U.S. Department of Education
Office of Inspector General

National Aviation Academy of Tampa Bay's Use of Professional Judgment

September 24, 2021
ED-OIG/A20IL0001

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UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

Audit Services

September 24, 2021

Pamela Van Sant
President
National Aviation Academy of Tampa Bay
6225 Ulmerton Road
Clearwater, FL 33760

Dear Ms. Van Sant:

Enclosed is our final audit report, "National Aviation Academy of Tampa Bay's Use of Professional Judgment" (Control Number ED-OIG/A20IL0001). This report incorporates the comments you provided in response to the draft report. If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following U.S. Department of Education official, who will consider them before taking final departmental action on this audit:

Richard Cordray
Chief Operating Officer
Federal Student Aid
U.S. Department of Education
400 Maryland Ave, SW
Washington, D.C. 20202

The U.S. Department of Education's policy is to expedite audit resolution by timely acting on findings and recommendations. Therefore, if you have additional comments, please provide them to the action official within 30 days.

Sincerely,

/s/

Gary D. Whitman
Regional Inspector General for Audit
Chicago/Kansas City Audit Region

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Results in Brief

What We Did

The objectives of our audit were to determine whether National Aviation Academy of Tampa Bay (1) applied and documented its use of professional judgment in accordance with sections 479A and 480 of the Higher Education Act of 1965, as amended (HEA), and (2) reported its use of professional judgment in accordance with the Application and Verification Guide.[1] Our audit covered award year 2017–2018 (July 1, 2017, through June 30, 2018) and award year 2018–2019 (July 1, 2018, through June 30, 2019).

To answer our audit objectives, we selected a nonstatistical random sample of 30 students from the population of 431 students for whom the school applied professional judgment other than dependency override for award year 2017–2018 or award year 2018–2019. For each of the 30 students, we reviewed the records that National Aviation Academy of Tampa Bay provided to us as documentation of its use of professional judgment. For all seven students for whom the school applied dependency override for award year 2017–2018 or award year 2018–2019, we reviewed the records that National Aviation Academy of Tampa Bay provided to us as documentation of its application of dependency override. Finally, we compared the students identified in the school's information system as having professional judgment applied to the students identified in the U.S. Department of Education's (Department) Central Processing System as having professional judgment applied for award years 2017–2018 and 2018–2019.

What We Found

National Aviation Academy of Tampa Bay did not adequately document special circumstances for 34 of the 37 students for whom it applied professional judgment, including dependency override, for award year 2017–2018 or award year 2018–2019. Because the school did not adequately document special circumstances, its application of professional judgment, including dependency override, was not in accordance with sections 479A and 480 of the HEA. Although it did not adequately document its use of professional judgment, including dependency override, National Aviation Academy of Tampa Bay reported all instances of its use of professional judgment, including dependency override, to the Department's Central Processing System in accordance with the Application and Verification Guide.

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[1] Unless otherwise noted, we use Application and Verification Guide to refer to the 2017–2018 and the 2018–2019 "Federal Student Aid Handbook, Application and Verification Guide."

Professional Judgment Other Than Dependency Override

National Aviation Academy of Tampa Bay did not adequately document its use of professional judgment other than dependency override in accordance with section 479A of the HEA for 28 (93 percent) of the 30 students in our nonstatistical random sample. The school adjusted the value of data items affecting gross income for each of these 28 students without documentation substantiating the students' special circumstances. Specifically, the school's records did not show that the financial aid administrators considered income and support from all possible sources, as required by the school's policy, before submitting adjustments to the value of data items affecting gross income to the Department's Central Processing System.

As a result of it adjusting the value of data items affecting gross income, National Aviation Academy of Tampa Bay made the 28 students eligible for and disbursed $115,776 more in Federal Pell Grant Program (Pell) funds than the students otherwise would have received (see Finding 1).

Dependency Override

National Aviation Academy of Tampa Bay applied dependency override for seven students for award year 2017–2018 or award year 2018–2019. It adequately documented its use of dependency override in accordance with section 480 of the HEA for only one of the seven students. The school did not provide records adequately documenting that the financial aid administrators considered statements from third parties, such as a teacher, counselor, medical authority, member of the clergy, prison administrator, government agency, or court, attesting to the unusual circumstances or explaining that such statements from third parties were not available for six of the seven students. Records for four of these six students included letter(s) from individual(s) with unknown relationships to the students. For three of the six students, the school did not adequately document the financial aid administrators' determinations of independence.

Without adequate documentation to demonstrate determinations of independence by reason of other unusual circumstances, National Aviation Academy of Tampa Bay increased the risk of awarding and disbursing more Title IV of the HEA funds than those students otherwise would have been eligible to receive (see Finding 2).

Reporting Its Use of Professional Judgment, Including Dependency Override

National Aviation Academy of Tampa Bay reported its use of professional judgment, including dependency override, in accordance with the Application and Verification Guide. We compared the students identified in the school's information system as having professional judgment applied to the students identified in the Department's

Central Processing System as having professional judgment applied for award years 2017–2018 and 2018–2019. All students identified in the school's information system as having professional judgment, including dependency override, applied were also identified in the Department's Central Processing System, or we were able to reconcile any differences.

What We Recommend

We recommend that the Chief Operating Officer for Federal Student Aid require National Aviation Academy of Tampa Bay to provide additional records that adequately document its use of professional judgment for the 28 students or to return $115,776 in Pell funds (Recommendation 1.1). We also recommend that the Chief Operating Officer for Federal Student Aid require the school to review its records for the 401 students for whom the school applied professional judgment for award years 2017–2018 and 2018–2019 that we did not include in our sample, identify records adequately documenting its use of professional judgment, and provide those records along with a listing of the amount of Title IV of the HEA funds that were disbursed to students to Federal Student Aid (Recommendation 1.2). Finally, we recommend that the Chief Operating Officer for Federal Student Aid require the school to provide additional records that adequately document its determinations of independence for the six students or to return to the Department the Pell funds improperly awarded to the students (Recommendation 2.1).[2]

National Aviation Academy of Tampa Bay Comments and Office of Inspector General Response

We provided a draft of this report to National Aviation Academy of Tampa Bay officials for comment on April 30, 2021. We received the school's comments on the draft of this report on June 15, 2021. The school disagreed with the findings and recommendations but stated that it has strengthened its professional judgment and dependency override policies. The strengthened policy requires the use of the school's change in circumstance form.

Regarding the two findings, the school stated that all the student files reviewed by the Office of Inspector General included letters from students describing their situations. The school based its professional judgment and dependency override decisions on those letters. National Aviation Academy of Tampa Bay stated that it is best to rely on students' statements regarding changes in circumstances, like the Department relies on

[2] The difference between the Pell funds that the school disbursed after dependency override and the amount of Pell funds that the school would have disbursed had the students been considered dependent.

the information that students and parents provide on the students' Free Application for Federal Student Aid. The school further stated that the Department should not penalize it for believing that adequate documentation had been obtained.

Regarding the recommendations, National Aviation Academy of Tampa Bay stated that it has strengthened its professional judgment and dependency override policies because the verbal policy it had in place before January 2019 did not require as much documentation as the December 28, 2018, written policy. The school also stated that it provided funds to the neediest students and obtained adequate documentation to show that all the students covered by the findings were entitled to the funds because of recent unemployment or reduced income.

We did not revise either finding or any of our recommendations based on National Aviation Academy of Tampa Bay's comments on the draft of this report. The school did not provide us with any additional records or an explanation that would allow us to conclude that student statements satisfied the adequate documentation requirement.

