Instructor's Notes

Please take a moment to look at the overview and objectives.

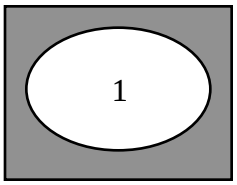
This session of the workshop covers disbursement, refunds, and repayments.

We will discuss:

- ◊ what procedures are acceptable to the U.S. Department of Education (ED) for issuing checks to borrowers;
- ◊ proper procedures for holding excess funds;
- ◊ requirements for refund and repayment policies and procedures; and
- ◊ procedures for non-*pro rata* refund and *pro rata* refund calculations.

A. DISBURSING TITLE IV FUNDS TO STUDENTS

Disbursing Title IV program funds means paying the funds directly to a student or to a PLUS loan parent borrower, or crediting the funds to a student. (OH 1)



A school may choose one of two payment options:

- ◊ disburse directly to a student or parent,
  - · by check or other means payable to the student and requiring the student's endorsement or certification (or, in the case of a parent borrowing under the Direct Loan Program or FFEL Program, requiring the endorsement or certification of the student's parent);

Note to Instructor:
The cash management regulations define disbursement as including delivery of loan proceeds.

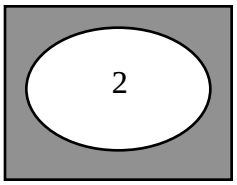
Instructor's Notes

- by initiating an electronic funds transfer (EFT) to a bank account designated by the student (or, in the case of a parent borrower, an account designated by the parent); or

- by dispensing cash to the student for which the school obtains a signed receipt from the student; **or**

◊ credit a student's account.

1. Crediting a Student's Account



Crediting a student's account is defined as: (OH 2)

◊ posting a payment of funds to a student's account.

A student's account may be any recordkeeping system, manual or automated, that a school uses to post institutional charges and payments of Title IV program funds.

When a school credits a student's account with Federal Direct Loan Program or Federal Family Education Loan (FFEL) Program funds, it must provide written notice "in an expeditious manner" to the student or parent borrower that the funds have been credited to the student's account.

Instructor's Notes

The school must also notify a student (or parent borrower) of the amount of student financial aid funds the student can expect to receive and how and when those funds will be paid.

If a school credits a student's account with Title IV program funds, it may apply those funds only to allowable charges:

- ◊ tuition and fees,
- ◊ board, if the student contracts with the school for board, and
- ◊ room, if the student contracts with the school for room.

If a school obtains a student's or parent's written authorization to use Title IV program funds to pay other costs, allowable charges may also include:

Note to Instructor: Schools cannot require students to give them written permission.

- ◊ all elements of cost of attendance allowed by Section 472 of the Higher Education Act (HEA), as amended, and
- ◊ other institutional charges that the student incurs at his or her discretion in the current year.*

*Prior year charges on a student-by-student basis.

This authorization to the school by the student or parent may be rescinded by the student or parent at any time.

Instructor's Notes

2. Paying a Student or Parent Directly

If a school does not credit a student's account with Title IV program funds, it must pay the student or parent directly.

◊ Methods that may be used to pay a student or parent directly are: (OH 3)

- electronic funds transfer (EFT)
- check, **or**
- cash.

3

Some schools use a combination of payment methods. For instance, a school may credit a student's account for tuition and fees, then deliver the remainder of the funds directly to the student.

Electronic Funds Transfer (EFT)

A school may pay a student or parent directly by transmitting Title IV program funds directly to the student's or parent's designated bank account.

The school must obtain written authorization from the student or parent to pay Title IV funds into the account through electronic funds transfer (EFT).

Check

A school may pay a stud

Instructor's Notes

Instructor's Notes

Schools may hold excess funds for a student only with the student's (or parent's) authorization.

Authorizations will be covered later in this session.

In paying excess Title IV funds to a student, the following time frames apply:

◊ For students enrolled any time during the period July 1, 1995 to June 30, 1996, a school must pay a credit balance to a student (or parent borrower) or notify the student (or parent) that the funds are available on request within 21 calendar days of whichever is the latest: (OH 4)

4

- the date the credit balance occurs,
- the first day of classes of a payment period or enrollment period, as applicable, **or**
- the date the student (or parent) rescinds authorization for the school to hold funds.

◊ For students enrolled on or after July 1, 1996, a school must pay a credit balance to a student (or parent borrower) or notify the student (or parent) that the funds are available on request within 14 calendar days of whichever is the latest: (OH 5)

5

- the date the credit balance occurs,
- the first day of classes of a payment period or enrollment period, as applicable, **or**
- the date the student (or parent) rescinds authorization for the school to hold funds.

Early Payments

A school may not make a payment to a student or a student's account until the student is enrolled in classes for the applicable payment or enrollment period. Federal regulations define "enrolled" as the status of a student who:

- ◊ has completed registration requirements (except for completing payment of tuition and fees) at the school the student is attending **or**

- ◊ has been admitted into an educational program offered predominantly by correspondence and has submitted one lesson, completed by the student without the help of a representative of the school, after acceptance for enrollment.

Except for students subject to delayed disbursement, which we will discuss in a moment, the earliest a school may pay a student directly or credit a student's account with funds received is 10 days before: (OH 6)

- ◊ the first day of a payment period or enrollment period, as applicable, **or**

- ◊ for second and subsequent disbursements of Direct Loan Program and FFEL Program loans, the first day of a semester, term, or other enrollment period for which a disbursement is intended.*

Instructor's Notes

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*Nonterm-based schools can disburse second and subsequent disbursements of Direct Loan Program and FFEL Program loans at the midpont of the enrollment period.

Instructor's Notes

Delayed Disbursement

A student borrowing under the Direct Loan or FFEL Programs is subject to delayed disbursement if the student:

- ◊ is enrolled in the first year of an undergraduate program of study and
- ◊ has not previously received a Direct Loan or FFEL Program loan.

A school may not release the first disbursement of a Direct Loan or FFEL Program loan to a first-year, first-time student borrower until 30 days after the beginning of the enrollment period for which the loan is intended.

There is no delayed-disbursement requirement for parent borrowers receiving either type of PLUS Loan or for graduate students.

Holding Excess Funds

A school may hold amounts of Title IV funds that exceed allowable charges (credit balances) **if** the student gives the school written authorization to retain the funds to assist the student in managing them.

