

IBHE PBVS Refund Policy Guidelines:

- The institution must maintain a fair and equitable refund and cancellation policy and abide by it. Such a policy shall conform to any State or federal rules as appropriate. This policy shall apply equally to all students regardless of whether the student receives federal or state financial aid.
 - o The refund policy should specify how a student withdraws from a program or the school, when the tuition reimbursement will begin, and the graduated reimbursement scale based on date of withdrawal (e.g., during 1st week, 2nd or 3rd week, after 3rd week, or percentage of course completed, etc. and prorated refund amount for each time period).
- According to Public Act 097-0650 Section 85(h)(1-4), schools that knowingly, and with intent to defraud, retains in excess of the school's refund policy any unearned tuition or fees paid by a student who has cancelled his or her enrollment agreement and is entitled to a refund will be found guilty of a Class A misdemeanor for the first offense and a Class 4 felony for the second or subsequent offense.
- Schools that are accredited by an accrediting body recognized by the U.S. Department of Education and approved to participate in offering Federal Title IV student financial aid may apply the required federal refund policy as long as the same policy is applied to all students even if they are not eligible for federal financial aid.
 - o To see the U.S. Department of Education's guidelines regarding the return of Title IV funds, visit: <http://www2.ed.gov/policy/highered/reg/hearulemaking/2009/return.html>.

Other Guidelines:

U.S. Code Title 20 Education – Chapter 28 Higher Education Resources and Student Assistance:

§ 1098cc. Tuition refunds or credits for members of armed forces

(a) Sense of Congress

It is the sense of Congress that—

- (1) all institutions offering postsecondary education should provide a full refund to students who are affected individuals for that portion of a period of instruction such student was unable to complete, or for which such individual did not receive academic credit, because he or she was called up for active duty or active service; and
- (2) if affected individuals withdraw from a course of study as a result of such active duty or active service, such institutions should make every effort to minimize deferral of enrollment or reapplication requirements and should provide the greatest flexibility possible with administrative deadlines related to those applications.

(b) Definition of full refund

For purposes of this section, a full refund includes a refund of required tuition and fees, or a credit in a comparable amount against future tuition and fees. (Pub. L. 108–76, § 3, Aug. 18, 2003, 117 Stat. 906.)

Suggested Components for a Refund Policy:

- **School Tuition Refund Policy**

- If you cancel your classes or withdraw from the school, you may be eligible for a tuition and fee refund based on the following refund table: [Insert Tuition Refund Policy and Refund Percentages Table here]
- *The following is a sample Refund Percentages table (calculating the percentage of cancellation of charges for tuition and fees) based on a traditional 15-week term. If the length of the academic term is either longer or shorter than the traditional 15-week term, adjust the time period, percentages, and calculations accordingly.*

Week Withdrawal Occurred	% of Term Enrolled	Institution Refund Policy	Federal Refund Policy: <i>Federally Mandated Calculation</i>
1	7%	TBD	TBD
2	13%	TBD	TBD
3	20%	TBD	TBD
4	27%	TBD	TBD
5	33%	TBD	TBD
6	40%	TBD	TBD
7	50%	TBD	TBD
8	53%	TBD	TBD
9	60%	TBD	TBD
10	67%	TBD	TBD
11	73%	TBD	TBD
12	80%	TBD	TBD
13	87%	TBD	TBD
14	93%	TBD	TBD
15	100%	TBD	TBD

- **School Withdrawal Process**

- Withdrawing from the school may have both academic and financial aid consequences. You are encouraged to understand the consequences before you decide to withdraw. Detailed information about the cancellation of registration and withdrawal from the school is available at [insert web site or actual policy here]. If you decide to withdraw, you must follow the established withdrawal procedures for the school.

- **How Withdrawing Affects Financial Aid & Student Loans**

- Federal regulations state that financial aid is earned by attending class. You have not earned 100% of your financial aid until you have attended 60% of the term. If you withdraw before this date, a portion of your financial aid has not been earned.

