



UAR NUMBER: 501.03

TITLE: Procedures for Refunds and Repayments of Student Financial Assistance

ORIGINATOR(S):

Office of Financial Aid

INITIAL ADOPTION: 06/15/1992

REVISION DATE(S): 09/06/1994; 1/12/2018

AUDIENCE: (SELECT ALL THAT APPLY)

FACULTY

STAFF

STUDENTS

VENDORS

OTHER (SPECIFY):

PURPOSE:

To describe the Office of Financial Aid's policy and procedures for refunds and repayments, in accordance with federal regulations.

SCOPE:

All recipients of financial aid administered by Morehead State University, including federal, state, institutional, and private sources.

DESCRIPTION (INCLUDE DEFINITIONS):

I. Definitions and Clarification

Refund: a refund of institutional charges that the school makes to a student, or on behalf of the student, after the student has withdrawn from school.

Pro-rata Refund: a refund by the institution, for students considered to be first-time students and withdrawing at or before the 60% point in time in the period of enrollment, of not less than that portion of the tuition, fees, room and board, and other charges assessed the student by the institution equal to the portion of the period of enrollment for which the student has been charged that remain on the last day of attendance by the student, rounded downward to the nearest 10 percent of that period, less any unpaid charges owed by the student for that period of enrollment for which the student has been charged, and less a reasonable administrative fee not to exceed the lesser of 5 percent of the tuition, fees, room and board, and other charges assessed to the student, or \$100.

Repayment: the amount of the cash disbursement that a student must pay back to the school if the student withdraws from school. The cash disbursement is the payment from financial aid that the school makes to the student for living expenses usually after the student's account has been credited for any school charges.

First-time Student: a student who is enrolled for the first time at this institution regardless of classification. This does include transfer students.

A student is considered to be attending the school for the first time if the student has not:

1. previously attended one class at the school; or
2. received a refund of 100% of any charges for tuition and fees, less any permitted administrative fee, for any previous attendance at the school.

Federal Direct Loan Program: this includes the Federal Subsidized Stafford Loan, Federal Unsubsidized Stafford Loan, and PLUS Loan.

Workstudy awards are not considered in the refund/repayment calculation.

The date used to calculate the student's refund or repayment is the date the student officially notifies the school that he/she has withdrawn.

Scholarships not designated to specific terms will be considered as an academic year award.

Refund and Repayment calculations will only consider funds attributed to the payment period not total aid for the award year.

Refunds and Repayments will be returned to the designated programs in the distribution order established by the University and in compliance with Student Financial Assistance Regulations. The funds returned to each program shall not exceed the award from that program.

CAP Grant funds are not considered Title IV aid.

Morehead State University will withhold academic transcripts as a result of any refund/repayment owed.

II. Refunds for Students with Title IV Financial Assistance

Five steps to Refund calculations:

1. Attribute all financial aid to payment period.
2. Calculate a pro-rata refund if the student is considered to be a first-time student.
3. When the pro-rata refund does not apply, calculate the refund with both the institutional refund formula and the Department of Education's Standard Formula (Appendix A to Part 668, see Section V) Compare the resulting refund amounts and use the largest refund.
4. Allocate the refund on the Title IV programs and the lender up to the amount of the award for that payment period.
5. Allocate any remaining refund to the non-Title IV programs and the student.

Refunds will only be calculated with paid institutional charges. No portion of an unpaid scheduled cash payment may be included in the amount the institution may retain when calculating the institutional refund.

The institution may collect remaining scheduled cash payments from the student if the amount it may retain is not satisfied after calculating the refund.

If the unpaid amount of the student's scheduled cash payment is greater than the amount the institution may retain under its refund policy, the institution must return all Title IV assistance (other than FWS) paid for institutional charges for the payment period.

The amount of the refund returned to the Title IV programs may not exceed the amount the student received for the period of enrollment for which the student has been charged and must be allocated to the Title IV programs in the following order:

Title IV Distribution Priority of Refunds:

1. Federal Direct loans: Stafford, Plus
2. Federal Perkins loans
3. Federal Pell Grant Program
4. Federal SEOG Program
5. Other Title IV, HEA Programs

All Federal Program refunds must be returned to the federal programs within 45 days of the official withdrawal date.

If after satisfying the above requirement of Title IV refunds, a portion of the refund remains, the remaining refund will be allocated in the following order:

1. CAP will receive a proportionate amount, $(CAP/Total\ Aid)$.
2. Calculate an adjusted remaining amount.
3. Adjusted remaining refund will be returned on a pro-rated contributed basis to the other aid programs and the student.