If a student authorizes a school to hold excess funds, and the school chooses to hold those funds, the school:

- ◊ must identify the student and the amount of funds the school holds for that student in a subsidiary ledger account designated for the purpose of holding funds;

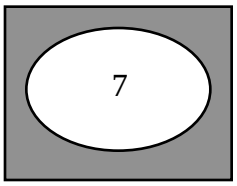
Instructor's Notes

- ◊ must maintain, at all times, an amount of cash in its bank account that is at least equal to the amount of funds the school holds for the student; and

- ◊ may retain any interest earned on student funds.

A school may not hold excess funds for students if ED determines that the school is not financially responsible.

Student/Parent Authorizations



Please turn in *The Blue Book* to Section 4.7.6, page 111. (OH 7)

Written authorizations are required from students or parents for a school to:

- ◊ disburse Title IV program funds by electronic funds transfer (EFT);

- ◊ use Title IV program funds to pay for student charges other than those specifically allowed by federal regulations; **or**

- ◊ hold excess funds.

Generally, an authorization is valid in the award year or period of enrollment in which the school obtains the authorization.

However, an initial authorization will continue to be valid for subsequent award years or enrollment periods if the school provides the student or parent with a written notice that:

Instructor's Notes

◊ explains "in a plain and conspicuous manner" the provisions contained in the student's or parent's original authorization, including an explanation of how any interest the school earns will be treated, and

◊ provides the student or parent with the opportunity to cancel or modify provisions of the original authorization at any time.

[25 minutes so far]

B. OVERVIEW OF REFUNDS AND REPAYMENTS

The 1992 reauthorization of the Higher Education Act requires a school that participates in any of the Title IV programs to:

◊ have a fair and equitable refund policy;

◊ apply that refund policy to any student:

- who does not complete the period of enrollment for which he or she has been charged and

- who received Title IV assistance (including a parental PLUS Loan); and

◊ allocate any refund first to the Title IV programs.

Interim final regulations, published on April 29, 1994, significantly revised requirements and procedures for calculating refunds and repayments, and went into effect for students withdrawing from schools on or after July 1, 1994.

Instructor's Notes

However, new refund requirements are based on final regulations that were published on November 29, 1994. These new requirements are in effect for refunds made on and after July 1, 1995.

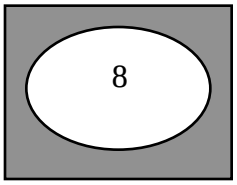
In this session, we will:

◊ review the new regulatory requirements and

◊ demonstrate procedures for calculating refunds and repayments.

1. General Principles and Definitions

Title IV refunds and repayments are calculated and based on the enrollment period for which a student is charged.



When a student terminates enrollment (OH 8), the school must determine:

◊ whether the student is entitled to a refund of institutional charges paid to the school for the period of enrollment and

◊ whether disbursements of aid that were made directly to the student may be retained by the student or whether the student was overpaid and owes a repayment.

Enrollment is terminated whenever a student:

◊ officially withdraws,

◊ drops out,

◊ is expelled,

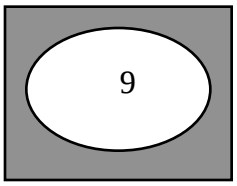
Instructor's Notes

◊ takes an unapproved leave of absence, **or**

◊ fails to return from an approved leave of absence.

Now, let's look at some important terms and concepts in this area.

First, the term "refund" means a return of the unearned amount paid for institutional charges. (OH 9)



◊ When students terminate enrollment, they may be entitled to receive refunds for the excess amounts they paid for institutional charges.

◊ However, if students receive Title IV aid, other than Federal Work-Study (FWS), the refund must be returned first to the Title IV program (or programs), then to other sources of aid, and finally to the student.

Note to Instructor:
Many schools also use the term "refund" to mean the amount of aid given to a student after all school charges have been paid.

When Title IV aid recipients who received cash disbursements terminate enrollment, the school must determine whether they owe "repayments."

◊ A cash disbursement is defined as money paid to the student for non-institutional costs.

A repayment is necessary if the student received more in a cash disbursement than was needed to cover the amount of non-institutional expenses reasonably incurred before the student ceased attendance.

To calculate the amount of a refund or repayment, the school must know when the student stops attending school.

Instructor's Notes

This is because the student only "earns" Title IV aid—and the school only "earns" its charges—while the student actually attends school.

◊ The date the student stops attending school is known as the student's "withdrawal date"; determining this date is discussed later in this session.

Another important concept a school must keep in mind is that FWS is not considered when calculating refunds and repayments. The reason: A school cannot require students to repay wages they earned.

Loans under the FFEL or Direct Loan Programs are not considered in repayment calculations.*

*Repayment of these funds is already required in the signed promissory notes.

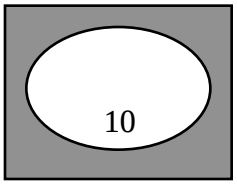
Also, if a student received a state grant that included SSIG funds, it is considered federal student aid for the purpose of refund and repayment allocations. If the state grant includes no SSIG funds, then it is considered "other sources of aid."

Refunds involve amounts paid toward institutional charges by a student or on a student's behalf.

Q: What do you think we mean by institutional charges?

» Wait for answers.

A: Examples are tuition, fees, and room and board that is contracted with the institution. (OH 10)



Instructor's Notes

Equipment, books, and supplies are also considered institutional charges if:

◊ the charges are specified in the enrollment agreement as required charges **or**

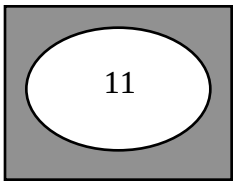
◊ there is no option to buy the equipment, books, and supplies from another source.

Repayments involve cash that was disbursed directly to students to cover non-institutional charges.

Q: What do you think we mean by non-institutional charges?

» Wait for answers.

A: Non-institutional charges are education-related living expenses. (OH 11) Examples are equipment, books, supplies, transportation, dependent-care expenses, room and board for which the student does not contract with the institution, and Title IV student loan fees, if included in the COA.



2. Requirement for Fair and Equitable Institutional Refund Policy

The 1992 reauthorization of the HEA introduced new refund requirements.

Effective July 23, 1992, each school participating in any Title IV program was **required** to have a fair and equitable refund policy.

CFR 34 668.22

◊ Under this policy, the school must provide for a refund of unearned tuition, fees, room and board, and other charges assessed to students who

Instructor's Notes

received Title IV assistance (or to parents who received Federal PLUS or Federal Direct PLUS Loans on a student's behalf).

◊ Such refunds must be provided for students who fail to register, officially withdraw, drop out, or are expelled from the school.

Effective as of the 1995-96 award year, a refund must be provided for students who take an unapproved leave of absence or fail to return from an approved leave of absence.

