

# HANDBOOK 2006-2007

## Federal Student Aid

Volume 5 – Overawards, Overpayments,  
& Withdrawal Calculations

U.S. Department of Education

# Volume 5 – Contents

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# Introduction

*An overpayment occurs when the student receives more aid than he or she was eligible to receive. One kind of overpayment, traditionally called an overaward, results from changes in the student's aid package, a second occurs when a student withdraws. This volume covers how a school should respond when either of these types of overpayments occurs.*

Here, we provide a *summary* of the changes and clarifications presented in greater detail in the chapters that follow. **Alone, the text herein does not provide schools with the guidance needed to satisfactorily administer the Title IV, HEA programs.** For more complete guidance, you should refer to the text in the chapters cited, the Code of Federal Regulations (CFR) and the Higher Education Assistance Act (HEA) as amended.

Throughout this volume, new information is indicated with the following symbol.



When the text represents a clarification rather than a change, it is indicated with this symbol.



When we believe that historically there might be some misunderstanding of a requirement, we indicate that with



or



Finally, if we want to point out a bit of helpful information we indicate it with



## MAJOR CHANGES

### *Chapter 1 – Overpayments and Overawards*

None

### *Chapter 2 – Withdrawals and the Return of Title IV Funds*

- √ Informed schools that, a promissory note must be signed for a loan to be included as *Aid that could have been disbursed* in a return calculation.

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# Overpayments and Overawards

## CHAPTER 1

*An overpayment occurs when the student receives more aid than he or she was eligible to receive. One kind of overpayment, traditionally called an overaward, results from changes in the student's aid package.*

*In this chapter we will discuss a student's and a school's responsibility for resolving overpayments and overawards. This chapter does not cover returning funds when a student withdraws. Please see chapter 2 for a discussion of those returns.*

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## OVERAWARDS

An overaward is created when the student's aid package exceeds the student's need. While you must always take care not to overaward the student when packaging aid, circumstances may change after the aid has been awarded and result in an overaward. For instance, the student may receive a scholarship or grant from an outside organization, or the student may want to extend his or her work-study employment. When these circumstances arise, you may be required to adjust the other federal student aid in the package.

### Pell Grants

Pell Grants are never adjusted to take into account other forms of aid. If there's a Title IV overaward, you must look at other aid that your school controls, and reduce that aid.

### Stafford Loans

If you find out that there's going to be an overaward before Stafford funds are disbursed to the student, you must eliminate the overaward. If you have certified or originated the loan but haven't received the funds, you can ask the FFEL lender to cancel the loan or reduce the loan proceeds, or make a downward adjustment to a Direct Loan. As an alternative, you can reduce or cancel aid over which you have control.

If your school has already received the funds, you have a number of options:

- If the package includes an unsubsidized Stafford, a PLUS Loan, or a nonfederal loan and the aid package doesn't already apply these loans to finance the EFC, and the school so chooses, the aid package can be adjusted so that all or some part of these loans replaces the EFC, thus reducing or eliminating the overaward.

Traditionally, the FFEL regulations have referred to the lender's "disbursement" of funds to a school, and the school's "delivery" of the loan proceeds to a student. More recently, the Cash Management regulations have used the term "disbursement" to refer to the payment of FSA funds to a student or parent, including the payment of loan funds. In this chapter, we will use "disbursement" in the sense of the Cash Management regulations, that is, all payments to a student or borrower.

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**Campus-based overawards, cite**  
34 CFR 673.5

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**Recovery of funds, cite**  
Verification 34 CFR 668.61  
Immigration status 34 CFR 668.139

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**Overpayments, cite**  
Title IV debts 34 CFR 668.35(e)  
Pell Grants 34 CFR 690.79  
FFEL 34 CFR 682.604(h)  
DL 34 CFR 685.303(e)

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**Treatment of excess loan proceeds, cite**  
34 CFR 682.604(h) and 34 CFR 685.303(e)



### Overaward and unsubsidized loan example

Hector's EFC is 4,000. His cost of attendance is \$12,000. He is supposed to receive a subsidized Stafford Loan of \$5,000 and an unsubsidized Stafford Loan of \$3,000, which completely meets his need. Before he receives his first loan disbursement, Guerrero University also gives him a \$2,000 scholarship. If Hector's entire loan amount of \$8,000 had been subsidized, Guerrero would have to send some of the loan back. But because part of the loan amount is unsubsidized, Guerrero simply considers that \$2,000 of the unsubsidized loan that applied to Hector's financial need is now being used to replace his EFC.

### Example: Student ineligible for part of an FFEL disbursement

Owen's EFC is 0. Owen's loan disbursement was \$1,000. However, Guerrero discovered after it received the loan funds that Owen also received an outside scholarship, which created an overaward. Guerrero determines that the overaward is \$800. Guerrero could return just the \$800 or could instead return the entire \$1,000 and have the lender issue a new check for \$200.

If Owen were at a Direct Loan school, the school should reduce the loan amount to \$200.

### Overaward tolerance for Title IV Loans

In general, there is no overaward tolerance for Title IV loans. However, if a student's financial aid package contains a Title IV Loan and a Campus-Based award there's a \$300 overaward tolerance.

If an overpayment occurs for a student who has both Stafford loans and Campus-Based awards, unless the Stafford loans have been fully disbursed, the Stafford Loans should be reduced before the Campus-Based awards are adjusted or canceled.

- The second or subsequent disbursement of a Stafford can be canceled or reduced. For an FFEL loan, you must inform the lender of the reduced award and request cancellation or reduction of subsequent disbursements. For a Direct Loan, you make the adjustments in COD.
- If these adjustments have been made and an overaward still exists for a Stafford Loan borrower, you must withhold and promptly return to the lender or the federal government any funds that have not yet been disbursed to the borrower. If the student is determined to be ineligible for the entire loan disbursement and the overaward cannot be reduced or eliminated, you must return all of the loan proceeds. Note that Stafford Loan overawards must be repaid before adjusting or cancelling campus-based funds.
- If a student becomes ineligible for only a part of a Direct Loan, you can reduce the loan to eliminate the amount for which the student is ineligible.

If a student becomes ineligible for only a part of an FFEL disbursement, you can return all the funds or only the amount for which the student is ineligible. A school that returns the entire disbursement must request a disbursement for the correct amount. You must provide the lender with a written statement describing why the funds were returned, and the lender must credit to the borrower's account the portion of the insurance premium and origination fee attributable to the amount returned. If you return the entire amount and ask for a new disbursement, the student will pay only for the reduced insurance premium and origination fee (if applicable) attributable to the reduced loan amount. To return only the amount for which the student is ineligible, you must have the student endorse the loan check or, in the case of a loan disbursed by electronic funds transfer (EFT), obtain the student's authorization to release loan funds. You can then credit the student's account for the amount for which the student is eligible and promptly refund to the lender the portion of the disbursement for which the student is ineligible.

The requirement to return overawards does not apply to Stafford Loans made to cover the cost of attendance at foreign schools or to PLUS Loans.

*If the overaward situation occurs after Stafford Loan funds have been fully disbursed,* there is no Stafford Loan overaward that needs to be addressed. However, you might have to adjust the aid package to prevent an overaward of campus-based funds.

Although a school isn't required to return Stafford Loan funds that were disbursed to the borrower (either directly or by applying them to the student account) before the overaward situation occurred, the law doesn't prevent your school from returning funds that were applied to the student account if you choose to do so. A borrower who receives a direct payment of loan funds is not required to repay an overawarded amount, unless the overaward was caused by his or her misreporting or withholding information.

### **Campus-Based programs**

There is a \$300 *overaward tolerance/threshold* for all campus-based programs. The \$300 threshold is allowed only if an overaward occurs after campus-based aid has been packaged. The threshold does not allow a school to deliberately award campus-based aid that, in combination with other resources, exceeds the student's financial need.

If a school learns that a student received resources that were not included in calculating the student's eligibility for aid from the campus-based programs and those resources would result in the student's total resources exceeding his or her financial need by more than \$300, the school must take steps to resolve the overpayment.

Before reducing the student's campus-based aid, the school should reevaluate the student's need to determine whether he or she has increased need that was not anticipated when the school initially awarded aid to the student. If the student's need has increased and if the total resources do not exceed the revised need by more than \$300, the school is not required to take further action.

If the school recalculates the student's need and determines that the student's need has **not** increased, or that his or her need has increased but that the total resources still exceed his or her need by more than \$300, the school must reduce or cancel any future Title IV or institutional disbursements.

If the student's total resources still exceed his or her need by more than \$300, and the student's resources include a Perkins Loan and/or FSEOG, the amount that exceeds the student's need by more than \$300 is a Perkins Loan or FSEOG overpayment.

The student must repay the full amount of the campus-based loan or grant disbursements that are considered an overpayment.

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### **Campus-based overawards cite**

34 CFR 673.5(d)

## **FWS program**

Because the student can't be required to repay wages earned, you can only adjust FWS by reducing future payments. You can continue to employ the student, but the student can't be paid from FWS funds. If you've already adjusted all other federal aid and institutional aid, and there's still an overaward, you must reimburse the FWS program from your school's funds. You cannot require the student to repay wages earned, except in the case of proven student fraud.

## **TREATMENT OF OVERPAYMENTS**

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### **Overpayments and eligibility cite**

HEA Sec. 484(a)(3)

34 CFR 668.22(h), 668.32(g)(4), 668.35(c)&(e)

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### **Overpayment due to interim disbursement cite**

34 CFR 668.61(a)

In general, a student is liable for any Perkins Loan or FSEOG overpayment made to him or her. A Perkins Loan or FSEOG overpayment is created whenever a student receives funds that exceed his or her eligibility. For purposes of FSEOG overpayments, when a school awards FSEOG using the individual recipient or aggregate matching share methods, the FSEOG overpayment amount includes only the federal share.