The unearned portion is equal to the percentage of the term remaining on the date of withdrawal. Your financial aid and loan eligibility will be recalculated based on your actual period of attendance therefore you may be required to repay a substantial portion of your financial aid.

- **How Withdrawing Affects Financial Aid & Student Loans (continued)**

If you stop attending class, you will be treated as an unofficial withdrawal. This means that the midpoint of the term is used as your last date of attendance and your aid eligibility is reduced by up to 50%. This will result in you owing funds back to the school unless you can provide documentation of attendance past the 60% point of the term.

- **Return of Funds**

- The Federal Return of Title IV Funds policy mandates that students who officially or unofficially withdraw from all classes may only keep the financial aid they have “earned” up to the time of withdrawal. State and institutional programs require similar treatment. Financial aid funds that were disbursed in excess of the amount “earned” must be repaid.

Financial aid in excess of the amount “earned” is reduced in the following priority:

1. Federal Direct Unsubsidized Loan
2. Federal Direct Subsidized Loan
3. Federal Perkins Loan
4. Federal Direct Graduate PLUS Loan
5. Federal Direct Parent PLUS Loan
6. Federal Pell Grant
7. Federal National SMART Grant
8. Federal Academic Competitiveness Grant (ACG)
9. Federal Supplemental Educational Opportunity Grant (SEOG)
10. State of Illinois programs
11. Institutional and departmental funds
12. Private financial resources

Calculations are done on a case-by-case basis after the withdrawal date is established.

Federal Refund Policies for Recipients of Title IV Federal Financial Aid:

Mandatory class attendance is REQUIRED when receiving federal financial aid. If you withdraw or stop attending all of your classes before completing 60% of the term, you may be required to repay a portion or ALL of the federal aid that you have received, excluding Federal Work Study earnings. If you withdraw and never attend the class(es), you may be required to pay a portion or ALL of the federal aid that you have received, excluding Federal Work Study earnings.

The amount of federal aid that you must repay is determined by the Federal Formula for Return of Title IV funds (Section 484B of the Higher Education Act, the full text of which is available at <http://www2.ed.gov/policy/highered/leg/hea98/sec485.html>). This law also specifies the order in which funds are to be returned to the financial aid programs from which they were awarded, starting with loan programs.

You may be required to make a repayment when financial aid funds have been disbursed from financial aid funds, in excess of the amount of aid that you earned (based on the date of your total withdrawal) during the term. The amount of Title IV aid earned is determined by multiplying the total Title IV aid (other than FWS) for which you qualified by the percentage of time during the term that you were enrolled.

- If less aid was disbursed than was earned, you may receive a late disbursement for the difference.
- If more aid was disbursed than was earned, the amount of Title IV aid that you must return (i.e. not earned) is determined by subtracting the earned amount from the amount actually disbursed.

The responsibility for returning unearned Title IV aid is shared between the institution and you. It is allocated according to the portion of disbursed aid that was used to cover institutional charges, and the portion that was disbursed directly to you once those charges were covered. The institution will distribute the unearned aid back to the Title IV programs, as specified by law. You will be billed for the amount that you owe to the Title IV programs, as well as any amount due to the institution as a result of Title IV funds that were returned that would have been used to cover institutional charges.

Student Responsibilities

It is the student's responsibility to notify the Financial Aid Office if he or she is a financial aid recipient and withdraws from all classes at any point during the term. If students withdraw from all classes at any point during the semester, the Financial Aid Office will determine whether they are eligible for a cancellation of charges for tuition and mandatory fees; and, if so, the correct payment of the refund to the various financial aid programs, beginning with federal loans.

It is to a student's benefit to immediately notify the Registrar and the Financial Aid Office when he or she stops attending classes with the intent to withdraw.

If students or parents received funds under federal or school loan programs, it is their responsibility to notify the lender or holder of loans that they are no longer enrolled on at least a half-time basis. Student borrowers of federal or school loans must also satisfy exit loan counseling requirements.

