



THE LIVERPOOL INSTITUTE
FOR PERFORMING ARTS

Professional Judgment (PJ) Policy & Procedures in Relation to the Origination and Disbursement of US Federal Financial Aid

Responsible for Policy	Darren Murphy, International Manager
Relevant to	All United States (US) students in receipt of, or potentially eligible for Federal Loans
Approved by	David Fletcher, Chief Operating Officer
Date Approved/Last Approval	May 2026
Next review date	May 2031
Relevant Documents	
Cost of Attendance Calculator	
Related Policies and Documents	
Return to Title IV (R2T4) Funds Policy	

1. Policy Statement

- 1.1. LIPA recognises that standard Free Application for Federal Student Aid (FAFSA) formulae may in unusual circumstances not accurately reflect a family's ability to pay for college.
- 1.2. This policy establishes the conditions under which Financial Aid Administrators within the International Team may exercise discretion (known as Professional Judgement or PJ) to adjust a student's cost of attendance (COA) or the data elements used to calculate their Student Aid Index (SAI) in accordance with HEA Section 479(a) and 480(d)(7).

2. Guiding Principles

- 2.1. To ensure consistency, the following overarching guiding principles are in place:
 - **Case-by-Case Basis:** Professional Judgement cannot be used to perform "category-wide" adjustments for groups of students. Each request must be reviewed individually;
 - **Documentation:** Every adjustment must be supported by third-party documentation;
 - **No Circularity:** Financial Aid Administrators (FFAs) cannot use PJ to bypass the laws that govern PJ itself (e.g., they cannot waive the requirement for documentation); and
 - **Finality:** The FAA's decision is final and cannot be appealed to the U.S. Department of Education.

3. Categories of Professional Judgement

Special Financial Circumstances

- 3.1. These involve adjustments to the data elements on the FAFSA that affect the SAI. Examples may include (but are not limited to):
 - **Loss of Income:** Significant changes to parental income due to termination, disability, retirement, or business closure;
 - **Medical Expenses:** Unreimbursed medical or dental expenses that exceed a certain percentage of the family's income;
 - **Family Changes:** Recent divorce, separation, or death of a parent/spouse; or
 - **One-Time Income:** Receipt of a one-time inheritance or IRA distribution that inflates the family's "normal" income.

Unusual Circumstances affecting Dependency Status

- 3.2. These involve changing a student's status from "Dependent" to "Independent" due to an irrevocable breakdown in the parental relationship. Examples include:
 - Human trafficking or refugee/asylum status;

- Parental abandonment or estrangement due to an unsafe home environment (abuse, neglect); or
- Incarceration of one or more parent.

Note: Dependency overrides cannot be granted solely because parents refuse to pay or do not claim the student on taxes.

Cost of Attendance (COA) Adjustments

- 3.3. The FAA may increase a student's budget to allow for additional borrowing or grant eligibility due to (but not limited to):
- Higher-than-average childcare or dependent care costs;
 - Unexpected transportation or housing costs;
 - Costs relating to a disability or disabilities; or
 - Medical expenses not covered by insurance.

4. Documentation Requirements

- 4.1. No PJ will be processed without a formal request to the Financial Aid Administrator and supporting evidence, which may include:
- **Income Loss:** signed tax returns, W-2s, and final pay stubs or layoff notices;
 - **Medical:** Itemised bills and a summary of insurance payouts; or
 - **Dependency:** At least two letters from disinterested third parties (counsellors, clergy, social workers, or police).

5. Timeline and Notification

- 5.1. Submission: Students are encouraged to submit PJ requests after their initial FAFSA has been processed.
- 5.2. Review Time: The Financial Aid Office will typically review requests within 10–14 business days.
- 5.3. Notification: Students will receive a revised Award Letter if the PJ results in increased aid eligibility. If denied, a written explanation will be provided.

6. Appeal

- 6.1. Students retain the right to appeal the decision of the Financial Aid Administrator by formally writing to LIPA's Chief Operating Officer within 10 working days of being notified of the denial to exercise professional judgement.