



## JANUARY 2023 NEWSLETTER

### IMPORTANT DATES:

*January 1 – Happy New Year!*



*January 10- HEERF Quarterly Reporting must be posted for Q4 2022*

*February 1- DJA Webinar: Consumer Information, Record Keeping and Disclosures*

*February 6- Underuse Penalty Waiver Due*

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*Happy New Year to all! 2022 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 signed the FY 2023 Budget increasing the Pell Grant.*

*Alas, the start of the calendar year reminds us that we are nearly halfway in the 2022-2023 academic year. Schools have been receiving 2023-24 ISIRs since the beginning of October, so preparations for 2023-24 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](http://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](mailto:kcole@gotodja.com) or myself at [djohn@gotodja.com](mailto:djohn@gotodja.com).*

*I wish you a bright, happy and successful New Year and look forward to working with you in 2023!*

*Thank you and stay safe!  
Deborah John, President*



## ***IN THE NEWS: PRESIDENT BIDEN SIGNS FY2023 BUDGET INCREASING PELL GRANT***

On December 29, 2022, President Biden signed the FY 2023 Omnibus Appropriations Bill. The House passed the measure by a 221-205-1 vote on Friday, Dec. 23, following Senate passage by a 68-29 vote on Thursday, Dec. 22. The 1.7 trillion spending package for fiscal year 2023 increases the maximum annual Pell Grant award to \$7,395. This \$500 increase will begin in the 2023-2024 award year. It is the second increase over the past two fiscal years and the largest Pell Grant increase in the past decade.

Although an updated Federal Pell Grant chart has yet to be issued by Federal Student Aid, based on historical releases we can expect one within the next week. DJA will notify our clients once this has been published.

[More money for Pell Grants, research in federal budget \(insidehighered.com\)](https://www.insidehighered.com/news/policy/funding/2022/12/29/pell-grant-increase)

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## ***COD SCHOOL TESTING FOR THE 2023-24 AWARD YEAR***

The FSA Partner and School Relations Center will allow for COD School Testing for the 2023–24 award year from Jan. 3, 2023, through Dec. 18, 2023.

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 2023–24 Sign-Up Document” to the FSA Partner and School Relations Center.

Complete testing information is available in the [COD School Testing Guide \(Volume 5 of the 2023–24 COD Technical Reference\)](#) posted on the [Knowledge Center](#). In this announcement, we provide useful high-level information about COD School Testing for the 2022–23 award year.

### **Participation in COD School Testing for the 2023–24 Award Year**

Any school that will participate in the Pell Grant, TEACH Grant, or Direct Loan program for the **first time** in the 2023–24 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. We encourage 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 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 EDEExpress 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 1 testing before participating in Phase 2 testing. Following the completion of Phase 1 and Phase 2 testing, an organization may participate in Phase 3. 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 FSA Partner and 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	01/03/2023	10/02/2023
Phase II	Structured Application Testing	04/13/2023	11/18/2023
Phase III	Unstructured Application Testing	04/13/2023	12/18/2023

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/2022-12-12/cod-school-testing-2023-24-award-year>.

### COD School Testing Sign-Up Process

An organization registers for testing by completing the “COD School Testing 2023–24 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 5 of the COD Technical Reference.

An organization may register to participate in Phase 1 testing, in both Phase 1 and Phase 2 testing, or in Phase 1, Phase 2, and Phase 3. To ensure enough time to complete all testing before the established testing end dates, organizations must register no later than Sept. 18, 2023.

An organization should submit the completed sign-up document to the FSA Partner and School Relations Center by faxing it to 1-877-623-5082 or emailing it to [CODSupport@ed.gov](mailto:CODSupport@ed.gov) with “School Testing Sign-up” in the subject line. After the sign-up document is received, the FSA Partner and 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](mailto:CODSupport@ed.gov).

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### 90/10 QUESTIONS AND ANSWERS WEBSITE UPDATE

The Office of Postsecondary Education maintains a website containing questions and answers (Q&As) that pertain to the [Affordability and Student Loans](#) final regulations that were published on Oct. 28, 2022.

