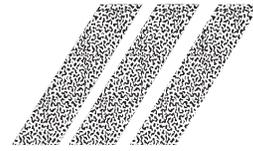


Case Study 7 Solution

Geiger State College



Important Points

- ◆ Gary withdrew after completing 20% of the period of enrollment for which he was charged (i.e., 2 weeks divided by 10 weeks).
- ◆ Because Gary is attending the school for the first-time and withdrew before completing at least 60% of the enrollment period, the Pro Rata refund requirements apply. Not only must the school calculate the amount of the Pro Rata refund, but also the amount of refund that would be due under the requirements of state law. Because the state refund requirements only address tuition and fee charges, the school extends the state formula to Gary's room and board charges.
- ◆ The portion of the period of enrollment for which Gary was charged that remains after Gary's withdrawal is 80% (i.e., 8 weeks divided by 10 weeks).
- ◆ Because Gary received all of his FSEOG and \$105 of his Federal Pell Grant in the form of a cash disbursement for noninstitutional expenses, the school must determine if a repayment is due.
- ◆ Even though none of Gary's Federal Pell Grant was used to pay for institutional charges, the school must allocate a portion of the refund (i.e., \$284) to the Federal Pell Grant Program as prescribed by statutory and regulatory requirements.

WITHDRAWAL RECORD

1. Student Information

Gary 1/5 1/16
 Name Start Date Withdrawal Date/LDA
10-week quarter 1/16
 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>905</u> | <input checked="" type="checkbox"/> | | | Personal/Living <u>300</u> |
| | | | Administrative Fee _____ | | | | Dependent Care _____ |
| <input checked="" type="checkbox"/> | | | Room & Board <u>1,650</u> | | | | Disability Costs _____ |
| | | | Books & Supplies <u>150</u> | | | | Miscellaneous _____ |
| | | | Transportation <u>50</u> | | | | Miscellaneous _____ |

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs: 2,555 **A**

TOTAL Noninst. Costs: 500 **B**

TOTAL Aid Paid To Inst. Costs: 2,555 **C**

TOTAL Paid To Inst. Costs: 2,555 **D**

TOTAL Aid Paid as Cash: 405 **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>1/5</u> | <u>Federal Staff.</u> | <u>1,760</u> | | | | | | |
| | <u>1/5</u> | <u>State Schp.</u> | <u>500</u> | | | | | | |
| | <u>1/5</u> | <u>Federal Pell</u> | | <u>300</u> | | | | | |
| | <u>1/5</u> | <u>Federal SEOG</u> | <u>295</u> | | <u>105</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:
 $\frac{\text{WEEKS REMAINING}}{\text{TOTAL WEEKS IN}} = \frac{8}{10}$

For clock-hour programs:
 $\frac{\text{HOURS REMAINING}}{\text{TOTAL HOURS IN}} = \dots\dots\dots$

*For correspondence programs:
 $\frac{\text{LESSONS NOT SUBMITTED}}{\dots\dots\dots} = \dots\dots\dots$

*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) | + | 0 |
| •Documented Cost of Unreturnable Equipment | + | 0 |
| •Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal) | + | 0 |
| TOTAL EXCLUDABLE INST. COSTS (for Pro Rata and Federal Refund calculations only): | = | 0 |

Pro Rata/Federal Refund Institutional Costs:

| | | | | |
|---------------------------|---|------------------------------|---|----------------|
| 2,555 A | - | 0 | = | 2,555 A |
| Total Institutional Costs | | Total Excludable Inst. Costs | | |



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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.)

| | | | |
|---|-------|---|----------|
| | 2,555 | Total Institutional Costs (from Withdrawal Record) | A |
| — | 2,555 | Total Aid Paid to Inst. Costs* (also from Withdrawal Record) | C |
| = | 0 | Student's Scheduled Cash Payment (SCP) | |
| — | 0 | Student's Cash Paid (from Withdrawal Record) | |
| = | 0 | 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.

| | | | |
|----------|-------|--|-----------|
| | 2,555 | Pro Rata Institutional Costs (from Withdrawal Record) | A1 |
| X | 80% | % to be Refunded (from the Portion That Remains) | |
| = | 2,044 | Initial Refund Amount | |
| — | 0 | Unpaid Charges (from Step One) | |
| = | 2,044 | ACTUAL REFUND TO BE DISTRIBUTED | |

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

| | | |
|--|--------------|---|
| TOTAL REFUND | 2,044 | |
| 1. Federal SLS Loan | | 8. Federal Perkins Loan |
| 2. Unsubsidized Federal Stafford Loan | | 9. Federal Pell Grant |
| 3. Subsidized Federal Stafford Loan | 1,760 | 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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REFUND CALCULATION WORKSHEET

State

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.)

| | | | |
|---|-------|--|-----|
| | 2,555 | Total Institutional Costs (from Withdrawal Record) | (A) |
| - | 2,555 | Total Aid Paid to Inst. Costs* (also from Withdrawal Record) | (C) |
| = | 0 | Scheduled Cash Payment (SCP) (attribution not allowable) | |
| - | 0 | Student's Cash Paid (from Withdrawal Record) | |
| = | 0 | 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.

| | | | |
|---|-------|--|-----|
| | 2,555 | Total Institutional Costs (from Withdrawal Record) | (A) |
| X | 25% | % Allowed to Retain* (from refund policy being used) | |
| = | 639 | Initial Amount Retained By The School | |
| - | 0 | UNPAID CHARGES (from Step One) | |
| = | 639 | 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.

| | | | |
|---|-------|--|-----|
| | 2,555 | Total Paid to Institutional Costs (from Withdrawal Record) | (D) |
| - | 639 | Amount Retained (from Step Two) | |
| = | 1,916 | 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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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 | 150 X | | 1/2 = | 75 |
| Transportation | 50 X | | 2/10 = | 10 |
| Personal/Living/Misc. | 300 X | | 2/10 = | 60 |
| TOTAL COSTS (B) | X | | = | 145 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.

| | |
|------------|---|
| 405 | Total Aid Paid as Cash (from Withdrawal Record) (E) |
| <u>0</u> | Cash Paid from FFEL/Direct Funds |
| 405 | 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.

| | |
|------------|---|
| 405 | Total Cash Paid to Student (from Step Two) |
| <u>145</u> | Total Costs Incurred (from Step One) |
| 260 | REPAYMENT AMOUNT TO BE DISTRIBUTED |

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

REPAYMENT DISTRIBUTION—Prescribed by Regulation

| | |
|--|------------|
| TOTAL REPAYMENT | 260 |
| 1. Federal Perkins Loan | |
| 2. Federal Pell Grant | 16 |
| 3. FSEOG | 244 |
| 4. Other Title IV Aid Programs | |
| 5. Other Federal, State, private, or institutional aid | |



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