## **Overpayments for which the school is responsible**

Your school is liable for any amount of a Pell Grant, Perkins Loan or FSEOG overpayment (including amounts under \$25) that occurred because your school failed to follow the procedures in 34 CFR parts 668, 673, 674, 676, or 690. If your school makes a Perkins Loan or FSEOG overpayment in any amount for which it is liable, you must immediately restore (to your Perkins loan fund or FSEOG account, as applicable) an amount equal to the overpayment plus any administrative cost allowance claimed on the overpayment. If your school makes a Pell overpayment, it must make a downward adjustment to the student's award in COD, and either return the funds through GAPS, or disburse them to another eligible student.

If returning the funds creates a debit on the student's account, the school may attempt to collect the amount of the overpayment from the student. However, this is not a Title IV debt.

If the overpayment is the result of an interim disbursement (see the *Application and Verification Guide*), you can continue to pay Title IV funds to the student if he or she repays the overpayment in full or makes repayment arrangements that you deem satisfactory. If the student refuses to repay an overpayment resulting from an interim disbursement, you must repay it from your school's funds within 60 days following the student's last day of enrollment or by the last day of the award year, whichever comes first. Once your school repays an overpayment due to an interim disbursement, the student regains eligibility.

A student may not receive Federal Pell Grant funds for concurrent enrollment at more than one institution. The COD system will identify students who have been reported as Pell recipients by multiple institutions as potential overawards (POP files). The schools that awarded the student Pell Grant funds for the period must coordinate their response so that the student is receiving Pell Grant funds for attendance at only one school during the period. If after 30 days the schools have not resolved this issue, the COD system will reduce both schools' authorization for this student to zero, and the issue will have to be addressed with ED's involvement.

### **Overpayments for which the student is responsible**

In some instances, a student rather than the school is responsible for repaying the overpayment.

If a student has received more Pell funds than the student was eligible to receive because the student's eligibility for Pell decreased, you can try to eliminate the Pell overpayment by adjusting later Pell disbursements for the award year. **You may not reduce a student's correctly awarded and disbursed Pell Grant to address overpayments in other programs.**

For FSEOG and Perkins overpayments, you can adjust subsequent FSEOG and Perkins disbursements.

If that is not possible, you must promptly attempt to recover the overpayment by notifying the student (by paper or electronically), and requesting full payment. The notice must state that if the student fails to repay the overpayment or to make satisfactory arrangements for repayment, he or she will be ineligible for Title IV funds until the overpayment is resolved.

If the student claims that your school made a mistake in determining the overpayment, you must consider any information he or she provides and judge whether the objection is warranted.

If after notification to the student and consideration of possible objections an overpayment remains, and the student has not repaid or made satisfactory arrangements to repay the overpayment, you must take further action.

For FSEOG and Pell, you must refer the overpayment to the Department with the required information (see *Referring overpayment cases to Collections* in chapter 2), and you must report to NSLDS the unresolved overpayment. After that, you are not required to make any further attempt to collect the FSEOG or Pell overpayment.

For Perkins loans, you are not required to refer overpayments to Collections, but you must report them to NSLDS, because the student is required to repay the overpayment to your school's revolving loan fund.

#### **Examples of overpayments due to school error**

Allen received a Pell at Sarven Technical Institute. Although Sarven had the correct EFC on Allen's ISIR, the school looked at the wrong chart and used a different EFC in the Pell calculation. So, Allen received too much money. Because the overpayment is due to a school error, Sarven is liable for the overpayment.

Owen received an outside scholarship to attend Guerrero University. The bursar's office was notified of the scholarship so that it would apply the payments properly, but didn't notify the financial aid office. Owen received a Perkins Loan, but the financial aid office didn't take the scholarship into account when awarding the loan because it didn't know about the scholarship. When the financial aid office later found out about the scholarship, it discovered that Owen received too much aid and had a \$600 Perkins overpayment. Because the school had information about the scholarship (even though the financial aid office didn't), the overpayment is due to a school error.

**Examples of overpayments due to student error**

When Chavo applied, he didn't have his W-2 forms, so he estimated his income and said that he wasn't going to file a tax return. After he received his aid from Sarven Technical Institute in June, he told the FAA that he'd underestimated his income, and had to file a tax return. When Chavo submitted the corrections, his EFC increased, and Sarven determined that he'd received a Pell overpayment. Sarven canceled his second Pell disbursement, but he still owed \$100. Sarven allowed Chavo to make an agreement to repay \$25 a month for four months so that he'd still be eligible for other aid for the rest of the year.

Meurig has to report financial information about his father on the application although he's living with his stepfather. On the 2004-2005 application, he didn't report any assets for his father, and Brust Conservatory used the information from that application to award Title IV aid. However, his 2005-2006 application is selected for verification, and during the verification process Brust discovers that Meurig's father has a business that should have been reported as an asset. Brust asks for tax information for the previous year and determines that Meurig should also have reported the business as an asset on the 2004-2005 application. Meurig's EFC increases when he makes the correction, and he received an overpayment for the 2004-2005 award year. Because he's already received all his aid for the year, he has to either pay the overpayment or negotiate a satisfactory repayment agreement.

A student is not liable for an overpayment when the original amount of the overpayment is less than \$25. A student is liable for an overpayment of less than \$25 when that \$25 is a *remaining balance*. That is, when the overpayment amount was originally \$25 or more, but is now less than \$25 because the student has made payments.

A student is also liable for overpayments of less than \$25 when that amount is the *result of applying the \$300 campus-based overaward threshold/tolerance*. For example, if a school discovers that after a student's campus-based aid was disbursed, the student received additional aid that resulted in the aid the student received exceeding his or her need by \$314, the \$314 is an overaward. When the school applies the \$300 overaward tolerance, the student only has a campus-based overpayment of \$14. The student is responsible for repaying the \$14 because the initial amount of the overpayment (before the \$300 tolerance was applied) was \$314 (which is in excess of the less than \$25 *de minimus* amount).

Your school may decide to pay a student's obligation by returning to the appropriate Title IV program account the amount overpaid to the student. Once your school makes the appropriate returns, the student will no longer be considered to owe a Title IV debt, but rather a debt to your school that you can collect according to your procedures. The student's eligibility for Title IV funds is restored as long as the student meets other Title IV eligibility criteria.

A student who receives an overpayment of a Title IV program loan, or an Title IV program grant may reestablish eligibility for Title IV program assistance by repaying the excess amount, or by making arrangements satisfactory to the holder of the overpayment debt to pay the excess amount.

### **Exceptions to student liability**

There are some exceptions to holding a student liable for a Pell, Perkins Loan or FSEOG overpayment.

Generally a student is liable for any Perkins, FSEOG, or Pell overpayment he or she receives unless the school is liable for it. However, as noted previously, the student is not liable for the overpayment if it is less than \$25 and is not a remaining balance nor, in the case of a Perkins loan or FSEOG, the less than \$25 is the result of the application of the \$300 overaward threshold.

Such overpayments do not affect the student's Title IV eligibility. Therefore, your school need not –

- attempt recovery of such overpayments,
- report such overpayments to NSLDS, or
- refer such overpayments to the Department for collection.



## Overpayments created by inadvertent overborrowing

Another kind of overpayment occurs when a student inadvertently has received Title IV loan funds in excess of annual or aggregate loan limits and is no longer eligible for Title IV funds. A student who is not in default on a Title IV program loan, but who has inadvertently obtained Title IV program loan funds in an amount that exceeds the annual or aggregate loan limits is ineligible for any further Title IV program assistance until the student (1) repays in full the excess loan amount; or (2) makes arrangements, satisfactory to the holder of the loan, to repay that excess loan amount.

Satisfactory repayment arrangements are determined by the loan holder, but may involve having the borrower sign an agreement acknowledging the debt and affirming the borrower's intention to repay the excess amount as part of the normal repayment process.

If a student has inadvertently exceeded the subsidized annual or aggregate loan limit, it may be possible in some cases to eliminate the excess subsidized amount by changing it to an unsubsidized loan. The loan holder will determine whether this is an option.

If a student has consolidated the loan(s) that exceeded the annual or aggregate loan limit, he or she is considered to have made satisfactory arrangements to repay the debt, and no additional action on the part of the student is required.

Once you have documented that the inadvertent overborrowing has been resolved (through repayment in full, making satisfactory arrangements to repay the debt, replacement of an excess subsidized loan with an unsubsidized loan, or consolidation of the excess loan amount), you may award additional Title IV funds to the student. Keep in mind, however, that the student may have no remaining loan eligibility, or may be eligible only for unsubsidized loans.

Because you're responsible for knowing about the student's prior Title IV loans before disbursing additional loan funds to the student, inadvertent overborrowing shouldn't occur often. Excess borrowing might occur if a school is unaware of loans a student received at another school. This might happen if the student received the loans under a different name or SSN. (See Volume 1, chapter 3 for a description of how the NSLDS postscreening and transfer monitoring processes can help prevent these kinds of overpayments.)

### Satisfactory repayment arrangements

We require a borrower who does not repay the excess loan amount in full to make satisfactory repayment arrangements in order to ensure that the borrower acknowledges a debt in excess of the regulatory maximum.

For defaulted loans, the law and regulations specify what a satisfactory repayment agreement is. For students who have exceeded loan limits or owe an overpayment of a Title IV grant, the law and regulations do not specify what makes a repayment agreement satisfactory. The loan holder or school determines whether the repayment arrangement is satisfactory.

**Reporting overpayments to NSLDS**

DCL GEN-98-14, July 1998

All new FSEOG overpayments and previously reported FSEOG overpayments for which a data element has changed must be reported.

Data providers must meet all NSLDS reporting requirements as detailed in the operating manual "National Student Loan Data System" at

<http://ifap.ed.gov/nsldsmaterials/attachments/2000PerkinsDPIVer2.pdf>

**Reporting overpayments to NSLDS**

You must report overpayments or changes to previously submitted information to NSLDS within 30 days of the date you learn of the overpayment or change.

