**U.S. DIRECT LOANS**

**Professional Judgement and Dependency Override Policy**

The Federal regulations governing the administration and disbursement of U.S. Direct Loans determine the majority of the decisions that the financial aid administrators (Funding, Graduation & Awards Advisors/Officers) at the University of Birmingham make. However, in certain circumstances, we may exercise discretion. For example, we may be able to take into account a student’s special circumstances or unusual circumstances to make adjustments to their calculated cost of attendance or perform a dependency override for an undergraduate student.

**Special Circumstances** refer to the financial situations (loss of a job, etc.) that justify an aid administrator adjusting data elements in the COA or in the SAI calculation.

**Unusual Circumstances** refer to the conditions that justify an aid administrator making an adjustment to a student’s dependency status based on a unique situation (e.g., human trafficking, refugee or asylee status, parental abandonment, incarceration), more commonly referred to as a dependency override.

**Special Circumstances: Cost of Attendance Adjustment and SAI Calculations**

Circumstances in which the University is willing to consider adjusting a student’s calculated cost of attendance would include (but not be limited to) the following:

* A student demonstrates that they have a disability or specific learning difficulty which causes them to incur additional costs
* A student demonstrates that they have children who are financially dependent on them and who have been authorised to travel with them to the U.K. and reside with them during their study.
* Change in employment status, income, or assets
* Change in housing status (e.g., homelessness)
* Medical, dental, or nursing home expenses not covered by insurance
* Tuition expenses at an elementary or secondary school
* Other changes or adjustments that impact the student’s costs or ability to pay for college.

During a qualifying emergency, disaster or economic downturn, the University may:

* determine that the income earned from work for an applicant is zero, if the applicant can provide paper or electronic documentation of receipt of unemployment benefits or confirmation that an application for unemployment benefits was submitted; and
* make additional appropriate adjustments to the income earned from work for a student, parent, or spouse, as applicable, based on the totality of the family's situation, including consideration of unemployment benefits.

The reason for any adjustments made as a result of the financial aid administrators exercising their professional judgement must be documented with a written justification; any supporting documentation will be required and held on the student’s file for three years. Documentation pertaining to unemployment should be submitted no more than 90 days from the date it was issued.

Acceptable documentation for evidence may include:

* A documented interview between the student and the financial aid administrator; or
* Supplementary information, as necessary, about the financial status or personal circumstances of eligible applicants as it relates to the special circumstances.

**Unusual Circumstances: Dependency Status and Dependency Override**

**Postgraduate Students**

Students on Postgraduate or professional programmes at the start of the academic year are deemed to be independent.

**Undergraduate Students**

Depending on their circumstances, many Undergraduate students are deemed to be dependant. The regulations governing the Federal Student Aid (FSA) programmes are based on the premise that the family is the first source of an undergraduate student’s support. They provide several criteria for deciding whether or not a student is considered independent of their parents for aid eligibility. If a student is considered a dependent of their parents, their income and assets must be included on the FAFSA, and the CPS will calculate a parent contribution and add it to the student’s contribution to derive an SAI (formerly EFC).

If the student answers yes to any of these questions, then they are considered to be independent for the purposes of Title IV Aid:

**Dependency Status Questions on the 2024-25 FAFSA® Form**

|  |  |  |
| --- | --- | --- |
| Were you born before Jan. 1, 2001? | Yes | No |
| As of today, are you married? (Answer “No” if you are separated but not divorced.) | Yes | No |
| At the beginning of the 2024–25 school year, will you be working on a master’s or doctorate program (such as an M.A., MBA, M.D., J.D., Ph.D., Ed.D., graduate certificate, etc.)? | Yes | No |
| Are you currently serving on active duty in the U.S. armed forces for purposes other than training? (If you are a National Guard or Reserves enlistee, are you on active duty for other than state or training purposes?) | Yes | No |
| Are you a veteran of the U.S. armed forces?\* | Yes | No |
| Do you have children or other people (excluding your spouse) who live with you and who receive more than half of their support from you now and between July 1, 2024, and June 30, 2025? | Yes | No |
| At any time since you turned age 13, were you an orphan (no living biological or adoptive parent)? | Yes | No |
| At any time since you turned age 13, were you a ward of the court? | Yes | No |
| At any time since you turned age 13, were you in foster care? | Yes | No |
| Are you or were you a legally emancipated minor, as determined by a court in your state of residence? | Yes | No |
| Are you or were you in a legal guardianship with someone other than your parent or stepparent, as determined by a court in your state of residence? | Yes | No |
| At any time on or after July 1, 2023, were you unaccompanied and either (1) homeless or (2) self-supporting and at risk of being homeless?\*\* | Yes | No |

 ***Source:*** [Dependency Status | Federal Student Aid](https://studentaid.gov/apply-for-aid/fafsa/filling-out/dependency)

In unusual cases, the financial aid administrators (FAA) at the University of Birmingham can perform a ‘Dependency Override’ (i.e. they can determine that a student who does not meet any of the basic independence criteria should still be treated as an independent student). Decisions are made at the discretion of the financial aid administrators (within the Funding, Graduation & Awards team). This is done on a case-by-case basis for students with unusual circumstances. Circumstances such as the following, if supported by documentary evidence, may warrant consideration of a dependency override:

* Student or parent incarceration (where student cannot contact their parent(s) or contact poses a risk to the student. Incarceration by itself is not sufficient to make a student automatically independent).
* Student has left home due to an abusive family environment.
* Student does not know where their parents are and is unable to contact them (and they have not been adopted).
* The student is older than 21 but not yet 24, is unaccompanied, and is either homeless or self-supporting and at risk of being homeless.
* Abandonment by parents
* Human trafficking, as described in the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7101 et seq.);
* Legally granted refugee or asylum status

The Funding, Graduation & Awards Team would need to determine that the student is unable to contact their parent(s) or that contact would pose a risk to the student per the scenarios above.