Cancellation of Charges

In addition to the school refund policy, students who are recipients of Title IV federal financial aid are also covered by federal refund policies. The federal refund policy provides for a prorated cancellation of institutional costs proportional to the duration of student enrollment only in cases where the student withdraws from all classes. For example, students who withdraw from all classes 50 percent of the way through the semester may be entitled to a 25 percent cancellation of charges for institutional costs if they are continuing students, or a 50 percent cancellation of charges if they are new students. As Title IV federal financial aid recipients, students are entitled to a cancellation of charges under the policy, school or federal, that provides for the largest refund to the federal financial aid programs from which they received funds.

Title IV Federal Financial Aid

Students are considered recipients of Title IV federal financial aid if they have used funds from one or more of the following programs to meet educational expenses for the semester in question: Federal Stafford Loan (Subsidized and Unsubsidized), Federal PLUS Loan, Federal Perkins Loan, Federal Pell Grant, Federal Supplemental Equal Opportunity Grant (FSEOG), and Federal Work Study.

Institutional Costs

Institutional costs include charges for tuition and mandatory fees as well as for room and/or board. Institutional costs do not include optional expenses that may be charged to a student account, such as phone service, parking fees and fines, health insurance, health center charges or other similar charges.

Refunds and Repayment

If the school cancels charges for tuition and fees and other institutional costs under either the school refund policy or one of the federal refund policies, and students used Title IV federal financial aid funds to help cover those costs, the financial aid office will calculate the amount of the refund to the financial aid programs.

The amount refunded to financial aid programs will be reduced by any unpaid institutional costs remaining on the student account for *new students* who completely withdraw before or on the 60 percent point in time for the period of enrollment. If students have a large billing balance at the time of withdrawal, it is possible that no refunds will be made to the financial aid programs and they may continue to owe the school for unpaid institutional and non-institutional costs. It is also possible that once the refund payments have been made, they will owe the school for unpaid non-institutional costs, such as health insurance, phone service and other similar charges.

The amount refunded to financial aid programs will not be reduced by any unpaid charges for *continuing students* who completely withdraw on or before the 50 percent point in time. As a result, if they are carrying a billing balance at the time of withdrawal, they may still be liable for unpaid institutional costs as well as any non-institutional costs. The school may deduct an administrative fee of 5 percent or \$100, whichever is less, from the amount of the total refund.

Refunds and Repayment (*continued*)

Whether a student is new or continuing, refunds are made to financial aid programs in the following order:

- Federal Unsubsidized Stafford Loan
- Federal Subsidized Stafford Loan
- Federal PLUS Loan
- Federal Perkins Loan
- Federal Pell Grant
- Federal SEOG
- Institutional Subsidized Loan
- Institutional Grant
- Outside Agency Scholarships
- Other Grants

Students who receive Title IV federal financial aid and received a cash disbursement of financial aid funds (excluding Federal Stafford and PLUS loan proceeds) from the Cashier's Office may be personally responsible for repayment of those financial aid funds if they withdraw completely on or before the 60 percent (new students) or 50 percent (continuing students) point in time of the period of enrollment.

If students and/or their parents made payments to their account in addition to the financial aid funds, it is possible they and/or their parents may receive a refund after the financial aid programs (including state and university programs) have been duly refunded and if no outstanding charges remain on the student account.

Federal Work-Study

Earnings under the Federal Work-Study program are not subject to refund or repayment.

U.S. Department of Education Consumer Information Guidelines:

In the consumer information a school must make available upon request to prospective and enrolled students, the school must include a statement of:

- Any refund policy with which the school must comply;
- The requirements for the treatment of Title IV funds when a student withdraws, and
- The requirements and procedures for officially withdrawing from the school.

A school should provide sufficient information for a student or prospective student to be able to determine the procedures for withdrawing and the financial consequences of doing so. In addition, a student should be able to estimate how much Federal Student Aid he or she will retain, and how much he or she may have to return upon withdrawing. Because the Return provisions do not affect institutional refund policies, a school must provide a student with information on both the school's refund policy and the federal Return requirements, and explain the interaction between the two. The information should include a discussion of how a school might adjust a student's charges to take into account any Return of FSA funds the school might be required to make. Finally, a student or prospective student should be informed that if he or she withdraws, school charges that were previously paid by FSA funds might become a debit that the student will be responsible for paying.