For Finding 1, the student letters that National Aviation Academy of Tampa Bay retained only addressed decreases in income from one source. They did not address other income or support that might have increased. Student letters alone, if they lack such details, do not allow a financial aid administrator to fully understand each student's individual special circumstances or adequately document the reason for the financial aid administrators' decisions.

For Finding 2, the Department's guidance provides that student statements should be used only as a last resort when third-party documentation is unavailable. National Aviation Academy of Tampa Bay did not provide any records indicating that documentation from a third party was not available for any of the six students.

Both findings relate to the school not providing records demonstrating that the financial aid administrator obtained adequate documentation to make informed professional judgment and dependency override decisions. We could not confirm National Aviation Academy of Tampa Bay's statement that it provided Title IV of the HEA funds to the neediest students because of this lack of adequate documentation.

Regarding National Aviation Academy of Tampa Bay's statement that it strengthened its policy for professional judgment other than dependency override, the school's standard procedure in effect before December 28, 2018, and effective during both award years covered by our audit already included completion of change in circumstance forms on which students were to list their and their parents' (if applicable) income and support from all sources. Both before and after December 28, 2018, the purpose of this form was to demonstrate that the financial aid administrator obtained adequate documentation and considered each student's available income and support from all

sources before making professional judgment decisions. The revised change in circumstance form that the school plans to use beginning award year 2021–2022 does not require students to list their and their parents' (if applicable) income and support from all sources.

We summarized the school's comments and provided our responses at the end of each finding. We included the full text of the school's comments on the draft report at the end of this final report (see National Aviation Academy of Tampa Bay Comments).

Introduction

Background

National Aviation Academy of Tampa Bay, located in Clearwater, Florida, is owned by National Aviation Academy of Mississippi, Inc., a for-profit corporation. The school offers students 7-month programs (1,000 clock hours), 14-month programs (2,000 clock hours), or 21-month programs (3,000 clock hours) that allow students to obtain airframe and power plant ratings certifications. It is accredited by the Commission of the Council on Occupational Education.

During award year 2017–2018 (July 1, 2017, through June 30, 2018), 841 (81.3 percent) of the 1,035 students enrolled in National Aviation Academy of Tampa Bay received Federal Pell Grant Program (Pell) funds. During award year 2018–2019 (July 1, 2018, through June 30, 2019), 818 (80.1 percent) of the 1,021 students enrolled in the school received Pell funds.

Federal Assistance Programs and Funding Information

The purpose of the Title IV of the Higher Education Act of 1965, as amended (Title IV) programs is to provide loans, grants, and work-study financial assistance to students and their parents. During award years 2017–2018 (July 1, 2017, through June 30, 2018) and 2018–2019 (July 1, 2018, through June 30, 2019), National Aviation Academy of Tampa Bay participated in Pell. Pell provides eligible students who have demonstrated financial need with grant assistance to help pay undergraduate educational expenses. The school also participated in the William D. Ford Federal Direct Loan Program (Direct Loan). This program provides loans to postsecondary school students and their parents to help defray the costs of education at participating schools.

According to the U.S. Department of Education's (Department) grants management system (G5), National Aviation Academy of Tampa Bay disbursed $5,036,366 in Pell funds and $7,436,975 in Direct Loan funds for award year 2017–2018. The school disbursed $4,895,915 in Pell funds and $8,778,681 in Direct Loan funds for award year 2018–2019.

Professional Judgment

Students apply for Title IV funds by completing a Free Application for Federal Student Aid (FAFSA). The FAFSA is processed by the Department's Central Processing System. This system uses FAFSA information to calculate each applicant's expected family contribution. After processing the FAFSA, it produces two output documents—an Institutional Student Information Record sent to the school and a Student Aid Report sent to the student. Both documents show the student's application data, expected

family contribution, and other information. The FAFSA does not provide a student with a field to explain a special circumstance that could affect the student's expected family contribution. Also, the need analysis formula that the Department's Central Processing System uses to calculate each student's expected family contribution does not include any provisions for exceptions.

According to sections 479A and 480 of the Higher Education Act of 1965, as amended (HEA), professional judgment refers to the authority of a school's financial aid administrator, on the basis of adequate documentation, to make adjustments on a case-by-case basis to a student's cost of attendance or the values of the data items required to calculate the expected student or parent contribution, or both, to allow for treatment of an individual student with special circumstances (professional judgment other than dependency override) and to make a determination of independence for otherwise dependent students with other unusual circumstances (dependency override). Special circumstances shall be conditions that differentiate an individual student from a class of students rather than conditions that exist across a class of students.

According to the 2017–2018 and the 2018–2019 "Federal Student Aid Handbook, Application and Verification Guide" (Application and Verification Guide), pages AVG-110 and AVG-112, respectively, financial aid administrators must make reasonable decisions that support the intent of the HEA's professional judgment provisions. The financial aid administrator does not have the authority to waive general student eligibility requirements, change the need analysis formula itself, or directly adjust the expected family contribution. Instead, the financial aid administrator may adjust the value of the data items used in the need analysis formula. The data items that are adjusted must relate to the student's special circumstances. The standard need analysis formula is then applied using the revised values of the data items, yielding a new expected family contribution amount on the Institutional Student Information Record and Student Aid Report. The decision of the school's financial aid administrator is final, and the Department cannot override a financial aid administrator's decision if it was made on a case-by-case basis based on special circumstances and substantiated by adequate documentation.

Prior-Prior Year Tax Information and Coronavirus Disease 2019 Pandemic

In 2015, the Department began allowing applicants for Title IV funds to use prior-prior year tax information beginning with the 2017–2018 FAFSA. Therefore, for the 2017–2018 FAFSA, student income tax information would be based on 2015 tax year information. Using prior-prior year tax information rather than prior year tax information was intended to increase accuracy and give students and families an earlier

and more accurate idea of their anticipated Title IV award and school costs. Because prior-prior year data is older, the Department anticipated that schools might see an increase in requests from students for the schools to apply professional judgment to adjust for more current circumstances.

The Coronavirus Disease 2019 (COVID-19) pandemic has caused economic hardship for many students and their families. For affected students, prior-prior year tax information might not be an accurate depiction of the student's financial condition for award year 2020–2021 and beyond. In guidance released on July 9, 2020, the Department noted that high nationwide unemployment resulting from the COVID-19 pandemic would increase the number of requests for schools to apply professional judgment. It encouraged financial aid administrators to use professional judgment to more accurately reflect the financial need of students and families affected by the pandemic. The Department also reminded schools of the need to adequately document adjustments made on a case-by-case basis.

In a January 29, 2021, dear colleague letter (GEN-21-02), the Department again reminded financial aid administrators of their ability to apply professional judgment to more accurately reflect the financial need of students and families based on special circumstances, including for recently unemployed individuals during the ongoing COVID-19 pandemic. The letter stated that schools may use a letter from a State unemployment agency or other evidence that a student or parent was receiving unemployment benefits. The Department again reminded schools that they must obtain and retain records supporting and substantiating the reasons for any adjustments made using professional judgment, and they must make professional judgment determinations only on a case-by-case basis.

