

Return of Unearned Title IV Funds

Federal regulations stipulate that students may forfeit a portion of their federal student financial assistance if they fail to complete the program of study in which they were enrolled. This policy affects students who:

- a) received or were eligible to receive federal student financial assistance authorized under Title IV of the Higher Education Act (HEA), i.e., Federal Pell Grants, Federal SEOG awards, or Federal Direct Student Loan (FDSL) program funds,

and
- b) who withdrew or were terminated from the institution during the first 60% of any payment period or period of enrollment.

Students will be considered to have withdrawn from their program of study on the date of their official notification to the school of their intent to withdraw, or for unofficial withdrawals, after 14 consecutive calendar days of absence unless the student is on an approved leave of absence as otherwise stated in the institution's policies. Eligible Title IV federal aid recipients whose last recorded date of attendance, per the institution's attendance records, is within the first 60% of a payment period or period of enrollment are considered to have earned federal aid only in an amount equal to the percentage of time that the student was enrolled during the payment period or period of enrollment. Accordingly, a required calculation will be performed to determine if federal aid that has not been earned by the student has been disbursed, in which case the unearned portion must be returned to the U.S. Department of Education, or if federal aid that has been earned by the student has not yet been disbursed, in which case the student may be entitled to a post-withdrawal disbursement of earned federal aid. This calculation will be done before a tuition refund calculation is performed in accordance with the institution's refund policy and will result in a determination of the amount of unearned aid that must be returned to the USDE by the institution, as well as the amount to be returned by the student. The institution will notify the student upon completion of this calculation if the student has any responsibilities to repay any federal funds beyond the scope of the student's existing student loan repayment obligations. In many cases, any return of unearned Title IV funds will result in adverse financial consequences including the student owing tuition and fees to the institution that would otherwise have been paid with federal student aid. Unearned Title IV, HEA funds that must be returned to the U.S. Department of Education will be returned first to Unsubsidized Direct Loans, followed by Subsidized Direct Loans, Direct PLUS Loans, Federal Pell Grant awards and lastly, to any Federal SEOG awards. Unearned funds to be returned to the U.S. Department of Education by the institution, and any unearned grant funds owed by the student, must be repaid within 45 days of the date the institution determined that a student has withdrawn. Unearned, Title IV funds owed by the student to a federal loan program must be repaid in accordance with the repayment terms of the student's loan.

In the event a student has earned federal aid in excess of the amount disbursed at the time of withdrawal, and is eligible to receive those funds, the school will process a post-withdrawal disbursement of such earned funds to the student in accordance with federal regulations and allowances.

Example of Return of Unearned Funds Calculation

Clock Hour Institutions

Payment Period Length	450 Clock Hours
Title IV Federal Aid Awarded for Payment Period	\$6,000.00
Student's Scheduled Hours of Attendance as of Withdrawal Date	150 Clock Hours

In this brief example \$6,000 of federal financial aid was awarded to a student for a 450 hour period of training. The student withdrew from school after only 150 scheduled hours of attendance (example: the student was scheduled to attend 30 hours per week and withdrew at the end of the 5th week of enrollment). Accordingly, this student was enrolled for 33.3% (150/450) of the 450 hour payment period. Since the student was enrolled for only 33.3% of the payment period, only 33.3% of the federal aid was earned by the student. The remaining 66.7% of the aid that has not been earned must be returned to the U.S. Department of Education. In this case \$4,000 (66.7%) of the original aid awarded must be returned and only the \$2,000 (33.3%) of earned federal aid may be applied to the student's educational costs. A similar calculation is performed for all federal aid recipients who withdraw from school during the first 60% of the period of time for which monies were awarded. Once a student has been enrolled for more than 60% of the payment period, all of the federal aid that has been awarded for that period is considered to be fully earned.

Credit Hour Institutions

Payment Period Length	15-Week Semester (105 days)
Title IV Federal Aid Awarded for Payment Period	\$6,000.00
Number of Days Enrolled as of Withdrawal Date	35 Calendar Days

In this brief example \$6,000 of federal financial aid was awarded to a student for a standard 15-week semester of training. The student withdrew from school at the end of the 5th week of the semester (35 days). Accordingly, this student was enrolled for 33.3% (35/105) of the 15-week semester. Since the student was enrolled for only 33.3% of the payment period, only 33.3% of the federal aid was earned by the student. The remaining 66.7% of the aid that has not been earned must be returned to the U.S. Department of Education. In this case \$4,000 (66.7%) of the original aid awarded must be returned and only the \$2,000 (33.3%) of earned federal aid may be applied to the student's educational costs. A similar calculation is performed for all federal aid recipients who withdraw from school during the first 60% of the period of time for which monies were awarded. Once a student has been enrolled for more than 60% of the payment period, all of the federal aid that has been awarded for that period is considered to be fully earned.

Your school's policies and procedures must include a policy regarding the Return of Unearned Funds along with an example of the policy. Feel free to use the above language in your publications. Choose which example fits your school's academic measurement, either clock hour or credit hour (semester/trimester/quarter).