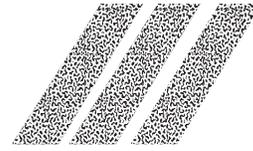


# Case Study 4 Solution

## Datsun Institute



### Important Points

- ◆ Because the college charges for tuition and fees for the entire program at the time of the student's enrollment, the entire length of the 900-clock-hour program is the period of enrollment for which Diane was charged.
- ◆ Institutional charges include Diane's costs for the required books and equipment. However, the school may exclude its costs for the equipment as well as the administrative fee from the refund calculation. (Note the excluded amount is the documented cost to the school for the equipment, not the amount the school charged the student for the equipment.) Because Diane returned the books she purchased for the program at the time of her withdrawal, the school may not exclude its costs for the books from the refund calculation.
- ◆ Diane withdrew after completing 23% of the period of enrollment for which she was charged (i.e., 210 clock hours divided by 900 clock hours). Because she was attending the school for the first time and withdrew before completing at least 60% of the enrollment period, Pro Rata refund requirements apply. Because there is no ED-approved accrediting agency or state refund policy, the Pro Rata refund calculation is the only refund calculation which the school must perform.
- ◆ The portion of the period of enrollment for which Diane was charged that remains after Diane's withdrawal is 70% (i.e., 690 clock hours divided by 900 clock hours, rounded down to the nearest 10%).
- ◆ The total amount of Diane's unpaid charges (i.e., \$1,455) is deducted from the initial amount of refund.
- ◆ No repayment calculation is required because no aid was disbursed directly to Diane.

### WITHDRAWAL RECORD

#### 1. Student Information

Diane 1/5 2/20  
 Name Start Date Withdrawal Date/LDA  
900 clock hours, 30 weeks 2/20  
 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>2,515</u>				Personal/Living _____
			Administrative Fee _____				Dependent Care _____
<input checked="" type="checkbox"/>			Room & Board <u>5,000</u>				Disability Costs _____
<input checked="" type="checkbox"/>			Books & Supplies <u>400</u>				Miscellaneous _____
			Transportation _____				Miscellaneous _____

**USE TOTALS FOR PERIOD CHARGED\***

TOTAL Inst. Costs: **2,915** **A**

TOTAL Noninst. Costs: **5,000** **B**

TOTAL Aid Paid To Inst. Costs: **1,460** **C**

TOTAL Paid To Inst. Costs: **1,460** **D**

TOTAL Aid Paid as Cash: **0** **E**

#### 3. Payments/Disbursements

(Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student
<u>2/5</u>	<u>Direct Sub. Staff.</u>	<u>1,260</u>					
<u>1/5</u>	<u>Federal Pell</u>	<u>200</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**  
 \_\_\_\_\_  
**TOTAL WEEKS IN**        = \_\_\_\_\_

\*For clock-hour programs\*:

**HOURS REMAINING**        = 690  
 \_\_\_\_\_  
**TOTAL HOURS IN**            = 900

\*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) .....	+ <u>100</u>
•Documented Cost of Unreturnable Equipment .....	+ <u>135</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>= <u>235</u></b>

Pro Rata/Federal Refund Institutional Costs:

<u>2,915</u> <b>A</b>	-	<u>235</u>	=	<b>2,680</b> <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.)

	2,915	Total Institutional Costs (from Withdrawal Record)	<b>A</b>
—	1,460	Total Aid Paid to Inst. Costs* (also from Withdrawal Record)	<b>C</b>
=	1,455	<b>Student's Scheduled Cash Payment (SCP)</b>	
—	0	Student's Cash Paid (from Withdrawal Record)	
=	1,455	<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.

	2,680	Pro Rata Institutional Costs (from Withdrawal Record)	<b>A1</b>
<b>X</b>	70%	% to be Refunded (from the Portion That Remains)	
=	1,876	<b>Initial Refund Amount</b>	
—	1,455	Unpaid Charges (from Step One)	If this amount is negative, the school may bill the student for that amount. No refund is due.
=	421	<b>ACTUAL REFUND TO BE DISTRIBUTED</b>	

### REFUND DISTRIBUTION—Prescribed by Law and Regulation

<b>TOTAL REFUND</b>	<b>421</b>
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	<b>421</b>
7. Federal Direct PLUS Loan	
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	



1996-97  
United States Department of Education  
Student Financial Assistance Programs