National Aviation Academy of Tampa Bay's Process for Using Professional Judgment

Employees in the National Aviation Academy of Tampa Bay's Financial Aid and Default Prevention office, including the Executive Vice President of Financial Aid and Compliance, Vice President of Financial Aid and Default Prevention, and financial aid administrators, apply professional judgment, including dependency override. The school's "Professional Judgment Policy" listed documentation that they should collect when applying professional judgment. The professional judgment worksheet used to document the application of professional judgment other than dependency override during award years 2017–2018 and 2018–2019 included a step for employees in the school's Financial Aid and Default Prevention office to document a change in circumstance form, which required the student to provide income and support from all sources. Although the "Professional Judgment Policy" was not in written form until December 28, 2018, the school's standard procedure before then included the

completion of a change in circumstance form on which the student was to list the student's and parents' (if applicable) income and support from all sources. Both before and after December 28, 2018, the purpose of this form was to demonstrate that employees in the school's Financial Aid and Default Prevention office considered each student's available income and support from all sources before submitting adjustments to the value of data items affecting gross income to the Department's Central Processing System.

The school's "Dependency Override Policy" required each student to complete a dependency override petition worksheet and provide sufficient accompanying documentation for the financial aid administrators to review before they completed the dependency override worksheet. The dependency override worksheet that National Aviation Academy of Tampa Bay used to substantiate its determinations of independence during award years 2017–2018 and 2018–2019 included a step for the financial aid administrators to document a dependency override petition worksheet and determine the sufficiency of documentation of extenuating circumstances. The dependency override petition worksheet listed examples of extenuating circumstances and required the student to explain and document their extenuating circumstance. According to the Executive Vice President of Financial Aid and Compliance for National Aviation Academy of Tampa Bay, the "Dependency Override Policy" was orally communicated to employees before it was in writing. Although the "Dependency Override Policy" was not in written form until December 28, 2018, the school used the dependency override petition worksheet and dependency override worksheet to document extenuating circumstances before December 28, 2018.[3]

The Executive Vice President of Financial Aid and Compliance for National Aviation Academy of Tampa Bay told us that, as of October 28, 2020, the school had not taken any specific steps to address professional judgment, including dependency override, for students affected by the COVID-19 pandemic. Additionally, the school had not modified its policies, procedures, or practices for applying, documenting, and reporting the use of professional judgment, including dependency override, because of the COVID-19 pandemic.

In its comments on the draft of this report, National Aviation Academy of Tampa Bay stated that because of the COVID-19 pandemic, it is sending all financial aid applicants an email telling them to complete a change in circumstance and request for review form if their financial situation has changed from the prior-prior year. The school stated that

[3] The school uses "extenuating" to refer to the legislative terminology "other unusual" circumstances.

it will review the completed form and any other documentation and let the applicants know whether they are entitled to additional financial aid.

Finding 1. National Aviation Academy of Tampa Bay Did Not Adequately Document Its Application of Professional Judgment Other Than Dependency Override

National Aviation Academy of Tampa Bay did not adequately document its application of professional judgment other than dependency override. Because it did not adequately document special circumstances, its application of professional judgment other than dependency override was not in accordance with section 479A of the HEA. The school's application of professional judgment without adequate documentation for 28 of the 30 students included in our sample resulted in decreases to the students' expected family contributions. These decreases in their expected family contributions resulted in the 28 students receiving $115,776 more in Pell funds than they otherwise would have received.

We selected a nonstatistical random sample of 30 (7 percent) students from the population of 431 students for whom National Aviation Academy of Tampa Bay applied professional judgment other than dependency override for award year 2017–2018 or award year 2018–2019.[4] For each of the 30 students, we obtained and reviewed the student financial assistance records that the school provided to document its use of professional judgment.[5] We concluded that the school complied with the requirements of section 479A of the HEA if its records adequately documented special circumstances. The only special circumstances that the school considered for any of the students in our sample involved income. Because school policy required them to substantiate the use of professional judgment, we considered documentation to be adequate if it showed that a financial aid representative considered available income and support from all sources before adjusting the value of data items affecting adjusted gross income and submitting them to the Department's Central Processing System.

We concluded that National Aviation Academy of Tampa Bay did not adequately document special circumstances for 28 (93 percent) of the 30 students in our sample. The records that the school provided to us for these 28 students did not include change in circumstance forms as required by school policy. The change in circumstance form

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[4] Because professional judgment is supposed to be applied on a case-by-case basis, the results of our sample cannot be projected to the entire population of 431 students.

[5] "Records" refers to Title IV information from the school's information system, professional judgment worksheets, change in circumstance forms, income records, statements from students and other individuals, and Institutional Student Information Records.

instructed the student to list the student's and parents' (if applicable) income and support from all sources. The purpose of this form was to demonstrate that a financial aid representative considered each student's available income and support from all sources given the special circumstances before adjusting the data items affecting adjusted gross income and submitting the adjustments to the Department's Central Processing System.

The only records that the school provided to us were (a) written statements in which 18 students stated that they were currently unemployed and relying on a loan, basic allowance for housing, or in-kind support from their parents or friends to pay their expenses; (b) earning statement(s) for only one source of income for 8 students and written statements in which these students stated that their income earned from work had decreased or that their available support had decreased because of marital separation; (c) a letter from 1 student's employer supporting reduced income from one source; and (d) a written statement in which 1 dependent student asserted that a parent was laid off so the student was living with grandparents. When applying professional judgment for this one dependent student, the financial aid representative considered only the student's income from one source. They did not consider the parents' available income and support from all sources or any support provided by the grandparents.

Adequate Documentation Substantiating Special Circumstances Must Be Retained

Section 479A(a) of the HEA states that a financial aid administrator may make

> adjustments on a case-by-case basis to the cost of attendance or the values of the data items required to calculate the expected student or parent contribution (or both) to allow for treatment of an individual eligible applicant with special circumstances.... Adequate documentation for such adjustments shall substantiate such special circumstances of individual students.

The Application and Verification Guide states that (1) the reason for any adjustment must be documented, by a third party if possible; (2) financial aid administrators must make reasonable decisions that support the intent of the law; and (3) the school is responsible for all professional judgment decisions and for fully documenting all decisions.

According to National Aviation Academy of Tampa Bay's "Professional Judgment Policy," dated December 28, 2018, which the school designed to provide reasonable assurance of compliance with the law and guidance, the financial aid representative will collect supporting documentation, including a completed change in circumstance form, that

should include (1) a statement from the student outlining the reason for the request of professional judgment; (2) a minimum of two recent pay stubs outlining the change for students requesting an income adjustment; and (3) additional documentation including, but not limited to, unemployment benefit compensation, social security documentation, offer letters, and separation notices when available and as each circumstance warrants. Also, any statements and supporting documentation must be recent and current. Although this policy was not in written form, the school's standard procedure in effect before December 28, 2018, included completion of a change in circumstance form on which the student was to list the student's and parents' (if applicable) income and support from all sources. Both before and after December 28, 2018, the purpose of this form was to demonstrate that the financial aid representative obtained adequate documentation and considered each student's available income and support from all sources before submitting adjustments to data items affecting gross income to the Department's Central Processing System.

Improperly Adjusting Data Elements Affecting Gross Income Resulted in Additional Pell Funds Being Improperly Disbursed to Students

National Aviation Academy of Tampa Bay's application of professional judgment for 28 of the 30 students included in our sample resulted in the students' expected family contributions decreasing from a range of $1,756 to $18,925 to a range of $0 to $989. We used the Department's Pell payment schedules for award years 2017–2018 and 2018–2019 to calculate the additional Pell funds that each student received based on the decreases in their expected family contributions. The adjustments to data items affecting gross income that the school made without adequate documentation resulted in the 28 students receiving $115,776 more in Pell funds than they otherwise would have received (see Appendix B for details).

Recommendations

We recommend that the Chief Operating Officer for Federal Student Aid (FSA) require National Aviation Academy of Tampa Bay to—

1.1 Provide additional records that adequately document its use of professional judgment for the 28 students or return $115,776 in improperly awarded Pell funds to the Department.[6]

[6] Assistance listing number 84.063.

