Session 27 - Calculating Refunds and Repayments

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

- ***calculate refunds and repayments and***
- ***distribute refunds and repayments.***

RESOURCES

- *The 1997-98 Federal Student Financial Aid Handbook*, Chapter 3
- *DCL GEN-95-22*

SESSION CONTENTS

1. Need to Know
   - ♦ Lecture Notes
   - ♦ Chart — Late Disbursements
2. Practice
   - ♦ Case Study
     - ◊ Student Information
     - ◊ Withdrawal Record
     - ◊ Simplified Refund Worksheet
     - ◊ Repayment Worksheet

SESSION CONTENTS (cont'd)

3. Back at the Office

4. Answer Key

NEED TO KNOW

Requirements Prior to Calculating Refunds and Repayments

Before calculating, you must:

- resolve credit balances, and
- make late disbursements. (see chart on page 5)
  - ♦ disbursement of FWS earned is *required*
  - ♦ late disbursement of Pell, FSEOG, Perkins, Direct Loan and FFELs, and state aid is *optional*
  - ♦ late disbursements of institutional and private aid are *not considered* for refund purposes

The Withdrawal Record - Important Notes

Program Costs

- Room and Board are *noninstitutional* costs if student pays source other than school or charges are just passed through school.
- Books and Supplies are *noninstitutional* costs if student has ample opportunity to purchase them from a vendor not affiliated with the school.
  - ♦ If part of enrollment agreement and purchased from school or vendor affiliated with school, books and supplies are institutional costs.
- Health Insurance is a *noninstitutional* cost if all students required to purchase it and coverage remains effective after student's withdrawal.

Payments/Disbursements

- Sources of Aid must include any student payments to the school from their own funds.

NEED TO KNOW (cont'd)

Data for* Pro Rata *Refund and Federal Refund

- Excludable Costs: Documented Cost of Unreturnable Equipment
  - enrollment agreement specifies equipment as unreturnable
  - covers educational charges for the amount per invoice (no markups, postage, or inventory)
- Excludable Costs: Documented Cost of Returnable Equipment not Returned within 20 Days
  - enrollment agreement specifies return requirement
  - covers educational charges for the amount per invoice (no markups, postage, or inventory)

Place "Late Disbursement" chart here

Place Doug's Student Information Sheet here

Place Doug's Student Information Sheet (page 2) here

PRACTICE (cont'd)

Place Doug's Withdrawal Record here

PRACTICE (cont'd)

Doug's Refund Worksheet

Unpaid Charges

	_____	**Total institutional costs (A)**
-	_____	**Total paid to institutional costs (D)**
=	_____	**UNPAID CHARGES**

***Pro Rata* Refund Calculation**

	_____	**Institutional costs (A1)**
x	_____	**% to be refunded (portion that remains)**
=	_____	**Initial refund**
-	_____	**Unpaid charges**
=	_____	**REFUND AMOUNT**

PRACTICE (cont'd)

State Refund Calculation

Step 1:

	_____	**Institutional costs (A)**
x	_____	**% school may retain (from state policy)**
=	_____	**Initial amount retained by school**
-	_____	**Unpaid charges**
=	_____	**Amount school retains**

Step 2:

	_____	**Total paid to institutional costs (D)**
-	_____	**Amount school retains**
=	_____	**REFUND AMOUNT**

PRACTICE (cont'd)

Doug's Refund Distribution

1. Federal SLS Loan _____
2. Unsubsidized FFEL _____
3. Subsidized FFEL _____
4. Federal PLUS Loan _____
5. Unsubsidized Federal Direct Loan _____
6. Subsidized Federal Direct Loan _____
7. Federal Direct PLUS Loan _____
8. Federal Perkins Loan _____
9. Federal Pell Grant _____
10. FSEOG _____
11. Other Title IV programs _____
12. Other federal, state, private, or institutional _____
13. The student _____

Doug's Repayment Worksheet

BACK AT THE OFFICE

Back at the office, you should:

- Become familiar with the refund policies your school uses.
- Find out policies your school uses to calculate costs incurred for repayment purposes.
- Read DCL GEN-95-22.
- _____
- _____
- _____

ANSWER KEY

Doug's Refund

Unpaid Charges

	$ 8,500	Total institutional costs (A)
-	$ 8,025	Total paid to institutional costs (D)
=	$ 475	UNPAID CHARGES

***Pro Rata* Refund Calculation**

	$ 8,450	Institutional costs (A1)
x	60%	% to be refunded (portion that remains)
=	$ 5,070	Initial refund
-	$ 475	Unpaid charges
=	$ 4,595	REFUND AMOUNT

ANSWER KEY (cont'd)

State Refund Calculation

Step 1:

	$ 8,500	Institutional costs (A)
x	75%	% School may retain (from state policy)
=	$ 6,375	Initial amount retained by school
-	$ 475	Unpaid charges
=	$ 5,900	Amount School Retains

Step 2:

	$ 8,025	Total Paid to Institutional Costs (D)
-	$ 5,900	Amount school retains
=	$ 2,125	REFUND AMOUNT

ANSWER KEY (cont'd)

Doug's Refund Distribution

1. Federal SLS Loan	_____
2. Unsubsidized FFEL	_____
3. Subsidized FFEL	**$ 1,313**
4. Federal PLUS Loan	_____
5. Unsubsidized Federal Direct Loan	_____
6. Subsidized Federal Direct Loan	_____
7. Federal Direct PLUS Loan	_____
8. Federal Perkins Loan	**$ 1,062**
9. Federal Pell Grant	**$ 1,150**
10. FSEOG	**$ 200**
11. Other Title IV programs	**$** _____
12. Other federal, state, private, or institutional	**$ 870**
13. The student	_____

Doug's completed Withdrawal Record

Doug's Completed Repayment Worksheet