

## PROFESSIONAL JUDGMENT TIP SHEET

### Topic: Noncustodial and Stepparents

#### What?

When a student's biological parents are not married or living together, there may be more than one household to consider in the evaluation.

Both Institutional Methodology (IM) and Federal Methodology (FM) collect and evaluate the custodial parent and, if remarried, the stepparent resources when determining an expected family contribution. FM does not consider a noncustodial parent's (NCP) resources, nor does it offer options for professional judgment to be used in these cases.

In contrast, IM does provide schools the option to collect and consider a noncustodial parent and their spouse's information. Having data from both households provides schools many options to adjust the parent contribution using professional judgment.

Although institutions may vary in their approach, Institutional Methodology advocates that the standard family contribution involves two parents, not three or four as may be the case in remarriage. This maintains horizontal and vertical equity when evaluating families. This tip sheet will assume a school's standard policy is to limit the parent contribution to the calculated amounts of two parents.

#### Why?

The basis for collecting noncustodial parent information is the premise that both parents, regardless of marital status, have the primary financial responsibility to support their biological/adoptive children attending college. However, schools may have a variety of reasons to treat a family differently using professional judgment:

- One of the biological/adoptive parents is incarcerated or has a record of documented abuse.
- The student has had little or no contact with one of the biological/adoptive parents.
- A stepparent may have played a significant role in raising and financially supporting the student for many years.
- One or both biological parents may be recently remarried. The stepparent may have a limited relationship with the student due to the recent marriage. In addition, the stepparent may be providing financial support to a previous spouse and biological children.

- Both the biological/adoptive and stepparents may be willing and able to contribute to the student's educational expenses.

## How do I...

### Collect information?

The CSS Profile completed by the custodial parent (HHA or Household A), includes basic biographical information about the noncustodial parent, including the amount the custodial parent expects the noncustodial parent will contribute toward the student's educational costs. If requested by the school, the noncustodial parent may also be required to submit the CSS Profile (HHB or Household B). Both the HHA and HHB allow families to document special circumstances, such as the expected involvement of the noncustodial parent.

In addition to the CSS Profile, the financial aid administrator may want to collect:

- Additional documentation related to the noncustodial household, similar to what might be requested of the custodial household.
- Documentation that verifies which assets belong to which parents.
- A marriage certificate in cases where the marriage date needs to be confirmed.

### Analyze the information?

In reviewing the CSS Profile application(s) and supporting documentation, the financial aid administrator may want to do the following:

- Ensure the family member grid includes siblings/half-siblings in both households. Each biological/adoptive parent shares financial responsibility for all their children. Stepsiblings should be reported only in the household with their biological parent.
- Verify the child support received/paid amounts reported by both households match. Be cautious of differences if there are payments supporting a child in a household unrelated to the student.
- Check for conflicting household and parent contact information against the admissions application. Perhaps parent information was referenced in the admissions applications but omitted on the CSS Profile.
- Consider the length of remarriage and involvement of stepparent in the student's life. A stepparent who has been a part of the student's family for many years may be expected to contribute more than one who has recently married into the family.

- When deciding which parents to select, evaluate the relative financial strength of any non-biological/adoptive parents compared to the biological/adoptive parent. For example, in a remarriage where the stepparent is the primary wage earner, the adjusted contribution for the biological parent may be very low compared to the type of lifestyle the family is leading.

## Treatment in IM and FM

### IM Standard Treatment

Once a school has collected CSS Profiles from both biological/adoptive parents and any supporting documentation, a separate contribution will be calculated for each household. In situations where the HHA or HHB includes a stepparent, IM also provides an adjusted biological parent contribution. This prorates the income based on parent earnings and assigns half of other income and half of the assets to the biological parent. Stepsiblings are also not included in the number in college adjustment in this separate calculation.

Institutional policies vary in terms of how many and which parents' resources will be used to determine parent contribution. Excluding some parents' income may ignore the fact that this income helps maintain the household.

Some situations to examine more closely may include:

- A low resourced parent married a high resourced spouse.
- A high resourced parent supports a low resourced spouse.
- A blended family with multiple children, including stepsiblings in college.
- Cases where a parent should not be contacted, such as documented abuse.

At the end of the day, it is impossible to describe all situations. Stop and evaluate the families to see what is reasonable.

Some optional institutional practices include:

- Two parents from the same household: use the calculated IM contribution from both the parent and stepparent on the HHA in lieu of a contribution from the HHB.
- Three parents from two households: use the calculated IM contribution from both the parent and stepparent on the HHA and the adjusted contribution for the HHB.
- Four parents from two households: use the calculated IM contributions from both HHA and HHB applications for all biological/adoptive parents and stepparents.

- Use the amount the custodial parent expects the noncustodial parent will contribute, as reported on the HHA's CSS Profile, for the noncustodial contribution.
- Use the amount offered on the HHB's CSS Profile for the noncustodial contribution.
- Instead of using the adjusted contribution, remove the stepparent's income and assets, as well as any stepsiblings from the household, to calculate a contribution for only the biological/adoptive parent. This may be reasonable in the case of a recent remarriage or unbalanced asset ownership between the two parents.
- Use all or a portion of the reported annual child support as the HHB contribution.
- In the case of separated parents who file a joint tax return, allow an Income Protection Allowance (IPA) for two households, but use the joint income and assets of both parents.
- Eliminate or reduce the IPA when the stepparent is excluded from the evaluation but pays for the household maintenance, including that of the biological parent.

