



FSA CREDIT BALANCES AND REFUNDS

Issued By: Office of Student Financial Services & Compliance

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I. Scope of Policy

This policy provides guidelines and established procedures for processing FSA credit balances in student accounts in accordance with Federal regulations.

II. Definitions

Credit Balance

When the institute disburses Title IV aid to a student's account and the total amount of all Title IV aid exceeds the amount of tuition and fees, room and board, and other billed charges, the Institute will pay the resulting credit balance directly to the student or parent via check as soon as possible but--

- No later than 14 days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or
- No later than 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period.

III. Refund Processing

The Office Accounts Receivable (AR) and Cash Controls, a subdivision of Student Financial Services, monitors credit balances on a daily basis for all active financial aid years. Refunds are processed by AR Specialists with a thorough review by the Associate Director of AR & Cash Controls. Final verification and release of the refunds is performed in the Office of Comptroller twice a week and forwarded to a third party vendor for immediate release. The students have the option of having their refunds issued electronically via ACH by signing up through a secure portal provided and hosted by the third party vendor. If they don't sign up for ACH, third party vendor will immediately issue a refund check by mail to the student's permanent address on record. If Parent PLUS loan funds create the credit balance, the refund will be issued to the parent unless he/she has authorized the Institute in writing to transfer the proceeds directly to the student for whom the loan is made. Refund checks that are unclaimed after 240 days will be returned to the Department of Education.

The Institute does not require a student to take any action to obtain his or her credit balance. It is the sole responsibility of the Institute to pay all FSA credit balance within the 14-day regulatory time frame.

The Institute may use current year funds to satisfy prior award year charges for tuition, fees, room and board for a total that does not exceed \$200.

Students of parents who receive an FSA refund triggered by the disbursement of Title IV funds may still owe a balance to the Institute, most often related to a prior term or a subsequent withdrawal from some or all of their classes. Upon receiving a refund, students and/or parents should verify whether any outstanding balance remains on the account and determine how best to satisfy payment obligations - so as to avoid any holds or late payment fees being placed on the account.

IV. Examples of FSA Credit Balance

The following example illustrates the difference between an FSA and Non-FSA credit balance:

| | | | |
|---------------------------|------------------|-------------------------------|------------------|
| Tuition | \$ 25,176 | Tuition | \$ 25,176 |
| Fees | \$1,250 | Fees | \$1,250 |
| Federal Aid | (\$30,000) | Federal Aid | (\$10,000) |
| Pratt Scholarships | 0 | Pratt Scholarships | (\$22,175) |
| FSA credit balance | (\$3,574) | Non-FSA credit balance | (\$5,749) |

V. Non FSA Credit Balances and Refunds

If a student or parent overpays a student's account, related credit balances will be refunded to the student, regardless of the source of payment. Overpayments resulting from credit card transactions will be refunded to the original credit card from which the payment was made. EFT and wire transfers will be refunded to the original bank account from which the payment was made. All other non-FSA credit balances will be refunded by check. Non-FSA credit balances are generally refunded within 10-15 business days.