Recently the website was updated to include the following Q&As to the 90/10 portion of this website:

- Landing Page: <https://www2.ed.gov/about/offices/list/ope/policy.html>
- Direct Link to the Q&As: <https://www2.ed.gov/policy/highered/reg/hearulemaking/2009/90-10-q-and-a.html> (we have also shared them within this article below).

The website also now contains a direct link to the unofficial copy of the *Federal Register* notice providing the Federal education assistance funds, by agencies, that proprietary institutions must include in their 90/10 calculation.

- Direct Link to the unofficial copy of the *Federal Register* notice: [9010fedregnoticerev.pdf](#)

### 90/10- Questions and Answers

Questions on this topic are divided into the following categories:

- Ineligible Programs (IP)
- Comingled Federal and State Funds (CFSF)
- Income Share Agreements (ISA)
- Enrollment Limitations (EL)
- Exiting Title IV Programs (ETIVP)

If you do not see the answer to your question here, you can email [ashley.clark@ed.gov](mailto:ashley.clark@ed.gov). The Department will provide more student focused information at <http://studentaid.gov/>.



## Ineligible Programs

IP-Q1: If an institution has developed a new program that is approved by a State licensing agency and its accrediting agency but not by the Department, can the cash payments from that program be included in the 10 side of the 90/10 calculation? Likewise, in what instances can institutions count revenue generated from programs that provide Continuing Education Units and are approved by the relevant State agency?

IP-A1: The institution can count revenue from an ineligible program if it meets the criteria described in a, b, c, and d below:

- a. The program does not include any courses offered in a Title IV eligible program. This also means that the courses in the ineligible program cannot transfer or be applied to a Title IV program if the institution wants to include revenue from the ineligible program in its 90/10 calculation. In addition, courses in an ineligible program that require participation in or completion of a Title IV program at the institution as a requisite for taking the ineligible course cannot be included.
- b. The program is provided by the institution and taught by the institution's instructors, which means instructors that are employed by the institution, not 1099 contractors or any other contract arrangement for instruction. Further, the program must be taught at the institution's main campus or one of its approved additional locations, at another school facility approved by the appropriate State agency or accrediting agency, or at an employer facility. This excludes fully distance education programs or programs offered in-part through distance education.
- c. The program must meet at least one of the below requirements:
  - i. Be approved or licensed by the appropriate State agency;
  - ii. Be accredited by an accrediting agency recognized by the Secretary under 34 CFR part 602;
  - iii. Provide an industry-recognized credential or certification;
  - iv. Provide training needed for students to maintain State licensing requirements; or
  - v. Provide training needed for students to meet additional licensing requirements for specialized training for practitioners who already meet the general licensing requirements in that field.
- d. Finally, institutions are prohibited from including in their 90/10 calculation revenue from either eligible or ineligible programs where they merely provide facilities for test preparation courses, act as a proctor, or oversee a course of self-study. Revenue from proctoring entrance exams for enrollment in a Title IV program cannot be included.

IP-Q2: Can institutions count revenue from non-Title IV eligible programs that are part of a Title IV eligible program but can also be offered as a stand-alone program?

IP-A2: No. As 34 CFR 668.28(a)(3)(iii) states, institutions can only count revenue from ineligible programs that do not include any courses included in a Title IV program. Likewise, the program cannot include courses that can be transferred or counted in a title IV eligible program. In addition, courses in an ineligible program that require participation in or completion of a Title IV program at the institution as a requisite for taking the ineligible course cannot be included.





IP-Q3: Can the Department provide more clarity on what it means by ineligible programs cannot include any courses from Title IV eligible programs, if the institution wants to count revenue from that ineligible program in its 90/10 calculation?