If the grant overpayment is the result of the student's withdrawal and a return to Title IV calculation, you must contact the student within 30 days of determining that the student withdrew (see chapter 2).

You only report unresolved overpayments if they're due to student error; don't report overpayments that are a result of school error. Instead, as discussed previously, you must use school funds to repay the overpayment.

You must use the online NSLDS screens to report overpayments, which means that your school must have Internet access to NSLDS. (DCL GEN-04-08 gives the most recent technical specifications.)

Once the overpayment is reported to NSLDS, the student's future output documents will show that she has an overpayment (see "NSLDS Match"). The Financial Aid History section of the SAR and ISIR will have information on the overpayment, including whether the student has made satisfactory repayment arrangements.

**Referring overpayment cases to Collections**

If you have tried but not succeeded in collecting a Pell or FSEOG overpayment for which the student is liable, you must refer the overpayment to FSA's Borrower Services – Collections (Collections). To be referred, the **initial amount** of the overpayment must have been at least \$25.

**Note:** For an FSEOG overpayment, when a school uses the individual recipient or aggregate matching methods, this overpayment includes only the federal share. When the school uses the fund-specific method of matching, the overpayment includes both the federal and nonfederal shares. See *Volume 6 – Campus-Based Programs* for more information.

You would still refer a student debt of less than \$25 to Collections when the amount due was a remaining balance or, when the amount less than \$25 was the result of the application of the campus-based overaward threshold/tolerance. You must make this referral in addition to reporting the overpayment to NSLDS. If your school elects not to refer an overpayment to Collections, then your school is liable for the overpayment. In that case, the school must repay the overpayment from its own funds.

**School must resolve student concerns**

If a student claims that a school's FSEOG overpayment determination is erroneous, the school must consider any information the student provides and determine whether the objection is warranted before referring the case to Collections.

To refer student overpayments for collection, schools should use a format similar to the one found at the end of this chapter and send the form to the address at the bottom of that page. Each referral must be typed or printed and must be submitted on school letterhead.

**In order to avoid creating a double record for a single overpayment, the school must populate its Overpayment Referral Form, *Dates of Disbursements*, with the exact same dates the school used when it created the NSLDS record. In addition, a school must ensure that it enters for *award year*, the year the disbursement was made.**

In addition, when you refer the overpayment, you should update the overpayment information previously reported to NSLDS by changing the Source field from SCH-SCHOOL to TRF-TRANSFER. Once Borrower Services has accepted a referred student overpayment, Borrower Services will transmit the information to NSLDS and “ED Region” will replace “School” as the appropriate contact source for information about the overpayment.

**During the 2006-2007 award year, on its Overpayment Referral, schools must continue to provide their School’s Pell Identification Number. During the 2006-2007 award year, schools should not enter their Routing Identifier.**

### ***School responsibility after referral***

Once you have referred the account to Collections, you have no further responsibility in the collection of the debt unless the student contacts your school to make a payment or unless Collections sends the referral back because it is incomplete, in which case you’ll need to supply additional information and resend the referral. If the student tells you that he or she wishes to make a payment, you may accept it on behalf of the Department and forward it to Collections.

You must return to ED any funds accepted from a student who owes an overpayment. Before forwarding the check to Collections, make sure the student’s name and SSN are on the check. If the check covers more than one student, list each student’s name and SSN and each payment amount. Send the check to the

**U.S. Department of Education National Payment Center  
P.O. Box 4169  
Greenville, Texas 75403-4169**

**If you want a payment to be applied to a specific overpayment (by program and award year) you must include a memorandum on school letterhead. The memorandum must include the award year and program award number of the award you want credited, and your DUNS number.**

**Important**

**Tip**

### **Accepting payments on referred current-year overpayments**

If a student wants to make a payment on an overpayment from the current award year, and that payment will pay that overpayment in full, follow the procedures described in chapter 2 under “Accepting payments on referred overpayments.”

**Important**



If the student whose overpayment case has been accepted by the Department wishes to establish a repayment schedule, the student should contact Collections by calling

**1-800-621-3115**

or by E-mailing

**[dcshelp@pearson.com](mailto:dcshelp@pearson.com)**

### ***Responsibilities of Borrower Services - Collections***

Upon receipt of an overpayment referral, the Department will determine if enough information has been provided to start collection activity; any referral lacking information will be returned to your school to be completed.

Collections will then try via letters and telephone to establish a repayment schedule or to secure payment in full. Collections will also update the NSLDS information that you've already reported to show that the Department now holds the overpayment. Any future SARs or ISIRs for the student will show that he or she owes an overpayment and will direct the student to contact Collections instead of the school. Finally, Collections also communicates Pell overpayment referrals to the COD system. COD will then alert a school of a student's overpayment status if the student submits a future FAFSA.

### ***Return of Title IV funds when a school does not maintain a separate federal bank account***

The Department considers a school that maintains Title IV funds and general operating funds in the same bank account (commingled) to satisfy the requirement that it return unearned funds on a timely basis if:

- the school maintains subsidiary ledgers for each type of funds commingled in that account that clearly show how and when those funds were used and reconciled to its general ledger,
- the subsidiary ledger for each Title IV program provides a detailed audit trail on a student-by-student basis that reconciles to the amount of Title IV program funds received and disbursed by the school, and
- the school updates the relevant subsidiary ledger accounts in its general ledger no later than 30 days after it determines that the student withdrew.

More specifically, the return of an unearned funds transaction should be recorded as a debit to a Title IV program fund subsidiary ledger account and a credit to the school's operating fund subsidiary ledger account. The date of the return is the date this transaction is posted to the school's general ledger.

# Student Overpayment Referral to Borrower Services Collections

**Not applicable for returns resulting from student withdrawals (use information in chapter 2).**

## Student Information

Name (Last, First, MI):

Address:

Telephone Numbers:

Social Security Number:

Date of Birth:

*If your Pell Reporting ID is different than your Pell Attended ID, please report both. Otherwise, just report the Pell Attended ID.*

Reporting School's Pell Identification Number:

## Parent/Spouse Information

Name (Last, First, MI):

Address:

Telephone Numbers:

## School Information

Name of Contact:

Telephone Numbers:

Attended School's Pell Identification Number:

## Disbursements and Repayments

	Federal Pell	Federal SEOG
Award year of overpayment:		
Total Grant Disbursement:		
Dates of disbursement: (must match NSLDS overpayment record)		
<b>Initial amount of overpayment:</b>		
Amount of grant for student to return:		
Total grant amount repaid by student to school:		
Date of last payment to school, if any:		
<b>Total being referred for collection:</b>		*

If using individual or aggregate matching, report federal share only. Otherwise report total FSEOG. \*

**SEND INFORMATION TO** ➤ Student Loan Processing Center-Overpayments  
P.O. Box 4157  
Greenville, Texas 75403

**(903) 408-4595** ⏪ **FAX**



# Withdrawals and the Return of Title IV Funds

*This chapter will discuss the general requirements for the treatment of Federal Student Aid funds when a student withdraws and will then discuss the principles applicable to the worksheets.*

***IMPORTANT:*** *As this chapter was being prepared, Congress passed legislation that might substantially alter the Return of Title IV Funds. ED will issue a Dear Colleague Letter that addresses changes subsequent to the new legislation.*

## WITHDRAWALS

This chapter explains how Federal Student Aid (FSA) funds are handled when a recipient of those funds ceases to be enrolled prior to the end of a payment period or period of enrollment. These requirements do not apply to a student who does not actually cease attendance at the school. For example, when a student reduces his or her course load from 12 credits to 9 credits, the reduction represents a change in enrollment status not a withdrawal. Therefore, no Return calculation is required.

The *Return of Title IV Funds* (Return) regulations do not dictate an institutional refund policy. Instead, a school is required to determine the earned and unearned Title IV aid a student has earned as of the date the student ceased attendance based on the amount of time the student spent in attendance. The calculation of Title IV funds earned by the student has no relationship to the student's incurred institutional charges.

Up **through the 60% point** in each payment period or period of enrollment, a pro rata schedule is used to determine the amount of FSA funds the student has earned at the time of withdrawal. **After the 60% point** in the payment period or period of enrollment, a student has earned 100% of the Title IV funds he or she was scheduled to receive during the period.

For a student who withdraws after the 60% point-in-time, there are no unearned funds. However, a school must still **complete a Return calculation** in order to determine whether the student is eligible for a post-withdrawal disbursement.

The Return regulations do not prohibit a school from developing its own refund policy, or complying with refund policies required by a state or other outside agencies. Although an institutional, state, or agency refund policy will determine the charges a student will owe after withdrawing, those policies will not affect the amount of Title IV Aid the student has earned under the Return calculation.

### Return of Funds cites

HEA, Section 484B  
34 CFR 668.22

### The FSA Assessment module

that can assist you in understanding and assessing your compliance with the provisions of this chapter is "Return of Title IV Funds," at

<http://ifap.ed.gov/qamodule/ReturnTIVFunds/ReturnTIVFunds.html>

**Reminder**

## General requirements

FSA funds are awarded to a student under the assumption that the student will attend school 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 Title IV funds that the student was originally scheduled to receive.

If a recipient of Title IV grant or loan funds withdraws from a school after beginning attendance, the amount of Title IV grant or loan assistance earned by the student must be determined. If the amount disbursed to the student is greater than the amount the student earned, unearned funds must be returned. If the amount disbursed to the student is less than the amount the student earned, and for which the student is otherwise eligible, he or she is eligible to receive a post-withdrawal disbursement of the earned aid that was not received.

