

# **Refunding Credit Balances**

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**Oklahoma State University  
Stillwater, Oklahoma**

**Founded:** December 25, 1890

**Fall 2001 enrollment:** 23,327

**Public University**

**Carnegie Classification:** 2

**President:** Dr. James Halligan

**Associate Vice President and Controller:** Dr. David Bosserman

In July 1999, Oklahoma State University converted to a new system, SIS Plus. Because of the conversion, the processes for refunding credit balances were reviewed and rewritten. The goal of the Bursar's office refunding process is to automate the procedures of refunding with minimum user intervention and to disperse refunds to the students as quickly as possible. The Bursar's office has two methods to disperse refunds to students and non-students; paper check and direct deposit into a checking or savings account. Until the Fall 2001 semester, paper checks were printed once a week and direct deposit was sent daily. In the Fall 2001 semester, direct deposit continued to be sent daily and checks were printed every two weeks. The Bursar's office communicated to students that direct deposit was a faster and more secure method of receiving refunds. Fall 2001 was the first semester that the number of direct deposits was greater than the number of paper checks.

In 2000, the Bursar office dispersed 35,053 refunds for over \$39 million, which included paper checks to students and direct deposits. The percentage of refunds that were distributed as direct deposits was 40.5%. In 2001, the Bursar office dispersed 35,750 refunds for over \$41 million in paper checks and direct deposits. The percentage of refunds that were distributed as direct deposits increased to 51.8% for 2001.

So how do we efficiently calculate and distribute the refunds? The Bursar office has one program, FREFCALC, written in FOCUS to calculate the refunds. FREFCALC calculates refunds for any account (student or non-student) eligible to receive a refund; this includes refunds to parents from Direct Parent Plus loans.

According to Title IV regulations, the institution must obtain written authorization to allow TIV funds to pay all charges. If the student or parent fails to give authorization,

the university cannot use Title IV funds to pay for any other charges except tuition, fees, room, board, and books in the current semester. Students and parents receiving Federal funds complete authorization forms to have their Title IV funds pay for all charges (unrestricted) or to have their Title IV funds pay for only restricted charges. Parents also fill out an authorization form to determine who will receive a refund from a Parent Plus loan, the student or the parent. The Bursar's office uses a refund code to determine the Title IV status of the student. There are eight codes, which are a combination of:

- Restricted or unrestricted for students
- Restricted or unrestricted for parents
- Recipient of Parent PLUS loan

The restricted or unrestricted status of the student is the primary focus for calculating a refund. Some of the other aspects for calculating refunds are allowable charges and credits, deposits, refund holds, and future charges and credits. The program identifies charges and credits deemed allowable charges as well as Title IV funds. Title IV funds include Federal Pell Grants, FSEOG, Federal Perkins Loans, and Federal Direct and PLUS loans. The program disregards deposits and any future credits or debits unless the charges/credits are for housing in the current semester. The Title IV funds are then applied to allowable charges for students/parents who have chosen restricted as their Title IV code. The student's restricted Title IV funds are applied to these charges first, then the parent's restricted Title IV funds are applied to the allowable charges. If any of the restricted Title IV money is left after paying allowable charges, this money is flagged as the restricted refund. If the parent has chosen to receive the refund from the parent PLUS loan, the refund is flagged as the parent's restricted refund; otherwise, it is flagged as the student's restricted refund. If there are charges left over after the Title IV funds have

been applied, this amount is passed on in the program to allow unrestricted money (non-Title IV) to pay for these charges. The program then calculates the unrestricted refund. Unrestricted charges include all past charges, current charges, restricted charges not covered with restricted TIV funds, and future housing in the current term. The student's unrestricted money is applied first to these charges, and then the parent's unrestricted money is applied to these charges. If the parent has chosen to receive the refund from the parent PLUS loan, the refund is flagged as the parent's unrestricted refund; otherwise, it is flagged as the student's unrestricted refund. The restricted and unrestricted refunds for the students and parents are combined for the total amount of the refund. Previous parent refunds in the current term must also be considered so that the parent refund doesn't exceed the parent PLUS loan. Once the refunds are calculated they are saved in a file, to allow other programs to access the refunds for distribution. Students also have the option to put a refund hold on their account, so that if a student has a credit balance on their account, the Bursar office will not issue them a refund automatically through the refunding process.

There are two other programs used to help distribute the refunds ACHRPRT and REFARS; both written in FOCUS. The REFARS program pulls data from the file saved by FREFCALC for accounts flagged to receive their refunds by paper check. The REFARS program is divided into three sections. The first section includes students eligible for a refund by check. A dataset from this section is created and debits are placed on these accounts for the amount of the refund the student will receive, and then checks are cut for these refunds. The second portion of the REFARS report includes parents eligible for a refund. A dataset is created for these amounts and debits are placed on the

student's accounts for the amount of the parent PLUS refunds. Checks are then printed in the parent's name for these refunds. The third portion of the REFARS report shows students eligible for refunds but have a refund hold on their account. These refunds are not distributed unless the student requests to receive a refund.

The Bursar's office uses a Visual Basic program with a Microsoft Access database to store ACH information, such as bank routing number, account number, and account type. This program is updated daily with changes and new accounts. The program features an automatic upload, to upload the bank information to a file on the mainframe. The program also creates a file to update student information on the SIS system to flag accounts to receive refunds by direct deposit.

The ACHRPRT report pulls data from the FREFCALC save file for students and non-students receiving refunds by direct deposit. Paper checks are not automatically cut for non-students, but a refund by direct deposit will be automatically distributed. The ACHRPRT matches the accounts from FREFCALC flagged to receive refunds by direct deposit to the file containing the bank information. If the accounts are in both files, a file is created to send the ACH information to the bank, and a file is created to place debits on the SIS accounts for the amount of the refund.

In 2001, the Bursar's office saw a twenty-percent increase in the number of refunds distributed by direct deposit. As the Bursar's office continues to emphasize the advantages of direct deposit over traditional methods of refund delivery, the percent of direct deposit will continue to increase.