

Title IV and Other Student Credit Balances Policy

Effective: August 2015, Updated February 2019
Issued By: Student Financial Services- Financial Aid & Student Accounts Offices
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Policy:

The University's policy on paying all student credit balances is modeled after the requirements of Title IV student credit balances.

Paying student credit balances

A Title IV credit balance occurs whenever the University credits Title IV program funds to a student's account and those funds exceed the student's allowable charges. The University pays by check or direct deposit (EFT) the excess Title IV program funds (the credit balance) as well as credit balances not related to Title IV funds directly to the student as soon as possible, but no later than 14 days after:

- The date the balance occurred on the student's account, if the balance occurred after the first day of class of a payment period; or
- The first day of classes of the payment period if the credit balance occurred on or before the first day of class of that payment period.

If the University determines that Parent PLUS Loan funds created a credit balance, the University pays the credit balance amount to the parent by check. The credit balance can be paid to the student if indicated on the loan application, in that case the refund would be issued according the method setup by the student, either check or direct deposit (EFT). Although FSA regulations gives the University the latitude to determine which FSA program funds create an FSA credit balance, the order of the sources of funds that are applied by the University may be found on the Financial Aid webpage under "Return of Federal Aid Monies Due to University Withdrawal".

Treatment of Title IV credit balances when student withdraws

This treatment applies only to the handling of Title IV credit balances when a student withdraws. When a student withdraws from the University during a semester, a Title IV credit balance is handled as follows:

1. The University does not release any portion of the Title IV credit balance to the student, and does not return any portion to the Title IV programs prior to the performing the Return To Title IV Calculation by the University's Financial Aid Office.
2. The Financial Aid Office performs the Return To Title IV Calculation, including any existing Title IV credit balance for the period in the calculation as disbursed aid.
3. Any applicable refund policy (state, accrediting agency, institution, etc.) is applied to determine if doing so creates a new or larger Title IV credit balance.
4. Title IV credit balances are then allocated as follows:
 - a. Any Title IV credit balance must be allocated first to repay any grant overpayment owed by the student as a result of the current withdrawal. The University must return such funds to the Title IV grant account within 14 days of the date the University performs the Return To Title IV Calculation, but not later than 45 days from the date of the student's withdrawal. Although not included in a Return To Title IV Calculation, any Title IV credit balance from a prior period that remains on a student's account when the student withdraws is included as Title IV funds when the University determines the amount of any final Title IV credit balance when a student withdraws. Remember, the University must use the final credit balance first to satisfy any current student grant overpayment.
 - b. Within 14 days of the date that the University performs the Return To Title IV Calculation, the University pays any remaining Title IV funds. The University must return the amount of the Title IV funds for which it is responsible not later than 45 days after the date of the determination of the date of the student's withdrawal.

Holding credit balances

The University may hold excess FSA funds (credit balances) if it obtains a voluntary authorization from the student or parent. Because FSA funds are awarded to students to pay current year charges, notwithstanding any authorization obtained by the University from a student or a parent, the University must pay –

- Any remaining balance on loan funds by the end of the loan period, and

- Any other remaining FSA funds by the end of the last payment period in the award year for which they were awarded.

Escheat

Student refund checks containing Title IV credit balances do not escheat to the State. “Escheat to the State” means to transfer the funds to the State. After an effort to contact students, all outstanding student refund checks are reviewed for inclusion of Title IV funds. Title IV funds are then returned to the appropriate Title IV program. Non-Title IV funds escheat to the State following State law. See Title IV Funds: Stale Dated Checks Policy and Procedure for additional information.

Related Information:

Refund Policy <http://www.clarion.edu/tuition-and-financial-aid/billing-and-payments/refunds.html>

Financial Aid website www.clarion.edu/financialaid

Federal Student Financial Aid Handbook www.ifap.ed.gov