

## **Return of Title IV Funds**

The law specifies how your school must determine the amount of Title IV program assistance that you earn if you withdraw from school. The Title IV programs offered at this school are:

Federal Pell Grants  
Federal Direct Stafford Loans (Subsidized and Unsubsidized)  
Federal Direct PLUS Loans

### **Calculation of the Amount of Title IV Funds That a Student Has Earned Upon Withdrawal:**

When you withdraw from school during a payment period the amount of Title IV program assistance that you have earned up to that point is determined by a specific formula. The amount of assistance that you have earned is determined on a pro-rata basis. For example, if you completed 30% of the scheduled hours in your payment period, you earn 30% of the assistance you were originally scheduled to receive. Once you have completed more than 60% of the scheduled hours in your payment period, you earn all the assistance that you were scheduled to receive for that period.

### **The Condition Under Which Title IV Program Funds Would Be Required To Be Returned:**

If you received more assistance than you earned, the excess funds must be returned by the school and/or you. If you receive (or your school or parent received on your behalf) excess Title IV program funds that must be returned, your school must return a portion of the excess equal to the lesser of: your institutional charges multiplied by the unearned percentage of your funds, or the entire amount of excess funds. The school must return this amount even if it didn't keep this amount of your Title IV program funds.

### **The Condition under Which a Student Would Be Owed a Disbursement of Title IV Program Funds upon Withdrawal from the Institution:**

If you received (or your school or parent received on your behalf) less assistance than the amount that you earned, you may be able to receive those additional funds as follows:

If you did not receive all of the funds that you earned, you may be due a post-withdrawal disbursement. If your post-withdrawal disbursement includes loan funds, your school must get your permission before it can disburse them. You may choose to decline some or all of the loan funds so that you don't incur additional debt. Your school may automatically use all or a portion of your post-withdrawal disbursement of grant funds for tuition, fees, and room and board charges (as contracted with the school). The school needs your permission to use the post-withdrawal grant disbursement for all other school charges. If you do not give your permission (some schools ask for this when you enroll), you will be offered the funds. However, it may be in your best interest to allow the school to keep the funds to reduce your debt at the school.

There are some Title IV funds that you were scheduled to receive that cannot be disbursed to you once you withdraw because of other eligibility requirements. For example, if you are a first-time, first-year undergraduate student and you have not completed the first 30 days of your program before you

withdraw, you will not receive any Direct Loan funds that you would have received had you remained enrolled past the 30th day.

### **How the Withdrawal Date for a Student Who Withdraws Officially or Unofficially is Determined:**

For clock hour schools the actual last date of attendance is the last day the student was physically in attendance. This is the withdrawal date.

The determination date of the withdrawal date on a student who had been previously attending could be up to, but will not to exceed 14 calendar days from that student's actual last date of attendance.

An active student is determined to be **officially** withdrawn on the day they notify the school's administrative office of their intention to withdraw from school or to not return from an approved leave of absence.

An active student is determined to be **unofficially** withdrawn when they have been absent for 10 consecutive school days (14 calendar days) from their last date of physical attendance without notifying the school's administrative office. A student who does not return from an approved leave of absence is determined to be withdrawn on the day they were scheduled to return but did not.

### **Time Frame for the Return of Title IV Funds:**

The school has 30 days from the last date of attendance to complete an R2T4 calculation. The school then has 45 days from the **date of determination** of the withdrawal to return any funds due to the Title IV programs and no more than 60 days from the date of withdrawal or last date of attendance.

### **The Order in Which Title IV Program Funds Must Be Returned:**

The school and or the student if applicable must return Title IV funds to the programs from which the student received aid during the payment period or period of enrollment as applicable, in the following order, up to the net amount disbursed from each source:

1. Unsubsidized Direct Stafford loans (other than PLUS loans).
2. Subsidized Direct Stafford loans.
3. Direct PLUS loans.
4. Federal Pell Grants for which a return of funds is required.

### **Repayment of Student Loans**

The student loans that remain outstanding in (Box R) of Step 8 of the R2T4 calculation worksheet consist of the loans disbursed to the student (Box B) minus any loans the school repaid in Step 6, Block P. These outstanding loans are to be repaid by the student according to the terms of the student's promissory notes.

