

Refunds and Credit Balances

2018 Policy & Procedures

Throughout the school's history, Pennco Tech's ownership has valued fair and just refund policies along with the responsible use of tuition funds. Detailed in this document are Pennco Tech's institutional policies and procedures associated with refunds and the handling of credit balances. The policies support two important objectives of Pennco Tech's administration: 1) resolving eligible credit balances on student accounts in compliance with federal and state regulations and 2) ensuring adequate refunds proportionate to a student's academic progress. The following pages will define the terms 'credit balance' and 'refund', explain how they relate to student accounts, and illustrate examples of the concepts.

Introduction to Credit Balances

A credit balance is created when the total amount of credits (payments) posted to a student's account exceeds the total amount of charges applied to the account for a specific loan period. In essence, the existence of a credit balance means there is an overpayment. However in many instances, a credit balance exists because of the timing of a credit posted to the account. It's common for financial aid and scholarship funds to be disbursed (or credited) in different loan periods than they were awarded for.

Credit balances can result from the payments of several different sources (personal payments, financial aid disbursements, scholarships, etc). The handling of each credit balance depends on the sources of funds posted to the account. Pennco Tech distinguishes the different types of credit balances into two categories: Title IV Financial Aid Credit Balances (or Title IV Credit Balances) and Non-Title IV Financial Aid Credit Balances (or Non-Title IV Credit Balances). Each of the two types is described below.

NOTE: All credit balances must be reviewed, and confirmed or adjusted before eligibility is determined and refund is issued.

Title IV Financial Aid Credit Balances

A credit balance from excess federal student aid (FSA), also known as a 'Title IV credit balance', results when the total Federal Title IV financial aid disbursed to a student's account exceeds the allowable charges for tuition, class materials, and room & board contracted by Pennco Tech for a specific loan period. Allowable charges, under regulatory guidelines, are distinguished costs of education deemed critical for student attendance and

success. Books, tools, and room/board are typical examples of ‘allowable charges’. However, certain items or services such as clothing/gear from the Pennco bookstore do not qualify as allowable charges. Therefore, charges for Pennco gear are not included when calculating excess Title IV aid. Please note the timing of disbursement for the various sources does not affect the calculation of excess Title IV funds. In other words, it does not matter which order the funds we’re applied; if Title IV payments exceeds allowable charges for the loan period, the credit balance is eligible for refund.

Title IV funds consist of federal student aid awarded from programs administered by the U.S. Department of Education, including: Federal Direct Subsidized and Direct Unsubsidized loans, Perkins loans, Direct Graduate PLUS loans, Direct Parent PLUS loans, Pell grants, and Supplemental Educational Opportunity grants (SEOG). Payments made from any other outside source or payments made from the student (or family member) are not Title IV. This includes funds provided by any other public or private source, regardless of whether the source is a loan or a grant. Such sources include Sallie Mae private loans, Pennco Tech scholarships and grants, Pennsylvania PHEAA and other state grants, vocational rehabilitation funds, tuition exchange programs, Post 9/11 GI Bill benefits, and federal tuition assistance for active military service members.

In accordance with federal regulations, Pennco Tech’s policy allows students with excess financial aid to purchase the books and tools needed for the program if they have not received a refund by the seventh day of a new term. Students who have been awarded excess financial aid are permitted to use their pending or disbursed funds to purchase their books and tools from the Pennco Tech bookstore. This method for purchasing books and supplies is optional. For more information on the use of financial aid for purchasing books and tools, please see the ‘Cost of Attendance’ section of the Financial Aid Policies & Procedures Manual.

Return of Title IV credit balances will be automatically processed within 14 days of the posting of aid to the student’s account. To eliminate the credit balance, a check will be issued to the student. The student is the only individual authorized to take ownership of the check. The only exception is for student accounts with Parent Plus loans. The law requires that any excess Parent PLUS loan funds be returned to the parent. Therefore, if Parent PLUS loans create a credit balance, the credit balance will be given to the parent. However, the parent may authorize Pennco Tech, in writing or through StudentLoans.gov, to transfer the proceeds of a Parent PLUS credit balance directly to the student. In this case, Pennco Tech will issue a check to the student. If Pennco Tech has lost contact with a student who is due a Title IV credit balance, and has exhausted all methods (within reason) to locate the student, the school will return the credit balance to the appropriate FSA program/lender.

Students or parents with questions regarding Title IV credit balances are urged to ask representatives of the Business Office. For purposes of understanding this policy, please see the examples below to help you determine if you are eligible for a Title IV refund:

Title IV Calculation Examples

Item/Description	Charges	Payments/Credits	Balance
Tuition – Full Time Day	\$16,598.00		\$16,598.00
Enrollment Fee	\$100.00		\$16,698.00
Dormitory Fee	\$300.00		\$16,998.00
PHEAA Grant		\$1,964.00	\$15,034.00
Pennco Tech Scholarship		\$2,000.00	\$13,034.00
Sallie Mae Private Loan		\$3,500.00	\$9,534.00
Direct Subsidized Loan		\$2,272.00	\$7,262.00
Direct Unsubsidized Loan		\$4,196.00	\$3,066.00
Federal Pell Grant		\$3,943.00	<i>-\$877.00</i>

Note: The dollars amounts shown are for illustrative purposes only and may not reflect current rates for tuition, fees, room, board, and financial aid.