## Worksheets and software

The Department has developed worksheets and software to assist schools in implementing the Return regulations (you can find blank worksheets at the end of this chapter). There is one worksheet for students who withdraw from credit-hour programs and one for students who withdraw from clock-hour programs. These worksheets are also in portable document file (PDF) format on the Department's *Information for Financial Aid Professionals* Web site at

<http://ifap.ed.gov>

The Department has also developed Return of Title IV Aid software that automates the Return calculation. The software can be downloaded from ED's FSA download site

<http://www.fsadownload.ed.gov>

A new Return of Title IV Funds on the Web product has recently been released. It is accessible via the main menu of the FAA Access at the CPS Online Web site

<http://www.fafsa.ed.gov/FOTWebApp/faa/faa.jsp>

The use of the Department's worksheets and the software is optional.

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### Technical questions

Technical questions on the Return of Title IV funds software are handled by the CPS at

**800-330-5947**

or via email at

**[cpssaig@ed.gov](mailto:cpssaig@ed.gov)**

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### Access to R2T4 software via CPS Online

Individual staff members must be enrolled in the SAIG in order to have access to the Return software.

Your school's SAIG Destination Point Administrator (DPA) can enroll the selected staff members via the SAIG Enrollment Web site at

**<http://www.fsawebenroll.ed.gov>**

## Consumer information

In the consumer information a school must make available upon request to prospective and enrolled students, the school must include a statement of –

- any refund policy with which the school must comply;
- the requirements for the treatment of Title IV funds when a student withdraws; and
- the requirements and procedures for officially withdrawing from the school.

An institution should provide sufficient information for a student or prospective student to be able to determine the financial consequences of withdrawing, and how to officially withdraw. A student should be able to estimate how much federal student aid he or she will earn if the student withdraws, and how much he or she may have to return. In addition, because the Return provisions do not affect institutional refund policies, the school must provide the student with information on both the federal student aid requirements and the school's refund requirements and explain the interaction between the two. A school should include some discussion of how it might adjust a student's charges to take into account any Return of Title IV funds that the school may be required to make. Finally, a student or prospective student should be informed that Federal Student Aid may not cover all unpaid institutional charges due to the institution upon the student's withdrawal.

As a part of the institution's disclosure of the procedures for officially withdrawing, the school must identify the office or offices that it has designated to accept notification of official withdrawals.

### Consumer information cite

Section 485(a)(1)(F), 34 CFR 668.43

For more information see chart on

"Institutional and Financial Assistance Information for Students" in "Volume 1 – Student Eligibility."

### Sample summary provided

A sample summary of the requirements of 34 CFR 668.22 is provided at the end of this chapter.

## GENERAL TITLE IV PRINCIPLES WITH SPECIAL APPLICABILITY IN THE RETURN OF TITLE IV AID

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### Title IV recipient

In determining whether the requirements of 34 CFR 668.22 apply, a school must first determine whether a student was eligible to receive any Title IV funds.

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### If a student never begins attendance cite

34 CFR 668.21,  
34 CFR 682.604(d)(3) and (4), and  
34 CFR 685.303(b)(3).

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### If a student withdraws before Title IV funds are disbursed

Even if a student paid all institutional charges and ceased enrollment prior to Title IV funds being disbursed, the institution must determine the Title IV funds earned by the student and follow the procedures for making a post-withdrawal disbursement.

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### Withdrawals and verification, cite

DCL-GEN-04-03

### Definition of a Title IV recipient

The requirements for the treatment of Title IV funds when a student withdraws apply to any recipient of Title IV grant or loan funds who ceases all attendance. For purposes of these requirements, *a recipient of grant or loan assistance* is a student who has actually received Title IV funds **or** has met the conditions that entitled the student to a late disbursement. These conditions are listed in a chart on Late Disbursements in *Volume 4 – Processing Aid and Managing Federal Student Aid Funds*.

The return requirements apply only to the receipt of or qualification for aid that can be included in the calculation. For example, the requirements of 34 CFR 668.22 do not apply to Federal Work-Study funds. Therefore, the Return requirements do not apply to a student if the only Title IV program assistance that the student has received or could have received was FWS funds.

Please note that if the student never actually began attendance for the payment period or period of enrollment, 34 CFR 668.22 does not apply. Likewise, if a student began attendance, but was not and could not have been disbursed Title IV grant or loan funds prior to withdrawal, the student is not considered to have been a Title IV recipient and the requirements of 34 CFR 668.22 do not apply. In these cases, Title IV funds would be handled in accordance with other Title IV regulations (see margin).

### Verification

The Return calculations impose no additional liability for interim disbursements made to students selected for verification. However, the Return requirements do place limits on interim disbursements that can be made to students selected for verification who have ceased attendance. **A school may not make an interim disbursement to a student after the student has ceased attendance.**

The Department establishes deadlines for the submission of required verification documents that apply to all Title IV programs.

For campus-based program funds and subsidized FFEL and Direct Loan program funds, an institution may establish an institutional verification deadline that may be earlier than the date established by ED. The institution must include its verification deadlines in the consumer materials it provides to students.

The following rules apply when a school is completing a Return calculation for a student subject to verification.

1. A school must always complete a Return calculation within 30 days of the date the institution determined the student withdrew.
2. Unless a student subject to verification has provided all required verification documents in time for the school to meet the 30-day Return deadlines, the school includes as Aid Disbursed or Aid That Could Have Been Disbursed in the Return calculation, only those Title IV funds not subject to verification.
3. If a student who failed to provide all required verification documents in time for the school to meet the 30-day Return deadlines later provides those documents prior to the applicable verification deadline, the school must perform a new Return calculation on all of the aid the student qualified for based on the completed verification documents and make the appropriate adjustments.

### **When verification is completed before the Return deadline**

An institution must return any unearned funds or offer any post-withdrawal disbursement within 30 days of the date of the institution's determination that the student withdrew. If a student provides all documents required for verification after withdrawing but before the verification submission deadline and in time for the institution to meet the 30-day Return deadlines, the institution performs the Return calculation including all Title IV aid for which the student has established eligibility as a result of verification and for which the conditions of a late disbursement had been met prior to the student's loss of eligibility due to withdrawal. (See *Volume 4 – Processing Aid and Managing Federal Student Aid Funds*, and 34 CFR 668.164(g)(2).)

### **When verification is not completed before the Return deadline**

If a student who has withdrawn does not provide the required documents in time for the school to complete the verification process and meet the 30-day Return deadlines noted above, the institution includes in the Return calculation only the Title IV aid that was not subject to the verification process. For a student who failed to provide all required verification documents, the only aid that may be included in a Return calculation are PLUS loan funds, Student Support Services (SSS) grants, unsubsidized Stafford loan funds, LEAP, grants and GEAR-UP grants (verification is not required for receipt of these funds) for which the conditions of a late disbursement (as discussed under *Title IV aid that could have been disbursed*) were met prior to the student's loss of eligibility due to withdrawal.



If an institution has made an interim disbursement to a student who has failed to provide all the documents required for verification in time for the institution to meet the 30-day Return deadlines, at that point in time the student has failed to establish eligibility for those Title IV funds affected by verification. Therefore, the institution must return any Title IV funds subject to verification that were disbursed to the student on an interim basis, and may **not** include any of those funds as aid that was or could have been disbursed in the Return calculation.

### When verification is completed after the Return deadline

If an institution is unable to meet the requirement to offer any amount of a post-withdrawal disbursement that is not credited to a student's account to the student (or parent for a PLUS loan) within 30 days from the date of the institution's determination that the student withdrew, once verification is complete the institution must offer the funds as soon as possible and should provide the student or parent with the minimum 14-day response period whenever possible.

An institution must make any post-withdrawal disbursement that results from the subsequent Return calculation by the applicable 120-day late disbursement deadline.

If, before the verification deadline but after the institution has completed the Return calculation, a student provides all the documentation required for verification, the institution **must** perform a new Return calculation including as *Aid that could have been disbursed* all Federal Student Aid for which the student has established eligibility based upon verification and for which the conditions of a late disbursement have been met prior to the student's loss of eligibility due to withdrawal. If, as a result of verification, the student's eligibility for Federal Pell Grant, FSEOG, and Federal Perkins funds has been reduced, only the reduced amount is included in the new Return calculation.

For additional information on Verification, please consult *The Application and Verification Guide*.

### Approved leave of absence

A leave of absence (LOA) is a temporary interruption in a student's program of study. LOA refers to the specific time period during a program when a student is not in attendance. An LOA is not required if a student is not in attendance only for an institutionally scheduled break. However, a scheduled break may occur during an LOA.

An LOA must meet certain conditions to be counted as a temporary interruption in a student's education instead of being counted as a withdrawal requiring a school to perform a Return calculation. If an LOA does not meet the conditions in 34 CFR 668.22(d), the student is considered to have ceased attendance and to have withdrawn from the school, and the school is required to perform a Return calculation.

In order for an LOA to qualify as an approved LOA –

1. the school must have a formal written policy regarding leaves of absence requiring that all requests for leaves of absence be submitted in writing and include the reason for the student's request;
2. the student must follow the school's policy in requesting the LOA;
3. there must be a reasonable expectation that the student will return from the LOA;
4. the school must approve the student's request for an LOA in accordance with the school's policy;
5. the institution may not assess the student any additional institutional charges, the student's need may not increase, and therefore, the student is not eligible for any additional Federal Student Aid;
6. the LOA together with any additional leaves of absence must not exceed a total of 180 days in any 12-month period;
7. except in a clock-hour or nonterm credit-hour program, a student returning from an LOA must resume training at the same point in the academic program that he or she began the LOA; and
8. if the student is a Title IV loan recipient, the school must explain to the student, prior to granting the LOA, the effects that the student's failure to return from an LOA may have on the student's loan repayment terms, including the expiration of the student's grace period.

A student granted an LOA that meets the criteria in this section is not considered to have withdrawn, and no Return calculation is required. Upon the student's return from the leave, he or she continues to earn the Federal Student Aid previously awarded for the period.