### **Title IV Grant Funds to Be Returned By a Student**

The regulations limit the amount a student must repay to the amount by which the original overpayment amount exceeds 50% of the total grant funds disbursed or could have been disbursed by the student for

the payment period or period of enrollment. The initial amount of unearned Title IV grant aid due from the student in step 9 (Box S) of the R2T4 calculation worksheet is found by subtracting the loans to be repaid by the student (Box R) from the initial amount of unearned aid due from the student (Box Q). The amount of grant overpayment due from a student is limited to the amount by which the original grant overpayment (Box S) exceeds half of the total Title IV grant funds disbursed and could have been disbursed to the student in (Box F).

### **Return of Title IV Grant Funds by the Student:**

The student is obligated to return any Title IV overpayment in the same order that is required for schools.

Grant overpayments may be resolved through:

1. full and immediate repayment to the school;
2. repayment arrangements that are satisfactory to the school; or
3. by overpayment collection procedures negotiated with Debt Resolution Services.

### **A School's Responsibilities in The Return of Funds by The Student:**

***A school has responsibilities that continue beyond completing the Return calculation and returning the funds for which it is responsible. Here we discuss the institution's participation in the return of funds by the student.***

### **Grant Overpayments:**

The applicable regulations limit the amount of grant funds a student must repay to one-half of the grant funds the student received or could have received during the applicable period. Moreover, repayment terms for students who owe Title IV grant overpayments were established to ensure that students who could not immediately repay their debt in full had the opportunity to continue their eligibility for Title IV funds.

Students who owe overpayments as a result of withdrawals initially will retain their eligibility for Title IV funds for a maximum of 45 days from the earlier of:

1. the date the school sends the student notice of the overpayment, or
2. the date the school was required to notify the student of the overpayment.

**Within 30 days of determining that a student who withdrew must repay all or part of a Title IV grant, the school will notify the student in writing via U.S mail that he or she must repay the overpayment or make satisfactory arrangements to repay it. In its notification, the school will inform the student of the following five items:**

- 1. The student owes an overpayment of Title IV funds.**
- 2. The student's eligibility for additional Title IV funds will end if the student fails to take positive action by the 45th day following the date the school sent or was required to send notification to the student.**

There are three positive actions a student can take to extend his or her eligibility for Title IV funds beyond 45 days:

- a) The student may repay the overpayment in full to the school.
- b) The student may sign a repayment agreement with the school. **Note: Two years is the maximum time a school may allow for repayment.**
- c) The student may sign a repayment agreement with the Department.

**\*\*\*\*\*The student should contact the school to discuss his or her options\*\*\*\*\***

#### Consequences for Not Following upon the Notification:

*If the student takes no positive action during the 45-day period, the school will report the overpayment within a few days of the end of the 45-day period to NSLDS on the NSLDS Professional Access Web site under the AID tab, "Overpayment List" menu option after the 45-day period has elapsed.*

*If the student fails to take one of the positive actions during the 45-day period, the student's overpayment will be reported immediately to the NSLDS and referred to the Debt Resolution Services for collection.*

#### When a student receives additional funds during the 45-day period of extended eligibility:

Students who owe overpayments as a result of withdrawals generally will retain their eligibility for Title IV funds for a maximum of 45 days from the earlier of (a) the date the school sends the student notice of the overpayment, or (b) the date the school was required to notify the student of the overpayment. A student who receives Title IV funds within that period of extended eligibility and then fails to return the overpayment or make repayment arrangements becomes ineligible for additional Title IV program funds on the day following the 45-day period. However, any Title IV program funds received by the student during the 45-day period were received while the student was eligible. Therefore, those Title IV funds do not have to be returned (unless the student withdraws a second time). A student who loses his or her eligibility for Title IV funds at the expiration of the 45-day period will remain ineligible for additional Title IV funds until the student enters into a repayment agreement with the Department.

***If, at any time, a student who previously negotiated a repayment arrangement fails to comply with the terms of his or her agreement to repay, that student immediately becomes ineligible for additional Title IV funds.***

The school will also notify the student in writing via U.S. mail using a Refund Calculation worksheet, of the amounts of aid that were retained by the school for institutional charges and the amount(s) of aid that will be refunded by the school to each Title IV program. The student will also be notified of the amount of Title IV loans they will owe after all applicable refunds have been made, the requirement for the student to complete exit counseling, when the student will be responsible to start repayment of their student loans and who they may contact for further assistance or to report any changes to their personal information.

