



Office of Financial Aid

RETURN OF TITLE IV FUNDS POLICY

The Higher Education Amendments of 1998 (HEA98) represent a major shift in the Return of Title IV Federal Financial Aid when a student withdraws from the college. The policy governs all federal grant and loan programs (Pell, SEOG, Stafford Loans, PLUS loans), but does not include the Federal Work Study program.

In general, the law assumes that a student “earns” **approved (verified)** federal financial aid awards in proportion to the number of days in the term prior to the student’s complete withdrawal. If a student completely withdraws from school during a term, the school must calculate, according to a specific formula, the portion of the total scheduled financial assistance that the student has earned and entitled to retain. If a student receives (or the college receives on the student’s behalf) more assistance than he/she earns, the unearned funds must be returned to the Department of Education or to the Federal Stafford or parent’s Federal PLUS loan lenders. If a student’s charges are less than the amount earned, and a refund is due, the student may be able to receive those additional funds. **Students who have not completed the verification process are ineligible to receive any financial aid.**

The portion of the federal grants and loans that the student is entitled to receive is calculated on a percentage basis by comparing the total number of days in the semester to the number of days that the student completed before he/she withdrew. For example, if a student completes 30% of the semester, he/she earns 30% of the approved federal aid that he/she was originally scheduled to receive for the term. This means that 70% of the student’s scheduled or disbursed aid remains unearned and must be returned to the Federal Programs. In the past, the previous Federal and Pro Rata Withdrawal Policies determined the amount of federal funds that must be returned, and the college was required to reduce the student’s charges by the same amount. This policy governs the earned and unearned portions of the student’s Federal Title IV Financial Aid only. It determines how much, if any, the student and/or the school may need to return. This policy does not affect the student’s charges. The college’s refund policy will be used to determine the reduction, if any, in the student’s tuition and fee charges. **The student is responsible for paying any outstanding charges to the college.**

The student’s official withdrawal date will be determined by the college as 1) the date the student began the college’s withdrawal process (the date that the student officially notified the counseling center of his/her intent to withdraw); 2) the midpoint of the semester if the student withdraws without notifying the college; or 3) the student’s last date of attendance at an academically-related activity as documented by the college.

Up **through the 60%** point in each semester or payment period, a pro rata schedule is used to determine the amount of Title IV funds the student has earned at the time of withdrawal. **After the 60%** point in the semester or payment period, a student has earned 100% of the Title IV funds.

If it is determined that a portion of the financial aid received on the student’s behalf is unearned, the college shares with the student the responsibility of returning those funds.

Any grant funds that the student is required to return to the federal programs are considered an overpayment. The student must either repay the amount in full or make satisfactory payment arrangements with the Department of Education to repay the amount. **If the student fails to repay, or make payment arrangements, to repay an overpayment the student will lose his/her eligibility to receive future federal financial aid at any institution.**