

SESSION 6

REFUND AND REPAYMENT CALCULATIONS

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2. Beemis Technical College—Nonterm clock-hour program; continuing student; institutional refund and Federal Refund Policy calculations **(TG 6-61)**
3. Cedar Lake College—Term-based credit-hour program; “first-time” attendance; Pro Rata refund calculation **(TG 6-70)**
4. Datsun Institute—Nonterm clock-hour program; “first-time” attendance; Pro Rata refund calculation **(TG 6-78)**
5. Eagle Point State University—Term-based credit-hour program; continuing student; institutional refund and Federal Refund Policy calculations **(TG 6-86)**
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8. Hopewell College—Nonterm clock-hour program; “first-time” attendance; state refund, Pro Rata refund, and repayment calculations **(TG 6-118)**
9. Juno Community College—Term-based credit-hour program; continuing student; institutional refund, Federal Refund Policy, and repayment calculations **(TG 6-130)**
10. Knollwood Technical College—Nonterm clock-hour program; “first-time” attendance; Pro Rata refund calculation **(TG 6-142)**
11. Leeds Institute—Nonterm clock-hour program; not “first-time” attendance; institutional refund and Federal Refund Policy calculations **(TG 6-150)**
12. Nexus College—Term-based credit-hour program; continuing student; institutional refund and Federal Refund Policy calculations **(TG 6-160)**

SOURCES FOR FURTHER STUDY

- ◆ Federal Regulations 34 CFR Parts 668 (Sections 668.21 and 668.22), 682, and 685
- ◆ Federal Register, November 29, 1996 (Student Assistance General Provisions; changes in cash management regulations)
- ◆ Dear Colleague Letter GEN-95-22 (Clarification concerning institutional refunds to students)
- ◆ Federal Student Financial Aid Handbook, Chapter 3

MATHEMATICAL NOTE REGARDING CALCULATIONS

Notes

Some of the calculations schools must perform involve the multiplication of a whole number and a fraction. When performing these calculations, schools first should multiply the whole number by the fraction's numerator, and then divide that result by the fraction's denominator.

INTRODUCTION

Definition of a refund calculation: Determination of amount of institutional charges that is unearned when a Title IV student fails to complete period of enrollment for which he or she was charged.

Unearned portion of institutional charges is amount returned to or on behalf of student in a refund.

Definition of a repayment calculation: Determination of amount of a cash disbursement to student that is unearned when student fails to complete period of enrollment for which he or she has been charged.

Unearned portion of cash disbursement is amount that must be repaid by student to Title IV programs.

School must calculate a Title IV refund even if Federal Work-Study (FWS) funds were only funds received. However, never include FWS funds in the refund calculation.

If only Title IV funds received were FWS, Direct Loan, and/or Federal Family Education Loan (FFEL) funds, you do not have to calculate a Title IV repayment. Funds from these programs are excluded from repayment calculation.

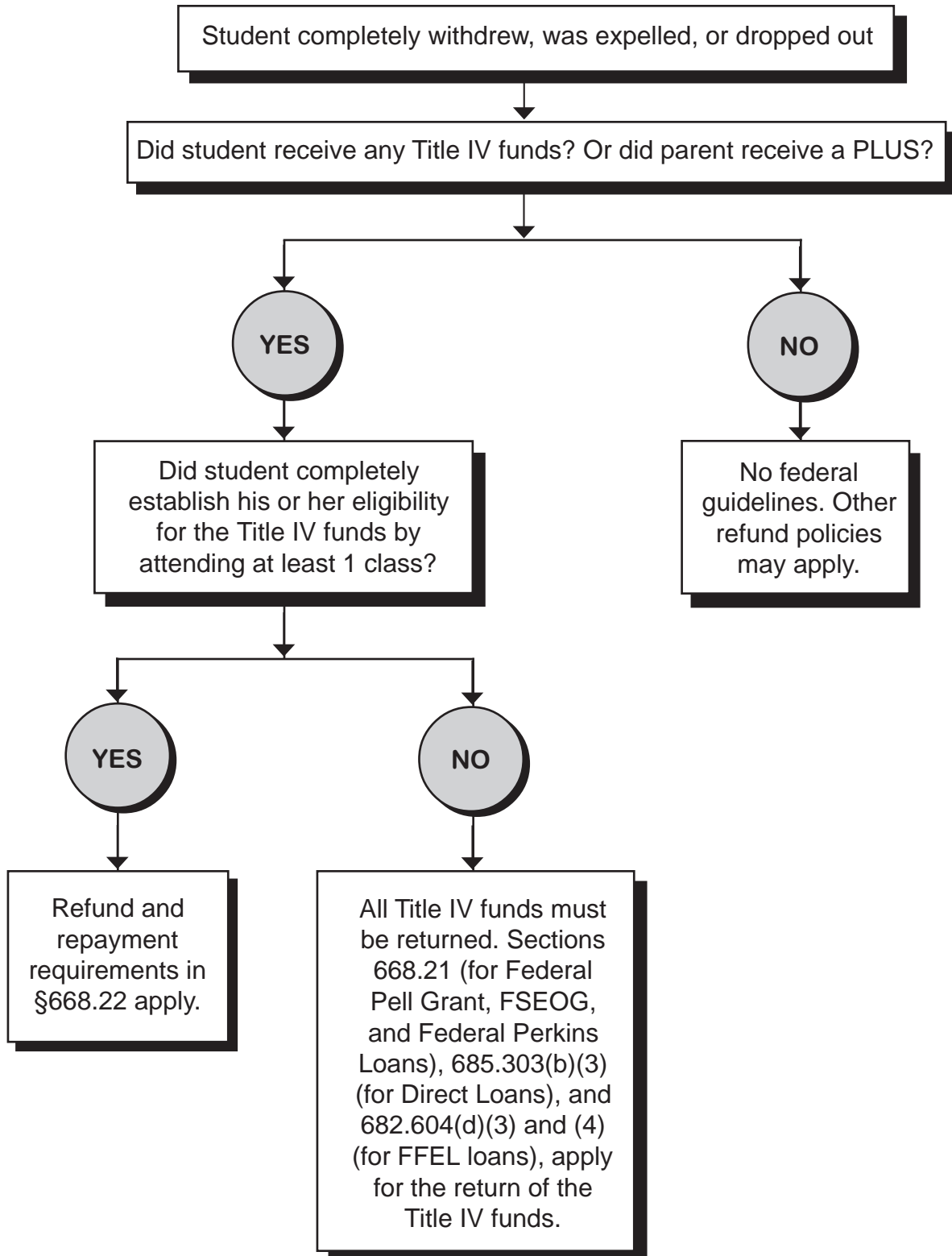
Notes

DETERMINING WHEN TITLE IV REFUNDS AND REPAYMENT REQUIREMENTS APPLY

Which Requirements Apply
<p>◆ If Title IV student completely withdraws, is expelled, drops out, or otherwise fails to complete period of enrollment for which charged, school must determine whether:</p> <ul style="list-style-type: none">• Student did not attend at least 1 class and overpayment provisions apply; or• Student attended at least 1 class and regulatory refund and repayment requirements apply
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Use chart titled “Determining When Title IV Regulatory Refund and Repayment Requirements Apply” to establish whether school must calculate student’s Title IV refund and/or repayment.