### **FM Standard Treatment**

FM uses the financial information from the custodial parent and any stepparent to calculate the parent contribution. FM does not consider noncustodial parent information.

### **IM Options**

The CSS Profile asks how much the custodial parent expects the noncustodial parent to contribute toward the student's education costs for the year. IM provides an option to add this amount to the calculated custodial parent's contribution for the student.

IM does not automatically add the HHA and HHB contributions together. Some software vendor products may provide this ability.

## PROFESSIONAL JUDGMENT CASE STUDY

### TOPIC: Noncustodial and Stepparents

#### Case Study 1

Ryan Watson has applied as an incoming first year student. The school requires that both biological/adoptive parents complete the CSS Profile and expects that they contribute toward the student's educational expenses.

Ryan's biological parents divorced when he was three years old. Full custody for Ryan was given to his father. The divorce decree for Ryan's biological parents notes that his mother had limited visitation rights and her financial obligation was to pay \$250 a month in child support until Ryan turned age 18. When Ryan was five years old his mother, struggling with mental illness, moved across the country to live with her sister; she paid child support when she could (sporadically) and had limited interaction with Ryan. Due to her personal struggles, she had little involvement or contact with Ryan while he was growing up.

When Ryan was seven years old his father remarried. His stepmother was actively engaged in his upbringing and treated him as her son. Ryan calls her "mom" and feels a strong connection to her as a parent, even though she is not his biological mother. Ryan's father and stepmother, who both work full-time, together provided financial support for Ryan while he was growing up - paying for his private school tuition, extracurricular activities, medical expenses, and other basic needs.

Ryan reports on the HHA that his mother's last known job was as a waitress. He expects that she will not contribute to his education. He also submits the Noncustodial Parent Waiver Request Form utilized by your school documenting these circumstances, and he provides third party documentation from his high school guidance counselor and pastor.

#### Decision

Per institutional policy, the financial aid administrator would typically utilize an adjusted parent contribution for Ryan's father and a noncustodial parent contribution for Ryan's biological mother. However, because of her history of mental illness and working at lower income jobs, the financial aid administrator chose not to follow up on financial information from Ryan's mother; based on the details known, it likely would not result in a parent contribution. The financial aid administrator decides instead to use the information from Ryan's father and his stepmother for the parent contribution.

## Treatments in Methodologies

### IM Treatment

In IM, the financial aid administrator would utilize the calculated parent contribution for Ryan's father and stepmother, rather than the adjusted parent contribution that only takes into consideration Ryan's biological parent. No contribution was calculated for the noncustodial parent.

### FM Treatment

No changes were made in FM since Ryan's custodial parent and stepparent are both used in the evaluation.

## PROFESSIONAL JUDGMENT CASE STUDY

### TOPIC: Noncustodial and Stepparents

#### Case Study 2

Regan Rodgers was recently admitted as a first-year student. When reviewing Regan's file, the financial aid administrator is confronted with a complicated scenario. Both biological parents have remarried and have cordially shared custody of Regan through the years following the divorce. While university policy dictates that only the resources of the biological parent from each household should be considered, the financial aid administrator wonders if this is the most equitable course.

William, Regan's custodial father, remarried within the last couple years in a Vegas wedding following a brief relationship with Loretta. William and Loretta earn approximately the same income, and Loretta also has one child from her previous marriage. William has meager assets, while Loretta received a generous life insurance settlement from her prior husband's death. Some of this money is intended to be saved to eventually support Loretta's permanently disabled daughter, according to the CSS Profile note.

While Regan's mother, Edith, is considered the noncustodial parent, she has played an active role in Regan's life. Edith has been remarried for nearly 16 years. Her current husband, Matt, is a very successful attorney who earns a good living to support the family. Edith and Matt have two children together and Edith acts as their stay-at-home mom.

Evaluating Regan's financial aid eligibility using the standard practice of looking only at the biological parents calculates a very low PC, even though both parents live comfortable lifestyles due to Regan's stepparents' resources.

#### Decision

While both Regan's parents are remarried, their families represent very different scenarios. For this reason, the financial aid administrator chooses to approach the calculation of their contributions differently.

**William (father) and Loretta (stepmother):** Because William and Loretta have been married for such a short period of time, and Loretta hasn't played a substantial role in Regan's life, the financial aid administrator opted to use standard Institutional Methodology, as outlined in this tip sheet, and restrict the contribution to only the father's resources.

**Edith (mother) and Matt (stepfather):**

Because Edith and Matt have both been actively involved for most of Regan's life, the financial aid administrator thought it reasonable that their full family resources be considered when calculating a parent contribution.

**Treatments in Methodologies****IM Treatment**

Since the financial aid administrator chose not to use Loretta's life insurance benefits earmarked for supporting her disabled daughter, the IM adjusted parent contribution will not work since it would use 50% of that money. Instead, all of Loretta's income and assets were removed from the analysis, and just William's resources were used to determine his household's contribution. Loretta and her daughter were also removed from the household.

In this scenario, three parents' resources will be used to calculate a parent contribution: William, Edith, and Matt.

**FM Treatment**

FM does not collect noncustodial parent information. Only William and Loretta's resources are considered when calculating the parent contribution.