1.2 Review its records for the 401 students for whom it applied professional judgment for award years 2017–2018 and 2018–2019 but we did not include in our sample; identify records adequately documenting the use of professional judgment; and provide those records to FSA along with a listing of the amount of Title IV funds that were improperly disbursed to students.

National Aviation Academy of Tampa Bay Comments

National Aviation Academy of Tampa Bay disagreed with the finding, stating that it had a verbal policy for financial aid administrators starting in 2017. The verbal policy required financial aid administrators to analyze each student's special circumstances when considering the use of professional judgment. The school's practice was to complete a professional judgment worksheet, which referenced the change in circumstance form for each student. National Aviation Academy of Tampa Bay also stated that, while a change in circumstance form was available during award year 2017–2018, the form was not required for students who provided a letter explaining their change in circumstances. According to the school, the information on the form and in the letter was generally the same, and it had no reason to believe the students were lying. Therefore, the signed letters were adequate documentation of special circumstances. National Aviation Academy of Tampa Bay further stated that it would not know whether students claiming to be unemployed had a job with a new employer unless they told the financial aid administrator.

National Aviation Academy of Tampa Bay commented that the Department does not define what adequate documentation entails and states that student statements may be accepted as a last resort; the Department's guidance does not state that the use of student statements is unallowable. The school also commented that the guidance further states that a financial aid administrator should have adequate documentation to gain an understanding of each student's individual circumstances; its financial aid administrators were able to gain this understanding for each student.

National Aviation Academy of Tampa Bay disagreed with both recommendations but stated that it has strengthened its professional judgment policy. The strengthened policy requires the use of the change in circumstance form. It also requires identification of the student's relationship to the individuals who provide third-party statements. National Aviation Academy of Tampa Bay further stated that it provided funds to the neediest students after an experienced financial aid administrator exercised good professional judgment. Because it disbursed funds for their intended purposes, the school asked that the recommendation to repay funds be reconsidered after National Aviation Academy of Tampa Bay is allowed to obtain additional information from the students.

Office of Inspector General Response

We did not revise this finding or the recommendations based on National Aviation Academy of Tampa Bay's comments. The school did not provide any additional records to support its position that it adequately documented its use of professional judgment other than dependency override.

As we stated in the finding, the student letters alone did not include all the information required by the school's change in circumstance form. The change in circumstance form included lines for a student to list current income and support from all sources. However, the student letters only addressed decreases in income from one source; they did not mention other income or support that could have increased and would have been included on the change in circumstance form. Student letters that lack the detail required by the change in circumstance form do not allow a financial aid administrator to fully understand each student's special circumstances and determine that each student had reduced income. As the school states, students could have obtained new jobs, but the financial aid administrator would not know because the school did not require students to state whether they had other jobs.

National Aviation Academy of Tampa Bay's updated "Professional Judgment Policy" (June 11, 2021) will require each student to provide a change in circumstance form. However, unlike the form that the school had in place during our audit period, the revised change in circumstance form will not adequately document that the financial aid administrator considered each student's available income and support from all sources given the special circumstances. The form used during our audit period required the student to list income and support from sources, including work, unemployment, gifts, bills paid on their behalf, savings, personal loans, and to assert that the information provided was complete and accurate. The revised change in circumstance form does not require the student and parents (if applicable) to list all sources of income, sign the form, or assert that the information provided is complete and accurate.

We provided the school with multiple opportunities to respond to our preliminary audit finding and provide any additional records to support its professional judgment decisions. We first told National Aviation Academy of Tampa Bay officials about our finding on October 26, 2020, asked them for comments, and instructed them to provide any additional records to support their professional judgment decisions. School officials did not provide any additional records. We again told school officials about our preliminary finding on February 23, 2021. They did not express any concerns at that time. Finally, we provided National Aviation Academy of Tampa Bay the draft of this report and our recommendations on April 30, 2021, asking it to provide comments on the finding and recommendations and to provide any additional records to adequately support its professional judgment decisions by June 15, 2021. The school did not

provide any additional records with its comments on the draft report. Even if we were to provide the school more time to obtain additional records from the students, those records would not have been considered at the time of the professional judgment decisions. According to Title 34 Code of Federal Regulations (C.F.R.) § 668.24, a school must establish and maintain, on a current basis, records that document its administration of Title IV of the HEA programs in accordance with all applicable requirements.[7] Records created or obtained after the fact would not meet this recordkeeping requirement.

[7] All references to the C.F.R. are to the July 1, 2018, version.

Finding 2. National Aviation Academy of Tampa Bay Did Not Adequately Document Its Application of Dependency Override

National Aviation Academy of Tampa Bay did not adequately document its application of dependency override. Because it did not adequately document its determinations of independence by reason of other unusual circumstances, its application of dependency override was not in accordance with section 480 of the HEA. By not adequately documenting its determinations of independence by reasons of other unusual circumstances for six of the seven students for whom it used dependency override,[8] the school increased the risk of awarding more Title IV funds than the six students would have otherwise been eligible to receive. For award year 2017–2018 and award year 2018–2019, the six students for whom the school did not adequately document its determination of independence by reason of other unusual circumstances received a total of $17,935 in Pell funds.

National Aviation Academy of Tampa Bay applied dependency override for seven students for award year 2017–2018 or award year 2018–2019. For all seven students, we reviewed the records that the school provided us. Those records included income records, statements from students and other individuals, dependency override petition worksheets, dependency override worksheets, and Institutional Student Information Records. We concluded that the school complied with the dependency override requirement if its records demonstrated that the financial aid administrator determined independence by reason of other unusual circumstances and considered a third party's statement attesting to the unusual circumstances or documented that a third party's statement was not available.

We concluded that National Aviation Academy of Tampa Bay used dependency override for six (86 percent) of the seven students without records that adequately documented its determinations of independence by reason of other unusual circumstances. The school provided written statements in which the six students attested to their unusual circumstances. Documentation for four of the six students also included letter(s) from individual(s) with unknown relationships to the students. However, it did not provide letters from third parties, such as a teacher, counselor, medical authority, member of the clergy, prison administrator, government agency, or court, attesting to these six students' unusual circumstances or records documenting that such statements from

[8] Records for one of the seven students adequately documented the financial aid administrator's determination of independence by reason of other unusual circumstances and included a third party's statement attesting to the student's unusual circumstances.

third parties were not available. For three of the six students, the school also did not provide records, such as dependency override worksheets, showing that the financial aid administrators determined independence or approved the dependency override. Table 1 describes the records that National Aviation Academy of Tampa Bay either provided or did not provide for each of the six students.

Table 1. Records Provided or Not Provided for Each Student

Award Year	Student Number	Written Statement from Student Attesting to Unusual Circumstances?	Documentation of Unusual Circumstances from a Third Party?	Documentation Showing the Financial Aid Administrator Determined Independence or Approved Dependency Override?
2017–2018	1	Yes	No[a]	No
2017–2018	2	Yes	No[a]	Yes
2017–2018	3	Yes	No	Yes
2018–2019	4	Yes	No[a]	No
2018–2019	5	Yes	No[a]	No
2018–2019	6	Yes	No	Yes

[a] Documentation included letter(s) from individual(s) with unknown relationships to the students.