DETERMINING WHEN TITLE IV REGULATORY REFUND AND REPAYMENT REQUIREMENTS APPLY



Notes

Determining Whether Student Is a Title IV Recipient

First, determine whether student received any Title IV funds or student's parent received a PLUS loan on behalf of the student. If none were received, no federal guidelines apply. If Title IV funds were received, you must determine whether the student established eligibility for those funds.

Determining When a Student Is a Title IV Recipient

If registered student does not attend at least one class in period of enrollment for which he or she was charged or school is unable to document registered student's attendance in at least one class:

1. Student can not receive Title IV assistance; and
2. All Title IV funds received for period of enrollment for which student was charged must be returned.

Direct Loans and FFEL Loans

- ◆ Student ineligible for loan if he or she:
 - Completely withdrew, dropped out, or was expelled before his or her first day of classes or school cannot document attendance in at least 1 class; or
 - Is first-time, first-year borrower and completely withdraws or drops to less-than-half-time enrollment status within first 30 days of his or her program

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Student on an approved leave of absence is not considered to have withdrawn.

Approved Leave of Absence (LOA)

- ◆ Student must be writing
- ◆ School grants LOA of any length for any 12-month period
- ◆ School does not assess additional charges for LOA



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2. Is subject to Title IV regulatory refund and repayment requirements in §668.22.

Notes

If Section 668.22 Applies

- ◆ School must calculate:
 - Refund regardless of how institutional charges were paid or how Title IV funds were disbursed; and
 - Repayment, if student received cash disbursement in amount greater than noninstitutional costs incurred while he or she was enrolled



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Exception to Calculating Refunds

- ◆ School demonstrates that student's institutional charges are so low that no refund would exceed \$25
- ◆ Student gives written authorization for school to retain refund \leq \$25 that would have been allocated to Title IV loan programs



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Group Discussion 1



Determining Whether Title IV Refund and Repayment Requirements Apply

Exercise A

Background: After attending orientation sessions for new students on August 25 and 26, Albert enrolled for 12 credit hours for the fall semester on August 27. Although the first semester begins on September 4, Albert's first class is not scheduled to meet until September 8. On September 5, Albert completely withdrew from the school.

Albert was awarded an institutional scholarship, which covered his tuition and fees, and a Federal Pell Grant. Since all of Albert's institutional charges were completely paid for by his institutional scholarship, the first semester portion of his Federal Pell Grant was given to him in the form of a cash disbursement on August 26.

Question: Do the Title IV refund and repayment requirements apply?

Exercise B

Background: During late registration, Beth registered for 14 credit hours for the first quarter. On September 11, she started classes. On September 18, she completely withdrew after receiving a failing grade on a paper.

Beth was awarded a Federal Stafford Loan, a Federal Pell Grant, and FWS. Her loan and her Federal Pell Grant were credited to her account when she registered. Although she began a FWS job September 13, she had not yet been paid for the hours she worked.

Question: Do the Title IV refund and repayment requirements apply?



Exercise C

Background: On January 5, Clark registered for 6 credit hours for the second semester, which began on January 12. During the school's add/drop period, he added 9 credit hours (on January 12) and dropped 4 credit hours (on January 15). On February 2, he completely withdrew from the school.

Clark was awarded a Federal Pell Grant and a Direct Loan for the award year. All of his aid was used to pay institutional charges.

Question: Do the Title IV refund and repayment requirements apply?

Group Discussion 1

Answers



Exercise A

No. Because Albert did not attend at least 1 class in the period of enrollment for which he was charged, he did not establish eligibility for any Title IV aid for that semester. Therefore, the requirements of §668.21 apply, and the Federal Pell Grant given to him as a cash disbursement is an overpayment. (Attendance at the orientation session is not considered class attendance.)

Exercise B

Yes. Because the school can document that Beth attended at least 1 class during the period of enrollment for which she was charged and received Title IV aid, Title IV refund and repayment requirements apply and the school must determine the number of weeks Beth attended.

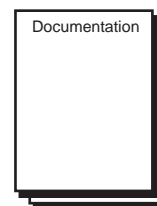
Furthermore, Beth is entitled to any FWS wages she earned up to the date of her withdrawal.



Exercise C

If the school can document that Clark attended at least 1 class during the second semester, Title IV refund and repayment requirements apply. Furthermore, if the school adjusted Clark's tuition and fee charges when he dropped the 4 credit hours on January 15, the amount of Title IV refund is based only on those institutional charges that remain after the school adjusted his tuition and fee charges during the add/drop period.

If the school cannot document that Clark attended at least 1 class during the second semester, then §668.21 applies for the return of the Federal Pell Grant and §685.303(b)(3) applies for the return of the Direct Loan.



Notes


DETERMINING WHICH REFUND CALCULATIONS MUST BE PERFORMED

School’s refund policy for Title IV students must be fair and equitable.

