One of the things that we did too is when we calculate for medical/dental we take out the amount in the IPA, and if they got less tax because they were able to itemize some of those deductions, we take that out as well because it's already in the formula. Another thing that we take into consideration. You made a comment about you can't make an adjustment on the initial FAFSA. I just wanted to make sure I was clear, like if someone files a tax return with a spouse that has died, for instance, they don't have to include that spouse's income on the initial FAFSA though, right?

**[MCCULLOUGH:]** No, you don't have to do that. That's part of the instructions. It helps you on that.

**[AUDIENCE:]** Okay, thanks.

**[MCCULLOUGH:]** Okay, we have one more guy, but we'll stick around here and then everybody else can go.

**[AUDIENCE:]** Okay, my name is Theo [ Inaudible ] from New Orleans, Louisiana. We have a situation, I know you mentioned earlier in the session that we can go from dependent to independent, but we can't go vice versa. And I've been encountering in the past year or so where we are actually getting students, and these are exceptional



students, like this year I have a 15-year-old who actually enrolled in our college, who obviously has some great educational experiences but also has some ADA deficiencies that are on record as well. And we've had situations where this child is actually a ward of the court, so that makes him independent, but now the court has also given guardianship to the maternal grandmother. And the grandmother has been worried about the loans that the student has been taking out over the years that he has been in college and has asked the school, on several occasions, is there a way that that cannot happen? And we've constantly been going through the same situation of, well, technically we can't because of the way the regs are written. Is there some other provision outside of the normal regs that we could use, because we are experiencing the things that the grandparent has come to us, as far as concerns with the student just getting all this money and spending it lavishly and, you know, to where he just doesn't get the comprehension as far as what's going to happen. All of our students don't read those terms of the entrance counsel and so on and so forth. So I'm just trying to get some insight on that.

**[MCCULLOUGH:]** Yeah, I would ask your colleagues, some are around here, if they've got some suggestions. Obviously counseling the student is one alternative that you have. There is the provision of where you can deny or refuse to certify or reduce the certification, but that has to be for other unusual circumstances, and if you've got a case where the student, unless you've got something where you can show reduced cost of attendance or something like that for that particular student, or some funds that they've got that are coming in that would reduce their eligibility automatically. I can't think of something off the top of my head. Does anybody else out there have some suggestions for him? I'm sorry to end on that note.

**[GUTHRIE:]** I'm afraid it's time for us to say thank you.

**[MCCULLOUGH:]** Please leave your evaluations at the back. We appreciate you being here.