Please turn in *The Blue Book* to Chapter 2, page 68, as we discuss the refund process.

A school's refund policy is considered to be fair and equitable if it provides a refund that is the largest of: (OH 12)

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◊ the refund required by state law or the refund regulations of a state agency that were established through a legally enforceable regulatory process;

◊ the refund required by the school's nationally recognized accrediting agency and approved by ED; **or**

◊ the statutory *pro rata* refund, if applicable.

· The statutory *pro rata* refund is applicable to any Title IV recipients who:

♦ are attending the school for the first time and

Instructor's Notes

- ♦ withdraw from the school on or before the 60% point in the period of enrollment for which they were charged.

· Students are considered to be attending the school for the first time when they:

- ♦ have not previously attended at least one class at the school **or**

· received a 100% refund of any charges for tuition and fees (less any allowable administrative fee) for previous attendance at the school.

· Students remain "first-time students" at the school until they:

- ♦ officially withdraw, drop out, take an unapproved leave of absence, fail to return from an approved leave of absence, or are expelled after attending at least one class, **or**

- ♦ complete the period of enrollment for which they have been charged.

Not all states and nationally recognized accrediting agencies have refund requirements, and not all students are attending school for the first time.

If there are no state or approved accrediting agency refund requirements,* and statutory *pro rata* does not apply, the school must compare its institutional refund policy (if it has such a policy) to the federal refund policy (from the November 29, 1994 regulations) and make the larger refund of the two.

*At this writing, the Secretary has not approved any accrediting agency policies.

Instructor's Notes

Since a fair and equitable refund policy is one that provides the largest possible refund, a school must calculate all applicable refund possibilities for each student. That is, the school must compare accrediting agency, state, and *pro rata* refunds for all first-time students who are Title IV recipients. If a student is not a first-time student and received Title IV funds, there is no state refund policy, and there is no approved accrediting agency policy, the school must compare its institutional policy (if the school has such a policy) with the federal refund policy.

[45 minutes so far]

C. REQUIREMENTS PRIOR TO CALCULATING REFUNDS AND REPAYMENTS

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To properly calculate refunds and repayments, a school must: (OH 13)

◊ determine if there is a credit balance on the student's account and

◊ calculate the student's unpaid institutional charges as defined by federal regulations.

Instructor's Notes

1. Credit Balances

Prior to calculating a refund or repayment, a school must eliminate any credit balance on the student's account.

Except for student-earned FWS funds, a school must determine whether Title IV funds that make up all or part of the credit balance should be given to the student or returned to the federal student aid programs they came from. Title IV funds that can't be used to pay for education expenses incurred by the student prior to becoming ineligible must be returned to the programs.* In such cases:

- ◊ FFEL Program funds would be returned to the lender;
- ◊ Federal Pell Grant and Direct Loan Program funds would be returned to the appropriate school accounts (with corresponding adjustments to disbursement records sent to ED); and
- ◊ FSEOG and Federal Perkins Loan funds would be returned to the appropriate accounts at the school.

In determining education expenses incurred by the student before becoming ineligible, the school may include documented, non-institutional costs the student incurred.

*Pell Grant funds must be returned to the Pell Grant Program and cannot be used to reduce FFEL or Direct Loan Program balances.

Note to Instructor: SSIG funds would be returned to the state.

2. Calculating Unpaid Charges

Under current regulations, all refund calculations must take into account any unpaid institutional charges that exist at the time the student withdraws.

Now we will discuss treatment of unpaid charges and how they differ between the non-*pro rata* refund calculation and the statutory *pro rata* refund calculation.

A student may have unpaid charges for the enrollment period if: (OH 14)

- ◊ all of the student's aid has not been disbursed **or**
- ◊ the student has not made all of the scheduled cash payment.

Any allowable late disbursements of Title IV funds must be counted by the school as if they had been paid to institutional charges, if the student is still eligible for the funding (under applicable program rules).

- ◊ Late disbursements of state aid also may be counted as received, if:
  - the student is eligible for the state aid according to the state's written late-disbursement policy, even though he or she has withdrawn, and
  - the state disburses the aid within 60 days of the student's withdrawal date.

If the school included the expected late disbursement of state student aid funds, but the student does not receive the funds within 60 days of the student's withdrawal, the school must recalculate the student's refund and repayment.

Instructor's Notes

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Note to Instructor:
You may want to remind participants that when Title IV program regulations permit payment of a late disbursement, the amount that may be disbursed is limited to the education costs that the student incurred prior to his or her withdrawal. The school must document those costs in the student's file.

Instructor's Notes

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Now let's discuss how to calculate unpaid student charges. (OH 15)

- ◊ A student's scheduled cash payment is the amount of institutional charges not paid for by financial aid at the time of the student's withdrawal.

- ◊ In calculating the scheduled cash payment, any allowable late disbursements of Title IV aid or state aid (for which the student is still eligible) count as already paid to institutional costs.

- ◊ To calculate the amount of a student's unpaid charges, the school deducts any payments made by the student from the scheduled cash payment.

Remember, calculating unpaid charges is the same, regardless of which refund calculation the school is using. The only difference is how the unpaid charges are treated in the refund calculation.

In calculating a *pro-rata* refund, the amount of unpaid charges is subtracted from the amount of the refund, not from the amount that the school could otherwise retain.

You may be aware, from reading Dear Colleague Letter GEN-95-22, that certain elements of ED's refund regulations have been challenged in court. In two of these cases, the courts have imposed preliminary injunctions against ED, prohibiting it from enforcing provisions of the regulations relating to state-policy refund calculations until the lawsuits are resolved. The central issue in the two court cases is whether ED can require schools to deduct unpaid charges when calculating refunds under the state policy.

Instructor's Notes

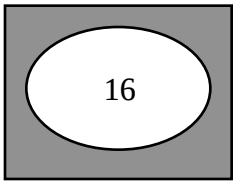
ED is seeking final rulings to uphold the regulations as written. However, because ED believes that it is in the best interest of the Title IV programs to consistently apply these portions of the refund regulations to all institutions, ED will limit the scope of program reviews and audits, provided a school was and is in compliance with all other aspects of the refund regulations, until the issue is resolved.

Financial aid and business office personnel at institutions that calculate refunds using state policies should read DCL GEN-95-22 carefully and be alert for further ED communications on the matter. A copy of this Dear Colleague letter is in your *Participant's Guide* at the end of Session 7.

» A copy of Dear Colleague Letter GEN-95-22 is on pages 72 - 75 of this guide as well.