When calculating the maximum time frame for a student's approved LOA, the school must ensure that it accounts for all periods of nonattendance (including week-ends and scheduled breaks).

In addition, since an approved LOA may not be more than 180 days, a school might have to reduce the length of a student's LOA if the 180th day is scheduled to fall on a day the school would be closed.

### Reminder

#### Disbursement rules for students on leave of absence (LOA)

You may **NOT** make a disbursement of the proceeds of a FFEL or Direct Loan to a student on an LOA.

You may disburse Pell Grant, FSEOG, and Perkins funds to a student on an LOA.

You may pay any funds that are part of a Title IV credit balance (and therefore are funds that have already been disbursed) to a student on an LOA.

#### Full tuition credit

An institution may grant a full tuition credit toward the course the student chooses to reenter as a way to comply with the requirement that the institution not assess the student any additional charges upon return from an approved leave of absence.

## Written formal policy required

Among the policies and procedures a school must maintain is one that discusses the procedures a student must follow in applying for a leave of absence, and the criteria the institution will apply in determining whether to approve the application. An institution's LOA policy must specify that all requests for an LOA must be submitted in writing, must be signed, and must be dated.

As mentioned previously, the regulations provide that an institution must determine, before it grants an LOA, that there is a reasonable expectation that the student will return from the leave. In order for the institution to make such a determination, and in order for it to ensure that the student meets the criteria in the institution's LOA policy, the institution must know the student's reason for requesting the leave. **Therefore, an institution's LOA policy must specify that the reason for a student's leave request be included on a student's application for an LOA.**

An institution's policy must require a student to apply in advance for an LOA unless unforeseen circumstances prevent the student from doing so. For example, if a student were injured in a car accident and needed a few weeks to recover before returning to school, the student would not have been able to request the LOA in advance. A school may grant an LOA to a student who did not provide the request prior to the LOA due to unforeseen circumstances if the school documents the reason for its decision and collects the request from the student at a later date. In this example, the beginning date of the approved LOA would be determined by the institution to be the date the student was unable to attend school because of the accident.

A school must publicize its LOA policy. The school may do this by including that policy in the consumer information the school makes available to students (see *Volume 2 – School Eligibility and Operations*).

## Reasonable expectation of return

This condition is specified to make clear that a school may not grant a student an LOA merely to delay the return of unearned Title IV funds.

## Completion of coursework upon return in term-based credit-hour programs

Approved leaves of absence are viewed as temporary interruptions in a student's attendance. **For term-based programs, where the payment period is the term, a student returning from an LOA must complete the term in order to complete the payment period and be eligible to receive a second or subsequent disbursement.**

Therefore, for students enrolled in credit-hour term programs, in order for an LOA to be an LOA, a school must allow a student returning from an LOA to complete the coursework that he or she began prior to the LOA. In addition, the institution may not impose additional charges and may not award the student additional Title IV assistance.

### **Completion of coursework upon return in clock-hour and credit-hour nonterm programs**

For nonterm-based programs, the regulations provide that the payment period is the period of time it takes a student to complete **both** half the number of credits **and** half the number of weeks of the academic year, program, or remainder of the program. For clock-hour programs, the payment period is the period of time it takes a student to complete half the number of clock hours in the academic year. Therefore, for clock-hour and nonterm programs it doesn't matter whether the student returns to the same course and point when the LOA began, or the student starts in a new course within the program (so long as there are no additional charges).

For clock-hour programs and nonterm credit-hour programs upon returning from an LOA a student need not complete the same coursework he or she began prior to the leave. For a nonterm program, once the student has earned half the required credits, **and** completed half the number of weeks in the period, the student has earned the Title IV funds he or she was previously paid. For a clock-hour program, once the student has completed half the number of clock hours, the student has earned the Title IV funds he or she was previously paid. At that point, if otherwise eligible, the student may receive a second or subsequent disbursement of Title IV program funds.

### **A student may return early**

A school may permit a student to return to class before the expiration of the student's LOA in order to review material previously covered. However, until the student has resumed the academic program at the point he or she began the LOA, the student is considered to still be on the approved LOA.

**The days the student spends in class before the course reaches the point at which the student began his or her LOA must be counted in the 180 days maximum for an approved leave of absence.** A student repeating coursework while on LOA must reach the point at which he or she interrupted training within the 180 days of the start of the student's LOA.

The requirement that an institution not impose additional charges when an approved LOA ends and the student resumes his or her program of study applies when a student returns to repeat prior coursework. Moreover, even if the student enters at the beginning of the module or course from which he or she took the leave of absence, a student is not eligible for any additional Title IV program assistance for this preparatory phase.

Since a student is still considered to be on an LOA while repeating prior coursework, if the student fails to resume attendance at the point in the academic program where he or she interrupted training at the beginning of the LOA, the student must be treated as a withdrawal. In that case, at an institution that is not required to take attendance, the date of the student's withdrawal that must be used in the Return calculation is the date the student began the LOA.

At an institution that is required to take attendance, the Last Date of Attendance (LDA) is used as the withdrawal date for a student that does not return from a LOA .

### **Leaves of absence versus the grade of incomplete**

At term-based schools, students who are unable to complete the requirements of an individual course are often assigned the grade of incomplete (I). Students are usually expected to complete the required work within a reasonable time in order to receive credit and a passing grade.

If a student is assigned an incomplete status for one or several courses but continues to attend other courses, the student is not considered to have withdrawn. A student who is awarded the grade of incomplete in all of his or her classes is not considered a student on an approved LOA unless the LOA meets the criteria in this section.

Because of the criteria that must be met in order for a LOA to be an approved LOA, term-based schools can grant LOAs that meet the Department's criteria for an approved LOA in a very limited number of cases. A term-based credit-hour institution that wishes to explore the possibility of granting an LOA that meets the criteria specified in 34 CFR 668.22(d), should call its Case Management Team for additional information.

## No additional charges

An LOA is a temporary break in the student's attendance during which, for purposes of determining whether a Return calculation is required, the student is considered to be enrolled. Since students who are continuously enrolled are not assessed additional charges, **any** additional charges to a student, even minimal reentry charges, indicate that the institution does not truly consider the student to be on an approved LOA.

## No additional Title IV assistance

Since an institution may not assess any additional charges to a student returning from LOA, the institution may not award any additional Title IV aid until the student has completed the coursework in which the student was enrolled when the leave was granted.

## Leave of absence not to exceed 180 days in any 12-month period

Institutions, at their discretion and for any reason, may grant a student multiple leaves of absence as long as the total number of days for all leaves does not exceed 180 days within a 12-month period. This 12-month period begins on the first day of the student's initial LOA.

## *When a student fails to return from a leave of absence*

At an institution not required to take attendance, if a student does not return to the school at the expiration of an approved LOA (or a student takes an unapproved LOA), the student's withdrawal date is the date the student began the LOA. At an institution required to take attendance, the withdrawal date for the same student would always be the student's last day of attendance.

## Explanation of consequences of withdrawal to loan recipients

A student who is granted an approved LOA is considered to remain in an in-school status for Title IV loan repayment purposes. If a student on an approved LOA fails to return, the school must report to the loan holder the student's change in enrollment status as of the withdrawal date.

One possible consequence of not returning from an LOA is that a student's grace period for a Title IV program loan might be exhausted. Therefore, in order for a LOA to be an approved LOA, prior to granting a leave of absence, a school must inform a student who is a Title IV loan recipient of the possible consequences a withdrawal may have on the student's loan repayment terms, including the exhaustion of the student's grace period.

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### Deferment or Forbearance

A student who has exhausted his or her grace period and is unable to begin repayment of a loan may apply for a deferment or forbearance of payment.

## Unapproved leaves of absence

A school may grant a student an LOA that does not meet the conditions to be an approved LOA for Title IV purposes (for example, for academic reasons). However, any LOA that does not meet all of the conditions for an approved LOA is considered a withdrawal for Title IV purposes. The student's withdrawal date at an institution not required to take attendance is the date the student begins the LOA. At an institution required to take attendance, the student's withdrawal date is the student's last day of attendance.

An unapproved LOA may not be treated as an unofficial withdrawal. An unofficial withdrawal is one where the school has not received notice from the student that the student has ceased or will cease attending the school. If a school has granted a student an unapproved LOA, the school would know immediately that the student had ceased attendance for Title IV purposes, and must use the specified withdrawal date in the Return calculation.

## Institutional charges

Institutional charges are used to determine the portion of unearned Title IV aid that the school is responsible for returning. Schools must ensure the inclusion of all appropriate fees as well as applicable charges for books, supplies, materials and equipment in Step 5, Part G of the Return calculation (see *Example of Determining Institutional Charges*). Institutional charges do not affect the amount of Title IV aid that a student earns when he or she withdraws.

## Use of institutional charges in determining the school's responsibility for return

The institutional charges used in the calculation usually are the charges that were initially assessed the student for the entire payment period or period of enrollment as applicable. Initial charges may only be adjusted by those changes the institution made prior to the student's withdrawal (for example, for a change in enrollment status). If, after a student withdraws, the institution changes the amount of institutional charges it is assessing a student, or decides to eliminate all institutional charges, those changes affect neither the charges nor aid earned in the calculation. (Please see Step 3 — Amount of Title IV aid earned by the student, for a further discussion of aid earned and institutional charges.)

The return regulations presume Title IV program funds are used to pay institutional charges ahead of all other sources of aid.

**Institutional Charges may not be reduced even if other sources of aid are used to pay those charges.** For example, a school may not reduce institutional charges when an outside agency supplying aid requires that aid to be used for tuition.

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### Institutional charges cite

34 CFR 668.22(g)(1)(iii)

34 CFR 668.22(g)(2)

DCL-GEN-00-24

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### Fees as noninstitutional charges

Application fees are excluded from institutional charges because they are not an educational cost. (Federal Register, Vol. 59, No. 82, April 29, 1994, page 22356).