Fair and Equitable Refund Policy

◆ School must:

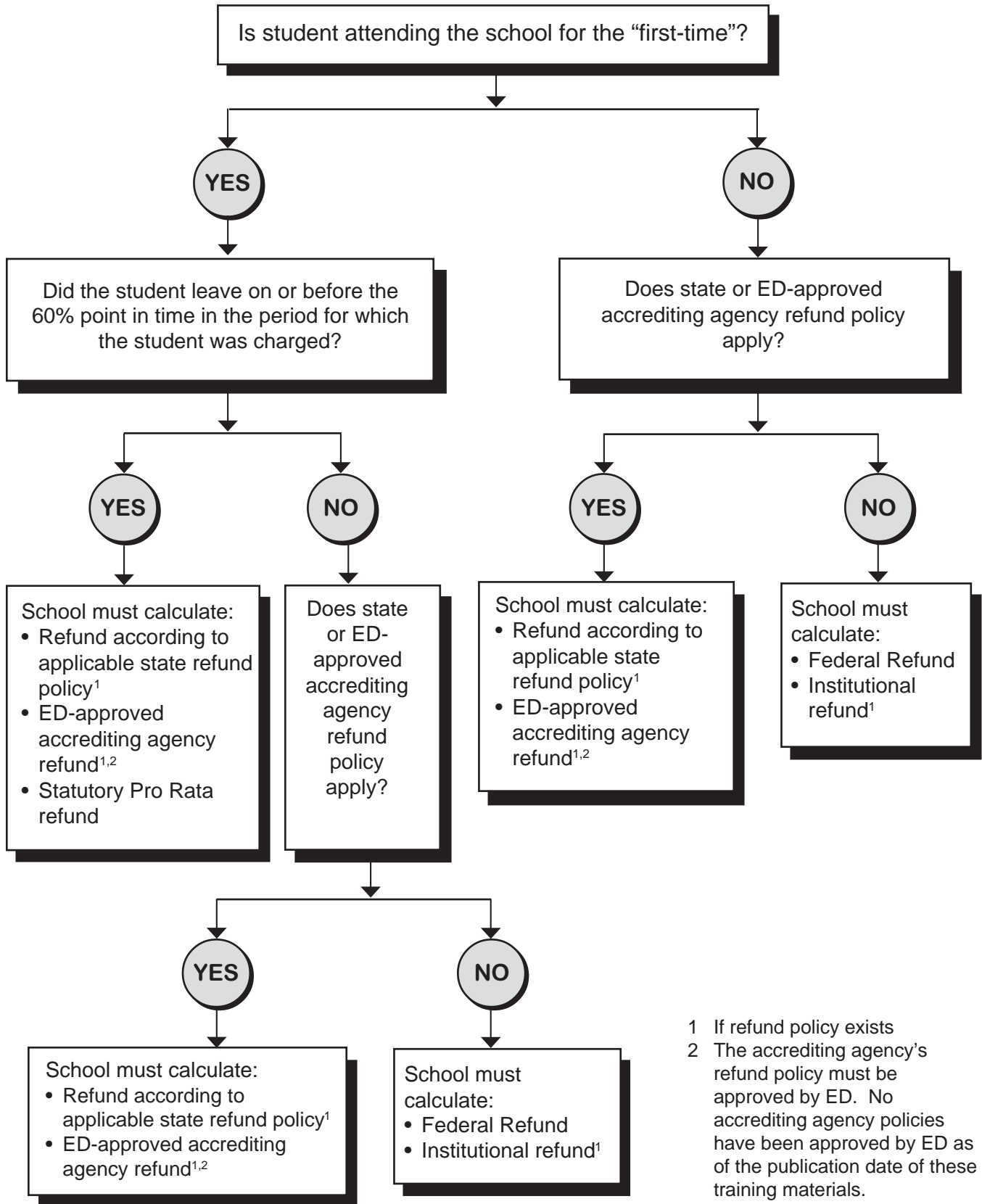
- Calculate refunds under all applicable policies
- Compare results of refund calculations
- Provide refund that is at least as large as largest of refunds calculated



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Use chart titled “Determining Which Refund Policies Must Be Compared” to determine which set of refund calculations apply.

DETERMINING WHICH REFUND POLICIES MUST BE COMPARED (STUDENT ATTENDED AT LEAST 1 CLASS AND RECEIVED TITLE IV FUNDS)



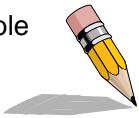
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Pro Rata Requirements

“First-Time” Student

◆ Student is “first-time” student if he or she:

- Has not previously attended at least 1 class at that school; or
- For all previous attendance, received refund of 100% of charges for tuition and fees (less any allowable administrative fee)



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“First-Time” Student (cont’d)

◆ Student remains “first-time” student until he or she:

- Withdraws, drops out, is expelled, or otherwise fails to complete period of enrollment for which he or she was charged after attending at least 1 class and does not receive 100% refund; or
- Completes period of enrollment for which charged

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School must calculate and compare amount of refund student would receive under:

1. Requirements of applicable state law;
2. Refund policy of school’s nationally recognized accrediting agency, if that policy approved by the Department of Education (ED);
3. Statutory Pro Rata refund policy.

Non-Pro Rata Requirements

Notes

Requirements apply to student who:

- 1. Is a continuing student; or
- 2. Is attending your school for first time, but withdrew after 60 percent point in time in period of enrollment for which he or she was charged.

School must calculate and compare amount of refund student would receive under:

- 1. Requirements of applicable state law; and
- 2. Refund policy of school’s nationally recognized accrediting agency, if that policy is approved by ED.

If no state refund requirements and no ED-approved accrediting agency refund policy, school must calculate and compare amount of refund student would receive under:

- 1. Federal Refund Policy under §668.22(d); and
- 2. School’s refund policy, if school has one.

Notes

Issues Related to State and Accrediting Agency Refunds

State and Accrediting Agency Refunds

- ◆ “Requirements of state law” include state agency refund requirements if:
 - Established through legally enforceable regulatory process; and
 - Carry force and effect of law
- ◆ ED must specifically approve accrediting agency refund policies before schools may use them for Title IV purposes

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If state refund requirements do not calculate and pay a refund on all required elements (i.e., tuition, fees, room, board, and other charges assessed student by the school), you must:

1. Extend state refund formula to the missing elements; or
2. Use Pro Rata or Federal Refund Policy formula, as applicable, to calculate amount of refund on the missing elements.

School may not calculate a Title IV refund according to accrediting agency’s refund policy unless ED specifically approves accrediting agency’s refund policy.

CALCULATING REFUNDS AND REPAYMENTS

The Withdrawal Record

Withdrawal Record collects and organizes information needed to calculate refunds and repayments.

WITHDRAWAL RECORD

1. Student Information

Name	Start Date	Withdrawal Date/LDA
Social Security Number	Length of Enrollment Period	Date of WD/LDA Determination

2. Program Costs

	inst.	non-inst.	Tuition/Fees		inst.	non-inst.	Personal/Living
			Administrative Fee				Dependent Care
			Room & Board				Disability Costs
			Books & Supplies				Miscellaneous
			Transportation				Miscellaneous

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs: A

TOTAL Noninst. Costs: B

TOTAL Aid Paid To Inst. Costs: C

TOTAL Paid To Inst. Costs: D

TOTAL Aid Paid as Cash: E

3. Payments/Disbursements

	DATE	SOURCE	Paid to Inst. Costs	Cash to Student		DATE	SOURCE	Paid to Inst. Costs	Cash to Student
(Exclude work-study awards.)									