III. Institutional Refunds for Students Without Title IV Financial Assistance

A student withdrawing from school will receive a refund of paid institutional charges for the Fall and

Spring semesters as follows:

1. Before the first day of class: 100%
2. During the first five class days: 75%
3. During the next ten class days: 50%
4. During the next five class days: 25%

After the first twenty class days of a semester, a student will not receive any refund for tuition, fees, room, and required dining charges except in approved extenuating circumstances. Meal plans are refunded on a weekly pro-rated basis.

Refunds for summer school will be calculated on the following scale:

1. Before the first day of class: 100%
2. During the first two class days: 75%
3. During the next four class days: 50%
4. During the next two class days: 25%

IV. Pro-rata Refund

Pro-rata refund calculations apply for any student who meets all of the following conditions:

1. is a first-time student.
2. withdraws at or before the 60% point in time in the period of enrollment for which the student has been charged.
3. received Title IV aid.

Step 1: Determine the pro-rate percentage by using the statutory formula:

of weeks remaining in the period for which the student was charged

of weeks in the period for which the student was charged

Round this resulting percentage down to the nearest 10%.

Step 2: Determine the total institutional charges assessed the student for the period charged.

Step 3: Multiply the pro-rata percentage times the total charges assessed to arrive at a preliminary refund amount.

Step 4: To determine the pro-rata refund, subtract from the preliminary amount:

1. unpaid charges owed by the student for the period, and
2. an administrative fee of the lesser of 5% of institutional charges, or \$100.

Step 5: Allocate and distribute the pro-rata refund in accordance with the refund policies and procedures previously described in Section II.

V. Department of Education's Standard Refund Formula (Appendix A to Part 668)

If the Pro-Rata calculations do not apply, the Department of Education's standard refund formula, as described below, must be computed and compared to the institution's calculated refund amount. The method which results in the largest refund amount must be used.

1. The institution must refund 100 percent of the tuition charges, less any administrative fee that does not exceed the less of \$100 or 5 percent of the tuition, if the student submits written notice of cancellation on or before the first day of classes for the period of enrollment for which the student was charged.
2. The institution must refund at least 90 percent of the tuition charges if the student submits written notice of cancellation between the second day of class and the end of the first 10 percent (in time) of the period of enrollment for which the student was charged.
3. The institution must refund at least 50 percent of the tuition charges if the student submits written notice of cancellation between the end of the first 10 percent (in time) of the period of enrollment for which the student was charged and the end of the first 25 percent (in time) of that period of enrollment.
4. The institution must refund at least 25 percent of the tuition charges if the student submits written notice of cancellation between the end of the first 25 percent (in time) of the period of enrollment for which the student was charged and the end of the first 50 percent (in time) of the period of enrollment.

VI. Repayments

If a student withdraws from school he/she may have to repay amounts received for living expenses.

The repayment amount will be the difference of aid disbursed for living expenses (excluding work earnings and Federal Direct Loan Program loan proceeds) and living expenses incurred. Living expenses are based on the Cost of Attendance used in the Office of Financial Aid to calculate need. Living expenses are assumed to be incurred in the following manner during the Fall and Spring semesters:

1. Before the first day of class: 0%
2. During the first five class days: 25%
3. During the next ten class days: 50%
4. During the next five class days: 75%

After the first twenty class days of the Fall or Spring semester, a student will not have a repayment because 100% of the living allowance is assumed to be incurred.

Living expenses are assumed to be incurred during the summer terms as follows:

1. Before the first day of class: 0%
2. During the first two class days: 25%
3. During the next four class days: 50%
4. During the next two class days: 75%

After the first eight class days of each summer term, a student will not have a repayment because 100% of the living allowance is assumed to be incurred.

Repayment calculations will be done solely for Title IV aid. The Title IV distribution priority of repayments is as follows:

1. Federal Perkins loans
2. Federal Pell Grant Program
3. Federal SEOG Program
4. Other Title IV, HEA programs

Workstudy, Stafford, SLS, and PLUS awards are excluded from the repayment calculation.

All repayments must be returned to the Title IV programs within 45 days of receipt of funds from the student.

If the student received an overpayment, the student is required to repay the amount overpaid unless the amount is less than \$100. The federal regulations specify that an amount less than \$100 is not considered to be an overpayment.

If students or parents believe that individual circumstances warrant exceptions from the published policy, and wish to appeal, they should contact the Vice President for Student Affairs.

APPROVED BY:

VICE PRESIDENT: _____ DATE: _____

APPROPRIATE INSTITUTIONAL REVIEW: _____ DATE: _____

PRESIDENT: _____ DATE: _____