By Federal Law, the following conditions **do not**warrant a dependency override:

* Parents refuse to provide information on the FAFSA application or for verification
* Parents do not claim student as a dependent for income tax purposes
* Parents unwilling or unable to contribute to student’s education
* Student demonstrates self-sufficiency
* Student reluctant to request the income information from parents
* Student does not wish to communicate with parents

**Students who cite ‘special/unusual circumstances’ on their FAFSA application**

When submitting their FAFSA, students have the opportunity to cite ‘unusual circumstances’ as the reason behind their parent(s)’ data being absent from their application. Once they have selected this option, they are instructed to contact the financial aid office at their school. From the 2024-25 award year, dependent students who indicated unusual circumstances preventing them from providing parent data will no longer receive a rejected application, but instead will have their application processed with a provisional independent status.

It is the responsibility of the Funding, Graduation & Awards team to gather documentation relating to any dependency override process. This documentation must support, and include the reason for, the decision. In the majority of cases, this documentation should come from a third party with knowledge of the student’s exceptional circumstances. The Funding, Graduation & Awards team will determine whether students should receive a dependency override.

The student should provide at least three pieces of documentation from third-party adult individuals who personally have knowledge of the student’s situation and who can verify their circumstances e.g., a teacher, counsellor, doctor, social worker. This evidence should be either a signed letter or an official document. If third party documentation is not available, the University may accept a signed and dated statement from the student or a family member detailing the exceptional circumstances. However, such a statement should be used as a **last resort.**

If the University determines that a dependency override is appropriate, the Funding, Graduation & Awards Officer must write a statement detailing the decision and must include any supporting documentation in the student’s file. The student’s file should include a written override request from the student, multiple third-party documentation to substantiate the student’s claims, and documentation of the University’s decision in narrative form.

**Refusal to provide information on the FAFSA**

**This does not warrant a dependency override**. If a student’s parent(s) will not provide their financial information on the FAFSA, and the student does not cite any of the exceptional circumstances detailed above, they can still submit their application. However, their application will not contain an SAI, which means they are not eligible for any federal loans. The University can exercise professional judgement on a case by case basis, where the student may be eligible to receive the unsubsidised annual loan limit.

In order to consider whether a student can take out an unsubsidised loan, the University requires a written statement, ideally from the student’s parent(s), indicating that they refuse to provide their information on the FAFSA and that they no longer support the student financially. If this is not possible, third-party documentation is acceptable. Any evidence submitted must include the date financial support ended.

Forms of parental financial support include:

* Allowing the student to live in their home.
* Including the student on their health insurance
* Payment of any bills
* Vehicle insurance
* Vehicle maintenance

Please note, that in these circumstances, the student’s declaration alone is **not acceptable**.

If the University decides that a student falls into this category, the University must document this decision and ensure that the student submits a FAFSA and passes the eligibility matches. The result will be a rejected application with no SAI. We can then award the student unsubsidised Stafford loans up to the maximum the student would normally be eligible for depending on their grade level. Please note, the student will not be eligible for the amount they are eligible for when their parents are unable to obtain a PLUS loan.

The University’s decision as to whether or not to authorise and disburse Direct Loan Unsubsidised loans for these students is final and cannot be appealed to the U.S. Department of Education.

**Refusing or Reducing Loan Origination Amount**

On a case-by-case basis, the University may refuse to originate the loan for an individual borrower, or you may originate a loan for an amount less than the borrower’s maximum eligibility. The reason must not be due to discrimination against the student on the basis of race, national origin, religion, sex, income, marital status, age or disability. (HEA Sec. 479(A)(c) – *FSA Handbook*, Chapter 5, ‘Application and Verification Guide’, p. AVG-112 (34 CFR 685.301(a)(8)).

The reason for this decision must be documented in writing with a narrative, including the reason for taking the action. Where appropriate, third-party evidence must also be documented. The reasoning and decision must be given to the student in writing.

**Communication**

The University must:

* Notify students of the University’s process, requirements, and reasonable timeline to review adjustment requests after their FAFSA form is submitted;
* Provide students with a final determination of their dependency status and financial aid award as soon as practicable after reviewing all requested documentation;
* Retain all documentation, including documented interviews, related to the adjustment for at least 3 years after the student’s last term of enrolment; and
* Presume that any student who has obtained an adjustment for unusual circumstances and a final determination of independence to be independent for each subsequent award year at the same institution unless the student informs the institution that their circumstances have changed or the institution has conflicting information about the student’s independence.

Institutions must review all requests for a determination of independence as quickly as practicable, but no later than 60 days after the student has enrolled.