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.)

YES NO

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period.

YES NO

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round **DOWN** to the nearest 10%:

•For credit-hour programs:
WEEKS REMAINING = _____

•For clock-hour programs:*
HOURS REMAINING = _____

•For correspondence programs:
LESSONS NOT SUBMITTED = _____

*DO NOT use scheduled hours. Also, excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

•Administrative Fee (up to \$100 or 5%, whichever is less)	+
•Documented Cost of Unreturnable Equipment	+
•Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal)	+
TOTAL EXCLUDABLE INST. COSTS (for Pro Rata and Federal Refund calculations only):	= _____

Pro Rata/Federal Refund Institutional Costs:

A	-	A1	=	A1
Total Institutional Costs		Total Excludable Inst. Costs		Pro Rata/Federal Refund Institutional Costs



**REQUIREMENTS FOR DETERMINING
LAST DAY OF ATTENDANCE (LDA)—WITHDRAWAL DATE**

Student's Action	LDA ¹
Withdraws (includes situations in which the student is expelled or withdraws and subsequently notifies the school)	<ul style="list-style-type: none"> • Date last attended classes as documented by the school by means of tests, written assignments submitted, attendance records, etc. • Date last attended as specified by the student² • Date will last attend classes as specified by the student
Drops out (unofficial withdrawal)	Last date of student's recorded attendance as documented by the school
Takes an unapproved leave of absence	Last date of student's recorded attendance as documented by the school
Fails to return from an approved leave of absence	Last date of student's recorded attendance as documented by the school
Enrolled in a correspondence program	Date of the last lesson submitted by student if the student failed to submit the subsequent lesson according to the school's schedule ³

- 1 Withdrawal date (or LDA) must be determined within 30 days after the expiration of the earlier of:
 - The period of enrollment for which the student was charged;
 - The academic year in which the student withdrew; or
 - The end of the student's academic program.
- 2 A school must review its institutional records in documenting a student's last day of attendance *unless the student states that he or she last attended the school on a specific date.*
- 3 The student may be restored to an "in-school status" if the student attests to the school in writing, within 60 days of the last lesson submitted:
 - A desire to continue in the program, and
 - An understanding that required lessons must be submitted on time.
 Only one restoration of "in-school status" may be allowed on this basis.

Notes

Period of Enrollment for Which Student Has Been Charged

School must determine period of enrollment for which student has been charged.

Period of Enrollment for Which Student Was Charged	
Minimum Standards	
Type of Program	Minimum Period
Term-based	Academic term
Nonterm, longer than or equal to 1 academic year	Greater of: <ul style="list-style-type: none"> • Payment period; or • 1/2 of academic year
Nonterm, shorter than 1 academic year	Length of student's program

If school bills by different periods for different charges, minimum period is longest period for which student is charged.

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Program Costs

You must determine student's educational costs for the period of enrollment for which he or she was charged and identify which are institutional charges and which are noninstitutional costs. Institutional charges are used to calculate the refund, and noninstitutional costs are used to calculate the repayment.

1. Any cost identified must be an allowable component of student's cost of attendance (COA).
2. Not all charges appearing on a student's account are necessarily institutional charges.

Notes

<p>Institutional Charges for All Refund Calculations</p>
<p>◆ Institutional charges include:</p> <ul style="list-style-type: none"> • Tuition and fees • Room and board (if contracted with school) • Other assessed charges
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Tuition charges must have been incurred for period of enrollment for which student was charged.

Certain charges payable to school are not institutional charges (e.g., library fines or cost of tickets for concert series) even though student may have given school permission to pay for them with Title IV funds. Such charges and Title IV funds used to pay them are used to calculate student’s repayment, but not student’s refund.

Title IV funds student used to satisfy prior-year institutional charges are not included in the refund calculation. Those Title IV funds are treated as a cash disbursement, and prior year charges are included as noninstitutional costs in the repayment calculation.

Books and supplies, if purchased at the school, are a noninstitutional charge if student:

1. Has real and reasonable opportunity to obtain them elsewhere; and
2. Chooses to purchase them at school’s book store only as matter of convenience.

Notes

Program Costs for Pro Rata and Federal Refund Policy

Cost is an institutional charge if:

1. Cost listed in student's enrollment agreement as a separate and required charge; or
2. School refers student to vendor or affiliated entity to purchase required item.

Pro Rata and Federal Refund Policy

◆ Group health insurance fees are institutional cost **unless**:

- Required for all students; and
- Purchased coverage remains in effect throughout entire period of enrollment for which student charged even if student withdraws

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For other types of refunds (e.g., state or institutional), you may use Pro Rata refund and Federal Refund Policy criteria to determine which costs are institutional charges and which are noninstitutional costs.

Excludable Charges are those institutional charges that the regulations permit school to exclude from proration in calculating student's refund under Pro Rata or Federal Refund Policy. School is considered to have earned 100 percent of excluded amount.

Notes

Pro Rata and Federal Refund Policy Excludable Charges

- ◆ Unreturnable equipment, if specified in enrollment agreement
- ◆ Returnable equipment not returned within 20 days or not returned in good condition if:
 - Enrollment agreement discloses these restrictions and student is notified prior to enrollment

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Pro Rata and Federal Refund Policy Excludable Charges (cont'd)

- ◆ Administrative fee not to exceed lesser of 5% of institutional charges or \$100
 - Need not be separately identifiable fee
 - Must be disclosed in refund policy



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State, Accrediting Agency, Institutional Refund Excludable Charges

- ◆ Refund policy must calculate a refund on all elements required by statute
- ◆ Institutional refund policy and procedures must disclose:
 - Which charges excluded under each refund calculation
 - How excluded charges affect amount of refund

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Notes	Payments and Disbursements
	You must establish:
	1. Which funds, including cash payments to the student, were used to pay for institutional charges and
	and
	2. Which funds, if any, were given to the student as a cash disbursement for noninstitutional charges.
	Never include:
	1. FWS wages in either the refund or the calculation: and
	and
	2. Direct Loan and FFEL funds in the calculation.
	• Late Disbursements. Different requirements govern the treatment of a withdrawn student's late disbursements depending on type of underlying debt.
	You must pay any FWS wages earned prior to the withdrawal.
	Title IV Late Disbursements
	◆ Except for FWS, school's option
	◆ School may not differentiate between students who owe the school and students who do not
	◆ Student must be eligible for late disbursement



Notes

Late Disbursements of State Aid

- ◆ Permitted to be included in refund calculation only if:
 - State has late disbursement policy
 - Student is eligible for late disbursement despite withdrawal
 - Funds are disbursed within 60 days of withdrawal

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When calculating the refund, count any late disbursement of state student financial assistance that student is expected to receive as if it has already been received. However, if state funds are not disbursed within 60 days of student’s withdrawal, you must recalculate student’s refund and repayment.