The requirements for Title IV program funds when you withdraw are separate from any Institutional Refund Policy that your school may have. Therefore, you may still owe funds to the school to cover unpaid institutional charges. Your school may also charge you for any Title IV program funds that the school was required to return.

If you have questions about your Title IV program funds, you can call the Federal Student Aid Information Center at 1-800-4-FEDAID (1-800-433-3243). TTY users may call 1-800-730-8913. Information is also available on Student Aid on the Web at [www.studentaid.ed.gov](http://www.studentaid.ed.gov).

### **Return to Title IV Funds Example**

On March 19, 2017 Mary has been absent for 14 consecutive calendar days without notification to the school. Her school director determines at this point that Mary needs to be withdrawn from her program for non-attendance. Her last day of attendance was March 5 and as of this day Mary had 250 scheduled hours available to her to attend school. Even though she may only have actually attended 150 hours she was scheduled for 250 and this is the number of hours that will be used for the Return to Title IV calculation. The school charges the total tuition, books kit and fees for the program up front. At her school the total cost of the program is \$13,750.00 (Tuition: \$12,750.00, Books and Kit: \$790.00, Uniforms \$90.00, Student Permit Fee: \$20.00 and Registration Fee: \$100.00) The school has received the first disbursements of a Pell Grant in the amount of \$2,865, a Subsidized Direct Loan for \$1,732.00 and an Unsubsidized Direct Loan for \$2,969.00 for the first 450 hours towards Mary's tuition, kit, books and fees for a total of \$7,566.00. Since the percentage allowed to be retained is calculated by dividing the scheduled hours completed in the current payment period as of the last day of attendance by, the scheduled hours available in the entire payment period, the school takes the 250 scheduled hours in the payment period as of the last date of attendance divided by the 450 scheduled hours in the entire payment period which equals .556%. This is the percentage of the total amount of aid received that can be retained ( $\$7,566.00 \times .556 = \$4,206.70$ ) In the event that the scheduled hours completed in the payment period had been greater than 60% of the 450 scheduled hours for the payment period, then the total amount received could have been retained however it was not and so only the prorated amount of \$4,206.70 could be retained. This leaves a balance of \$3,359.30 which must be returned or refunded to the FSA programs. The school will now go through a process of determining how much of the \$3,359.30 must be returned by the school and how much the student is responsible for. For this they will need to determine: a) the prorated amount of all institutional charges for a school that includes all allowable charges in the tuition or: b) the amount the school is entitled to charge for allowable institutional charges for the current payment period. For option a) the school will take the total contracted amount for tuition, books, kit and fees which equals \$13,750.00 and divide it by the hours in the program to determine an hourly prorated amount ( $\$13,750.00/1500=\$9.17$ ) for the school that charges everything in the tuition amount. Now it will multiply the hourly proration X the 450 hours in the payment period which = $\$4126.50$  rounded up to \$4127.00. b) The other amount will be just the tuition divided by the hours in the program and multiplied x the hours in the payment period plus other allowable charges for the payment period. The greater of the amount charged and the amount retained for the payment period is the amount that

will be used as total institutional charges in Step 5 of the R2T4 calculation. This amount will then be multiplied by the .444 % of unearned Title IV aid. In the event that the amount in step 5 "O" is less than the amount in step 4 "K" then the lesser amount is what must be refunded by the institution. In the event of a credit balance on account, the procedures listed in the FSA Handbook for the "Treatment of Title IV Credit Balances When a Student Withdraws" must be followed.

Again, keep in mind that the school will also calculate their Institutional Refund Policy to determine how much they are entitled to charge the student for the time they were in school. This is a separate calculation and it may be determined that the Title IV retainable is not sufficient to cover the school's charges and consequently the student may still owe the school an additional sum of money which will need to be paid in addition to the Title IV Funds or the institution may be able to keep a credit balance on account to cover the institutional charges.

**Rights and Responsibilities of Student:**

Students are responsible for completing all forms accurately and by the published deadlines. They are also responsible for submitting information requested to the Financial Aid Office in a timely manner. Along with the information, students are responsible for keeping the Financial Aid Office up to date with any changes to name, address, and marital status. In addition, students should notify the Financial Aid Office of any assistance from non-college sources such as scholarships, loans, and educational benefits. Students are responsible for informing the Financial Aid Office of any enrollment changes such as requests for leave of absences. Lastly, but not limited to, students are responsible for maintaining satisfactory academic progress, and re-applying for aid each year.