

## **SECTION 13: RETURN OF TITLE IV FUNDS**

### **13.1 Process Overview & Applicability**

The Federal Title IV Earned Aid Policy is based on the Higher Education Re-authorization Act of 1998, the U.S. Congress passed regulations governing what must happen to students federal financial aid if they completely withdraw from school in any semester. Federal law requires schools to calculate how much federal financial aid a student has earned if that student withdraws or stops attending before completing the semester.

Federal financial aid covered under this regulation includes the Pell grant, Iraq and Afghanistan Service Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Direct Stafford Loans, and Federal Direct Parent PLUS Loans. State grant and scholarship programs are not covered under this regulation but follow the College's institutional refund policy.

Regulations applies to students who receive federal financial aid and who withdraw, stop attending classes before the end of the semester or students who are considered unsuccessful for the semester - withdrew or failed all their classes in the payment period .

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## 13.2 Withdrawal Date

### *Policies*

Federal law requires schools to calculate how much federal financial aid a student has earned if the student:

- Completely withdraws, or
- Stops attending before completing the semester, or
- Does not complete all modules (courses which are not scheduled for the entire semester) for which the student has registered at the time those modules began.

As a recipient of Title IV aid, it is the students' responsibility to earn the aid provided for their period of enrollment. The law specifies how the school must determine the amount of financial aid earned,

Based on this calculation students who received federal financial aid and do not complete and pass their classes during a semester could be responsible to repay a portion of aid they received.

Title IV funds are awarded to a student to attend an entire payment period or period of enrollment. The law specifies a student earns Title IV funds on a prorated basis through 60% of a period based on the ACTUAL days completed (documented attendance).

For the purposes of federal financial aid programs, we must be able to document your *active participation* in an academic activity. It DOES NOT INCLUDE:

- Logging into an online course without active participation in an activity
- Academic Counseling
- Using a meal plan or living in institutional housing

A student is considered to have withdrawn from a payment period or period of enrollment in which the student began enrollment if the student ceased attendance in scheduled courses for a semester:

- All of the days the student was scheduled to complete in the period (semester)

However, if a student completes a Notice of Intent for Future Enrollment with the Financial Aid Office – at the time of ceasing attendance the student plans to attend another course later in the same period (semester), the student is not considered to have withdrawn from the College

There are two types of withdrawals; a) course withdrawal due to excessive absences initiated by the instructor and b) course withdrawal initiated by the student. Tri County Technical College uses the last date of attendance to calculate the 'earned' and 'unearned' portion for Title IV.

Students who have received grades of F or a combination of F, WF, W, TCTC, as per federal regulations, will assume that the student has unofficially withdrawn; and a Return of Title IV funds will be calculated. If it can be determined that the F's were earned then the student will not have totally withdrawn.

Students who receive federal financial aid must "earn" the aid they receive by staying enrolled in college and successfully completing the semester/module. The amount of federal financial aid the student earns is determined on a prorated basis. Students who withdraw or do not complete all registered classes during the semester may be required to return some of the financial aid they were awarded.

Example 1: If the student completed 30% of the payment period or period of enrollment, the student earned 30% of the aid they originally were scheduled to receive. This means that 70% of their scheduled award remains "unearned" and must be returned to the federal government.

Example 2: If a student withdrew or failed all their classes in the payment period or period of enrollment then we are required by federal law to verify if the student "earned the aid they received or if a recalculation has to be completed to determine if any "unearned" aid has to be returned to the

federal government.

Students could lose academic eligibility for future financial aid. Students are required to make 'satisfactory academic progress' to continue receiving aid. While withdrawals may not hurt a student's GPA, it can hurt a student's completion rate. Please see the college's Financial Aid Satisfactory Academic Progress policy for further information.

Student loans may enter 'grace period' or repayment. If a student leaves school or drops below half time status, the student will receive information about repayment. However, a student is responsible for beginning repayment, even if the student did not receive information on when the repayment begins. Refer to the exit interview materials or contact your lender to determine how soon student loan payments will be required. Exit loan counseling is required for any student receiving a loan when a student completely withdraws from the college.

Upcoming student loan disbursements are cancelled. For example, if a student withdraws after receiving the fall disbursement, the spring disbursement of the loan is automatically cancelled. Even if the student is returning for the spring semester, a new loan application for the spring semester must be processed. Upon complete withdrawal, Exit Loan Counseling is required for any student receiving a loan at the college.

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### 13.3 Formula Calculation

#### *Policies*

A student's federal financial aid eligibility must be recalculated for students who withdraw, drop out, are dismissed or take a leave of absence prior to completing 60% of a semester. Federal financial aid includes Federal Pell Grant, ACG, Federal Supplemental Educational Opportunity Grant (FSEOG), Success Network and Federal Stafford Loans.

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#### *Procedures*

The recalculation of eligibility is based on the percent of earned aid using the following formula:

$$\frac{\text{Percent of earned aid} \times \text{semester}}{\text{semester}} = \frac{\text{number of days attended in the semester}}{\text{total number of days in the semester}}$$

Federal financial aid must be returned to the federal government based on the percent of unearned aid using the following formula:

$$\text{Aid to be Returned} = (100\% - \text{percent of earned aid}) \times \text{the amount of federal financial aid disbursed}$$

The amount of aid to be returned is the responsibility of the College and the student. However, the student will be responsible for repaying the College for the amount that the College was required to return on his/her behalf less any refund that the student is eligible for under 19.2. Therefore, a student who does not complete at least 60% of a semester may owe a repayment to the College and/or the federal government for the amount of unearned federal financial aid.

A student who owes the College may not be permitted to register for a subsequent term or obtain an official

academic transcript until the debt is paid. Payment should be made to the Business Office. A student who owes the federal government may be turned over to the U.S. Department of Education and be required to provide documentation of a satisfactory payment arrangement before federal or state financial aid eligibility is restored.

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