Late Disbursements of Institutional or Private Funds

- ◆ Not used in refund or repayment calculation
- ◆ After refund and repayment calculated, may be used to pay remaining unpaid charges not covered by other aid, if permitted by donor




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• **Credit Balances.** You must eliminate any credit balance on student’s account before calculating the refund and repayment.

Notes

Credit Balances	
<p>◆ For Title IV credit balance funds other than PLUS, the school may:</p> <ul style="list-style-type: none">• Return funds to Title IV programs; or• Pay student all or portion of credit balance for noninstitutional costs incurred up to time of withdrawal and not covered by other aid	
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Credit Balances (cont'd)	
<p>◆ If credit balance includes PLUS, school may:</p> <ul style="list-style-type: none">• Return funds to ED or lender; or• Pay parent borrower, or student with parent borrower's permission, all or portion of credit balance for noninstitutional costs incurred up to time of withdrawal	
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Group Discussion 2



Late Disbursement Exercise

Background: Dagget College has a policy in which funds are credited to a student's account in the following order:

- ◆ State Grant
- ◆ Funds from outside sources
- ◆ Institutional grant or scholarship
- ◆ Federal Pell Grant
- ◆ FSEOG
- ◆ Federal Perkins Loan
- ◆ FFEL Program loans

The school and the state agency have a policy to pay a late disbursement to a student who withdraws if the student is eligible for the late disbursement in spite of having withdrawn.

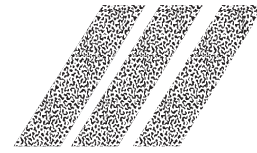
Drew is a second-year student who was enrolled in the school during the prior award year. He enrolled for the first semester and was awarded a \$1,250 state grant, a \$500 Elks Scholarship, a \$1,000 Federal Pell Grant, and a \$1,750 Federal Stafford Loan. His first semester institutional charges are \$2,000, and his noninstitutional costs are \$2,500.

Drew completely withdrew after attending the first week of classes. Only Drew's Federal Pell Grant had been credited to his account at the time of this withdrawal. The school had received his Federal Stafford Loan check, but Drew had not yet endorsed the check. The school had not received his State Grant or Elks Scholarship.

Question: What must the school do prior to calculating Drew's refund?



Group Discussion 2 Answer



- **Determine if any late disbursement is permitted.**

Both the school and the state agency have a policy of permitting late disbursements if a student withdraws and is eligible for the late disbursement. However, no late disbursement of his Elks Scholarship may be included in the refund calculation even though the Elks may permit a late disbursement of the scholarship. (Should the Elks make a late disbursement of the scholarship, it may be used to pay any unpaid charges remaining on Drew's account after the refund has been calculated and paid.)

- **Determine the amount of the late disbursement.**

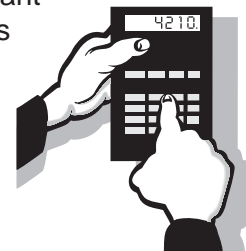
To determine the amount of the late disbursements of the State Grant and the Federal Stafford Loan for which Drew is eligible, the school treats the loan and the State Grant as if they already had been received. The total amount of the late disbursements may not exceed the costs Drew incurred prior to the time of his withdrawal for institutional charges that were not covered by other aid or by Drew (the student) and noninstitutional costs that were not covered by other aid.

If the total amount of the late disbursements for which Drew is eligible is greater than the amount needed to cover his outstanding institutional charges, Drew is eligible to receive a cash disbursement. However, the amount of the cash disbursement may not exceed the amount of noninstitutional costs he incurred prior to his withdrawal that were not covered by other aid.

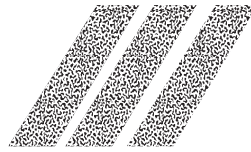
Once the school has determined the amount of the late disbursements for which Drew is eligible, the school must calculate the amount of any refund due within 30 days of Drew's withdrawal date.

Should the school not receive the late disbursement of Drew's State Grant within 60 days of Drew's withdrawal, the school must recalculate Drew's refund.

In calculating the amount of the late disbursement Drew could receive, the school determined and paid the portion of a direct disbursement he could receive for noninstitutional costs incurred prior to his withdrawal and not covered by other aid. Therefore, no repayment calculation is required.



Group Discussion 3



Credit Balance Exercise

Background: Eberhart College has a policy in which funds are credited to a student's account in the following order:

- ◆ State Grant
- ◆ Funds from outside sources
- ◆ Institutional grant or scholarship
- ◆ Federal Pell Grant
- ◆ FSEOG
- ◆ Federal Perkins Loan
- ◆ FFEL Program loans

The school also has a policy to pay students who withdraw any credit balance for which they are eligible.

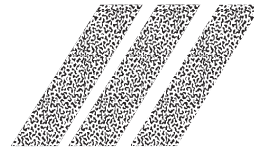
Eve is a first-year student. She was enrolled during the prior semester at the school. She enrolled for the second semester and notified the school that her last day of attendance would be during the second week.

Her aid for the second semester had been credited to her account, and consisted of a \$1,000 State Grant, a \$1,200 Federal Pell Grant, a \$550 FSEOG award, and a \$1,260 Direct Subsidized Stafford Loan. Her second semester institutional charges for tuition and fees were \$1,500, and her noninstitutional costs are \$3,500. At the time of her withdrawal, she had not yet stopped by the business office to pick up a check for the credit balance remaining on her account.



Question: What must the school do prior to calculating Eve's refund?

Group Discussion 3 Answer



- **Determine if the student is eligible for a cash disbursement.**

The school has a policy of paying credit balances to a student who withdraws if the student is eligible for the credit balance. Therefore, the school must calculate the total amount of a cash disbursement for which Eve is eligible. The cash disbursement may not exceed noninstitutional costs Eve reasonably incurred prior to her withdrawal that were not covered by other aid.

