



PROFESSIONAL JUDGMENT

TOPIC: Exceptional Expenses

IM STANDARD TREATMENT

The IM standard treatment does not recognize exceptional family expenses. Basic living expenses are recognized in the Income Protection Allowance (IPA), which represents median expenditures for families at the low budget level. The rationale for using the low budget level to derive the IPA is to identify the family income level below which no contribution from income would be expected since the income is barely high enough to cover basic living expenses.

FM STANDARD TREATMENT

The FM standard treatment does not recognize exceptional expenses.

WHY PROFESSIONAL JUDGMENT MIGHT BE APPROPRIATE

An adjustment may be warranted in cases where the exceptional expenses do not reflect lifestyle choices, which are discretionary, but rather unavoidable expenses. Examples include uninsured casualty losses, some types of bankruptcies, natural disasters, funerals, and certain expenses related to divorces or other legal fees.

HOW IM COULD BE ADJUSTED

If the expense was a one-time payment, the aid administrator may want to reduce the family's available income. If arrangements have been made to pay for the expense over a number of years, it may be more appropriate to reduce the family's discretionary net worth.

HOW FM COULD BE ADJUSTED

The FM could be adjusted in the same way as the IM. However, the adjustment must be made to a data element rather than to a computed value.

HOW COLLEGE BOARD SERVICES SUPPORT PJ

CSS/Financial Aid PROFILE

Families will report additional information in Section ES. This is a good place to look for information about special family circumstances that affect the family's ability to pay for college, including exceptional expenses.

College Board IM Options

An institution using software that utilizes the College Board's IM may enter exceptional expenses as a student-specific override in "other income allowance" or in "other asset allowance."

DOCUMENTATION

All changes should be documented.

The aid administrator may want to collect:

- A statement from the family documenting the circumstances
- Copies of payment plans or agreements, charges and insurance statements