

## **Session 9 - Overview of Refunds and Repayments**

*By the end of this session, you will be able to:*

- *recognize the difference between a refund and a repayment,*
- *choose the correct refund calculations, and*
- *process refunds and repayments in a timely manner.*

### **RESOURCES:**

- *The 1997-98 Federal Student Financial Aid Handbook, Chapter 3*
- *Verification Guide, Chapter 5*

### **SESSION CONTENTS:**

1. Need to Know
  - ◆ Lecture notes
  - ◆ Chart — Levels of Refunds
  - ◆ Chart — Refunds - Timely Return of Funds
2. Practice
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  - ◆ Exercise 2 — Timely Processing
3. Back at the Office
4. Answer Key

## NEED TO KNOW

### What are refunds and repayments?

Refunds -	Return of unearned aid <b>credited</b> to a student's account to cover <b>institutional charges</b> (such as tuition and fees)
Repayments -	Return of unearned <b>cash</b> paid directly to student to cover <b>noninstitutional charges</b> (such as books bought from a vendor)

### Published Policies and Procedures

A "clear and conspicuous written statement" must be given to prospective and enrolled students that includes:

- manner in which financial aid is applied and disbursed;
- how institutional refunds and repayments are calculated;
- how refunds and repayments are distributed to all sources;
- operational policies regarding enrollment checks and refund/repayment process;
- procedures students must follow to obtain a refund;
- availability of examples of applying refund/repayment policies; and
- cost of student's required supplies and equipment.

## NEED TO KNOW (cont'd)

### **Timely Processing**

Refunds: See chart on page 5

Repayments: None required if less than \$100

Repay program accounts within 30 days of receiving funds from the student

Place page 4 from the PM file “PW 9, pgs. 4-5” here.

Place page 5 from the PM file “PW 9, pgs. 4-5” here.

## PRACTICE

## Exercise 1 — Choosing the Right Refund

For each student, identify which refund policies must be calculated.

- |    |                          |  |
|----|--------------------------|--|
| 1) | Student:                 | Bill   |
|    | School:                  | Kaler College  |
|    | Student Grade:           | first-time freshman  |
|    | Classes Begin:           | September 1  |
|    | Enrollment Period:       | 9/1 - 5/12   |
|    | Refund Information:      | - state refund available<br>- no accrediting agency<br>policy approved |
|    | Withdrawal Date:         | 4/1  |
|    | Required Calculation(s): | _____  |

## PRACTICE (cont'd)

- 2)      Student:                      Kathy  
            School:                      Davis University  
            Student Grade:              first-time freshman  
            Classes Begin:              9/1  
            Enrollment Period:          9/1 - 5/12  
            Refund Information:          - no state policy available  
   - no accrediting agency  
   policy approved  
            Withdrawal Date:          10/24  
            Required Calculation(s):    \_\_\_\_\_
- 3)      Student:                      Scarlett  
            School:                      Brock Community College  
            Student Grade:              junior  
            Classes Begin:              9/1  
            Enrollment Period:          9/1 - 5/12  
            Refund Information:          - no state policy available  
   - no accrediting agency  
   policy approved  
            Withdrawal Date:          12/1  
            Required Calculation(s):    \_\_\_\_\_

## PRACTICE (cont'd)

### Exercise 2 — Timely Processing

1. A student unofficially withdraws from school during the fall semester. The school does not discover he has withdrawn until the start of the spring semester. This school's enrollment period for which the student is charged is the fall term. The school must return funds to the FFEL lender within 60 days of when?

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2. A student never returns from an approved leave of absence. He notifies the school three days after the end of his leave that he is not coming back. The school has up to 30 days from when to return the non-FFEL funds to all sources?

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3. Another student notifies the school three days before the end of her leave of absence that she is not coming back. When must the school return the non-FFEL funds in this scenario?

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## BACK AT THE OFFICE

Back at the office, you should:

- Get a copy of your state's policy (if available).
- Become familiar with the federal refund policy.
- Create or review your school's own policy.
- Make sure that your policies and procedures are clearly written and distributed to all present and prospective students.
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

## ANSWER KEY

### Exercise 1 — Choosing the Right Refund

- |       |                        |  |
|-------|------------------------|--|
| 1.    | Student:               | Bill   |
|       | Required Calculations: | <b>state refund policy only</b>                                    |
| <hr/> |                        |  |
| 2.    | Student:               | Kathy  |
|       | Required Calculations: | <b>pro rata only</b>   |
| <hr/> |                        |  |
| 3.    | Student:               | Scarlett   |
|       | Required Calculations: | <b>federal refund policy and (if one exists)<br/>school policy</b> |

### Exercise 2 — Timely Processing

1. A student unofficially withdraws from school during the fall semester. The school does not discover he has withdrawn until the start of the spring semester. This school's enrollment period for which the student is charged is the fall term. The school must return funds to the FFEL lender within 60 days of when?

**The school has up until 60 days from the end of the fall term.**

2. A student never returns from an approved leave of absence. He notifies the school three days after the end of his leave that he is not coming back. The school has up to 30 days from when to return the non-FFEL funds to all sources?

**The school has 30 days from the student's last date of recorded attendance to return the funds.**

### ANSWER KEY (cont'd)

3. Another student notifies the school three days before the end of her leave of absence that she is not coming back. When must the school return the non-FFEL funds in this scenario?

**In this case, the school has 30 days from the date the student informed the school that she is not returning to return the funds.**