If the total amount of noninstitutional costs she incurred prior to her withdrawal that was not covered by other aid is greater than the amount of the credit balance, Eve is eligible to receive all of the entire credit balance. However, if the total amount of noninstitutional costs incurred is less than the amount of the credit balance, any amount of the credit balance in excess of the incurred noninstitutional costs must be returned to the Title IV program accounts.

Once the school has determined the amount of the credit balance to which Eve is eligible, the school must pay any refund due within 30 days of the date of Eve's last day of attendance.

In calculating the amount of cash disbursement Eve could receive from the credit balance, the school determined and paid the amount she could receive for noninstitutional costs incurred prior to her withdrawal and not covered by other aid. Therefore, no repayment calculation is required.



Data for Pro Rata Refund and Federal Refund Policy Calculations

Notes

You must calculate statutory Pro Rata refund for a Title IV student who was attending the school for first time and withdrew on or before 60 percent point in the period of enrollment for which he or she was charged.

60% Point in Time of Period of Enrollment for Which Student Was Charged	
Type of Program	Determination of 60% Point
Credit-hour	Point in calendar time when 60% of period of enrollment for which student was charged has elapsed
Clock-hour	Point when student completes 60% of clock hours scheduled for period of enrollment for which student was charged (including excused absences)

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For clock-hour programs, you may include excused absences in number of clock hours completed if:

1. Under school’s written policy the absences do not have to be made up to complete the program;
2. School documents that the hours actually were scheduled and missed prior to student’s withdrawal; and
3. Effective July 1, 1996, number of excused absences included as hours completed during the period of enrollment for which student was charged is limited to the lesser of:
 - a. Number of clock hours permitted under excused absence policy of school’s nationally recognized accrediting agency;



Notes

Lined area for taking notes.

- b. Number of clock hours permitted under excused absence policy of state agency that licenses or authorizes school to operate in the state; or
- c. Ten percent of number of clock hours in period of enrollment for which student was charged.

For Pro Rata refunds only, you must calculate portion of period of enrollment for which student was charged that remains after student withdraws.

1. For credit-hour programs, portion that remains is calculated:

$$\frac{\text{Number of weeks remaining in the enrollment period}}{\text{Total number of weeks in the enrollment period}}$$

2. For clock-hour programs, portion that remains is calculated:

$$\frac{\text{Number of scheduled clock hours remaining to be completed* in the enrollment period}}{\text{Total clock hours in the enrollment period}}$$

**Excused absences are counted as hours the student completed.*

3. For correspondence programs, portion that remains is calculated:

$$\frac{\text{Number of lessons not submitted by the student}}{\text{Total lessons in the enrollment period}}$$

Convert resulting fraction to a percentage and round down to nearest 10 percent.

Examples

Determining the Portion of the Enrollment Period Completed and the Portion That Remains



Example 1: Credit-Hour Program

- ◆ Student attending the school for the first time withdraws after completing 4 weeks of a 15-week semester.
- ◆ Portion of the enrollment period completed:

$$\frac{\text{Number of weeks completed in the enrollment period}}{\text{Total number of weeks in the enrollment period}} = \frac{4 \text{ weeks}}{15 \text{ weeks}} = 27\%$$

- ◆ Portion of the enrollment period that remains:

$$\frac{\text{Number of weeks remaining in the enrollment period}}{\text{Total number of weeks in the enrollment period}} = \frac{11 \text{ weeks}}{15 \text{ weeks}} = 70\% \text{ (i.e., 73\%, rounded down to the nearest 10\%)}$$

Example 2: Clock-Hour Program

- ◆ Student attending the school for the first time and enrolled in a 900-clock-hour program. Student withdraws after completing 243 clock hours of a 450-clock-hour payment period (school charges by the payment period).
- ◆ Portion of the enrollment period completed:

$$\frac{\text{Number of clock hours completed in the enrollment period}}{\text{Total number of clock hours in the enrollment period}} = \frac{243 \text{ clock hours}}{450 \text{ clock hours}} = 54\%$$

- ◆ Portion of the enrollment period that remains:

$$\frac{\text{Number of clock hours remaining in the enrollment period}}{\text{Total number of clock hours in the enrollment period}} = \frac{207 \text{ clock hours}}{450 \text{ clock hours}} = 40\% \text{ (i.e., 46\%, rounded down to the nearest 10\%)}$$

Notes

CALCULATING THE REFUND

Concept of Unpaid Charges

All Title IV refund calculations must take into account any unpaid institutional charges student may have at time he or she withdraws.

Definitions

- ◆ Unpaid charges: Amount of scheduled cash payment not paid by student for period of enrollment for which charged
- ◆ Scheduled cash payment: Amount of institutional charges not paid for by financial aid or to be paid for by permissible late disbursement of Title IV or state aid

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Unpaid Charges

Total institutional charges at time of student's withdrawal	
–	Total financial aid paid to institutional charges *
<hr/>	
=	Scheduled cash payment
–	Cash paid by student
<hr/>	
=	Unpaid charges

*including any allowable late disbursement of Title IV or state aid

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For statutory Pro Rata refund calculations only, subtract student's unpaid charges from initial refund amount.

REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

—	Total Institutional Costs (from Withdrawal Record)	A
=	Total Aid Paid to Inst. Costs* (also from Withdrawal Record)	C
=	Scheduled Cash Payment (SCP) (attribution not allowable)	
=	Student's Cash Paid (from Withdrawal Record)	
=	UNPAID CHARGES	

STEP TWO

Amount Retained

*Use the percentage specified by the State, accrediting agency, Federal Refund Calculation, or institutional refund policy being used for this calculation. For first-time students who withdraw on or before the 60% point in the enrollment period (see Withdrawal Record for details), a statutory *pro rata* refund must also be calculated. For every student receiving SFA funds, the school must compare the possible refunds and use the calculation that provides the largest refund.

X	Total Institutional Costs (from Withdrawal Record)	A
=	% Allowed to Retain* (from refund policy being used)	
=	Initial Amount Retained By The School	
=	UNPAID CHARGES (from Step One)	
=	AMOUNT RETAINED	

If this amount is zero or negative, all SFA paid to school charges must be returned (exc. FWS).

