

Case Study 4

Datsun Institute



- ◆ Withdrawal during first payment period
- ◆ Aid does not cover institutional charges

Objective

To illustrate the determination of the period of enrollment for which the student was charged, the calculation of institutional charges, and the treatment of the scheduled cash payment.



School Information

Datsun Institute:

- ◆ Nonterm, clock-hour programs of varying lengths
- ◆ A 900 clock-hour program takes 30 weeks to complete, and is divided into two 450-clock-hour payment periods
- ◆ School charges tuition, fees, and required books and supplies for the entire program at the time of enrollment



Refund Policy

Institutional Refund Policy

If the number of clock hours student completes:	The school retains:
Less than 10%	10%
10-19%	25%
20-29%	35%
30-39%	50%
40-49%	75%
50% or more	100%

For all students who withdraw, the school excludes from the refund calculation an administrative fee of the lesser of 5% of institutional charges or \$100. This fee is identified and explained in the student's enrollment agreement. The school will exclude the student's charges for the required books if the student does not return them within 120 days of his or her withdrawal or does not return them in good condition.

State Refund Policy

No state refund policy exists.

Case Study 4: Datsun Institute (cont'd)

Repayment Policy

Living expenses are determined on a case-by-case basis and are calculated using the documentation the student provides for noninstitutional costs incurred.

Student Information

- ◆ Diane is attending the school for the first-time.
- ◆ On January 5, Diane starts classes in a 900-clock-hour program.
- ◆ Diane withdraws from the program on February 20 after completing 210 clock hours (the seventh week of classes).
- ◆ At the time of her withdrawal, Diane returns the books she was required to purchase from the school for the program in good condition.

Program Costs

Costs for the program:

Tuition	\$2,500
Fees	\$15
Required books	\$250
Required equipment	\$150
School's allowance for off-campus living expenses	\$5,000

The charges for the required books and equipment are specified in the student's enrollment agreement. This agreement also states that books may be returned under the conditions specified in the agreement, and that equipment is unreturnable. The cost to the school for the books is \$225 and \$135 for the equipment.

Aid Awarded

For the academic year:

Direct Subsidized Stafford Loan (total amount approved)	\$2,625
Federal Pell Grant	\$400

Case Study 4: Datsun Institute (cont'd)

Aid Disbursed for the Payment Period

Direct Subsidized Stafford Loan	\$1,260
Federal Pell Grant	\$200

The Direct Subsidized Stafford Loan is scheduled to be disbursed in two equal installments of \$1,260 (i.e., half of the total amount approved minus the origination fee.) The first installment is scheduled for February 5, and the second installment at the beginning of the second payment period.

Task

- ◆ Calculate the amount of refund and repayment, if any.



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

	non- inst.		inst.	non- inst.	
		Tuition/Fees			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.)

<input type="checkbox"/>	<input type="checkbox"/>
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.

<input type="checkbox"/>	<input type="checkbox"/>
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
 $\frac{\text{WEEKS REMAINING}}{\text{TOTAL WEEKS IN}} = \dots\dots\dots$

For clock-hour programs:

HOURS REMAINING
 $\frac{\text{HOURS REMAINING}}{\text{TOTAL HOURS IN}} = \dots\dots\dots$

*For correspondence programs:

LESSONS NOT SUBMITTED
 $\frac{\text{LESSONS NOT SUBMITTED}}{\text{TOTAL LESSONS}} = \dots\dots\dots$

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

A

Total Institutional Costs Total Excludable Inst. Costs = **A**

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



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)
=		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

- | | |
|--|---|
| 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 | |



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