[55 minutes so far]

D. THE WITHDRAWAL RECORD



To help schools comply with the refund and repayment requirements that went into effect July 1, 1995, ED has developed the following sample worksheets: (OH 16)

- ◊ the Withdrawal Record;
- ◊ the Refund Calculation Worksheet (for non-*pro rata* refund calculations);
- ◊ the Repayment Calculation Worksheet;
- ◊ the Federal Refund Calculation Worksheet; and
- ◊ the *Pro Rata* Refund Calculation Worksheet.

Instructor's Notes

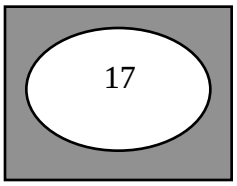
These worksheets are located in your *Participant's Guide*, at the end of this session.

» You will find these worksheets in your Guide, pages 26 - 30.

Using these worksheets at your school is voluntary. We will use the worksheets here to illustrate the refund and repayment processes.

First, the school must collect the following information about the student's attendance, withdrawal, and education costs.

The Withdrawal Record collects and organizes all of the following information: (OH 17)



- ◊ the student's withdrawal date (or last day of attendance);
- ◊ the period of enrollment (length of enrollment period) for which the student was charged; and
- ◊ for that enrollment period—
  - · the student's education costs,
  - · the amount paid to institutional costs, and
  - · cash payments to the student.

We will now review using the Withdrawal Record Worksheet.

» The Withdrawal Record Worksheet is shown on page 26 of this Guide.

» Text continues on page 31 of this Guide.

Instructor's Notes

(Paste in withdrawal record)

Instructor's Notes

(Paste in Refund Calculation Worksheet)

Instructor's Notes

(Paste in Repayment Calculation Worksheet)

Instructor's Notes

(Paste in Federal Refund Calculation Worksheet)

Instructor's Notes

(Paste in Pro Rata Refund Calculation Worksheet)

Instructor's Notes

1. Student Information

This section of the Withdrawal Record collects information that allows the school to determine how long the student attended the school during the enrollment period.

Withdrawal Date or Last Day of Attendance (LDA)

The school must establish the student's withdrawal date, or last day of attendance (LDA)*. Schools must determine this within a specific time frame, as indicated in the chart entitled "Requirements for Determining Withdrawal Date or Last Day of Attendance (LDA)" provided to you in your Guide on the last page of Session 7.

*The regulatory requirements for determining a student's withdrawal date or last day of attendance are contained in Section 668.22(i)(1) of the Student Assistance General Provisions.

» The chart appears on page 76 of this Guide.

Length of Enrollment Period

The "length of enrollment period" refers to the enrollment period for which the student has been charged. The refund and repayment calculations apply only to the period of enrollment for which the student has been charged.

The school must use the actual enrollment period for which the student was charged. However, to prevent a school from establishing very short periods of enrollment, federal regulations require: (OH 18)

- ◊ for term-based, credit-hour or clock-hour programs, the minimum period is the academic term;

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Instructor's Notes

◊ for nonterm credit-hour or clock-hour programs—

- if the program is shorter than an academic year, the minimum period is program length;

- if the program is equal to or longer than an academic year, the greater of either the payment period or one-half of the academic year.

If the school has different charges for different periods of enrollment, the minimum period is the longest period for which the student was charged.

For example, suppose a school charges its students tuition by the academic year but charges for required books and supplies by the academic term. Since the longest period for which a student is charged is the academic year, the period of enrollment, for refund and repayment purposes, is the academic year.

2. Program Costs

In this section of the Withdrawal Record, the school lists the student's education costs for the enrollment period, designating them as either institutional or non-institutional charges. Institutional charges are used in the refund calculation; non-institutional costs are used in the repayment calculation.

For the purpose of calculating refunds, institutional charges are only those charges for which the school directly charges the student.

For example, if a student's room charges are merely pass

Instructor's Notes

Instructor's Notes

student's living allowance or miscellaneous expenses.

The total amount of the student's institutional charges and the total amount of the student's non-institutional costs are recorded in Items A and B respectively of the Withdrawal Record.

3. Payments and Disbursements

This section of the Withdrawal Record collects information about:

- ◊ the amount paid for institutional charges (including aid received and cash paid by the student) and
- ◊ the amount of aid disbursed to the student for living expenses.

As mentioned earlier, Federal Work-Study (FWS) wages are never included in either the refund or the repayment calculation, as fair-labor laws preclude anyone having to repay earned wages. Loan amounts should be recorded as they are received (excluding fees and insurance premiums).

Direct Loan and FFEL Program loans are not counted in the **repayment** calculation. The reason? Repayment of these funds is already required in the signed promissory notes.

4. Statutory Pro Rata and Federal Refund Information

This section of the Withdrawal Record is used to:

- ◊ establish whether a *pro rata* refund or a federal refund is required and
- ◊ gather the data to be used in the calculations.

As noted before, a statutory *pro rata* refund calculation is required for all first-time students who receive Title IV aid and who withdraw on or before the 60% point in the enrollment period.

The 60% point of the enrollment period is: (OH 20)

- ◊ for credit-hour programs, when 60% (in calendar time) of the enrollment period has elapsed;
- ◊ for clock-hour programs, when the student has completed 60% of the clock hours scheduled for the enrollment period; **or**
- ◊ for correspondence programs, when the student has submitted 60% of the lessons in the enrollment period.

A student's excused absences may be included in the number of completed clock hours if the school:

- ◊ permits excused absences under its written policy and
- ◊ has documentation of the student's excused absences.

Instructor's Notes

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Note to Instructor:
If a licensing authority such as the State Board of Cosmetology requires actual seat hours to be certified, the school may not use an excused absence policy for the program of study.

Instructor's Notes

The *pro rata* refund calculation is based on the portion of the enrollment period that remains after the student's withdrawal date.

The "portion that remains" is calculated as follows:

◊ For credit-hour programs: (OH 21)

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

21

◊ For clock-hour programs: (OH 22)

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

22

*Excused absences are counted as hours the student completed.

◊ For correspondence programs: (OH 23)

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

23

The resulting fraction (portion that remains) is converted to a percentage, and rounded down to the nearest 10%.

Schools should note that the "portion that remains" will not necessarily be consistent with determining the 60% point in time because of the rounding requirement. For example, for a student who withdraws at the 54% point in time, the "portion that remains" is 46% rounded down to 40%.