STEP THREE

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

—	Total Paid to Institutional Costs (from Withdrawal Record)	D
=	Amount Retained (from Step Two)	
=	REFUND AMOUNT TO BE DISTRIBUTED	

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

- | | |
|--|--|
| <ol style="list-style-type: none"> 1. Federal SLS Loan 2. Unsubsidized Federal Stafford Loan 3. Subsidized Federal Stafford Loan 4. Federal PLUS Loan 5. Unsubsidized Federal Direct Stafford Loan 6. Subsidized Federal Direct Stafford Loan 7. Federal Direct PLUS Loan | <ol style="list-style-type: none"> 8. Federal Perkins Loan 9. Federal Pell Grant 10. FSEOG 11. Other Title IV Aid Programs 12. Other Federal, state, private, or institutional aid 13. The student |
|--|--|



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If you use ED’s Refund Calculation Worksheet and refund policy provides for the exclusion of certain charges from the refund calculation, the excludable charges:

- 1. Are included in amount of “Total Institutional Costs” when calculating amount of student’s unpaid charges in Step One; and
- 2. Are not included in amount of “Total Institutional Costs” when calculating amount of charges school may retain.

Statutory Pro Rata Refund Calculations

You may use following Pro Rata Refund Calculation Worksheet to calculate Statutory Pro Rata refunds.

Notes

PRO RATA REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

—	Total Institutional Costs (from Withdrawal Record)	A
=	Total Aid Paid to Inst. Costs* (also from Withdrawal Record)	C
=	Student's Scheduled Cash Payment (SCP)	
=	Student's Cash Paid (from Withdrawal Record)	
=	UNPAID CHARGES	

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

X	Pro Rata Institutional Costs (from Withdrawal Record)	A1
=	% to be Refunded (from the Portion That Remains)	
=	Initial Refund Amount	
=	Unpaid Charges (from Step One)	If this amount is negative, the school may bill the student for that amount. No refund is due.
=	ACTUAL REFUND TO BE DISTRIBUTED	↙

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

- | | |
|--|---|
| 1. Federal SLS Loan | 8. Federal Perkins Loan |
| 2. Unsubsidized Federal Stafford Loan | 9. Federal Pell Grant |
| 3. Subsidized Federal Stafford Loan | 10. FSEOG |
| 4. Federal PLUS Loan | 11. Other Title IV Aid Programs |
| 5. Unsubsidized Federal Direct Stafford Loan | 12. Other Federal, state, private, or institutional aid |
| 6. Subsidized Federal Direct Stafford Loan | 13. The student |
| 7. Federal Direct PLUS Loan | |



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Federal Refund Policy Calculation

Notes

You may use the following Federal Refund Calculation Worksheet to calculate Federal Policy Refunds.

FEDERAL REFUND CALCULATION WORKSHEET

STEP ONE*

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

_____	Total Institutional Costs (from Withdrawal Record) (A)
_____	Total Aid Paid to Inst. Costs* (C) (also from Withdrawal Record)
_____	Scheduled Cash Payment (SCP) (attribution not allowable)
_____	Student's Cash Paid (from Withdrawal Record)
_____	UNPAID CHARGES

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

_____	Federal Refund Calculation Inst. Costs (A1) (from Withdrawal Record)
_____	% to be Refunded (from the regulatory policy)
_____	REFUND AMOUNT TO BE DISTRIBUTED

***NOTE:** Because calculating a Federal Refund in this manner does not show the amount retained by the school, the subtraction of unpaid charges from that amount is also not shown. However, the unpaid charges amount must still be calculated for the student because the refund process may result in the school not keeping the full amount it is allowed to retain under the Federal Refund Policy. In such a case, the school may collect the remaining balance from the student (the unpaid charges amount).

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

- | | |
|--|---|
| 1. Federal SLS Loan | 8. Federal Perkins Loan |
| 2. Unsubsidized Federal Stafford Loan | 9. Federal Pell Grant |
| 3. Subsidized Federal Stafford Loan | 10. FSEOG |
| 4. Federal PLUS Loan | 11. Other Title IV Aid Programs |
| 5. Unsubsidized Federal Direct Stafford Loan | 12. Other Federal, state, private, or institutional aid |
| 6. Subsidized Federal Direct Stafford Loan | 13. The student |
| 7. Federal Direct PLUS Loan | |



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Federal Refund Policy percentages are specified in regulations and are illustrated in the following chart.

Notes

REQUIRED FEDERAL REFUND POLICY PERCENTAGES	
If student withdraws	Percentage of institutional charges that must be refunded
On the first day of classes	100%
After the first day of classes through the first 10% of the enrollment period	90%
After the first 10% through the first 25% of the enrollment period	50%
After the first 25% through the first 50% of the enrollment period	25%
After the first 50% of the enrollment period	0

Notes

CALCULATING THE REPAYMENT

Title IV repayment requirements are identical for all students, regardless of method used to calculate student’s refund.

You may use the following Repayment Calculation Worksheet to calculate repayments.

REPAYMENT CALCULATION WORKSHEET

STEP ONE

Living Expenses Incurred

Because schools' repayment policies differ, this step can be calculated two ways: the total noninstitutional costs ("B" from Withdrawal Record) may be retained at a flat percentage, or the itemized costs (listed on Withdrawal Record) may be retained at differing rates and then totalled.

	NONINST. COSTS (from Withdrawal Record)	EXPENSES ACTUALLY INCURRED (from school's repayment policy)
Room & Board.....	X	=
Books & Supplies.....	X	=
Transportation.....	X	=
Personal/Living/Misc.....	X	=
TOTAL COSTS (B)	X	=
		TOTAL INCURRED

STEP TWO

Cash Paid to Student

*FFEL and Direct Loan funds are excluded from repayment—the student is already obligated to repay these funds to the lender.

Total Aid Paid as Cash (from Withdrawal Record) (E)	_____
Cash Paid from FFEL/Direct Funds	_____
TOTAL CASH DISBURSED	_____

STEP THREE

Repayment Amount

Funds must be returned to the appropriate program account(s) within 30 days of the student's repayment to the school.

Total Cash Paid to Student (from Step Two)	_____
Total Costs Incurred (from Step One)	_____
REPAYMENT AMOUNT TO BE DISTRIBUTED	_____

If this amount is \$100 or less, the student owes no repayment.

REPAYMENT DISTRIBUTION—Prescribed by Regulation

TOTAL REPAYMENT

1. Federal Perkins Loan _____
2. Federal Pell Grant _____
3. FSEOG _____
4. Other Title IV Aid Programs _____
5. Other Federal, State, private, or institutional aid _____



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Notes

No Title IV repayment calculation is required if only Title IV funds student received are FWS, Direct Loan, and/or FFEL funds.

