

EMPLOYMENT

Worst in
50 Years

Economy influences college choice

The Recession and Professional Judgement

By Robert Ritz

unemployment levels soar

MARKET DROPS

economy in turmoil

More jobs lost

layoffs

Students in race for state college financial aid funds

families struggle with costs

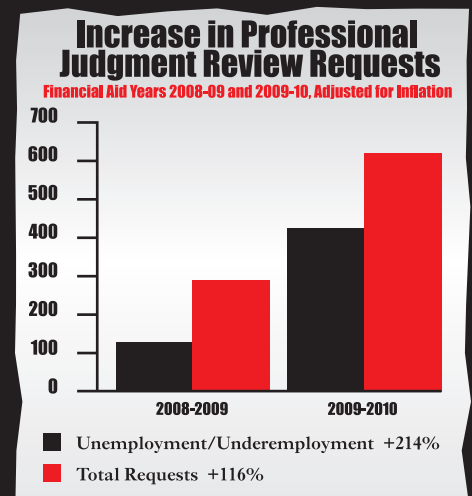
college cuts admission

The economic slump and changes to the FAFSA in the last year have had a significant impact on administering professional judgment requests. With sustained higher levels of unemployment and underemployment, stories of student struggles persist. Only through proactive measures can we keep changes in family circumstances from jeopardizing our students' educational goals.

A glimpse of the weakening financial markets, bank failures and growing angst a year ago suggested that professional judgments would play a significantly larger role for the fall 2009 packaging season at many universities than in prior years. Time soon proved this expectation true at Liberty University. After watching the stock market free fall for weeks during the fall of 2008, our institution noticed that a growing number of families began reporting job losses to our staff, especially after the holidays. Those who still had jobs often experienced income reductions due to loss of pay, overtime, or regular work hours.

During 2009-2010, the early numbers clearly show a jump in professional judgment activity at our university. Liberty University has been fortunate to experience a 20.5% overall increase in enrollment from fall 2008 to fall 2009.

Even after eliminating the effect of this growth, data show that professional judgment requests grew by 116%, while requests related to unemployment grew at the rate of 214%.



This increase in the number of professional judgment requests, combined with our institutional policy requiring discretionary federal verification to process professional judgments, required our school to nearly double the number of staff hours committed to the professional judgments. This time was dedicated to reviewing requests on a case-by-case basis, communicating with families, and processing the results.

In this economy, families appreciate practical advice on reducing college costs. Here are a few ideas you could share:

Downgrade the residence hall tier: If your campus offers tiered room rates, encourage struggling students to move into a lower tier—even mid-year.

Clever use of CLEP: CLEP tests and other "test out" programs can help students earn a significant number of general education credits for a very low cost.

Maximizing tuition: Academically strong students can take extra courses (without increasing tuition charges) at schools with flat rates for full-time enrollment. As long as grades are maintained, everyone wins, including the taxpayers who are funding Title IV aid.

Graduating to graduate school: We encourage our students graduating with bachelor's degrees to move right into graduate school. Instead of returning home to fight for scarce entry-level jobs, we recommend they use this economic lull to pursue higher skill sets to be better prepared when the job market bounces back.

Using FWS: The Federal Work-Study (FWS) program is not designed just to make the award letter look pretty. In 2009-10 we awarded work study to many more needy students. The total funds awarded allowed us to net enough FWS earnings for our allocation, even before our American Recovery and Reinvestment Act (ARRA) increase. We posted more jobs this year and proactively encouraged students to help themselves by working.

Within this context, several areas of the institution worked toward the common goal of helping students effected by the recession. Our chancellor authorized the awarding of an additional \$400,000 of institutional aid. The human resources office stepped in to provide support for Federal Work Study (FWS) job activity. Our student advocate's office reached out proactively to current students, including outbound call campaigns with a student-centered "just checking in on you" message. The financial aid office also provided professional judgment awareness training to help staff from other areas become more aware of the basic criteria for professional judgments in order to help identify struggling students.

