Title IV Transition and Tuition Forgiveness Risk Analysis

For the Academy Board of Directors | Prepared September 23, 2026 | Decision on a proposed $2,750.18 account forgiveness

What the Board is Being Asked to Decide:

1. **Decide whether to forgive one specific student's outstanding balance of $2,750.18 (Co 22029 May student)**
1. **If board decides to forgive, decide what other students' forgiveness would constitute a fair, equivocable forgiveness and of how much.**
2. **If board decides to forgive, adopt clear, written criteria for any future requests to forgive withdrawal balances before the Academy exits Title IV in May 2027.**

Important Context: Academy already faces real fiscal and student retention risk as it leaves Title IV. Forgiving one account based upon "decisions of the board to leave Title IV" creates an expectation that other balances will be forgiven for students who fit the same picture. Below is the big picture tuition exposure of all students who potentially could make forgiveness claims that are similar.

TABLE 1

How much money in our budget is potentially exposed by leaving Title IV *(assuming students stay enrolled in MAc).* This is not the same as the actual forgiveness amounts, see Table 2

Cohort	Current Title IV students	Last scheduled usable aid	MAc installments remaining without scheduled aid per student	Potential Tuition from affected cohorts for this fiscal year
43A	4	April 19, 2027 (pays thru 11/01/2026)	$8,504 × 1 payment for all four students	$34,016
43B	1	March 1, 2027 (pays thru 09/01/2026)	$8,503 + $8,504 2 payments due for one student	$17,007
CO 2029A	4	January 25, 2027 (pays thru 01/01/2027)	$8,812 × 4 payments due for all four students	$140,992
Total	**9**			**$192,015**

DISCUSSION OF TABLE 1:

Baseline transition risk: Students must replace aid with private financing, savings, other funding, or a workable payment arrangement. The exposure is concentrated in CO 2029 May, where four students each face $35,248 in remaining MAc installments. Failure to fund may cause withdrawal and loss of future tuition whether or not ACADEMY forgives the account currently before the Board.

Incremental precedent risk: If Academy forgives an outstanding withdrawal balance due to "board decisions", other students should expect similar treatment. That may influence decisions at the funding cliff and create requests to waive balances already assessed after withdrawal. Its probability and dollar cost cannot be reliably quantified from these schedules.

Collection evidence: The reported 43B experience with withdrawn students includes three former students without workable payment terms or available funds and one repaying at $100 a month. This supports a collection-risk concern.

Account before the Board: The proposed $2,750.18 forgiveness concerns a CO 2029 May student. If the Board forgives the student balance, the federal return still stands that we paid back to the Department of Education.

Here is a separate 43B case comparable to the current considered tuition waiver: A different student, expelled after failing to complete assignments or attend class, owed $3,001.18 upon leaving the MAc. She just discontinued communication and participation after the town hall. That amount illustrates a separate withdrawal-related receivable that should be considered in addition to those below in Table 2.

TABLE 2

Federal Return of Title IV Funds (R2T4) Demonstrating What the School Would Actually End Up Having to Forgive

When a student withdraws, the school must calculate how much Title IV aid was "unearned" and return that amount to the Department of Education. That federal calculation is separate from Academy's own tuition and refund rules. Collection of our actual tuition owed according to the payment schedule is almost always in arrears until the last disbursement at graduation as seen in Table 1. We cannot ask a student to pay according to the actual payment schedule, because disbursements are not enough to cover it. A return of Title IV funds is calculated for the particular student and withdrawal date, using the applicable payment period and aid information. Academy's tuition/refund calculation is separate. A waiver of what a student owes Academy does not cancel the school's federally required return. The amount the school is owed fluctuates specifically from the R2T4 calculation parameters and the actual student withdrawal date. Federal guidance generally requires a school to return its share of unearned funds within 45 days of determining withdrawal.

Cohort	Withdrawal Date assumed for example's sake	Percentage Aid Earned	R2T4 funds to return to DOEd	Funds additionally owed to school	Total per withdrawal	Total exposure to be forgiven if board decides	CCHM owed to school
43A (x4)	03/12/2027	35.2%	$3,002.03	$8,504.00	$11,506.03	46,024.12	17769.96
43A (X4)	09/05/2027	100%	0.00	$8,504.00	$8,504.00	$34,016.00	
43B (x1)	03/12/2027	4.3%	$8,397.68	$858.74	$9,256.42	$9,256.42	0
43B (x1)	06/09/2027	36.1%	$2,819.48	$2,275.37	$5,094.85	$5,094.85	
CO 2029A (x4)	05/01/2027	36.5%	$2,738.34	$2,346.44	$5,084.88	20,339.52	
CO 2029A (x4)	09/05/2027	84.2%	0.00	$11,453.19	$11,453.19	$45,812.76	$48810

DISCUSSION of TABLE 2: Total forgiveness exposure is $77,220.33 to $167,673.26

The total amount if students are asking us and working with us and allow us to give them best case scenario would be to forgive $77,220.33 ($59,450.37 MAc and $66,579.96 CCHM). Most students do not do this and follow through when they think it works for them and could cost us a forgiveness of $167,673.26 ($101,093.30 MAc and $66,579.96 CCHM) .

Administration is already working on:

- Offer all affected students an individualized funding discussion and written MAc/CCHM payment timetable by mid-March 2027; track financing status and intervention deadlines by cohort.
- Forecast cash separately for delayed aid, uncovered installments, withdrawal returns, and realistic collections. Model actual withdrawal dates with student-level R2T4 worksheets before recognizing any expected loss.

Suggested amendment to the proposal to waive the tuition:

- Tuition repayment plans can be set lower to accommodate financial needs of each student affected by the move to Title IV, as assessed independently with each withdrawal and in consultation with operations and the student. (This keeps all students equal, allows for us to be lenient and still uphold enrollment agreements for all students.)

Sources and limits

Sources: ACADEMY cohort tuition/aid schedules and Director of Operations data, September 23–24, 2026. [1] Federal Student Aid Handbook 2026–27, Volume 5: fsapartners.ed.gov/knowledge-center/fsa-handbook/2026-2027/vol5. Confirm individual aid eligibility and policy before action.