For *pro rata* refund calculations, certain institutional charges may be excluded from total institutional charges when calculating the percentage of institutional charges that must be refunded. (These charges are not excluded from total institutional charges when calculating unpaid charges.) Institutional charges that may be excluded are: (OH 24)

- ◊ the "documented cost" of unreturnable equipment issued to the student (if the enrollment agreement specifies that the equipment is unreturnable). "Documented cost" means:
  - the amount, per invoice, that the institution paid for the equipment.
  - current ED policy does not provide for any markup, postage, or inventory charges.
- ◊ the documented cost of returnable equipment that the student failed to return within 20 days of withdrawing or did not return in good condition.
  - The enrollment agreement must disclose these and any other restrictions on the return of equipment.
  - The student must be notified, in writing, prior to enrollment, that the equipment must be returned in good condition within 20 days of withdrawal.
- ◊ a reasonable administrative fee, not to exceed 5% of the student's institutional charges or $100—whichever is less.*

Instructor's Notes

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*A school may deduct an administrative fee from its calculation of total institutional charges even when it was not previously specifically identified as a separate charge. However, if a school chooses to retain an administrative fee and reduce the total institutiona charges, it must disclose that fact in its written refund policy. Refer to DCL GEN-95-22.

Instructor's Notes

Now let's discuss the Federal Refund Policy calculation. To do so, let's turn to page 68 in *The Blue Book*.

As stated earlier, the school must first determine whether one or more of the following three types of refunds applies to any student receiving Title IV funds. If any apply, the student must receive the largest applicable refund. These three types of refunds are:

- ◊ a statutory *pro rata* refund, if applicable;
- ◊ a state refund, if state standards exist;
- ◊ an accrediting agency refund, if the agency's policy is approved by ED.

If none of these three refund options apply to a particular student, a school must calculate a Federal Refund Policy refund and compare it to the refund calculated under the school's own institutional refund policy. The school then issues the larger of the two refunds to the student.

The Federal Refund Policy applies to all students receiving Title IV funds who withdraw from school, not just those who officially withdraw.

This policy mandates the percentage of institutional charges that must be refunded as follows: (OH 25)

25

- ◊ 100% refund of institutional charges if the student withdraws up to one week before classes start or on the first day of class.
- ◊ 90% refund of institutional charges if the student withdraws after the first day of class through the first 10% of the enrollment period.

Instructor's Notes

- ◊ 50% refund of institutional charges if the student withdraws after the first 10% through the first 25% of the enrollment period.

- ◊ 25% refund of institutional charges if the student withdraws after the first 25% through the first 50% of the enrollment period.

As with the *pro rata* refund policy, a school may take a reasonable administrative fee from institutional charges (not to exceed $100 or 5% of the total institutional charges, whichever is less.)

The Federal Refund Policy also follows the *pro rata* refund policy requirements treating:

- ◊ institutional charges,

- ◊ pass-through room charges, and

- ◊ group health insurance fees.

Now that we have reviewed all the information the school needs when calculating refunds and repayments, we will describe how to do these calculations.

Note to Instructor:
Pass-through room charges refer to room charges collected by the school that are "passed through" to an unaffiliated entity that is an entity not controlled, affiliated with, or otherwise related to the school's owners or management.

[80 minutes so far]

Instructor's Notes

E. CALCULATING REFUNDS AND REPAYMENTS

As we stated earlier, a school must calculate all applicable refunds, compare them, and determine which calculation provides the largest refund to the student. Then the largest possible refund is made to the student.

1. Non-Pro Rata Refunds and Unpaid Charges

26

To calculate a refund under the state, accrediting agency, or institutional policy, (OH 26) multiply the total institutional charges by the percentage the school is entitled to retain (according to how long the student attended).

Then, subtract the unpaid charges from that amount. The result is how much the school is allowed to keep of the money paid to institutional charges. All the rest must be refunded and the school is entitled to bill the student for the unpaid charges.

Because the Federal Refund Policy is also a non-*pro rata* policy, unpaid charges must be treated in the same way. However, because the Federal Refund Policy results in an amount to be refunded instead of an amount to be retained by the school, the proper treatment of unpaid charges occurs automatically. A separate step is not necessary.

If the student's unpaid charges are equal to or greater than the amount that the school may retain under its refund policy, the school must return all Title IV funds (except for FWS wages) paid to institutional charges.

Instructor's Notes

2. Pro Rata Refunds and Unpaid Charges

To calculate a *pro rata* refund, multiply the total *pro rata* institutional charges (which may be different than the total institutional charges figure used in non-*pro rata* refunds) by the "portion that remains." Then subtract any unpaid charges from the refund. (OH 27)

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We will now show you the steps in calculating refunds.

Using Example 1, which is in your Guide, we will describe the steps a term-based, credit-hour school must take in calculating the refund under state refund requirements and the statutory *pro rata* refund. Take a few moments to review the case description.

» A copy of Example 1 containing Case Description, Withdrawal Record, Non-*Pro Rata* Refund Calculation Worksheet, and *Pro Rata* Refund Calculation Worksheet (5 pages long), starts on page 61 of your Guide.

3. Examples of Refund Calculations

Example 1: Cornwell College

Withdrawal Record

In the Student Information section, the date that Tom started his program (August 28) and his withdrawal date (September 15) are recorded. As Cornwell College is a credit-hour school that charges its students by the semester, the 15-week semester is the enrollment period.

In the Program Costs section, Tom's total institutional charges are $4,775; these include only his charges for tuition and fees ($2,000) and room and board ($2,775). His remaining costs for books and supplies ($200), transportation ($100), and miscellaneous personal

Instructor's Notes

expenses ($250) are non-institutional costs. Tom's total non-institutional costs are $550.

In the Payments and Disbursements section, only Tom's $65 cash payment and the aid Tom received for the enrollment period (the $500 FSEOG, the $1,050 Cornwell Scholarship, the $1,150 Federal Pell Grant, and the $750 State Grant) are recorded. Total *aid* paid to institutional costs equals $3,450. The total paid to institutional costs equals $3,515. No cash disbursement was made.

As a first-time borrower in the first year of an undergraduate program, Tom cannot receive loan proceeds until 30 days after classes begin.

Note to Instructor:
The loan fee was not in the COA since Tom never received loan proceeds.

He withdrew before that 30-day point, and so he will not be paid any loan funds.

In the Statutory *Pro Rata* section, the percentage of the semester completed is calculated by dividing the 3 weeks Tom completed by the 15 weeks in the semester, (3 ÷ 15 = 20%). Because Tom is a first-time student who withdrew before the 60% point of the enrollment period, the school must calculate a *pro rata* refund.

Had Tom withdrawn after the ninth week of the semester (after the 60% point), the school would not be required to calculate a statutory *pro rata* refund.

