

## FEDERAL RETURN OF TITLE IV FUNDS POLICY

Effective 10/07/00

Updated 2/15/09

1998 Amendments to the Higher Education Act of 1995, 34 CFR (Code of Federal Regulations) Section 668.22

The treatment of Title IV federal funds policy becomes mandatory for students who withdraw on or after October 7, 2000.

*Title IV Federal Aid* – Pell Grant, Federal SEOG Grant, Federal Perkins Loan, Federal Stafford Loan and Federal PLUS Loan and Federal Work Study (Federal Work Study is not included in the calculation of the Return of Title IV Federal Aid).

*Other Title IV Federal Aid (for those who withdraw on or after July 1, 2006)* – Federal ACG Grant, National SMART Grant and TEACH Grant.

Title IV funds are awarded to a student under the assumption that the student will attend for the entire period for which the assistance is awarded. When a student withdraws, the student may no longer be eligible for the full amount of the Title IV funds that the student was originally scheduled to receive. If a recipient of Title IV grant or loan funds withdraws from school after beginning attendance, the amount of Title IV grant or loan assistance *earned* by the student must be determined.

If a student receives more Title IV aid than the amount earned, the school, the student, or both, must return the unearned Title IV funds in a specific order (see #3 below). If a student receives less Title IV aid than the amount earned, the school must offer a disbursement to the student of the earned aid that was not received. This is called a post-withdrawal disbursement.

A student who remains enrolled beyond the 60% point in the semester is considered to have earned 100% of all Title IV aid for that semester and is not subject to the Return of Title IV Funds policy.

### **Withdrawal Process:**

(Austin College is an institution that has chosen not to require mandatory attendance record keeping)

**If a student completely withdraws from school during the semester or stops attending, but fails to officially withdraw, the student may be required to return the unearned Title IV aid received to help pay educational expenses.**

The withdrawal process begins with the Office of the Vice President for Student Affairs and Athletics. A student may officially withdraw via telephone or email, written notice, or in person or a student may stop attending classes and fails to officially withdraw. The latter would be considered an administrative withdrawal.

The appropriate withdrawal form is usually completed by the student, signed/dated, and then distributed to the following offices for clearance: Business Office, Financial Aid, Mentor/Advisor and Library. An administrative withdrawal is done by the Office of the V.P. for Student Affairs and Athletics.

A detailed copy of the *Institutional Withdrawal Policy* can be obtained from the Office of Financial Aid or the Office of the Vice President for Student Affairs and Athletics.

## Return of Title IV Funds:

1. Determine date of withdrawal:
  - Official notification from student: via telephone, via email or in person; or
  - Since Austin College does not require taking attendance, the college can use a student's last date of attendance at an academic-related activity [668.22(b), (c), (j)(2)], excluding use of campus housing or meal plan. If the college is unable to document the last date of attendance, 50% of all Title IV aid received during the semester must be returned to the appropriate aid programs.
2. Determine the amount of earned (including disbursed and aid that could have been disbursed) versus unearned Title IV Federal aid. The Office of Financial Aid will do a Return of Title IV Funds calculation to determine the amount of Title IV aid that was *earned* for the length of time the student was enrolled. Any *unearned* aid must be returned to the appropriate Title IV aid program.
3. *Unearned* aid is distributed according to statutory regulations. Worksheets and software provided by the U.S. Department of Education will be used to determine the amount of aid to be returned and the order in which aid is returned. For clarification, unearned aid will be returned to the appropriate program in the following order:
  - Unsubsidized Federal Stafford Loan
  - Subsidized Federal Stafford Loan
  - Federal Perkins Loan
  - Federal PLUS Loan
  - Federal Pell Grant
  - Academic Competitiveness Grant (ACG)
  - National SMART Grant
  - Federal SEOG Grant
  - TEACH Grant
4. In rare instances, a student at Austin College may have a situation whereby the amount of earned aid is greater than the amount of aid disbursed for the payment period. If this is the case, the student would be eligible for a post-withdrawal disbursement.
5. Austin College and/or student will determine the type of withdrawal
  - a. 2 types of withdrawals:
    - i. Complete withdrawal – student leaves campus with no intent to return
    - ii. Withdrawal with intent to return (leave of absence)–
      1. Request must be in writing
      2. Leave cannot exceed 180 days in any 12-month period
      3. May allow more than one leave in 12 months as long as total days on leave do not exceed 180 days, in circumstances identified by the Family and Medical Leave Act (FMLA).
      4. Student has the option to return under the same Austin College *Bulletin* they originally enrolled under.
      5. Merit-based scholarship awarded upon entrance to Austin College would be held for student's return as long as they returned within the specified time frame from the date of withdrawal and left in good standing (gpa requirements were met, etc.); excluding Theatre, Music, Art and departmental scholarships.
  - b. Austin College and the student are responsible for returning unearned aid to the appropriate programs. ***See NOTE below.***
6. Timeframe for returning funds:
  - a. Austin College will return refunds within 45 days to the appropriate Federal program(s) [Section 668.22 (j), (h)]. ***See NOTE below.***

**NOTE:**

- The Office of Financial Aid is responsible for the Return of Title IV Funds calculation.
- The Office of Financial Aid notifies the Business Office of the action required as a result of the calculation.
- The Business Office monitors when the federal funds are returned to the appropriate federal program.
- The Office of Financial Aid also sends a written notice within 30 days to the student letting the student know the impact of the Return of Title IV funds calculation.
- The Office of Financial Aid also prepares for any return of funds back to the appropriate Federal programs.
- If the student has to repay any funds, the student has 45 days to either repay the funds or make satisfactory payment arrangements with the Business Office.
- Students who fail to repay the funds within 45 days will be reported to the U.S. Department of Education (DOE) via the National Student Loan Database (NSLDS) and the student will be referred to the DOE for resolution of the debt.
- No further financial aid can be awarded until the debt is paid.

Example of Return of Title IV Funds Calculation (see attached worksheet):

1. Determine percentage of Title IV aid earned  
$$\frac{\text{Completed Days}}{\text{Total Days in Payment Period}} = \% \text{ of earned aid}$$
2. Determine the Title IV aid that was disbursed and aid that could have been disbursed
3. Determine amount of Title IV Aid Earned by Student  
Multiply % of earned aid by Total aid disbursed (including any aid that could have been disbursed for the payment period)
4. If the amount of aid earned by student is less than the amount of aid disbursed, there may be Title IV aid to be returned. Determine how much Title IV aid is to be returned:  
$$\text{Total Title IV aid disbursed} \\ \text{Minus } \underline{\text{Amount of Title IV aid earned}} \\ \text{Amount of Title IV aid to be returned}$$
5. Determine amount of unearned Title IV aid due from the school  
Add up all institutional charges for payment period (tuition, fees, room, board, etc.)  
Subtract % of earned aid from 100% to get % of unearned aid  
Multiply % of unearned aid by total institutional charges for payment period to come up with amount of unearned charges for payment period  
Compare amount of Title IV aid to be returned (#4) to amount of unearned charges – the lesser amount is the amount the school must return to the appropriate program(s).
6. Determine amount of unearned Title IV aid due from the student  
Subtract amount the school must return from the amount of Title IV aid to be returned (#4)  
If < or = to \$0, no amount of unearned Title IV aid is due from the student.  
If > \$0, there may be a repayment of the student's loans, but more than likely, the only action the school will need to take is to notify the holder of the loans of the student's withdrawal date.  
In some cases, there may be grant funds to be returned.

See attached worksheet for an example of a Return of Title IV Funds calculation typical for a student withdrawing prior to the 60% point in the semester after aid has disbursed.