Records Supporting the Use of Dependency Override Must Be Created and Retained

Section 480(d)(1)(I) of the HEA states that an independent student can mean a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances. According to the Application and Verification Guide, a financial aid administrator must create a record of the independence determination and retain the record and the supporting documentation in the student's file. Also, the written determination and supporting documentation must include the reason for the decision and should, in almost all cases, originate from a third party with knowledge of the unusual circumstances of the otherwise dependent student. A third party who knows the student's situation, such as a teacher, counselor, medical authority, member of the clergy, prison administrator, government agency, or court, should confirm the unusual circumstances. Evidence can be a signed letter or an official document, such as a court order. If documentation from a third party is not available, the school may accept a signed and dated statement from the student or a family member detailing the unusual circumstances.

National Aviation Academy of Tampa Bay's "Dependency Override Policy" states that the financial aid administrator will provide the student with a dependency override petition worksheet. The student must complete the worksheet and return it to the financial aid administrator along with supporting documentation. Upon satisfactory review of the documentation, the financial aid administrator must complete a dependency override worksheet for review and approval by the Vice President of Financial Aid or the Executive Vice President of Financial Aid and Compliance.

National Aviation Academy of Tampa Bay's dependency override petition worksheet states that the student should provide proof of income, such as an Internal Revenue Service's tax transcript, a W-2, an earnings statement, or an end-of-year pay stub. The dependency override petition worksheet further states that the student should provide written documentation from one or more people (high school counselor or official, doctor, minister, lawyer, social worker, law enforcement official, court official) who has knowledge of the situation or another third party at the approval of the Director of Student Finance. The written documentation must be on letterhead and notarized.

According to the Executive Vice President of Financial Aid and Compliance for National Aviation Academy of Tampa Bay, the "Dependency Override Policy" was orally communicated to employees before it was in writing. Although the "Dependency Override Policy" was not in writing, the school used the dependency override petition worksheet and dependency override worksheet to document extenuating circumstances before December 28, 2018.

Without records that adequately document its determinations of independence by reasons of other unusual circumstances, National Aviation Academy of Tampa Bay increased the risk of awarding more Title IV funds than the six students would have otherwise been eligible to receive. For award year 2017–2018 and award year 2018–2019, the six students for whom the school did not adequately document its determination of independence by reason of other unusual circumstances received a total of $17,935 in Pell funds.

Recommendation

We recommend that the Chief Operating Officer for FSA require National Aviation Academy of Tampa Bay to—

2.1 Provide additional records that adequately document its determinations of independence for the six students or return to the Department Pell funds improperly awarded to the students.[9]

National Aviation Academy of Tampa Bay Comments

National Aviation Academy of Tampa Bay disagreed with the finding, stating that all student files included letters from the students describing their current situation, and some files included a letter from a third party. These letters were the basis for the financial aid administrators' dependency override decisions. National Aviation Academy of Tampa Bay also stated that the Application and Verification Guide states that a school may accept statements from students or family members if third-party documentation is not available. It further stated that the HEA gives financial aid administrators the authority to determine a student's independence on a case-by-case basis based on documentation provided by the student. All student files included documentation, but the third party might not have been clearly identified.

National Aviation Academy of Tampa Bay also disagreed with the recommendation. However, the school stated that it revised its dependency override policy to require the collection of adequate documentation, including third-party statements from professionals notating their relationship to the student. National Aviation Academy of Tampa Bay included the revised policy (effective December 17, 2020) with its comments. The school also stated that it provided funds to the neediest students after an experienced financial aid administrator exercised good professional judgment and asked that the recommendation to return funds be reconsidered after it is allowed to obtain additional information from the students.

Office of Inspector General Response

We did not revise this finding or the recommendation based on National Aviation Academy of Tampa Bay's comments. The student files on six students for whom the school applied dependency override only included letters from students or others with unknown relationships to the students about the student's unusual circumstances.

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[9] The difference between the $17,935 in Pell funds that the school disbursed after dependency override and the amount of Pell funds that the school would have disbursed had the students been considered dependent.

While the Application and Verification Guide states that a school may rely on statements from students or family members, it also states that the statements alone are adequate only as a last resort when third-party documentation is not available. National Aviation Academy of Tampa Bay did not provide us with any additional records indicating that documentation from a third party was not available for any of the six students.

We provided the school with multiple opportunities to respond to the preliminary audit finding and provide any additional records to support its dependency override decisions. We first told National Aviation Academy of Tampa Bay officials about our finding on October 26, 2020, asked them for comments, and instructed them to provide any additional records to support their decisions. School officials did not provide any additional records. We again told school officials about our preliminary finding on February 23, 2021. They did not express any concerns at that time. Finally, we provided National Aviation Academy of Tampa Bay the draft of this report and our recommendations on April 30, 2021, asking it to provide comments on the finding and recommendation and to provide any additional records to adequately support its dependency override decisions by June 15, 2021. The school did not provide any additional records with its comments on the draft report. Even if we were to provide the school with more time to obtain additional records, those records would not have been considered at the time of the dependency override decisions. According to Title 34 C.F.R. § 668.24, a school must establish and maintain, on a current basis, records that document its administration of Title IV of the HEA programs in accordance with all applicable requirements. Records created or obtained after the fact would not meet this recordkeeping requirement.

National Aviation Academy of Tampa Bay's revised dependency override policy, if implemented, should provide reasonable assurance that financial aid administrators obtain adequate documentation to support future dependency override decisions.

Other Matter. National Aviation Academy of Tampa Bay Completed Verification and Professional Judgment on the Same Day

National Aviation Academy of Tampa Bay did not follow FSA's guidance and might not have completed verification before it applied professional judgment. For award years 2017–2018 and 2018–2019, the school was required to complete verification for 8 of the 30 students (4 in each award year) included in our nonstatistical random sample. National Aviation Academy of Tampa Bay completed verification and applied professional judgment on the same day for three of the eight students. Because the school completed both actions on the same day for these students and did not provide Institutional Student Information Records resulting from verification for these students before it applied professional judgment, we could not determine whether it completed verification before applying professional judgment.

According to Title 34 C.F.R. § 668.53(c), a school must complete verification before it exercises any authority under section 479A(a) of the HEA to make changes to the applicant's cost of attendance or to the values of the data items required to calculate the student's expected family contribution. According to the presentation slides from a professional judgment session at the November 2017 FSA training conference for financial aid professionals, for any applicant selected for verification, the verification process must be completed before any professional judgment adjustments can be made. The results of the verification and professional judgment should not be submitted to the Department's Central Processing System on the same day. After the school receives the Institutional Student Information Record resulting from verification, the school would use that Institutional Student Information Record transaction to adjust the data elements on the FAFSA using professional judgment.

We suggest that the Chief Operating Officer for FSA remind National Aviation Academy of Tampa Bay that it may apply professional judgment only after receiving the Institutional Student Information Records resulting from verification.

National Aviation Academy of Tampa Bay Comments

National Aviation Academy of Tampa Bay did not comment on this other matter.

Appendix A. Scope and Methodology

We evaluated National Aviation Academy of Tampa Bay's compliance with requirements governing the application, documentation, and reporting of professional judgment, including dependency override, for award year 2017–2018 and award year 2018–2019. We did not consider internal control to be significant within the context of the audit objectives. Therefore, we did not assess the design of internal control relevant to professional judgment, including dependency override.

To accomplish our audit objectives, we gained an understanding of the following law, regulations, guidance, and other information relevant to the audit objectives:

- sections 479A and 480 of the HEA;
- Title 34 C.F.R. § 668.53(c);
- Department guidance (the Application and Verification Guide, dear colleague letters, electronic announcements, and presentation slides from the November 2017 FSA Training for Financial Aid Professionals);[10]
- annual compliance audit reports for the fiscal years ended June 30, 2018, and June 30, 2019, conducted by BKD, LLP; and
- consolidated financial statements for the fiscal years ended June 30, 2017, and 2018; and the fiscal years ended June 30, 2018, and 2019.

