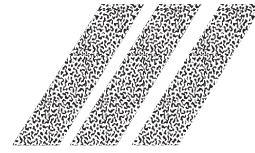


# Case Study 3 Solution

## Cedar Lake College



### Important Points

- ◆ The withdrawal date is October 20; however, Calvin's last date of attendance was October 17.
- ◆ Although the school allowed Calvin to charge his books to his account, he was not required to purchase them from the school. Therefore, his book charge is not considered to be an institutional charge for refund purposes. It is considered a noninstitutional cost.
- ◆ Calvin withdrew after completing 40% of the period of enrollment for which he was charged (i.e., 6 weeks divided by 15 weeks). Because he was attending the school for the first-time and withdrew before completing 60% of the enrollment period for which he was charged, Pro Rata refund requirements apply. Because there is no ED-approved accrediting agency or state refund policy, the Pro Rata refund is the only refund calculation which the school must perform.
- ◆ The maximum amount of administrative fee that the school may exclude from institutional charges is \$100.
- ◆ Only \$1,000 of Calvin's \$2,035 scheduled cash payment had been paid at the time of his withdrawal. The \$1,035 remaining in unpaid charges is subtracted from the initial amount of refund calculated.
- ◆ No repayment calculation is required because the only aid disbursed directly to Calvin were his FWS wages and FWS funds are excluded from the repayment calculation.
- ◆ The portion of the period of enrollment for which Calvin was charged that remains after his withdrawal is 60% (i.e., 9 weeks divided by 15 weeks, rounded down to the nearest 10%).

### WITHDRAWAL RECORD

#### 1. Student Information

<u>Calvin</u>	<u>9/8</u>	<u>10/17</u>
Name	Start Date	Withdrawal Date/LDA
	<u>15-week semester</u>	<u>10/20</u>
Social Security Number	Length of Enrollment Period	Date of WD/LDA Determination

#### 2. Program Costs

	inst.	non- inst.		inst.	non- inst.	
<input checked="" type="checkbox"/>			Tuition/Fees <u>2,775</u>	<input checked="" type="checkbox"/>		Personal/Living <u>200</u>
			Administrative Fee _____			Dependent Care _____
<input checked="" type="checkbox"/>			Room & Board <u>3,370</u>			Disability Costs _____
		<input checked="" type="checkbox"/>	Books & Supplies <u>150</u>			Miscellaneous _____
		<input checked="" type="checkbox"/>	Transportation <u>125</u>			Miscellaneous _____

**USE TOTALS FOR PERIOD CHARGED\***

TOTAL Inst. Costs: **6,145** **A**

TOTAL Noninst. Costs: **475** **B**

TOTAL Aid Paid To Inst. Costs: **4,110** **C**

TOTAL Paid To Inst. Costs: **5,110** **D**

TOTAL Aid Paid as Cash: **0** **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.)	<u>10/8</u>	<u>Federal Staff.</u>	<u>1,260</u>			<u>9/8</u>	<u>cash payment</u>	<u>1,000</u>	
	<u>9/8</u>	<u>Federal Pell</u>	<u>350</u>						
	<u>9/8</u>	<u>Federal SEOG</u>	<u>600</u>						
	<u>9/8</u>	<u>Inst. Schp.</u>	<u>1,150</u>						
	<u>9/8</u>	<u>State Schp.</u>	<u>750</u>						

**\*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** = 9  
**TOTAL WEEKS IN** = 15

\*For clock-hour programs\*:

**HOURS REMAINING** = \_\_\_\_\_  
**TOTAL HOURS IN** = \_\_\_\_\_

\*For correspondence programs:

**LESSONS NOT SUBMITTED** = \_\_\_\_\_

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

<b>TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:</b>		<u>100</u>
•Administrative Fee (up to \$100 or 5%, whichever is less) .....	+	<u>100</u>
•Documented Cost of Unreturnable Equipment .....	+	<u>0</u>
•Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal) .....	+	<u>0</u>
<b>TOTAL EXCLUDABLE INST. COSTS (for Pro Rata and Federal Refund calculations only):</b>	<b>=</b>	<b><u>100</u></b>

Pro Rata/Federal Refund Institutional Costs:

<u>6,145</u> <b>A</b>	-	<u>100</u>	=	<span style="border: 1px solid black; padding: 2px;"><b>6,045</b></span> <b>A</b>
Total Institutional Costs		Total Excludable Inst. Costs		



## 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.)

	6,145	Total Institutional Costs (from Withdrawal Record)	<b>A</b>
—	4,110	Total Aid Paid to Inst. Costs* (also from Withdrawal Record)	<b>C</b>
—	2,035	<b>Student's Scheduled Cash Payment (SCP)</b>	
—	1,000	Student's Cash Paid (from Withdrawal Record)	
—	1,035	<b>UNPAID CHARGES</b>	

### 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.

	6,045	Pro Rata Institutional Costs (from Withdrawal Record)	<b>A1</b>
<b>X</b>	60%	% to be Refunded (from the Portion That Remains)	
—	3,627	<b>Initial Refund Amount</b>	
—	1,035	Unpaid Charges (from Step One)	
—	2,592	<b>ACTUAL REFUND TO BE DISTRIBUTED</b>	

If this amount is negative, the school may bill the student for that amount. No refund is due.

### REFUND DISTRIBUTION—Prescribed by Law and Regulation

<b>TOTAL REFUND</b>	<b>2,592</b>	
1. Federal SLS Loan		8. Federal Perkins Loan
2. Unsubsidized Federal Stafford Loan		9. Federal Pell Grant
3. Subsidized Federal Stafford Loan	<b>1,260</b>	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		
		<b>350</b>
		<b>600</b>
		<b>382</b>



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United States Department of Education  
Student Financial Assistance Programs