IP-A3: Ineligible programs should not offer courses that are offered in Title IV eligible programs. For example, if a course titled Course 101 is offered in a Title IV eligible program, an institution cannot count revenue from an ineligible program that offers Course 101 or its equivalent. Simply changing the name or numbering of a course when the course content is the same will result in the revenue from the ineligible program not counting for the 90/10 calculation. Further, if courses in the ineligible program are transferred or applied to a Title IV eligible program, no revenue from the ineligible program may be counted as revenue in the institution's 90/10 calculation. In addition, courses in an ineligible program that require participation in or completion of a Title IV program at the institution as a requisite for taking the ineligible course cannot be included.

### **Comingled Federal and State Funds**

CFSF-Q1: Can the Department provide an example or examples of funds provided by a non-Federal Agency that would need to be allocated between State and Federal funds? Will the Department provide a non-comprehensive list of funds that schools should expect to allocate?

CFSF-A1: The Department will list all Federal education assistance funds in a list that is published in the Federal Register. States may sub-grant certain funds. The Department will not be including the name of each State sub-grant awarded under the Federal program in the Federal Register notice.

CFSF-Q2: For the examples provided, can the Department provide additional information about the breakdown needed between Federal and State fund sources?

CFSF-A2: The Department understands that governing statutes may require that States or other non-Federal entities contribute a minimum funding level, but States may choose to contribute more. Further, the amount the State or non-Federal entity is required to contribute may vary by State or territory. Institutions are best positioned to work with the relevant agencies to determine the precise Federal and non-Federal breakdown of funds, and therefore the Department will not be providing this breakdown.

CFSF-Q3: Can you please share with us the Department's interpretation of how an institution should account for comingled Federal and State funds, how and what an institution must do in order to comply with requirements, and what case-by-case issues can be raised?

CFSF-A3: If an institution receives funds from non-Federal entities that are comingled with Federal education assistance funds, the institution should reach out to the non-Federal entity to determine the Federal portion of the grant funds. In limited situations where the institution is unable to obtain the breakdown, institutions must exclude the entirety of those funds from their calculation. If an institution cannot determine the breakdown of funds, the Department may evaluate whether the institution sufficiently made an effort to obtain the breakdown on a case-by-case basis. The ARP clearly states that all Federal education assistance funds should be included in

the 90/10 calculation, and therefore the Department would scrutinize instances where the institution did not make an effort to obtain the breakdown of funds.

### **Income Share Agreements**

ISA-Q1: Can the Department provide more information about what criteria -Income Share Agreements (ISAs) issued by an institution or related party must meet for an institution to include payments made on these agreements in its 90/10 calculation?

ISA-A1: Institutions can count payments made on ISAs or other alternative financing agreements that are between a student and the institution or party related to the institution, as defined in 34 CFR 668.28(a)(5)(ii), in their 90/10 calculation if:

- a. The institution clearly identifies the student's institutional charges, and those charges are the same or less than the stated rate for institutional charges;
- b. The agreement clearly identifies the maximum time and maximum amount a student would be required to pay, including the implied or imputed interest rate and any fees and revenue generated for a related third-party, the institution, or any entity described in paragraph 34 CFR 668.28(a)(5)(ii) for the maximum time period; and
- c. The institution applies a portion of the payment to return of capital and a portion to profit to the institution as a result of the ISA. Revenue, interest, and fees associated with the ISA are not included in the calculation. This means that institutions should not include the full amount of payments in their 90/10 calculation because a portion of payments must be allocated to profit, which are not included in the 90/10 calculation. Institutions should have a consistent policy on how they apply return of capital to tuition, fees, and other institutional charges that are eligible for 90/10 and to those that are not eligible.

Further, as institutions are reminded in the preamble to the Final Rule, institutions must apply payments as directed in 34 CFR 668.28(a)(4). Therefore, depending on how a student funds their program, institutions may not be able to count the full amount of payments allocated to return of capital.

