

Return of Title IV Aid (effective 09/07/2021)

Return of Title IV Funds Rule

An institution is required to determine the earned and unearned portion of Title IV aid when a student ceases enrollment prior to the completion date.

- Up through 60% of the payment period, an otherwise eligible student earns Title IV aid on a pro rata basis. After 60%, the student has earned 100% of Title IV. This calculation is based on scheduled hours for the payment period.
NOTE: for a student that withdraws after 60 percent point, there are no unearned funds. However the school will still complete a return calculation in order to determine whether the student is eligible for a post-withdrawal disbursement.
- **The return calculation is still required even if the student has earned 100% to determine whether a post-withdrawal disbursement is required.**

The formula for returned funds is as follows:

1. Determine the date of withdrawal and determine the percentage of the payment period based on the scheduled hours of the student.
2. Determine the amount of Title IV aid earned by the student by multiplying the total Title IV aid for which the student was eligible by the percentage of time enrolled.
3. Compare the amount earned to the amount disbursed. If the amount earned is greater than the amount disbursed then a post-withdrawal disbursement must be made if the student is eligible for a "late disbursement" under the cash management rules (34 CFR 668.164(g)). If the amount disbursed exceeds the amount earned, the Title IV aid must be returned
4. Allocate the responsibility for returning unearned aid between the school and the student according to the portion of disbursed aid that could have been used to cover institutional charges and the portion that could have been disbursed directly to the student once institutional charges were covered.
5. Distribute the unearned Title IV aid back to the Title IV programs. The school must return the unearned aid for which the school is responsible by repaying funds to the following sources, in order, up to the total net amount disbursed from each source:
 1. Unsubsidized FFEL/Direct Stafford Loan
 2. Subsidized FFEL/Direct Stafford Loan
 3. FFEL/Direct PLUS (Parent)
 4. Federal Pell /Grant
 5. Other Title Iv Programs
 6. Other Federal, State, Private or Institutional /assistance
 7. The Student

If it is determined that a **post-withdrawal disbursement** is due:

1. The Date of Determination of Withdrawal shall be the date the student notifies the school in writing, or the postmark of such writing if delivered by mail for students who officially withdraw by notifying the school of their withdrawal in writing.
2. A student is If a student is unofficially withdrawn from school because they were absent for 30 consecutive days, their Date of Determination of Withdrawal shall be 30 days after their last date of attendance. If a student fails to return to school from a leave of absence on the documented date of return, the Date of Determination of Withdrawal shall be that date of return.
3. Any Post-Withdrawal Disbursements must be disbursed within 45 days of the Date of the Determination of Withdrawal.
4. The Student shall be notified of any Post-Withdrawal Loan Disbursements available to them within 30 days of the Date of Determination of Withdrawal, to which the Student will have 14 days to accept or reject the Post-Withdrawal Disbursement of Direct Loan Amounts in writing.

Repayment By Student

Repayment of the Student's Loans

From the Net loans disbursed to the student, the total loans that the school must return will be subtracted to find the amount of Title IV loans the student is still responsible for repaying.

These loans consist of loans the student has earned, or unearned loan funds the school is not responsible for repaying. They are repaid to the loan holders according to the terms of the borrower's promissory note.

Grant Funds to be Returned

Initial amount of Title IV grants for the student to return. From the initial amount of unearned Title IV aid due from the student the amount of loans to be repaid by the student will be subtracted.

Amount of Title IV grant protection.

The total of the Title IV grant aid that was disbursed and that could have been disbursed for the period will be multiplied by 50%. This is the amount of Title IV grate protection that the student is not responsible for repaying.

Except as noted, the student must return the unearned grant funds for which he or she is responsible. Note that the student is not responsible for returning funds to any program to which the student owes \$50.00 or less.

The student must make arrangements with the Department of Education to return any funds that the/she is responsible for repaying. If they fail to do so, the student may lose eligibility for any further student aid at any institution.