Next, we reviewed the Commission of the Council on Occupational Education's website, the school's website, and documents and records that school officials provided us to gain an understanding of the school's history and organizational structure. We then reviewed Title IV funding detail in the Department's grants management system (G5) and the school's information system to identify the Title IV programs in which the National Aviation Academy of Tampa Bay participated during award years 2017–2018 and 2018–2019. We discussed with National Aviation Academy of Tampa Bay employees the records that they provided us. We also reviewed the school's financial assistance records for a randomly selected sample of students for whom the school had applied professional judgment and all seven students for whom the school applied dependency override for award years 2017–2018 and 2018–2019.

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[10] Dear colleague letters GEN-03-07, GEN-08-12, GEN-11-04, GEN-11-07, GEN-11-15, GEN-16-03, and GEN-21-02; electronic announcement dated April 3, 2020, regarding guidance for interruptions of study related to the COVID-19 pandemic; and electronic announcement dated July 9, 2020, regarding increases in professional judgments due to the COVID-19 pandemic.

Sampling Methodology

We used sampling to achieve the portion of our audit objectives relevant to National Aviation Academy of Tampa Bay's application and documentation of professional judgment other than dependency override. We obtained from the school the population of 431 students for whom the school applied professional judgment other than dependency override for award year 2017–2018 (193 students) or award year 2018–2019 (238 students). We selected a nonstatistical random sample of 30 of these students. We selected 15 of the 193 students for whom the school applied professional judgment other than dependency override for award year 2017–2018 and 15 of the 238 students for whom the school applied professional judgment other than dependency override for award year 2018–2019.

We did not use sampling to achieve the portion of our audit objectives relevant to National Aviation Academy of Tampa Bay's use of dependency override. We reviewed the records for all seven students for whom the school applied dependency override for award year 2017–2018 (three students) and award year 2018–2019 (four students).

Analysis Techniques

To determine whether National Aviation Academy of Tampa Bay complied with sections 479A and 480 of the HEA; Title 34 C.F.R. § 668.53(c); the Application and Verification Guide, Department guidance, and school policy on professional judgment and dependency override, we reviewed student financial assistance records for a nonstatistical random sample of 30 of the 431 students for whom the school applied professional judgment other than dependency override for award year 2017–2018 and award year 2018–2019. The school applied dependency override for seven students for award year 2017–2018 and award year 2018–2019. We conducted a 100 percent review of the school's records for these students. We also reviewed the professional judgment worksheets, change in circumstance forms, income records, statements from students and other individuals, dependency override petition worksheets, dependency override worksheets, and Institutional Student Information Records that the school provided to us.

Because school policy required it to substantiate the use of professional judgment, we concluded that National Aviation Academy of Tampa Bay complied with section 479A(a) of the HEA if its records demonstrated that a financial aid administrator considered available income and support from all sources based on a special circumstance before adjusting the value of data items affecting adjusted gross income and submitting them to the Department's Central Processing System. Also, for all 8 of the 30 students in our sample who were selected for verification, we concluded that the school complied with the requirement in Title 34 C.F.R. § 668.53(c) and Department guidance to complete

verification before applying professional judgment if the verification completion date on each student's professional judgment worksheet was before the transaction receipt date on the student's Institutional Student Information Record that showed the school applied professional judgment. For dependency override, we concluded that the school complied with section 480(d)(1)(I) of the HEA if it demonstrated that the financial aid administrators made determinations of independence by reason of other unusual circumstances and considered a third party's statement attesting to the unusual circumstances or documented that a third party's statement was not available.

To determine whether National Aviation Academy of Tampa Bay reported its use of professional judgment, including dependency override, to the Department in accordance with the Application and Verification Guide, we compared the students identified in the school's information system as having professional judgment applied to the students identified in the Department's Central Processing System as having professional judgment applied for award year 2017–2018 and award year 2018–2019. We concluded that National Aviation Academy of Tampa Bay complied with requirements for reporting its use of professional judgment, including dependency override, to the Central Processing System if the students in both the school's and the Department's systems matched, or we were able to reconcile any differences.

Use and Reliability of Computer-Processed Data

We relied, in part, on data that National Aviation Academy of Tampa Bay retained in its information system. We assessed the reliability of the school's data by comparing the data for 37 students with source documentation the school provided for each student. We also compared the school's data for these 37 students to data on Institutional Student Information Records generated by the Department's Central Processing System. Additionally, we compared the school's data for all students for whom the school applied professional judgment, including dependency override, to the Department's Central Processing System to determine whether the school data were complete. We did not identify any unexplained differences. Therefore, we concluded that the school's data were sufficiently reliable for use in our audit.

Compliance with Auditing Standards

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We remotely conducted our audit from July 2020 through January 2021. We discussed the results of our audit with National Aviation Academy of Tampa Bay officials on February 23, 2021, and provided them with a draft of this report on April 30, 2021.

Appendix B. Increase in Pell Awards for Students for Whom the School Did Not Retain Adequate Documentation

Using the Department's Pell payment schedules for award years 2017–2018 and 2018–2019, we calculated each student's Pell award before professional judgment and compared that amount to each student's Pell award after professional judgment. After professional judgment, each student's cost of attendance was greater than the amount required to receive the maximum Pell award.

Award Year	Student Sample Number	Expected Family Contribution Before Professional Judgment	Pell Award for Which the Student Was Eligible Before Professional Judgment	Expected Family Contribution After Professional Judgment	Pell Award for Which the Student Was Eligible After Professional Judgment	Increase in Pell Award
2017–2018	1	$6,365	$0	$0	$5,920	$5,920
2017–2018	2	$6,932	$0	$0	$5,920	$5,920
2017–2018	3	$9,908	$0	$0	$5,920	$5,920
2017–2018	4	$11,764	$0	$0	$5,920	$5,920
2017–2018	5	$9,377	$0	$284	$5,670	$5,670
2017–2018	6	$9,667	$0	$0	$5,920	$5,920
2017–2018	7	$8,571	$0	$0	$5,920	$5,920
2017–2018	8	$1,880	$4,070	$0	$4,933	$863[a]
2017–2018	9	$4,247	$1,670	$0	$2,960	$1,290[a]
2017–2018	10	$6,529	$0	$0	$5,920	$5,920
2017–2018	11	$6,651	$0	$830	$5,070	$5,070
2017–2018	12	$7,770	$0	$0	$5,920	$5,920
2017–2018	13	$1,942	$3,970[b]	$0	$2,960[b]	$0[b]
2017–2018	14	$13,683	$0	$0	$5,920	$5,920

Award Year	Student Sample Number	Expected Family Contribution Before Professional Judgment	Pell Award for Which the Student Was Eligible Before Professional Judgment	Expected Family Contribution After Professional Judgment	Pell Award for Which the Student Was Eligible After Professional Judgment	Increase in Pell Award
2017–2018	15	$11,642	$0	$0	$5,920	$5,920
2018–2019	16	$8,850	$0	$0	$6,095	$6,095
2018–2019	18	$2,517	$3,545	$0	$6,095	$2,550
2018–2019	19	$18,925	$0	$989	$5,145	$5,145
2018–2019	20	$5,921	$0	$0	$6,095	$6,095
2018–2019	21	$4,905	$1,145	$0	$6,095	$4,950
2018–2019	22	$1,756	$4,345[b]	$0	$3,048[b]	$0[b]
2018–2019	23	$8,825	$0	$0	$6,095	$6,095
2018–2019	24	$4,069	$2,045	$558	$5,545	$3,500
2018–2019	25	$2,697	$3,445	$0	$6,095	$2,650
2018–2019	26	$3,269	$2,845	$0	$3,048	$203[a]
2018–2019	27	$3,498	$2,645	$0	$6,095	$3,450[a]
2018–2019	29	$6,138[c]	$0	$0	$0	$0[c]
2018–2019	30	$2,989	$3,145	$0	$6,095	$2,950
TOTALS	-	-	$24,555	-	$140,331	$115,776

[a] Student was eligible for a maximum Pell award after professional judgment but received less than the amount for which the student was eligible to receive. Increase in Pell award shows only the increase in Pell received after professional judgment.