The New FAFSA Dependency Question

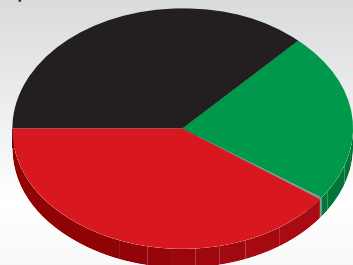
In addition to the professional judgment activity generated by the economic downturn, for 2009-10 the U.S. Department of Education also implemented a new FAFSA question giving dependent students the option of leaving parental information blank. When a student uses this option, the ISIR is sent to the school with a #295 comment code and the above comment text appears on the Student Aid Report (SAR).

Like many other schools, Liberty University implemented a proactive procedure to contact and assist students whose aid cannot be processed because of the #295 code. When the FAFSA comment code #295 is imported into the university system (in this case, SunGard Higher Education Banner), the system automatically launches several tasks. First, the system flags the student for discretionary verification, which is a standard procedure for professional judgments at Liberty University. This results in the system assigning "missing document" indicators for

"You did not report information about your parents on your FAFSA. You indicated you have special circumstances, and therefore you must contact your Financial Aid Administrator before your eligibility for federal student aid can be determined."

(Comment generated on the Student Aid Report by Code 295)

Response to Comment Code #295



- New ISIR received, student added parental data: 37%
- Dependency Override Processed: 23%
- Incomplete (under review): <1%
- Student did not respond: 40%

“Your thoughtful use of professional judgment, especially to address a student’s financial and family circumstances that may have changed from the base year information originally reported on the student’s FAFSA, may be critical in determining whether the student can enter or continue in postsecondary education.”

(U.S. Department of Education, April 2, 2009, GEN-09-04 Letter)

necessary forms (such as the federal tax forms) and posting a verification worksheet to the record. The university then automatically sends the student a missing information letter and an institutional special circumstances form.

The special circumstances form helps the student understand the general criteria for a dependency override. If, after reading this description, the student determines that he or she is not qualified to submit a request for a dependency override, the form instructs the student to submit parental information on the FAFSA and to sign and return the special circumstances form to the university. The purpose of requesting the form even when the student does not qualify for a dependency override is to assist the university in coding the student properly. Once the returned form is indexed into the record, unnecessary subsequent requests for documents related to the process cease. Without a response, however, the system continues to attempt to collect the information by contacting the student up to twelve times. These contacts alternate weekly between email and paper letters.

To date, 77% of the students who received the proactive special circumstances form did not ultimately have a dependency override processed. In fact, 40% of the students contacted by the school ignored the request for more information altogether. However, 37% of the students responded to the special circumstances form by updating their FAFSA with parental information. The ISIR reflected this through comment code #296. Many students also complied with our request to return the institutional form so that we could code them and cease our contact attempts until we received the next ISIR transaction. While these students did not qualify for the dependency override, the process benefitted


the students by moving them toward returning to the FAFSA and adding parental information.

Overall, there was no flood of dependency override activity. Although the new FAFSA question did generate more work for staff resolving the FAFSA-related information, the number of dependency override approvals increased by a small percentage compared to what we saw occur with unemployment.

Taking an Active Role

One of the most rewarding aspects of being a financial aid administrator is helping students and their families meet a legitimate need. Not long ago, a student in my office stated in a single sentence that his dad lost his job and he would need to go home. As aid administrators, we need to continue to disconnect those kinds of statements: Yes, your father has lost his job... however, stopping your education does not need to be the automatic response.

As stewards of federal, state, and institutional resources, we should not only seek ways to help students meet their educational costs and complete their programs, we should also offer them guidance on saving money. Each aid office should challenge itself to develop a list of cost saving measures that students and families can embrace beyond simply seeking additional financial aid. (See the sample list in the side-bar for some ideas.)

Even with Liberty University’s tight institutional procedure that requires third-party professional documentation of special circumstances and discretionary verification, the numbers show that many families are struggling and qualifying for some form of intervention. Further, although the new FAFSA question only resulted in a slight difference in dependency override numbers, it did at least heighten our awareness of uncommon family situations. To assist students, we must continue to be vigilant in monitoring their circumstances. The 2009-10 academic year is not over yet and professional judgment requests are still coming in. 

Robert Ritz is Executive Director of Financial Aid at Liberty University. He may be reached at RLRitz@Liberty.edu.

