Reading Area Community College
Policy for Uncashed Student Refund Checks

Purpose

Reading Area Community College (RACC) is committed to maintaining compliance with federal cash management regulations governing the disbursement and management of student financial aid refunds. This policy establishes institutional procedures for monitoring and resolving uncashed paper refund checks, including those funded by Title IV federal financial aid, state grants, institutional funds, and foundation funds.

The purpose of this policy is to ensure:

- Timely delivery of student refund funds
- Compliance with federal and state regulations
- Proper stewardship of public and donor resources
- Consistent documentation and audit readiness

Compliance Framework

RACC aligns its procedures with federal cash management regulations, including:

- **Title IV Credit Balance Rule:** Institutions must issue Title IV credit balance refunds within 14 calendar days of creation.
- **Return of Unclaimed Title IV Funds:** Federal regulations require institutions to return unclaimed Title IV funds if they cannot be delivered to the student.
- **Banking Stale-Date Rule:** College-issued refund checks become void 60 days after issuance.

These timelines require the College to balance institutional banking procedures with federal regulatory requirements governing federal financial aid funds.

Monitoring of Outstanding Checks

To ensure timely follow-up, the Cashier's Office generates a report of outstanding uncashed refund checks on a regular basis.

- The report is run weekly whenever possible, with a minimum frequency of once every two weeks.
- The report identifies refund checks that remain uncashed.

- The report is provided to the Financial Aid Office for student outreach and documentation.

Multiple staff members are trained to perform this function to ensure continuity of operations.

Student Notification Procedures

First Notification (Checks Under 60 Days Old)

Students with uncashed refund checks will receive reminder email notifications.

The purpose of this communication is to:

- Inform the student that the refund check remains uncashed
- Encourage prompt deposit of the check
- Inform the student that checks become void after 60 days
- Encourage enrollment in direct deposit to prevent future delays

Reminder emails may be sent weekly while the check remains valid.

Emails are sent to:

- The student's RACC Ravens email account
- Any additional student-provided email addresses on file

All communications originate from the Cashier's Office.

Final Notice (Checks Over 60 Days Old)

If the refund check remains uncashed after 60 days and becomes stale-dated:

- The check is voided by the Cashier's Office
- The student receives a Final Notice email

The Final Notice:

- Notifies the student that the check is no longer valid
- Provides 14 calendar days to request reissuance
- Explains that federal funds must be returned if no response is received
- Provides Cashier's Office contact information

Final Outreach Attempt

If the student does not respond to the Final Notice email:

- A personal phone call will be attempted by the Financial Aid Office as a final effort to contact the student and resolve the refund.
- During this call, the student will be informed that **immediate action is required** to request reissuance of the funds.
- The student must respond and complete any required steps within **three (3) business days** of the phone call.
- If the student does not respond or fails to complete the required steps within this timeframe, the College will proceed with returning the funds in accordance with federal regulations. Once returned, the funds will no longer be eligible for reissuance.

Return of Funds

If the student does not respond to outreach attempts within the stated timeframe, funds will be returned to their original funding source, as required.

Title IV Federal Funds

Federal financial aid funds will be returned to the U.S. Department of Education through the Common Origination and Disbursement (COD) system.

Once returned, the funds cannot be reissued by the College.

State, Institutional, and Foundation Funds

Non-federal funds that remain unclaimed will be processed in accordance with applicable regulations, including:

- State unclaimed property (escheat) laws
- Institutional policies
- Foundation policies

These funds may be eligible for reissuance in accordance with applicable guidelines.

Reissuance of Funds

Refunds may be reissued only under the following conditions:

- The student contacts the College before the funds have been returned to the original funding source
- The refund has not already been reissued

Only one reissuance is permitted per refund.

Direct Deposit Requirement for Reissuance

In cases where a refund check remains uncashed and requires reissuance, the College will require the student to enroll in direct deposit to facilitate secure and timely delivery of funds.

Students must complete direct deposit enrollment and any required verification steps within the timeframe communicated by the College in order for reissuance to occur.

Students who are unable to enroll in direct deposit should contact the Financial Aid Office to discuss alternative arrangements.

Documentation and Audit Trail

All outreach attempts are documented to maintain a clear audit trail, including:

- Email communications
- Phone call attempts
- Dates of contact attempts
- Date of check voiding
- Date funds are returned to the funding source

This documentation demonstrates reasonable institutional effort to deliver student funds while protecting federal financial aid resources.