[b] Student was eligible for a maximum Pell award after professional judgment but received less than the amount for which the student was eligible to receive before professional judgment. Therefore, we did not calculate the increase in Pell award.

[c] Student did not receive any Pell funds.

Appendix C. Acronyms and Abbreviations

Application and Verification Guide	Federal Student Aid Handbook, Application and Verification Guide
C.F.R.	Code of Federal Regulations
COVID-19	Coronavirus Disease 2019
Department	U.S. Department of Education
Direct Loan	William D. Ford Federal Direct Loan Program
FAFSA	Free Application for Federal Student Aid
FSA	Federal Student Aid
HEA	Higher Education Act of 1965, as amended
Pell	Federal Pell Grant Program
Title IV	Title IV of the Higher Education Act of 1965, as amended

National Aviation Academy of Tampa Bay Comments

June 15, 2021

U.S Department of Education

Office of Inspector General

400 Maryland Avenue, SW

Washington, DC 20202-1510

Re: National Aviation Academy Tampa Bay Use of Professional Judgment/Dependency Overrides

Audit Period: July 1, 2017 – June 30, 2019 (Control Number ED-OIG/A20IL0001)

Dear Gary Whitman:

We want to thank your team for their professionalism and diligence during the professional judgment file review. Before we respond to the specific findings, I would like to make some general comments.

Background

National Aviation Academy (NAA) has been operating continuously since 1969 and under the same veteran ownership since 1990. In 1990, NAA was accredited by SACS (COE successor) and was authorized by USDOE to provide financial aid to our students in 1991.

Having the availability of financial aid for our students has been a tremendous benefit and has helped many NAA graduates with the resources needed to gain a trade and experience the American dream. In 14 months, our students experience 2000 clock hours of intense training and testing mandated by the Federal Aviation Administration (FAA) to train for a FAA Airframe and Powerplant "license for life". NAA has thousands of graduates providing aviation maintenance worldwide. According to the test norms as of 3/31/2021 on the FAA's website Airmen Knowledge Test Statistics (faa.gov), NAA students' test scores either exceed the national norm or are within a few points. We do everything to the best of our abilities to ensure every student is successful, including tutoring and placement services for life. Our mission is to help students realize their dreams of becoming an aircraft maintenance professional, and they are our priority. We estimate that we produce 10% of all certified Airframe and Powerplant mechanics in the United States based on test data from the FAA's website.

Shortly after I joined NAA in July 2016, I needed to fill the vacancy of the Senior Vice President of Financial Aid position. I hired a person who had all the necessary qualifications. With years of experience as a senior financial aid professional, including working at the USDOE as an Institutional Review Specialist and a bachelor's degree in Business Administration, I believed him to be very knowledgeable, and we also shared the same desire to help people by bringing them out of poverty through education. Although we were both fairly new to the team, we both saw the immediate value of the education provided by NAA. After 14 months of education, NAA would place certificated technicians in aviation at good salaries and benefits, literally taking people from poverty to middle class in a very

Tampa Bay: 6225 Ulmerton Rd., Clearwater FL 33760
Toll Free: 800.659.2080
Main: 727.531.2080 Fax: 727.535.8727

New England: 130 Baker Ave. Extension, Concord, MA 01742
Toll Free: 800.292.3228
Main: 781.274.8448 Fax: 781.274.8490

NAA EDU

short time period. It was always communicated to us from day one to always do the right thing by the student, which was demonstrated in strong placement rates, low default rates and above average completion rates.

When President Obama changed the FAFSA process to allow students to file with the "prior prior year," the new SVP of Financial Aid instituted a verbal policy with staff that the financial aid administrators would perform an analysis of the student's current circumstances after he had attended a DOE training seminar at an FSA conference in 2017. Based on the information a student provided, a professional judgment may have been granted. Staff here during that time have told us that there was no formal written policy and although there was a change in circumstance form, if the student provided a letter documenting their change in circumstance, then that was in fact the change in circumstance and therefore a form was not always required. In general, the information contained in the change in circumstance form was the same information that was contained in the student letters.

In all of the files reviewed by the OIG, there were letters from the students in the files describing their current situation, which were the basis for the professional judgment or dependency override that was granted by our SVP of Financial Aid or his team.

NAA is of the opinion that the intention of the professional judgment statute and regulation is to allow the financial aid administrator to make a judgment call to grant the professional judgment that is clearly outlined in the FSA participant guide for professional judgments. We believe that NAA has met the intention of the statute and regulation. According to the professional judgment participant guide, "The Higher Education Act and corresponding regulations use the phrase, 'on the basis of adequate documentation.' While the Department of Education does not define adequate documentation, the documentation should be such that an auditor or program reviewer must be able to gain understanding from the documentation. Documentation should also be such that the institution has satisfied itself in the belief that proper action has been taken."
https://www2.ed.gov/notclamped/offices/OSFAP/training/materials/pjguide.pdf.

Since there is no definition by the Department of Education of "adequate documentation," this is subject to personal interpretation by each financial aid administrator. The FSA HB Application and Verification Guide 2017 glossary on page AVG-110 states "HEA Sec. 479(A) in general- Nothing in this part shall be interpreted as limiting the authority of the financial aid administrator, on the basis of adequate documentation." Again, the definition of adequate documentation is subject to interpretation if the administrator was able to gain an understanding of the individual circumstances from the documentation that was received. Given the fact that our SVP of Financial Aid had years of experience, including working for the USDOE as an Institution Review Specialist, he was able to gain an understanding of each student's situation from the documentation he reviewed and therefore deemed it sufficient.

The professional judgments were approved in most cases based on what the student or third-party persons stated in a written letter. We realize these statements were not notarized, but if someone is a liar, I do not personally believe that having a notarized statement from them would make a difference. According to the FSA HB Application and Verification Guide 2017 glossary on page AVG-112: "If third party documentation is not available, the school may (it is not required to) accept a signed and dated statement from the student or a family member detailing the unusual circumstances. Such a statement

should be a last resort." Although the handbook states this is a last resort, it does not state that it is disallowed.

NAA has always afforded the financial aid staff the ability to attend conferences. NAA had added an internal audit position in April 2017, and every year we have been audited by the national firm BKD CPAs with unqualified opinions and no findings on this subject. These facts gave us some assurances that FSA rules were being adhered to within the FSA guidelines.

Response to Findings

NAA respectfully disagrees with the findings and recommendations for professional judgments and dependency overrides.

HEA Section 479A(a) provides that "special circumstances" justifying a professional judgment include "recent unemployment of a family member or an independent student." NAA's students at issue qualified for a professional judgment because (with one exception) they were independent students who had become recently unemployed or experienced significantly reduced income before they started at NAA. Thus, their income as found on their FAFSA greatly overstated their current and expected income when they began at NAA. NAA correctly adjusted their income for student aid purposes through the use of a professional judgment. The issue is whether NAA adequately documented their change in circumstance, and we submit that we obtained adequate documentation.