To provide an example: Student A's tuition, fees, and other institutional charges are \$1500. Student A receives \$900 in Federal education assistance. An institution issues a \$1000 ISA to Student A. As outlined in 34 CFR 668.28(a)(4), institutions must presume that Federal education assistance funds are applied to tuition, fees, and other institutional charges prior to other sources of funds. Therefore, the institution can only count \$600 of payments allocated as return of capital in its 90/10 calculation because that is what can be applied to tuition, fees, and other institutional charges. As stated above, institutions must count a portion of each payment from the student as a return of capital and a portion as profit.

### **Enrollment Limitations**

EL-Q1: Can an institution set enrollment limits for the number of students it will admit for that class start based on funding source, such as Title IV, HEA funds or other sources of Federal education funds?

EL-A1: No, institutions cannot set enrollment limits based on funding source as this is discrimination against Title IV students. Given that the ARP modified the HEA to state that other sources of Federal education assistance funds should be treated like Title IV funds in the 90/10 calculation, the Department extends the prohibition against discrimination against Title IV students to also include other sources of Federal funds.

**Exiting Title IV Programs**

ETIVP-Q1: Can an institution choose to withdraw its participation from the Direct Loan Programs but continue its participation in Pell and SEOG and FWS? If an institution withdraws from the loan programs during the middle of its fiscal year, must it file any special report relating to its Direct Loan Programs participation or can it simply wait until its compliance audit and FISAP are due?

ETIVP-A1: Yes, institutions choose which HEA programs they participate in. In order to leave the Direct Loan program, institutions would have to provide a close out accounting in their annual audit submission (see 34 CFR 668.23). Additionally, institutions would have to disburse the funds which students are eligible for under 34 CFR 668.25.

ETIVP-Q2: If an institution has withdrawn from the loan programs for a period of one or more years and later seeks to re-enter that loan programs, what criteria must it meet to be re-admitted?

ETIVP-A2: Institutions can apply to be re-admitted into the Direct Loan program during the recertification process, and the Department would review an institution's application at that time. Additionally, institutions would need to submit their close out audit, and we must have reviewed and approved it before institutions can re-apply to participate in the Direct Loan program. In instances where an institution leaves the program and then seeks to be re-admitted, as part of the Department’s review during the re-certification process, we would examine if an institution is leaving and re-entering the program to avoid noncompliance with 90/10 requirements.

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**FISCAL YEAR (FY) 2020 COHORT DEFAULT RATE CALCULATIONS**

The phrase “cohort default period” refers to the three-year period that begins on October 1 of the fiscal year when the borrower enters repayment and ends on September 30 of the second fiscal year following the fiscal year in which the borrower entered repayment. This is the period during which a borrower’s default affects the school’s cohort default rate. For the FY 2020 Cohort Default Rate the three year time period begins on October 1, 2019 and ends on September 30, 2022.

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

**Cohort Default Rate**

<b>DRAFT</b>	Calculation:	January 2023
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<b>FY 2020 3-YEAR</b>	Release:	February 2023
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<b>OFFICIAL FY 2020 3-YEAR</b>	Calculation:	August 2023
	Release:	By September 30, 2023

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](mailto:NSLDS@ed.gov).

Please note, DJA hosted a webinar earlier this month on Cohort Default Rates as part of our Monthly Webinar Series. To catch the replay of that webinar, DJA clients can visit the Client Access Portal at [www.gotodja.com](http://www.gotodja.com).

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## **DIRECT LOAN PROGRAM RECONCILIATION**

In November, the Department of Education published general information regarding Title IV aid disbursement reporting, excess cash, and reconciliation requirements. In December, they shared an 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, there will be 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 questions and answers below.

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, the Department also provided a questions and answers section within their announcement. To view that, visit: <https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2022-12-29/william-d-ford-federal-direct-loan-program-reconciliation>.

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](mailto: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.



## COMPLIANCE CORNER PROFESSIONAL JUDGMENT

Last year, the Office of Inspector General (OIG) released a report outlining a variety of issues present in their 2021 audits relating to the Student Financial Assistance Programs. Among the areas reported in their audit findings, concerned the completion of Professional Judgments (PJ). Although the OIG has not yet issued a report for the 2022 year, we wanted to reshare this topic in our Compliance Corner because as a third-party financial aid servicer, there is often still clarification needed with the Professional Judgment process.