To calculate the *pro rata* refund, the school will need to determine:

- ◊ the "portion that remains" (the percentage of the semester that Tom did not complete) and

- ◊ whether any of Tom's institutional charges may be excluded for *pro rata* purposes.

Instructor's Notes

Because Tom was enrolled in a credit-hour program, the "portion that remains" is calculated by dividing the 12 remaining weeks by the 15 total weeks (12 ÷ 15 = 80%). The resulting number must be rounded down to the nearest 10%, so it remains 80%.

Because none of Tom's institutional charges may be excluded from the *pro rata* refund calculation, Tom's *pro rata* institutional charges are the same as his total institutional charges.

Now we are ready to calculate Tom's refund. First we will calculate the state refund, then the *pro rata* refund.

Non-Pro Rata Refund Calculation Worksheet

In Step One, Tom's unpaid charges ($1,260) are calculated by first determining the scheduled cash payment ($1,325), then deducting Tom's cash payment ($65) from that amount ($1,325 - $65 = $1,260).

In Step Two, using the date of Tom's withdrawal and the state refund policy, the school calculates the amount of institutional charges it may retain.

According to Cornwell College's policy, if a student withdraws after the third week, the school is entitled to retain 50% of the institutional charges ($4,775 x .50 = $2,388).

Then, the school must deduct the $1,260 in unpaid charges from the $2,388 retained initially ($2,388 - $1,260 = $1,128).

In Step Three, subtract the total amount the school may retain ($1,128) from the total amount ($3,515) paid to institutional charges ($3,515 - $1,128 = $2,387).

Instructor's Notes

» Before proceeding, ask participants if they have any questions about this state refund calculation.

Pro Rata Refund Calculation Worksheet

In Step One, the amount of Tom's unpaid charges ($1,260) is calculated in the same manner as for the non-*pro rata* refund calculation shown earlier.

In Step Two:

◊ multiply Tom's *pro rata* institutional charges for the enrollment period ($4,775) by the portion that remains (80%).

◊ subtract Tom's unpaid charges ($1,260) from that result.

The *pro rata* refund is $2,560, which is larger than the state-required refund. It is this larger amount that must be refunded.

You should note that Tom's unpaid charges were covered by deducting the unpaid charges from the Title IV refund under the *pro rata* refund calculation. Therefore, the school cannot bill Tom for that amount.

We will describe the requirements for distributing the $2,560 refund later in this session.

Example 2, which is also in your Guide, illustrates a clock-hour school refund calculation made according to accrediting agency refund standards and *pro rata* requirements. Take a few moments to review the case description.

» A copy of Example 2, containing Case Description, Withdrawal Record, Non-*Pro Rata* Refund Calculation Worksheet, and *Pro Rata* Refund Calculation Worksheet (6 pages long), starts on page 66 of your Guide.

Instructor's Notes

Example 2: Lynley Institute

Withdrawal Record

In the Student Information section, the date that George started his program (July 3) and his withdrawal date (August 11) have been recorded.

As Lynley Institute charges its students for the entire program at the time of enrollment, the 1,200-clock-hour, 40-week program is the enrollment period.

In the Program Costs section, George's total institutional charges are $1,575; these include his charges for tuition ($1,500) and the administrative fee ($75). His total non-institutional costs ($5, 200) consist of the school's $5,000 allowance for off-campus living expenses and the $200 books, supplies, and loan fee allowance.

In the Payments and Disbursements section, the school lists the aid disbursed to George (the $840 Direct Subsidized Loan disbursement, $500 of the State Grant, and the $767 Federal Pell Grant, for a total of $2,107). Because the institutional costs were fully paid, the remaining $532 of his $767 Federal Pell Grant payment was disbursed to George in cash.

In the Statutory *Pro Rata* section, the percentage of the enrollment period completed is calculated by dividing the 150 clock hours George completed by the 1, 200 clock hours for which George has been charged (150 ÷ 1,200 = 12.5%). Because George is a first-time student who withdrew before the 60% point of the enrollment period, the school must also calculate a statutory *pro rata* refund.

Instructor's Notes

Had George withdrawn after completing at least 720 clock hours (after the 60% point), the school would not be required to calculate the *pro rata* refund.

To calculate the *pro rata* refund, the school will need to determine:

- ◊ the "portion that remains" (the percentage of the enrollment period that George did not complete) and

- ◊ whether any of George's institutional charges may be excluded for *pro rata* purposes.

The "portion that remains" is calculated by dividing the 1,050 remaining clock hours by the total 1,200 clock hours in his program (1,050 ÷ 1,200 = 87.5%). The 87.5% is rounded down to 80%.

The school may exclude its entire $75 administrative fee from the *pro rata* refund calculation because:

- ◊ it is less than either $100 or 5% of George's institutional charges (5% x $1,775 = $88.75).

Pro rata institutional charges equal $1,500 ($1,575 - $75 = $1,500).

We are now ready to calculate George's refund. First we will calculate the accrediting agency refund, then the *pro rata* refund.

4. Accrediting Agency Refunds

In Step One, because all of George's institutional charges were paid by the financial aid he received, there are no unpaid charges.

In Step Two, using the date of George's withdrawal and the accrediting agency refund policy, the school calculates the amount it may retain.

According to Lynley Institute's accrediting agency standards, if a student withdraws after completing 13%* of the enrollment period, the school is entitled to retain 25% of the institutional charges ($1,575 x .25 = $393.75, rounded up to $394).

Since there are no unpaid charges, the school may retain the entire $394.

In Step Three, the refund amount is calculated by subtracting the total amount the school may retain ($394) from the total amount paid to institutional charges ($1,575 - $394 = $1,181).

» Before proceeding, ask participants if they have any questions about this accrediting agency refund calculation.

Instructor's Notes

Note to Instructor: The accrediting agency refund policy is for illustration purposes only, as there are no approved accrediting agency policies at this time.

*For this purpose, George's completed amount of 12.5% is rounded up to 13%, as allowed under the accrediting agency policy.

Instructor's Notes

Pro Rata Refund Calculation Worksheet

In Step Two, the refund amount is calculated by multiplying George's *pro rata* institutional charges ($1,500) by the portion that remains (80%). ($1,500 x .80 = $1,200.)

There are no unpaid charges to subtract from this *pro rata* refund.

The *pro rata* refund is larger than the accrediting agency refund. Therefore, the school must use the *pro rata* refund calculation result.

We will describe the requirements for distributing the $1,200 *pro rata* refund among the sources that paid George's costs later in this session.

