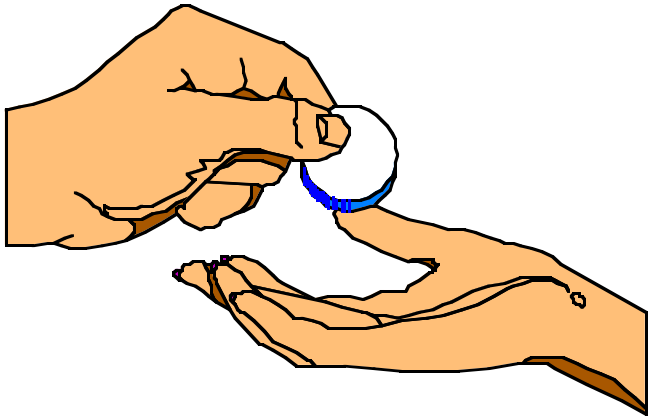
Refunds

The return of unearned funds originally **credited** to a student's school account to cover **institutional** costs



Repayments

The return of unearned funds **paid in cash** directly to the student to cover **noninstitutional** costs

Precalculation Requirements

- Resolve credit balances on a student's account
- Make any late disbursements

Credit Balance

- Amount of Title IV funds for costs incurred by the student is sent to the student
- Remainder is returned to program accounts or lender

Late Disbursements

- School always required to pay any FWS earned
- Disbursement optional for Pell, FSEOG, Perkins, Direct, FFEL, and state aid
- Institutional or private aid sources not considered

Room and Board

- Noninstitutional costs if:
  - student pays source other than school **or**
  - charges passed through school

Books and Supplies

- Noninstitutional costs if:
  - student has reasonable opportunity to purchase outside of school or from vendor not affiliated with school

Health Insurance

- Noninstitutional cost if:
  - all students **required** to purchase
  - coverage remains in effect, even after student's withdrawal

Doug's Total Costs

(A) Institutional - $8,500

(B) Noninstitutional - $200

Payments/Disbursements for Institutional Costs

- $1,150 - Pell
- $2,750 - Scholarship
- $1,250 - State grant
- $1,062 - Perkins
- $1,313 - Subsidized FFEL
- $ 500 - The student

Payments/Disbursements for Noninstitutional Costs

$200 from FSEOG paid in cash to the student

Total Payments/ Disbursements

(C) Total Aid Paid to Inst. Costs—$7,525

(D) Total Paid to Inst. Costs—$8,025

(E) Total Aid Paid as Cash—$200

Doug's Portion that Remains

$$\frac{\text{9 weeks remaining}}{\text{15 weeks in period for which student was charged}}$$

or

60%

Pro Rata/Federal Refund Institutional Costs

- Excludable Costs:
  - $50 administrative fee
  - $8,500 (A) - $50 = $8,450 (A1)

Unpaid Charges

	$8,500	Total Inst. Costs (A)
-	$8,025	Total Paid to IC (D)
=	$ 475	Unpaid Charges

Initial Refund Amount

	$8,450	*Pro Rata* IC (A1)
x	60%	Portion that Remains
=	$5,070	Initial Refund Amount

Actual Pro Rata Refund

	$5,070	Initial Refund
-	$ 475	Unpaid Charges
=	$4,595	Actual Refund

State Refund Amount School Can Retain

	$8,500	Total Inst. Costs (A)
x	75%	% School May Retain
=	$6,375	Initial Amount School Retains
-	$ 475	Unpaid Charges
=	$5,900	Amount School Retains

State Refund Amount

	$8,025	Total Paid to IC (D)
-	$5,900	School Retains
=	$2,125	State Refund

Distribution—Important Rules

- Always follow required order
- Give as much back to each program as possible
- Never exceed disbursement from program
- Never return funds to program that wasn't a source of aid

Refund Distribution Results

- $1,313 — 3. Subsidized FFEL
- $1,062 — 8. Perkins
- $1,150 — 9. Pell
- $ 200 — 10. FSEOG
- $ 870 — 13. Other aid

Repayment—Living Expenses Incurred

	$200	Books & Supplies
x	50%	(from school policy)
=	$100	Total Incurred

Repayment Amount

	$200	Cash to Student
-	$100	Total Costs Incurred
=	$100	Repayment Amount

Repayment Distribution

- $100 — 5. Other sources

All other program accounts have been satisfied

Session 27

Calculating Refunds and Repayments