PROFESSIONAL JUDGMENT

TOPIC: Parents' Education Expenses

IM STANDARD TREATMENT

The IM standard treatment does not include parents in the number in college. The reason is that in many cases, the parent attends a low-cost local institution on less than a full-time basis, and may not be enrolled in a degree program. Even if enrolled in a degree program, the costs incurred by the parent are usually fairly low. In addition, if the parent is pursuing a degree or certificate for professional advancement reasons, the costs may be paid by the parent's employer.

FM STANDARD TREATMENT

The FM standard treatment is the same as the IM.

WHY PROFESSIONAL JUDGMENT MIGHT BE APPROPRIATE

Although the parent is not included in the number in college adjustment in the standard IM, there may be instances when the financial aid administrator would want to account for the costs the parent incurs. In deciding whether to recognize these costs, the aid administrator may want to determine whether the parent's enrollment is discretionary or is related to retraining or professional advancement, and if the parent has resources such as employer-reimbursed tuition benefits or financial aid.

HOW IM COULD BE ADJUSTED

Parents' direct educational expenses (out of pocket expenses for tuition, fees, books and supplies) can be recognized in one of four ways.

- Increase the number in college to include the parent. In choosing this option, the aid administrator should keep in mind that the IPA will be reduced. This may only be appropriate when the parent's educational expenses are equal to at least half of the parent contribution for the student based on one-in-college.
- Make a direct allowance against income based on the actual direct educational expenses of the parent.
- Make a direct allowance against the parent contribution based on the out-of-pocket expenses incurred by the parents. This would only be appropriate if the out-of-pocket expenses were less than half of the contribution for the student.

- Allow a standard amount to be deducted from the parent contribution based on the average cost at the type of institution the parent is attending (i.e., community college, four-year private institution, etc.).

HOW FM COULD BE ADJUSTED

The amount of the parent's direct education expenses could be added to U.S. taxes paid (any other adjustment to income would impact the state tax calculation) resulting in a reduction in the parent's available income, but not impacting their state tax computation. Alternatively, the parent could be added to the FM number in college using the FM parent in college override. Actual costs of the program may determine which option should be used.

HOW COLLEGE BOARD SERVICES SUPPORT PJ

CSS/Financial Aid PROFILE

The PROFILE Application collects the parents' college enrollment status in Section PD – Parent Data.

College Board IM Options

An institution using software that utilizes the College Board's IM may establish a global IM parameter to reinstate the parent in the number in college.

DOCUMENTATION

All changes should be documented.

The aid administrator may want to collect:

- Documentation of enrollment from the college or university
- Verification of proof of payment of the portion of costs incurred by the parent