## When to prorate charges

For students who withdraw from a non term-based educational program, the school has the choice of performing the Return calculation on either a payment period basis or a period of enrollment basis. If a school with a nonterm program chooses to base the Return calculation on a payment period, but the school charges for a period longer than the payment period (most likely the period of enrollment), there may not be a specific amount that reflects the actual institutional charges incurred by the student for the payment period. In this situation, the student's institutional charges for the payment period are the prorated amount of institutional charges for the longer period. However, if the school has retained Title IV funds in excess of the prorated amount, the institutional charges for the payment period are equal to the amount retained.

## Effects of waivers on institutional charges

If your school treats a *waiver* as a payment of tuition and fees that have actually been charged to a student, then the waiver is considered a financial aid resource, and the full amount of the tuition and fees must be included in Step 5, Part G of the Return calculation. On the other hand, if the student is never assessed the full charges, the waiver is not considered to be financial aid, and only the actual charges would be included in the Return calculation (see DCL GEN 00-24, January 2000 for a further discussion of waivers and the Return calculation).

## Institutional versus noninstitutional charges

Institutional charges generally are defined as the charges for tuition and fees, room and board, and other educational expenses that are paid to the school directly. If a fee (like a registration or technology fee) is required for all students in a program, then the fee should be considered an institutional charge for all students in the program. A charge does not have to appear on a student's account to be considered an institutional charge.

The following educational expenses must be considered institutional charges –

- all charges for tuition, fees, and room and board (if contracted with the school) **(If an institution enters into a contract with a third party to provide institutional housing, the institution has to include the cost of housing as an institutional charge in a Return calculation.)**; and
- expenses for required course materials, if the student does not have a *real and reasonable opportunity* to purchase the required course materials from any place but the school.

**Exceptions:** *Excludable costs* are costs a school may exclude from the total amount of institutional costs, such as the documented cost of unreturnable equipment, and

### Prorated charges example

Institutional charges are \$8,000 for a nonterm-based program that spans two payment periods of 450 clock hours each. The school chooses to calculate the treatment of Title IV funds on a payment period basis. A student withdraws in the first payment period. The prorated amount of institutional charges for each payment period is \$4,000. However, because of the \$1,000 in fees charged at the beginning of the period, the school has retained \$5,000 of the Title IV funds for institutional charges for the payment period. Therefore, the institutional charges for the payment period are \$5,000.

### Waiver Example

An institution charges state residents \$900 per semester. Out-of-state students are charged an additional \$2,000 for a total of \$2,900. However, the institution grants waivers of the out-of-state charges to out-of-state athletes. The waiver is considered a payment to those charges (financial aid resource) and the full \$2,900 would need to be included in any Return calculation.

**Reminder**



### Three principles associated with institutional charges

Published in a January 7, 1999 policy bulletin, these principles are applicable to determining institutional charges.

#### Principle 1: Most costs charged by the school are institutional charges

The most important principle to keep in mind is that all tuition, fees, room and board, and other educationally related charges a school assesses a student are institutional charges, unless demonstrated otherwise. If you want to exclude specific charges or costs from a calculation, you must document that the charges are not institutional charges.

#### Principle 2: An institutional charge does not need to be assessed to all students

A charge assessed to all students enrolled in a course or program is an institutional charge whether or not it is assessed to all students at the school. Moreover, a charge does not have to be specified in a student's enrollment agreement to be considered an institutional charge.

#### Principle 3: Charges on a student's account are not always school charges; school charges do not always appear on a student's account

With the student's authorization, a school may credit a student's account with Title IV funds to pay for noninstitutional charges. If a student withdraws from the school with debits for noninstitutional charges on his or her account, the school should exclude those charges from the Return calculation.

Conversely, there may be institutional charges that do not appear on a student's account. If a school disburses Title IV funds to a student to buy required books, equipment, supplies, or materials and the student does not have a real and reasonable opportunity to purchase them from another source, those costs must be classified as institutional charges.

documented cost of returnable equipment if not returned in good condition within 20 days of withdrawal.

Noninstitutional charges include –

- charges for any required course materials that a school can document a student had a *real and reasonable opportunity* to purchase elsewhere (see the discussion that follows);
- charges to a student's account for group health insurance fees, if the insurance is required for all students and the coverage remains in effect for the entire period for which the student was charged, despite the student's withdrawal; and
- charges to a student's account for discretionary educationally related expenses (e.g., parking or library fines, the cost of athletic or concert tickets, etc.).

### Demonstrating a real and reasonable opportunity

A school may treat charges for books, supplies, equipment, and materials as noninstitutional charges if the school can substantiate that its students have the option of obtaining the required course materials from an alternative source. The school must be able to document that: (1) the required course materials were available for purchase at a relatively convenient location unaffiliated with the school; and (2) the school provided financial aid funds in a way and at a time that made it possible for the student to purchase the materials in a timely manner. A signed statement by a student that he or she had the option to purchase the materials from an alternative source is **not** sufficient documentation.

### Book vouchers and institutional charges in the return of Title IV funds calculations

If a book voucher issued by a school cannot be used to purchase course materials from a **convenient unaffiliated source**, the student does not have a *real and reasonable opportunity* to purchase his or her course materials elsewhere. In that case the school must include the cost of books and materials purchased with the voucher as institutional charges in Step 5, Part G of the Return calculation.

### Returning equipment

If a school can substantiate that its return policies are reasonable, consistent, and fair to all students, and students are notified in writing of those policies when they enroll, the school may exclude documented costs for nonreturnable equipment, and returnable equipment, if not returned in good condition within 20 days of withdrawal. A policy that classifies all used books or equipment as nonreturnable is not reasonable or fair. An acceptable policy must specify the specific circumstances that would prevent the school from selling the books or equipment to other students.

**Example of school charges versus non-school charges**

Aerospace Tech requires its students to purchase a titanium-plated tool set by the first day of class. Aerospace's enrollment agreement does not contain a charge for the tools, and it does not say that the student is required to purchase the tools from Aerospace or a vendor affiliated with Aerospace. As it happens, the required tools are available for purchase from Aerospace and from a retailer across the street. As a routine practice, Aerospace gets written authorization from its students to credit all financial aid to their school accounts, hold any credit balances, and establish a line of credit for students at the campus store so they can purchase the required tools by the first day of class. Most students buy the tools at the campus store and charge the purchase to their school accounts.

Although the cost of the tools is not listed as a charge in the student's enrollment agreement, Aerospace requires that the tools be purchased by everyone in the program of study. Therefore, as a general rule, the tool charges would be considered school charges. However, under the exceptions rule, the tool charges do not have to be considered school charges if Aerospace can demonstrate that – (1) the tools were available for purchase elsewhere; (2) Aerospace made financial aid available to students in time to purchase the tools from another vendor before the first day of class; and (3) Aerospace's practices provide students with an equal opportunity to purchase tools from the campus bookstore or the retailer across the street.

In this case, the school meets the first criterion, the tools are available at the store across the street, so an opportunity could exist. However, the school fails to satisfy the second and third criteria because the school's routine practice of crediting students' accounts with all financial aid, and extending lines of credit for purchases at the campus bookstore, discourages students from purchasing the required tools from another vendor. Unless a student specifically requests that Aerospace not hold his or her credit balance, a student whose education is funded primarily through financial assistance has to purchase the tools at the campus store. As a result, the cost of the tools must be classified as school charges.

## ***Treatment of Title IV credit balances when a student withdraws***

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### **Treatment of Credit balance when a student withdraws, cite**

DCL GEN 04-03, February 2004

The Return of Title IV Aid provisions require a different treatment of a Title IV credit balance when a student withdraws than was required under the earlier "Refund and Repayment" provisions. This treatment applies only to the handling of *Title IV* credit balances. For a discussion of credit balances in other circumstances, please see *Volume 4 – Processing Aid and Managing Federal Student Aid Funds*.

When a student withdraws during a period, a Title IV credit balance created during the period is handled as described below:

1. Do not release any portion of a Title IV credit balance to the student and do not return any portion to the Title IV programs prior to performing the Return calculation. The institution must hold these funds even if, consistent with the 14-day credit balance payment requirement of 34 CFR 668.164(e), it would otherwise be required to release them.
2. Perform the Return calculation including any existing Title IV credit balance for the period in the calculation as disbursed aid.
3. Apply any applicable refund policy (state, accrediting agency, institutional, etc.) to determine if doing so creates a new or larger Title IV credit balance.
4. Allocate any Title IV credit balance as follows –
  - a. Any Title IV credit balance must be allocated first to repay any grant overpayment owed by the student as a result of the current withdrawal. The institution must return such funds to the Title IV grant account within 14 days of the date that the institution performs the Return calculation.

Although not included in a Return calculation, any Title IV credit balance from **a prior period** that remains on a student's account when the student withdraws is included as Title IV funds when you determine the amount of any final Title IV credit balance when a student withdraws. Remember, the school must use the final credit balance first to satisfy any current student grant overpayment.

- b. Within 14 days of the date that the institution performs the Return calculation, an institution must pay any remaining Title IV credit balance funds in one or more of the following ways —

- in accordance with the cash management regulations to pay authorized charges at the institution (including previously paid charges that now are unpaid due to a return of Title IV funds by the institution);

A school may not use a Title IV credit balance to return funds for which it is responsible as a result of a Return calculation (Step 5, item J).

- **with the student's authorization**, to reduce the student's Title IV loan debt (not limited to loan debt for the period of withdrawal); or
  - to the student (or parent for a PLUS loan).
- c. If the institution cannot locate the student (or parent) to whom a Title IV credit balance must be paid, it must return the credit balance to the Title IV programs. The Department does not specify the order of return to the Title IV programs for a credit balance. We encourage institutions to make determinations that are in the best interest of the individual student.