NAA obtained signed statements from the students. This should be adequate, as we had no reason to believe that the students were lying. While we could have obtained additional documentation, such documentation would have been difficult to obtain and would not necessarily have established that a student was actually unemployed. For example, NAA could have received a document from the student's former employer that the student no longer worked there. However, the student could have obtained a new job with a new employer, and NAA would have no way of knowing that unless the student told NAA.

In unusual circumstances, financial aid administrators are given authority under section 480(d)(1)(1) of the HEA to determine that the student is independent, i.e., dependency overrides. The financial aid administrators make this determination on a case-by-case basis per the documentation provided by the student. In all cases, there was documentation in the student file, but the third party that wrote the letters may not have been clearly identified.

In the end, the best documentation is to rely on the honesty of the student in his or her statement. In large part, the Department of Education and schools necessarily rely on the honesty of students and their parents as to the information reported on their FAFSAs. By the same token, NAA should have been entitled to rely on the honesty of its students who sought professional judgments because of their change in circumstance.

NAA now understands that the Department of Education wants more documentation. NAA has implemented new policies to satisfy that going forward. But NAA should not be penalized for believing that it satisfied DOE's documentation requirements in the past.

NAA submits that the recommendations are not justified because NAA already had adequate documentation for the students at issue and should not be required to return the Pell grant funds in that the students were entitled to the funds due to their recent unemployment or reduced income.
As a compromise, NAA suggests that it be allowed to attempt to obtain as much documentation as possible for the students at issue and that the recommendations be revisited after NAA has exhausted its efforts.

Further corrective actions already taken by NAA:

1. Before December 28, 2018, NAA had unwritten policies concerning professional judgments and dependency overrides.
2. NAA recognized that it should have formal written policies concerning professional judgments and dependency overrides.
3. NAA implemented formal written policies in December 2018.
4. NAA has since consulted with outside counsel to strengthen the policies.

A. **Finding -1 National Aviation Academy of Tampa Bay did not adequately document its application of Professional Judgment other than Dependency Override.**

Comments on Finding-1:

There were 30 students within this sample. It has been determined by the OIG that 28 out of the 30 students within this sample had inadequate documentation to support the institutions use of Professional Judgment for the 2017-18 Award Year and the 2018-19 Award year. The institution recognizes the results of the OIG's finding.

Corrective Action Taken on Finding -1

The institution has revised its written policy since the initial adopted policy on December 28, 2018 which now includes a three- prong review. There has been additional oversight placed on the collection of the Change in Circumstance Form. In addition, HEA Sec. 479A(a)g does not limit the authority of the financial aid administrator, on the basis of adequate documentation, to make adjustments on a case-by-case basis to the cost of attendance or the values of the data items required to calculate the expected student or parent contribution (or both) to allow for treatment of an individual eligible applicant with special circumstances. A concerted emphasis has been placed on the collection of adequate documentation which will include 3rd party statements notating relationship to the student. See Appendix 1

B. **Finding -2 National Aviation Academy of Tampa Bay did not adequately document its application of Dependency Override.**

Comments on Finding-2:
There was a total of 7 students within this sample. It has been determined by the OIG that 1 out of the 7 students within this sample had adequate documentation to support the institutions use of Dependency Overrides for the 2017-18 Award Year and the 2018-19 Award Year. The institution recognizes the results of the OIG's finding.

Corrective Action Taken on Finding -2:

The institution has revised its written policy since the initial adopted policy on December 28, 2018 which now includes a three- prong review. A concerted emphasis has been placed on the collection of adequate documentation to demonstrate the institutions determination of unusual circumstances. This documentation will include 3rd party statements from professionals notating their relationship to the student, an Income Clarification form notating the amount of support provided by the student or on behalf of the student. See Appendix 2

Summary:

National Aviation Academy would like to again thank the Office of Inspector General for their time and the effort placed on this review. The school's written policy was adopted on 12/28/18 and implemented in January 2019. Prior to this date, there was no written policy in place. The school's verbal policy during the period of review 2017-18 & 2018-19 (prior to January 2019) did not require the same level of documentation as the items listed in the school's written policy and described in the OIG's observations.

Prior to the formal written policy dated 12/28/2018, verbal instructions were given to staff by the previous Executive Vice President of Financial Aid and Compliance. The practice was to complete the professional judgment worksheet, which included a reference to the change in circumstance form. After a review of the FA files during this time, there was a Change in Circumstance form with the 2017-18 Award year, but it was not in use. There is between the student file information that is on the Change in Circumstance form and the information that was written by the student contained in the file. We can only surmise that this is the reason why the change in circumstance form was not completed.

Since the October 28, 2020 response by National Aviation Academy to the OIG regarding any specific steps the institution has taken to address students impacted by the pandemic, President Biden implemented the American Rescue Plan Act of 2021. The ARP appropriated $39.6 billion for the Higher Education Emergency Relief Fund (HEERF) to respond to the novel coronavirus. In this plan, proprietary institutions that received funding under CRRSAA and are listed on the ARP allocation table are eligible to receive funding to make emergency financial aid grants to students upon submission of the required proprietary institutions certification form.

Financial Aid Administrators were reminded in published guidance in January 2021 that they may use professional judgment to reduce or adjust to zero the income earned from work from a student and/or parent if the student or parent has received unemployment benefits. National Aviation Academy has developed the attached direct outreach activity that will be sent to all financial aid applicants via email. National Aviation Academy will use of professional judgment if appropriate. See Appendix 3

During the period of the OIG audit, many communications were received by NAA from the USDOE, including guidance on how to handle grant funds coming from the CARES Act. NAA chose to disburse 100% of the funds received to our students that were eligible for federal financial aid, including 100% of the portion that could have been kept by the institution.

NAA was required to close our Tampa Bay Campus in Clearwater operation for over two months and NAA retained 100% of faculty and staff during this time with no (0) layoffs or terminations.

COVID has caused many challenges both personal and financial and NAA was able to navigate these turbulent times because of our dedicated and professional people.

The department has acknowledged the challenges created by COVID for educational institutions. The neediest students received the additional grants and were properly reported. To demand repayment from the institution under the known and established circumstance would not be in the spirit of the department.

OIG does make prominent in their report that NAA had reported every Professional Judgment within the CPS system. This establishes the fact that NAA was not engaged in improperly helping students obtain improper funds. And it has been established that the neediest of students (PELL grant students) were receiving needed additional funds under professional judgment by a seasoned Financial Aid Administrator.

It is apparent from the review of the Professional Judgment decisions made in this audit matter that NAA was in compliance with the spirit of Professional Judgment and delivered the funds to help the neediest of students achieve their goals of gaining a FAA Aviation Maintenance license for life.

In closing, National Aviation Academy, may not have always had perfect documentation, but the intention was to help people get out of poverty and into a great career. We have adopted strong written policies to ensure that we meet the expectations of the USDOE and continue to be good stewards of all federal monies.

Lastly, we would like the OIG to consider in lieu of an audit of all records granted a professional judgment or dependency override, allow National Aviation Academy an opportunity to go back to these students and acquire the documentation the department requested. NAA has established that the funds were disbursed appropriately for the intended purposes of helping the students in need, professional judgments were reported appropriately, and the financial aid administrator exercised good professional judgment after individual review.

Respectfully,

Pamela Van Sant

President/Chief Operating Officer