The above table shows that the student received financial aid from federal, state, and university sources. A credit balance of \$877.00 exists on the student’s account because his total financial aid (\$17,875) is greater than his total charges (\$16,998). His credit balance is not a Title IV credit balance, because the \$10,411 in Title IV aid (Direct Subsidized, Direct Unsubsidized, and Pell Grant) is less than his total allowable charges of \$16,998 (for tuition, class materials, and room and board). There is no excess of Title IV aid. The timing of disbursement of his aid does not affect the calculation of excess Title IV funds. This student is eligible for a financial aid refund, but he does not meet the requirements for a Title IV refund.

The second table (below) also shows a student receiving funds from both Title IV and non-Title IV sources. The total payment amount of \$10,562 exceeds the total charges of \$9,188, resulting in a credit balance (\$1,374). In this case, the total amount of Title IV payments (Direct Subsidized, Direct Unsubsidized, and Federal Pell Grant) equaling \$9,537 also exceeds the total amount of allowable charges (\$9,188). Therefore, a Title IV credit balance equaling \$349 is created. This student is eligible for a Title IV refund.

Item/Description	Charges	Payments/Credits	Balance
Tuition – Payment Period	\$8,213.00		\$8,213.00
Enrollment Fee	\$100.00		\$8,313.00
Books & Tools	\$875.00		\$9,188.00
Direct Subsidized Loan		\$3,332.00	\$5,856.00
Direct Unsubsidized Loan		\$3,955.00	\$1,901.00
Sallie Mae Private Loan		\$1025.00	\$876.00
Federal Pell Grant		\$2,250.00	<i>-\$1,374.00</i>

Note: The dollars amounts shown are for illustrative purposes only and may not reflect current rates for tuition, fees, room, board, and financial aid.

Non-Title IV Financial Aid Credit Balances

Credit balances can exist when the sum of all credits exceed the allowable charges for a specific loan period. Credit balances resulting from the direct overpayment on behalf of the student and/or parent are part of this category. Payments from students/parents in excess of what is owed during the current payment period will be treated as prepaid tuition and will not be returned to the student unless the payment plan is paid in full or he/she leaves the school prior to completion.

If a credit balance on a student's account is related to other non-Title IV Financial Aid funds (for example, external awards, such as scholarships, grants, or private loans) the credit balance in the account may be reduced, may be returned to the source, or may be refunded to the student, depending on the specifics of the situation and the conditions of the award.

In the event of a withdrawal, any remaining credit balance will be returned through the refund process. Please continue reading this document for information regarding the early departure of a student and associated refunds.

Introduction to Refunds

It's important for Pennco Tech that refunds are honored in situations where students have to leave their program. A refund is the repayment, or return of funds received in consideration for the student's tuition and related educational expenses. Refunds can be made directly to the student, back to the original sources of financial aid, or both. Similar to credit balances, certain aspects of Pennco Tech's refund policy is governed by regulatory requirements.

Refunds for Cancellation

Students are eligible for a full refund on advanced payments when one of the following occurs: (1) an application is not accepted by Pennco Tech, (2) the start of the program is rescheduled or cancelled, (3) the applicant notifies Pennco Tech in writing within five days after signing the enrollment agreement, even if classroom instruction has begun. A request for cancellation that is not made in writing shall be confirmed in writing by the Applicant within an additional period of five calendar days. If cancellation is requested more than five days after an applicant signs the enrollment agreement, the registration fee is nonrefundable. For students receiving Third-Party funding Assistance, VA assistance including VOC Rehabilitation, Post 9/11, and Yellow Ribbon, with whom may need additional information or questions answered, should speak directly to their appointed financial aid representative located in the Financial Aid office.

Refunds for Termination & Withdrawal

If after commencement of classes either: (1) the applicant should terminate his/her enrollment for any reason or (2) the applicant is terminated for failure to meet academic, attendance, financial or disciplinary standards, remaining prepaid tuition will be refunded within 30 days after the date of determination of withdrawal. Tuition

is charged pro rata to the scheduled hours in the current payment period relative to total hours in the payment period. This calculation determines the amount of unearned tuition.

Return of Title IV Funds

The same steps of the withdrawal process occur for students receiving financial aid. However, before refunds are processed, the level of Title IV funds awarded may need to be recalculated by the school's financial aid office. This extension of the refund process is referred to as the 'Return of Title IV Funds' by Federal Student Aid and the U.S. Department of Education. You may also see this term referred as "R2T4" for short. A full description is located on page 47 of the Financial Aid Policies and Procedures Manual.