As a part of the institution's disclosure of the procedures for officially withdrawing, the school must identify the office or offices that it has designated to accept notification of official withdrawals.

**SAMPLE SUMMARY OF THE REQUIREMENTS OF 34 CFR 668.22
(TO PROVIDE TO STUDENTS AS PART OF CONSUMER INFORMATION)
Treatment of Title IV Aid When a Student Withdraws**

The law specifies how your school must determine the amount of Title IV program assistance that you earn if you withdraw from school. The Title IV programs that are covered by this law are: Federal Pell Grants, Iraq and Afghanistan Service Grants, TEACH Grants, Stafford Loans, PLUS Loans, Federal Supplemental Educational Opportunity Grants (FSEOGs) and Federal Perkins Loans.

When you withdraw during your payment period or period of enrollment (your school can define these for you and tell you which one applies), the amount of Title IV program assistance that you have earned up to that point is determined by a specific formula. If you received (or your school or parent received on your behalf) less assistance than the amount that you earned, you may be able to receive those additional funds. If you received more assistance than you earned, the excess funds must be returned by the school and/or you.

The amount of assistance that you have earned is determined on a pro rata basis. For example, if you completed 30% of your payment period or period of enrollment, you earn 30% of the assistance you were originally scheduled to receive. Once you have completed more than 60% of the payment period or period of enrollment, you earn all the assistance that you were scheduled to receive for that period.

If you did not receive all of the funds that you earned, you may be due a Post-withdrawal disbursement. If your Post-withdrawal disbursement includes loan funds, your school must get your permission before it can disburse them. You may choose to decline some or all of the loan funds so that you don't incur additional debt. Your school may automatically use all or a portion of your Post-withdrawal disbursement of grant funds for tuition, fees, and room and board charges (as contracted with the school). The school needs your permission to use the Post-withdrawal grant disbursement for all other school charges. If you do not give your permission (some schools ask for this when you enroll), you will be offered the funds. However, it may be in your best interest to allow the school to keep the funds to reduce your debt at the school.

There are some Title IV funds that you were scheduled to receive that cannot be disbursed to you once you withdraw because of other eligibility requirements. For example, if you are a first-time, first-year undergraduate student and you have not completed the first 30 days of your program before you withdraw, you will not receive any Direct Loan funds that you would have received had you remained enrolled past the 30th day.

If you receive (or your school or parent receives on your behalf) excess Title IV program funds that must be returned, your school must return a portion of the excess equal to the lesser of:

1. Your institutional charges multiplied by the unearned percentage of your funds, or
2. The entire amount of excess funds.

The school must return this amount even if it didn't keep this amount of your Title IV program funds.

If your school is not required to return all of the excess funds, you must return the remaining amount. Any loan funds that you must return, you (or your parent for a PLUS Loan) repay in accordance with the terms of the promissory note. That is, you make scheduled payments to the holder of the loan over a period of time.

Any amount of unearned grant funds that you must return is called an overpayment. The maximum amount of a grant overpayment that you must repay is half of the grant funds you received or were scheduled to receive. You do not have to repay a grant overpayment if the original amount of the overpayment is \$50 or less. You must make arrangements with your school or the Department of Education to return the unearned grant funds.

The requirements for Title IV program funds when you withdraw are separate from any refund policy that your school may have. Therefore, you may still owe funds to the school to cover unpaid institutional charges. Your school may also charge you for any Title IV program funds that the school was required to return. If you don't already know what your school's refund policy is, you can ask your school for a copy. Your school can also provide you with the requirements and procedures for officially withdrawing from school.

If you have questions about your Title IV program funds, you can call the Federal Student Aid Information Center at 1-800-4-FEDAID (1-800-433-3243). TTY users may call 1-800-730-8913. Information is also available on Student Aid on the Web at www.studentaid.ed.gov.