When determining amount of noninstitutional costs incurred, school:

1. May determine on a case-by-case basis; or
2. May establish a policy applicable to all students who withdraw.

For example, you may calculate amount of incurred noninstitutional costs by:

1. Using receipts student provides for incurred costs; and/or
2. Applying a single percentage to each cost component or different rates to specific costs based on time student was in attendance.

If amount of repayment calculated is less than \$100:

1. Student not considered to owe a repayment; and
2. School not required to contact the student or to recover the repayment.

ALLOCATING THE REFUND AND REPAYMENT

Notes

Any refund and repayment amounts must be returned first to the Title IV programs. However, any amount returned to a Title IV program may not exceed amount student received from the program for period of enrollment for which he or she was charged. Amount of repayment returned must take into account any amount already returned through the refund calculation.

Required Order for Allocating Refunds
<ol style="list-style-type: none"> 1. Federal SLS Program 2. Unsubsidized Federal Stafford Loan Program 3. Subsidized Federal Stafford Loan Program 4. Federal PLUS Loan Program 5. Unsubsidized Federal Direct Loan Program 6. Subsidized Federal Direct Stafford Loan Program
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Required Order for Allocating Refunds (cont'd)
<ol style="list-style-type: none"> 7. Federal Direct PLUS Loan Program 8. Federal Perkins Loan Program 9. Federal Pell Grant Program 10. FSEOG Program 11. Other Title IV aid programs 12. Other federal, state, private, or institutional aid programs 13. Student
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Notes

Required Order for Allocating Repayments

1. Federal Perkins Loan Program
2. Federal Pell Grant Program
3. FSEOG Program
4. Other Title IV aid programs
5. Other federal, state, private, or institutional aid programs



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Deadlines for Returning Title IV Funds to FFEL Lenders and Program Accounts

You must pay Title IV refunds and return Title IV repayments by deadlines indicated in the following chart.

**DEADLINES FOR PAYMENT OF TITLE IV REFUNDS AND
RETURN OF TITLE IV REPAYMENTS TO PROGRAM ACCOUNTS**

Title IV Refunds			
Student Situation	Return FFEL Proceeds to Lender	Return Direct Loan, Federal Pell, FSEOG, and Federal Perkins Funds to Program Account	Pay Refund to Student
Officially withdraws (includes if student is expelled)	<ul style="list-style-type: none"> ◆ Within 60 days of later of: <ul style="list-style-type: none"> • Student's notification; or • Student's last day of attendance 	<ul style="list-style-type: none"> ◆ Within 30 days of later of: <ul style="list-style-type: none"> • Student's notification; or • Student's last day of attendance 	<ul style="list-style-type: none"> ◆ Within 30 days of later of: <ul style="list-style-type: none"> • Student's notification; or • Student's last day of attendance
Unofficially withdraws	<ul style="list-style-type: none"> ◆ Within 60 days of date school determines student withdrew 	<ul style="list-style-type: none"> ◆ Within 30 days of date school determines student withdrew 	<ul style="list-style-type: none"> ◆ Within 30 days of the earliest of: <ul style="list-style-type: none"> • Date school determines student dropped out; • Date of the end of the term; or • Date of end of period of enrollment for which student charged
Takes unapproved leave of absence (LOA)	<ul style="list-style-type: none"> ◆ Within 60 days of last recorded day of attendance 	<ul style="list-style-type: none"> ◆ Within 30 days of last recorded day of attendance 	<ul style="list-style-type: none"> ◆ Within 30 days of last recorded day of attendance
Fails to return from approved LOA	<ul style="list-style-type: none"> ◆ Within 30 days of the earlier of: <ul style="list-style-type: none"> • Date of the end of LOA; or • Date student notified school he or she would not be returning 	<ul style="list-style-type: none"> ◆ Within 30 days of the earlier of: <ul style="list-style-type: none"> • Date of the end of LOA; or • Date student notified school he or she would not be returning 	<ul style="list-style-type: none"> ◆ Within 30 days of the earlier of: <ul style="list-style-type: none"> • Date of the end of LOA; or • Date student notified school he or she would not be returning
Title IV Repayments			
<ul style="list-style-type: none"> ◆ School must return Federal Pell Grant, FSEOG, or Federal Perkins repayment to appropriate account within 30 days of date of student's payment. 			

Notes

Although school not liable for any amount of repayment owed, school responsible for:

1. Notifying and billing student for amount due;
2. Reporting information regarding the repayment owed to National Student Loan Data System (NSLDS); and
3. Collecting the repayment.

Student is ineligible for any further Title IV assistance until he or she fully repays the overpayment or makes satisfactory arrangements to repay the overpayment.

REQUIRED DISCLOSURES REGARDING SCHOOL REFUND POLICIES AND PROCEDURES

School must provide to prospective and current students certain information that explains school's refund and repayment policies and procedures, including:

1. How refunds and repayments will be calculated and distributed;
2. Explanation of various factors that may impact calculation of student's refund; and
3. Information regarding availability of examples illustrating application of school's refund policy.

Additional information regarding required disclosures in §668.22(a).

CASE STUDIES

Notes

Each case study contains all of the information and appropriate blank worksheets needed to complete the case study. Not all of the information provided with each case study necessarily will be used to complete the case study. For example, each case study contains a description of the school’s refund policy even though not all will require you to calculate the institutional refund.

Each case study will require you to determine which type(s) of refunds must be calculated. Because at the time these training materials were finalized there are no approved accrediting agency refund policies, no case study requires the calculation of an accrediting agency refund. If a state refund must be calculated, the state’s refund policy will be indicated in the “Refund Policy” section of the case study description. In the absence of such information, you may assume that no state refund requirements apply to the particular case study. Although you may make this assumption in completing the case studies for this training, you should always establish which types of refund policy requirements apply at your school.

Some of the case studies illustrate the requirements related to excludable charges for required supplies and equipment. One of the regulatory requirements governing required supplies and equipment specifies that the costs the school charges must be reasonably related to the school’s costs for providing the supplies and equipment. For purposes of these case studies only, you may assume that the school satisfies this regulatory provision. However, if students at your school are required to obtain supplies and equipment provided by your school, you should make certain that your school is complying with this provision regarding reasonable costs for required supplies and equipment.

Notes

A solution sheet and completed worksheets accompany each case study. The solution for each case study, which highlights the major training points of the case study, follows the steps for completing, as appropriate, the Withdrawal Record, the applicable refund worksheet(s), and the repayment worksheet.