5. Repayments

Repayment requirements are identical for all students, regardless of the method used to determine the student's refund.

The repayment is calculated by deducting the total non-institutional costs incurred from the total cash disbursed, excluding any (earned) Federal Work-Study wages and Direct Loan or Federal Family Education Loan proceeds.

Now, we will show a repayment calculation for George using the Withdrawal Record information from Example 2. The Repayment Worksheet for this example is in your Guide.

» A copy of the Repayment Worksheet for Example 2 is at the end of this session on page 71.

Instructor's Notes

In Step One, following its written repayment policy, the school determines the total amount of non-institutional costs George incurred for the enrollment period.

The school prorates his $5,000 off-campus living expense allowance by multiplying it by 13% (5 ÷ 40 = 12.5%, rounded up to 13%). Because George began classes, 50% of the $200 books and supplies allowance is considered spent (50% x $200 = $100). The total amount of non-institutional costs George incurred is $750.

In Step Two, since all of the cash disbursement came from George's Federal Pell Grant, the entire $532 cash disbursement is used in the repayment calculation.

In Step Three, because the amount of George's non-institutional costs exceeded the amount that he had received as a cash disbursement, no repayment is required.

6. Allocating Refunds and Repayments

Once the school calculates a student's refund, any refund must be returned first to Title IV programs. However, the amount of a refund returned to a Title IV program may not exceed the amount that the student received from that program for the period of enrollment.

In addition, according to statutory and regulatory requirements, the refund must be returned in the following order: (OH 28)

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1. unsubsidized Federal Stafford Loan;

2. subsidized Federal Stafford Loan;

Instructor's Notes

3. Federal PLUS Loan;

4. Direct Unsubsidized Loan;

5. Direct Subsidized Loan;

6. Direct PLUS Loan;

7. Federal Perkins Loan Program;

8. Federal Pell Grant Program;

9. Federal Supplemental Educational Opportunity Grant (FSEOG) Program; and

10. other Title IV programs.*

*except FWS

Funds returned to any Title IV program may not exceed the amount received from that program. However, loan amounts returned after 120 days may include any applicable loan fees and insurance fees to avoid a student defaulting over a relatively small amount of unreturned money.**

**If the amount of an FFEL loan that is delivered to a student is repaid in full within 120 days of the date the lender disbursed the loan, the holder of the loan must return any deducted origination fees and insurance premiums to the student's account. Loan amounts returned within 120 days are net of fees; after 120 days they are gross.

If there is any remaining money after returning all Title IV funds received for the enrollment period, regulations require the school to allocate remaining funds in the following order:

◊ other federal, state, private, or institutional student financial assistance programs; and

◊ the student.

Instructor's Notes

In Examples 1 and 2 in your *Participant's Guide*, the Refund Distribution sections of the worksheets show that the total refund for each of these examples was allocated according to these requirements.

» The examples of the Refund Distribution section are in the *Instructor's Guide* on pages 65 and 70.

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The repayment must be allocated according to regulatory requirements in the following order: (OH 29)

1. Federal Perkins Loan Program;
2. Federal Pell Grant Program;
3. Federal Supplemental Educational Opportunity Grant (FSEOG) Program;
4. other non-loan Title IV programs*; and
5. other state, private, or institutional student financial aid programs.

*except FWS

The amount of repayment returned to a Title IV program may not exceed the amount that the student received from that program for the enrollment period for which he or she was charged.

[115 minutes so far]

F. OTHER RELATED REQUIREMENTS

Instructor's Notes

1. Published Policies and Procedures

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Schools must provide a "clear and conspicuous written statement" to prospective and enrolled students that includes: (OH 30)

- ◊ the manner in which aid is applied and disbursed;
- ◊ how institutional refunds and repayments are calculated;
- ◊ how refund and repayment monies are distributed to Title IV accounts, lenders, and non-federal accounts;
- ◊ operational policies that outline systems for checking on enrollment and other administrative responsibilities involved in the refund/repayment processes;
- ◊ procedures a student must follow to obtain a refund;
- ◊ examples of applying the refund and repayment policies; and
- ◊ the cost of students' required supplies and equipment.

Refunds and repayments allocated to a particular program may never exceed the aid paid to students from that program.

Note to Instructor:
If the amount of an FFEL Program loan that is delivered to a student is repaid in full after 120 days of the date the lender disbursed the loan, the school must return the gross amount of the loan (which includes origination fees and insurance premiums).

Finally, schools should have a consistently applied repayment policy on the amount of non-institutional, education-related expenses considered to be incurred by students during the enrollment period for which they were charged.

2. Timely Processing

Regulations specify the maximum time in which any refund and repayment must be made.

Please open *The Blue Book* to Section 4.8.4, page 118. (OH 31)

If the student received a loan under the FFEL Program, the school must return the refund allocated to the loan program to the FFEL lender within 60 days of the earliest of the following withdrawal dates:

- ◊ the date that the student notifies the school of his or her withdrawal or the withdrawal date specified by the student, whichever is later;
- ◊ the last date of the student's recorded attendance;
- ◊ the date the student takes an unapproved leave of absence, or fails to return from an approved leave of absence;
- ◊ the date of the student's expulsion; **or**
- ◊ the date of the last lesson submitted by the student enrolled in a correspondence program if the student failed to submit the subsequent lesson according to the school's schedule.

Instructor's Notes

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Note to Instructor:
FFEL/Direct Loan proceeds must be returned within 30 days if the student never begins attendance.

34 CFR 668.22(b)(1), Appendix A (X)

Instructor's Notes

For the Federal Perkins Loan, Federal Pell Grant, FSEOG, and Direct Loan Programs, the school must return the refund to the program account within 30 days of the date:

- ◊ the student officially withdraws, is expelled, does not return from an approved leave of absence, or takes an unapproved leave of absence **or**

- ◊ the school determines that the student has dropped out.

If a refund is due the student, regulations specify when the student must be paid the refund. The school must pay the student within:

- ◊ 30 days of the student's withdrawal, if the student officially withdraws;

- ◊ 30 days of the earliest of the following dates, if the student drops out:

  - the date on which the school determines the student dropped out;

  - the expiration of the term; **or**

  - the expiration of the enrollment period;

- ◊ 30 days of the earlier of:

  - the end of an approved leave of absence or

  - the date the student notifies the school that he or she is not returning from the approved leave of absence; **or**

Instructor's Notes

◊ 30 days after the student's last recorded date of attendance, if the student takes an unapproved leave of absence.