You must apply your school refund policy before allocating a Title IV credit balance. However, you are not required to actually complete the refund process (for example, by making a refund to a student) before completing the steps for allocating the Title IV credit balance.

In order to accommodate differences in institutional accounting and administrative processes, you are not required to actually apply the Title IV credit balance to the student's grant overpayment before applying the Title IV credit balance to other debts, as long as the grant overpayment is satisfied by the 14-day deadline. You may use school funds instead of the actual Title IV credit balance to satisfy any student grant overpayment.

For the treatment of credit balances when a student dies, see the discussion under *Death of a student* later in this chapter.

### New 14-day deadline

In most cases, the cash management regulations require a school to refund a Title IV credit balance to a student within 14 days. However, when a student withdraws, a school is required to perform a Return calculation to determine, among other things, whether adjustments to the credit balance will occur.

For this reason, the existing 14-day payment requirement is placed on hold in order to determine the final amount of any Title IV credit balance. Your school does not need to obtain a student's or parent's authorization to hold a Title IV credit balance that existed prior to the Return calculation (beyond the original 14-day deadline) while you determine the final amount of the credit balance.

In order to allow an institution time to appropriately apply any credit balance after it has been recalculated, a new 14-day deadline is triggered when a school performs a Return calculation. The new 14-day deadline begins on the date the school performs the Return calculation, not the date the school performs any calculations required by its institutional refund policy.

Of course, in order to determine the correct Title IV credit balance, the school must take into account both the results of the Return calculation and any applicable refund policy.

### **Example of a school performing a Return calculation for a student on whose account there is a Title IV credit balance**

Legolas, a first-time student at Northern Mirkwood Community College (NMCC) began classes on September 1. His account was credited with a Pell Grant of \$2,000 and debited with institutional charges of \$500, creating a Title IV credit balance of \$1,500. Because NMCC has several mini semesters in which Legolas had expressed an interest, the school obtained the student's permission to hold the Title IV credit balance while Legolas considered his options.

On September 30, when he has completed 25% of the semester, Legolas informs the school that he has decided to withdraw in order to pursue his dream of winning a gold medal as an Olympic archer. NMCC places a hold on Legolas's account while it performs the required Return calculation and applies its institutional refund policy.

The school performs the required Return calculation on October 20, and determines that the *Amount of unearned funds due from the school* is \$375, and that the *Initial amount of unearned funds due from the student* is \$1,125. Since the \$1,125 is composed entirely of grant funds, the *Amount for the student to return* is a grant overpayment of \$562.50.

Before Legolas withdrew, the Title IV funds on his account totaled \$2,000, and \$500 of that \$2,000 was used to cover the existing charges. There were no charges due the school, and the Title IV credit balance was \$1,500. After the school returned the \$375 it is required to return, the new total of Title IV funds on the student's account was \$1,625 (\$2,000 — \$375), and the new Title IV credit balance was \$1,125.

Then, the school applies its institutional refund policy. Under NMCC's refund policy, a first-time student who withdraws before the 50% point in the semester is entitled to a 80% refund of institutional charges. Since Legolas withdrew at the 25% point of the semester, he is entitled to a refund of 80% of the amount he was charged or \$400 ( $\$500 \times .80$ ). So, the new institutional charges on the student's account are \$100, and the new (final) Title IV credit balance is \$1,525 (\$1,625 — \$100). Note that this new credit balance is larger than the credit balance that existed before the student withdrew.

Because Legolas has a Title IV credit balance on his account, NMCC has 14 days from October 20 (the date they performed the Return calculation) to return the student's grant overpayment (it can use its own funds or Title IV funds) from the student. After the school returns the \$562.50 grant overpayment, the Title IV credit balance of the student's account is \$962.50 (\$1,525.00 — \$562.50). The school must pay those funds to the student within 14 days of October 20.

*Note: With a never before achieved perfect score, Legolas won a gold medal in the Olympic archery competition.*

## PRINCIPLES WITH UNIQUE APPLICATIONS IN THE RETURN OF TITLE IV AID

### *Institutions required to take attendance*

Only a school that is required to take attendance by an outside entity is considered a school that is required to take attendance for purposes of calculating the amount of Title IV program assistance earned when a student withdraws.

A school that elects to take attendance, including a school that voluntarily complies with an optional attendance requirement of an outside entity, is not considered a school that is required to take attendance.

If an outside entity determines that an institution is required to take continuous attendance for a limited period, including for census purposes, then the institution is considered to be one that is required to take attendance for that period of time only. However, if an outside entity requires attendance taking only for a single day of census activity, ED would not consider the institution to meet the definition of an institution required to take attendance for that one day.

Institutions that are required to take attendance for a limited period must document a student's attendance through that period. If an institution determines that a student was not in attendance at the end of that period, the student's withdrawal date would be determined according to the institution's attendance records.

If the institution demonstrates that the student attended past the end of the limited period, the student's withdrawal date is determined in accordance with the requirements for an institution that is not required to take attendance.

If a school is required by an outside entity (for example, a state Workforce Development Agency), to take attendance for only some students, the school is required to use those attendance records for only the cohort of students under the outside agency's jurisdiction to determine the student's withdrawal date (the last date of academic attendance). The school would not be required to take attendance for any of its other students, or to use attendance records to determine any of its other students' withdrawal dates, unless the school is required to take attendance for those students by another outside entity.

### **Verifying an agency's position**

Unless an outside entity has determined that an institution is required to take attendance, the institution would be considered to be one that is not required to take attendance. If a school is unsure whether an outside entity requires a school to take attendance, the school should inquire of the outside entity, and document the agency's response.

For example, ten students at Peabody University receive assistance from the state. The state requires the school to take attendance for the recipients of the state's education benefits. Peabody University is not required by any other outside entity to take attendance for any of its other students. Seven of the ten students who receive state benefits are also Title IV program recipients. If any of those seven students withdraw from the school, the school must use the state required attendance records for them to determine the withdrawal date as required for institutions required to take attendance. For all other Title IV program recipients at Peabody University who withdraw, the school must determine the withdrawal date in accordance with the requirements for students who withdraw from a school that is not required to take attendance.



### Date of determination that a student has withdrawn

34 CFR 668.22(l)(3)

## Date of the institution's determination that the student withdrew

The date of the institution's determination that the student withdrew varies depending on the type of withdrawal. For example, if a student begins the official withdrawal process or provides official notification to the school of his or her intent to withdraw, the date of the institution's determination that the student withdrew would be the date the student began the official withdrawal process, or the date of the student's notification, whichever is later. If a student did not begin the official withdrawal process or provide notification of his or her intent to withdraw, the date of the institution's determination that the student withdrew would be the date that the school becomes aware that the student ceased attendance. The types of withdrawal and the corresponding definition of the date of the institution's determination that the student withdrew are listed in the chart on *Withdrawal Dates* at the end of this chapter.

For a student who withdraws without providing notification from a school that is not required to take attendance the school must determine the withdrawal date **no later than 30 days after the end of the earlier** of (1) the payment period or the period of enrollment (as applicable), (2) the academic year, or (3) the student's educational program.

### Example of making a determination at a school required to take attendance

Consider a school that makes a determination on September 10 that a student has not been in attendance since September 1. The school contacts the student who tells the school he or she's been ill but plans on coming back during the next week (and this falls within the time period for excused absences and absences allowed by state, accrediting agency and other applicable policies). For the moment, the school may delay taking any action. However, if the student does not return, the school must complete a Return calculation using September 1 as the student's last day of attendance, and September 15 as the date of the institution's determination that the student withdrew. The school must return any unearned funds by October 15.

## Date of determination at institutions that are required to take attendance

Institutions that are required to take attendance are expected to have a procedure in place for routinely monitoring attendance records to determine in a timely manner when a student withdraws. Except in unusual instances, the date of the institution's determination that the student withdrew should be no later than 14 days after the student's last date of attendance as determined by the institution from its attendance records. The institution is NOT required to administratively withdraw a student who has been absent for 14 days. However, after 14 days, it is expected to have determined whether the student intends to return to classes or to withdraw.

This requirement does not affect a student's withdrawal date. At an institution that is required to take attendance, a student's withdrawal date is always the last date of attendance as determined by the institution from its attendance records.

A student who ceases attendance during a payment period or period of enrollment is a withdrawal for Title IV purposes unless the student is on an approved LOA. Therefore, for a student who has ceased attendance, the institution must either –

- place the student on an approved LOA (provided that the conditions for an approved LOA are met); or

### Date of determination at an institution required to take attendance, cite

34 CFR 668.22(b)(1)

DCL GEN 04-03, February 2004

DCL GEN 04-12, November 2004

- withdraw the student and, if the student returns, treat the student as a reentry if permitted under the regulations.

If an institution has a policy that states the number of excused absences after which a student will be administratively withdrawn, it may delay contacting the student until that date. However if the student eventually is determined to be withdrawn, the date of determination of the student's withdrawal remains 14 days from the student's last day of attendance.

An institution must return the amount of Title IV funds for which it is responsible as soon as possible, but no later than 30 days after it determines or should have determined that the student withdrew.

As noted above, the date of the institution's determination that the student withdrew is not necessarily the same as a student's withdrawal date. A student's withdrawal date is used to determine the percentage of the payment period or period of enrollment completed and, therefore, the amount of aid a student has earned. The date of the institution's determination that the student withdrew is used in the following circumstances:

- A school must offer any amount of a post-withdrawal disbursement that is not credited to the student's account within 30 days of the date of determination.
- If the student or parent submits a timely response that instructs the school to make all or a portion of the post-withdrawal disbursement, the school must disburse the funds within 120 days of the date of determination.
- A school must document a student's withdrawal date and maintain the documentation as of the date of determination.
- Within 30 days of the date of determination, a school must notify a student if a grant overpayment is due.
- A school that is collecting an overpayment must require repayment of the full amount of the overpayment within two years of the date of determination.
- The school must return the amount of Title IV funds for which it is responsible no later than 30 days after the date of determination.
- The amount of aid disbursed as of the date of determination is used to determine the amount of unearned aid that must be returned.