In compiling their report, the OIG 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 its 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 law gives some examples of special circumstances that **MAY** be considered (HEA Sec. 479A):

- Change in employment status, income, or assets
- Change in housing status (e.g., homelessness)
- Tuition expenses at an elementary or secondary school
- Medical, dental, or nursing home expenses not covered by insurance



- Child or dependent care expenses
- Severe disability of the student or other member of the student’s household
- Other changes or adjustments that impact the student’s costs or ability to pay for college.

This is not an exhaustive list. You may use your discretion to make appropriate, reasonable adjustments to reflect a student’s situation more accurately. As explained in Chapter 2, this may include accounting for resources, such as in-kind support, that do not appear on the FAFSA or in the EFC calculation. You may also use your discretion to deny a student’s request for adjustment. However, you may not maintain a policy to deny all requests for special circumstance adjustments. This means that schools can no longer indicate that they do not perform PJs. Your institution must develop policies and a process for reviewing requests for professional judgment. Additionally, your institution must publicly disclose that students may request an adjustment based on special circumstances. This could include (but is not limited to) posting what may be considered a special or unusual circumstance on your website, include such information in mailings to students, or add language on award notifications.

The reason for your decision to approve or deny a request for professional judgment and any subsequent adjustments must be documented. The documentation 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 before making any adjustments. An FAA’s decision regarding adjustments is final and cannot be appealed to the Department.

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.

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: [AVG: Chapter 5 Special Cases](#).

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

[U.S. Department of Education FY 2022 Management Challenges](#)

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## DJA CALENDAR

### DJA WEBINARS

*Consumer Information, Record Keeping and Disclosures – Wednesday, February 1, 2023: 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](mailto: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.

### 2023 DJA WEBINAR SCHEDULE

FEB 1	Consumer Information, Record Keeping and Disclosures
MAR 1	Administrative Capabilities
APR 5	Satisfactory Academic Progress
MAY 10	Return of Title IV Funds (Including LOA)
JUN 7	General Participation Requirements
JUL 12	Campus Crime Report
AUG 2	Entrance and Exit Counseling
SEPT 6	Cash Management
OCT 4	Enrollment Reporting Using NSLDS
NOV 1	Program Integrity (Audits, Program Review)
DEC 6	1098-T Reporting



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## FSA WEDNESDAY WEBINAR SERIES

FSA announced last month in an electronic announcement an additional set of webinars in their Wednesday Webinar Series, a series of live, two-hour webinars (from 1-3 p.m. ET) which cover a variety of topics related to the *Title IV* programs. The webinars provide the most recent guidance from the U.S. Department of Education (the Department) and the office of Federal Student Aid, including statutory and regulatory updates. Operational information and reminders are also shared. Participants are encouraged to ask questions by typing them into the chat during the webinar and a live Q&A session follows each presentation.

Federal Student Aid staff will present the next set of webinars in this series in January–May 2023. More webinars that address topics of interest to the financial aid community will be announced in the future. You do not need to register for these webinars. Participation will be available on a first come, first-served basis and each session can accommodate up to 10,000 attendees in each session. For the links to each webinar session, see the electronic announcement: [Live Internet Webinars – Wednesday Webinar Series, Winter–Spring 2023 | Knowledge Center](#)

JAN 11	Administering Disbursements
FEB 8	Pell Grant Recalculations for Modules
MAR 15	Verification 2022-23 and 2023-24
APR 5	Federal Update
MAY 24	SAP Essentials

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*Disclaimer: The information presented in this Newsletter is provided as a service and represents our best efforts to assist institutions with federal student aid regulations. We have collected information we believe to be important in finding and obtaining the resources for administering federal student aid; however, we assume no liability for the use of this information. The information in this newsletter does not constitute, and should not be construed as, legal advice.*