Remember, schools must determine the date of a student's last day of attendance within the time frames listed in the chart titled "Requirements For Determining Withdrawal Date or Last Day of Attendance (LDA)" which we discussed earlier.

Effective July 1, 1995, if the refund amount is $25 or less, the school does not have to pay a refund.

Note to Instructor:
A school is not required to actually calculate the refund to prove that it is $25 or less if it can demonstrate that the institutional charges are so low that no refund would exceed $25.

◊ However, since a refund returned to a Title IV loan program would reduce the loan amount a student would have to repay, a school must have written authorization from the student in the enrollment agreement to keep any portion of a refund that otherwise would be distributed to a Title IV program. The enrollment agreement must explain clearly that if a student withdraws the student is permitting the school to keep the funds rather than having the funds used to reduce the student's loan debt.

The school must return a repayment of a Federal Perkins Loan, Federal Pell Grant, or FSEOG to the appropriate program account within 30 days of the date the student makes the payment to the school.

If the repayment amount is less than $100, no repayment is owed.

Note to Instructor:
If the student owes a repayment due to an overpayment of Title IV funds that is the result of the school's error (including early disbursement), then the school is liable for the overpayment.

Instructor's Notes

Although the school is not liable for any amount of a repayment owed by the student, the school is responsible for:

- ◊ notifying and billing the student for the amount due and
- ◊ collecting the repayment.

Until the overpayment is resolved:

- ◊ the student is ineligible for further Title IV assistance and
- ◊ the school must report the overpayment owed by the student on any financial aid transcript completed for the student.

In addition, if the school is unable to collect an FSEOG or Federal Pell Grant overpayment from the student, the school must refer the matter to ED for collection, following the procedure specified in *The 1995-96 Federal Student Financial Aid Handbook*, Chapter 3, Section 5, "Repayment Calculations."

Each referral to ED of an overpayment made by the school must be typed and submitted on the school letterhead. The school is not required to refer Federal Perkins Loan or Direct Loan repayments to ED for collection.

Now let's turn to Lab C and practice calculating refunds and repayments.

» At this time, facilitate Lab C, "Calculating Refunds and Repayments." Lab C should take 60 minutes. After completing the lab, please return to this point in the text to present the "Workshop Summary and Evaluation."

[125 minutes so far]

Instructor's Notes

G. WORKSHOP SUMMARY AND EVALUATION

Over the past two days, we have covered a wide range of topics, such as:

- ◊ recognizing the main Title IV student financial aid programs;
- ◊ identifying the major features and restrictions of these programs;
- ◊ establishing proper areas of responsibility for the different institutional offices that deal with various aspects of Title IV financial aid;
- ◊ keeping required records (for individual students and Title IV programs);
- ◊ scheduling and preparing for required evaluations (such as audits and program reviews);
- ◊ estimating funds available for awards in campus-based programs;
- ◊ calculating administrative cost allowances;
- ◊ projecting the school's immediate need for federal cash for Title IV programs and drawing down, managing, and returning federal cash as necessary;
- ◊ establishing appropriate ledger accounts and journals for Title IV programs and performing necessary internal checks and controls;
- ◊ filing required reports on Title IV program activities;

Instructor's Notes

◊ keeping appropriate records when applying aid to institutional charges and making direct disbursements to students of remaining aid; and

◊ applying refund and repayment procedures when Title IV recipients withdraw.

When you go back to your schools, you might have questions or want to do further reading on these topics. Remember that *The Blue Book* will serve as a good reference tool, as will *The 1995-96 Federal Student Financial Aid Handbook*, which is in your financial aid office.

The 1-800-4-FED-AID number can also be used for general financial aid questions and to order ED publications.

Further assistance can be obtained from professional organizations whose work includes helping members administer student financial aid. A few such organizations are:

◊ **NACUBO**—The National Association of College and University Business Officers, which provides publications and training to assist in effective administration of financial aid.

· Contact NACUBO at 1 Dupont Circle, NW, Suite 500, Washington, DC 20036.
Tel: 202-861-2500.

Instructor's Notes

◊ **NASFAA**—The National Association of Student Financial Aid Administrators, formed on the national level to represent and train financial aid administrators and to keep them informed of regulatory changes.

· Contact NASFAA at 1920 L Street, NW, Suite 200, Washington, DC 20036. Tel: 202-785-0453.

◊ **CCA**—The Career College Association, a national association and accrediting commission for private business career schools and trade and technical schools.

· Contact CCA at 750 First Street, NE, Suite 900, Washington, DC 20002. Tel: 202-336-6700.

◊ **AACS**—American Association of Cosmetology Schools, which holds seminars for financial aid administrators who work at cosmetology schools.

· Contact AACS at 901 N. Washington Street, Suite 206, Alexandria, VA 22314. Tel: 703-683-1700.

◊ **NACCAS**—National Accrediting Commission of Cosmetology Arts and Sciences, which provides helpful information to cosmetology schools.

· Contact NACCAS at 901 N. Stuart Street, Suite 900, Arlington, VA 22203. Tel: 703-527-7600.

Instructor's Notes

You can also receive technical assistance from your accrediting agency and the national, state, and regional associations of which your school is a member. These agencies and associations often provide workshops on topics related to student financial aid.

Networking is another important source of assistance. Hopefully, over the past two days you have met other fiscal officers and financial aid administrators who you can talk with in the future to exchange:

◊ technical information,

◊ suggested management approaches, and

◊ problem solving ideas for best implementing regulations.

At this point, we ask everyone to fill out a "Feedback on Training Activity" form.

◊ Please take a few minutes to fill out the form—we appreciate your assistance.

And please be frank—your comments will be very helpful to us in planning this workshop in the future. We are allowing about five minutes for you to complete your evaluation.

» Hand out the ED feedback forms. Collect the ED feedback forms as participants leave.

Please turn in your evaluations form on the table as you leave.

Thanks for coming—it's been a pleasure working with you!

Instructor's Notes

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Requirements for Determining Withdrawal Date or Last Day of Attendance (LDA)

Student's Action	Withdrawal Date/LDA[1]
Withdraws (official withdrawal)	The later of: · date student notifies school of his/her withdrawal or · date specified by student
Drops out (unofficial withdrawal)	Last date of student's recorded attendance
Granted leave of absence	Last date of student's recorded attendance
Expelled	Date of expulsion
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[2]

[1]Withdrawal date/LDA must be determined within 30 days after the expiration of the earlier of:

- the period of enrollment for which the student has been charged,
- the academic year in which the student withdrew, or
- the end of the student's academic program.

[2]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 submitted on this basis.