



Alabama Commission on Higher Education

**NOTICE OF INTENDED ACTION**

AGENCY NAME: Alabama Commission on Higher Education (Commission)

RULE NO. & TITLE: 300 – 4 – 2 - .04, Definition Of Terms.  
300 – 4 – 2 - .05, Fund Allocation Procedure.  
300 – 4 – 2 - .06, Awarding Procedures.  
300 – 4 – 2 - .07, Refund And Repayment Requirements.

INTENDED ACTION: Amendments

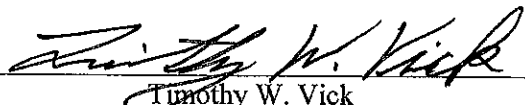
SUBSTANCE OF PROPOSED ACTION:

The purpose of these changes is to up-date the procedures so that the program can maintain compliance with Title IV of the Higher Education Act of 1965, as amended, through which the Alabama Student Assistance Program (ASAP) was established.

TIME, PLACE, MANNER OF PRESENTING VIEWS: Persons wishing to present views on these amended rules may contact Tim Vick, Director of Operations and Fiscal Services, Alabama Commission on Higher Education, P.O. Box 302000, Montgomery, Alabama 36130-2000, Telephone 334-353-9153 between 8 a.m. and 5 p.m. each day up to and including March 24, 2017.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE: March 24, 2017

CONTACT PERSON AT AGENCY: Timothy W. Vick

  
\_\_\_\_\_  
Timothy W. Vick  
Interim Executive Director

**300-4-2.07      Refund And Repayment Requirements.**

(1)      Repayment of institutional refunds to the Alabama Student Assistance Program. Assistance

(a)      An institution shall return a portion of a refund owed to a student to the Alabama Student Assistance Program if

1.      The student officially withdraws, drops out, or is expelled from the institution on or after his or her first day of class of a payment period; and

2.      The student received assistance under the Alabama Student Assistance Program.

(b)      For purposes of this section, an institutional refund means the amount paid for institutional charges for a payment period by financial aid and/or cash payments minus the amount retained by the institution for the portion of the payment period that the student was actually enrolled at the institution. The amount retained by the institution for the student's actual period of enrollment is calculated according to the institution's refund policy.

(c)      The portion of the refund that the institution shall return to the Alabama Student Assistance Program is the lesser of,

1.      The amount of assistance received under the Alabama Student Assistance Program for the payment period; or

2.      The amount obtained by multiplying the institutional refund by the following fraction:

Total amount of Alabama Student Assistance Program assistance awarded for the payment period/Total amount of assistance (exclusive of all work earnings) awarded for the payment period.

(2)      Repayment to the Alabama Student Assistance Program of disbursements made to the student for noninstitutional costs.

(a)      If a student officially withdraws, drops out, or is expelled on or after his or her first day of class of a payment period, the institution shall determine what portion, if any, of the Alabama Student Assistance Program assistance received for that payment period by the student for noninstitutional costs is an overpayment that must be repaid by the student. The institution shall make every reasonable effort to contact the student and recover the overpayment in accordance with program regulations.

(b)      To determine if any of the Alabama Student Assistance Program assistance received by the student for noninstitutional costs constitutes an overpayment, the institution shall subtract the noninstitutional costs incurred by the student for that portion of the payment period during which the student was enrolled from the amount of assistance disbursed to the student. Noninstitutional costs may include, but are not limited to, room and board for which the student does not contract with the institution, books, supplies, transportation, and miscellaneous expenses.

(c)      The portion of the overpayment as determined according to paragraph (2)(b) of this section that the institution shall return to the Alabama Student Assistance Program is the lesser of

1.      The amount of assistance received under the Alabama Student Assistance Program for the payment period; or

2. The amount obtained by multiplying the overpayment by the following fraction:

Total amount of the Alabama Student Assistance Program assistance awarded for the payment/Total amount of assistance (exclusive of all work earnings and ~~GSL, PLUS, and SLS Direct~~ loans) awarded for the payment period.

3. Drop Out Date. For purposes of this section, a student is considered to have dropped out on the last recorded date of class attendance by the student as documented by the institution.

4. Distribution among the Title IV, HEA programs. An institution shall develop a written policy allocating the Title IV, HEA program portion of the refund determined under paragraph (1) of this section of the Title IV, HEA program portion of and the overpayment determined under paragraph (2) of this section among the Title IV, HEA program(s) from which the student received aid. This allocation policy must be applied consistently to all students who have received Title IV, HEA program assistance and must conform to the following:

(i) No amount of the Title IV, HEA program portion of the refund or of the overpayment may be allocated to the ~~GWS~~ FWS Program.

(ii) No amount of the Title IV, HEA program portion of the overpayment may be allocated to the ~~GSL, PLUS, or SLS Direct Loan~~ programs.

(iii) The amount of the Title IV, HEA program portion of the refund or of the overpayment allocated to a specific Title IV, HEA program may not exceed the amount that the student received from that program.

(iv) The amount of the Title IV, HEA program portion of the refund allocated to the ~~GSL, PLUS, and SLS Direct Loan~~ programs must be returned to the borrower's lender by the institution in accordance with program regulations.

(v) The amount of the Alabama Student Assistance Program portion of the refund allocated to this Title IV, HEA program must be returned to the program account by the institution within 30 days of the date that the student officially withdraws or is expelled or the institution determines that a student has unofficially withdrawn.

(vi) The amount of the Alabama Student Assistance Program portion of the overpayment allocated to the Alabama Student Assistance Program must be returned to the appropriate program account within 30 days of the date that the student makes the repayment.

**Author:** Joseph T. Sutton, Timothy W. Vick

**Statutory Authority:** Title IV of the Higher Education Act of 1965 as amended.

**History:** Filed April 6, 1988. **Amended:** Filed April 9, 1992. Amended: Filed March 27, 2017.