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**Date by which funds must be returned, cite**

34 CFR 668.22(j)



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### Changing the basis of the calculation

A school may change the basis for its Return calculations for new students as they begin classes. However, for continuing students, since the institution's Return policy must be included in the published materials the school provides to students as part of the consumer information requirement, the school would have to change its catalogue, its written policies and procedures, and its enrollment agreements (if any), and allow sufficient time for those continuing students who would be governed by the new policy to receive and review the materials.

## Use of payment period or period of enrollment

The worksheets require that a school indicate whether the calculation is being done on the basis of a payment period or a period of enrollment. For students who withdraw from semester, trimester, or quarter programs, a school must perform the Return calculation on a payment period basis. For students who withdraw from a nonstandard term-based or nonterm-based educational program, the school has the choice of performing the Return calculation on either basis. The institution must use the same basis (payment period or period of enrollment) in its calculations for all students within a program who cease attendance.

An exception is allowed for students who transfer to or reenter a school that offers nonterm-based or nonstandard term-based educational programs. For students who transfer to or reenter a nonterm-based or nonstandard term-based educational program a school may make a separate selection of payment period or period of enrollment to use in calculating their Return of Title IV funds.

**The periods used for transfer and re-entry students do not have to be the same.** A school may choose to use payment period for transfer students and period of enrollment for reentry students.

### Payment period

The definition of a payment period is the same definition used for other Title IV program purposes. This definition is found in 34 CFR 668.4 (see *Volume 3 – Calculating Awards and Packaging*). Schools that use payment periods as the basis for their Return calculations should note that making multiple disbursements within a payment period does **not** create a new or additional payment period.

### Period of enrollment

A period of enrollment is the academic period established by the school for which institutional charges are generally assessed (i.e., the length of the student's program or the academic year, but consistent with the period for which loans generally are certified).

### Applicability

The use of payment period or period of enrollment is important for many aspects of the Return calculation. For example, if a school is determining the treatment of Title IV funds on a payment period basis, the student's Title IV program assistance to be used in the calculation is the aid that is disbursed or that could have been disbursed for the payment period. Also, the institutional charges used in the calculation would have to reflect the charges for the payment period.

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### Period of enrollment cite

34 CFR 668.22(l)(2)

Generally, the higher the institutional charges, the greater the amount of unearned aid that is to be returned by the school (see *Step 4*). In some cases this mitigates against a school using the period of enrollment as the basis for the Return to Title IV funds calculation. An institution must prorate the charges for the period of enrollment to correspond to a payment period if the institution has elected to use the payment period rather than period of enrollment basis for the Return calculations.

If, for a nonterm or nonstandard term program, a school chooses to calculate Returns on a payment period basis, but the school charges for a period longer than a payment period (e.g., period of enrollment), total institutional charges for the period will be the greater of the –

- prorated institutional charges for the period, or
- the amount of Title IV assistance retained for institutional charges as of the student's date of withdrawal.

### **Rounding**

Enter dollars and cents using standard rounding rules to round to the nearest penny. Final repayment amounts that the school and student are each responsible for returning may be rounded to the nearest dollar.

Percentages are calculated to four decimal places, and rounded to three decimal places. The third decimal place is rounded up if the fourth decimal place is 5 or above. For example, .4486 would be rounded to .449, or 44.9%.

The **one exception** to the rounding rule occurs in determining the percentage of Title IV program assistance earned. Students who withdraw at any point **after the 60% point** in the payment period or period of enrollment have earned 100% of their FSA funds. If the standard rounding rules were used in this situation, a quotient of .6001 through .6004, which is greater than 60%, would be rounded down to .600 (60%), and the student would not have earned 100% of his or her Federal Student Aid. Therefore, for the purpose of determining whether a student has earned 100% of the Title IV funds for the term, in order to recognize that students completing more than 60% of the period (by any amount) earn 100% of their Federal Student Aid, **amounts of .6001 through .6004 are not rounded.**

## Funds to include in a Return calculation

The calculation of earned Federal Student Aid includes all Title IV grant and loan funds that were disbursed or that could have been disbursed to a student for the period of time for which the calculation is being performed (payment period or period of enrollment).

The federal portion of GEAR UP grants to students and SSS grants to students are included in the calculation. However, Federal Supplemental Educational Opportunity Grant (FSEOG) program funds and Leveraging Education Assistance Partnership (LEAP) program funds, formerly known as the State Student Incentive Grant (SSIG) program funds, are excluded under certain circumstances.

Federal Work-Study (FWS) funds and Byrd Scholarship program funds are **not** included in the calculation.

### FSEOG program funds

The nonfederal share of FSEOG program funds is excluded when a school meets its FSEOG matching share by either the individual recipient method or the aggregate method. If a school meets its matching share requirement through the use of a fund-specific match, 100% of the FSEOG award (both the federal and nonfederal shares) must be included in the Return calculation. Otherwise, the nonfederal share of FSEOG awards is excluded from the calculation. For more information on types of FSEOG matching funds see *Volume 6 – Campus-Based Programs*.

### LEAP program funds

An institution must consider all or a portion of a state grant, as specified below, to be Federal LEAP Program funds, including for purposes of the Return calculation, if prior to the date of the institution's determination that a student has withdrawn a state agency provides information to the institution in writing –

#### LEAP Example

A student receives a \$7,000 grant, and the state notifies the school in writing that the grant includes an indeterminate amount of LEAP funds. \$5,000 of the state grant is considered LEAP funds. Another student receives a \$3,000 grant, but the state does not notify the school of its composition. The \$3,000 grant is not considered to be LEAP funds.

1. *Stating the dollar amount or percentage of a student's state grant that is part of the LEAP program.* If the state agency specifies the exact amount or percentage of LEAP funds included in an individual student's state grant, only the specified amount or percentage of the student's state grant up to \$5,000 (the statutory maximum LEAP award) is considered LEAP funds.
2. *Identifying a specific student's state grant as containing an indeterminate amount of LEAP funds.* If the state agency identifies a specific student's state grant as containing LEAP funds but does not provide an exact amount or percentage, the entire amount of the grant up to \$5,000 is considered LEAP funds.

#### Treatment of LEAP funds when a student withdraws, cite

DCL GEN 04-03, February 2004

3. *Identifying the percentage of LEAP funds in the entire amount of state grant funds provided to the institution.* If the state agency does not specify the amount of LEAP funds included in a student's individual grant but does specify the percentage of LEAP funds in the entire amount of state grant funds provided to the institution, the institution must apply this percentage to the individual student's total state grant to determine the amount of the grant up to \$5,000 to be considered LEAP funds.

**Example:** A Title IV eligible student receives an \$8,000 state grant, and the state specifies that 25% of the state grant funds provided to the school are LEAP funds. \$2,000 of the student's grant is considered LEAP funds.

4. *Stating that LEAP funds are included in all students' state grants.* If the state agency states that LEAP funds are included in all students' state grants but does not provide an exact amount or percentage, the entire amount of all grants up to \$5,000 is considered LEAP funds.

If the Return calculation results in an institution having to return unearned LEAP funds, the institution returns the funds in accordance with the guidance of the state agency. This guidance may include returning the funds to the state agency or re-awarding the funds to other eligible students at the institution.

A student owing an overpayment of LEAP funds as a result of the calculation must repay the overpayment to the institution or to the Department (34 CFR 668.22(h)(4)(i)). If the student repays the overpayment to the institution, the institution must return the funds to the state in accordance with the state agency's guidance.

If an institution refers a LEAP student overpayment to the Department, the Department considers the state agency to have paid to the student any Federal or state-matching funds for purposes of the LEAP program. For example, the funds would be reported as expended in the appropriate categories on the state agency's performance report. Of course, a state agency would have the option of considering the entire amount of LEAP funds referred to the Department to consist solely of funds from the state's federal allotment if the state meets the LEAP matching requirements by disbursements of state-appropriated funds to other state grant recipients.

These policies also apply to the Special Leveraging Educational Assistance Partnership (SLEAP) Program except that there is no \$5,000 maximum award.

Note that the Department does not require states to notify institutions of federal and state matching funds that are part of state grants.

### GEAR UP Program funds

A GEAR UP grantee has an established percentage of matching funds for each year of a project. That percentage is specified on the official grant award document received from the Department. If a GEAR UP grant is included in the aid awarded to a student who has ceased attendance, the school should include in Step 1 of the Return calculation the federal portion of that GEAR UP award. So, if a grantee has a project that is composed of 50% federal funds and 50% matching funds, then the grant of every student who receives a GEAR UP grant will be considered to be composed of 50% Title IV funds and 50% matching funds.

For example, consider a school that in its GEAR UP grant application stated that 50% of its project would be composed of matching funds. If a student who received a \$800 GEAR UP grant withdraws from that school, the school must include \$400 ( $\$800.00 \times 50\%$ ) identified as GEAR UP grant funds in Step 1 of the Return calculation.

If a Return calculation results in GEAR UP funds being returned (included in Step 6, line 7 or Step 8, line 7 of the worksheet) so long as time remains in the grantee's award period, returned funds should be deposited in the institution's federal GEAR UP account and awarded to another eligible student. If a grantee's GEAR UP award period has ended, the funds should be returned to the Department using the Electronic Refund Function in GAPS.

## Student Support Services Grants to Students

A Student Support Services (SSS) grantee that has been awarded funds to make direct grants to SSS student participants will, unless the institution receiving the grant is eligible to receive funds under Title III or Title V of the HEA, have provided a dollar in matching funds for every two dollars received from the Department. Unless it has indicated in its application that it will be providing matching funds, a grantee that is eligible to receive a grant under Title III or Title V of the HEA, must include 100% of a student's SSS grant in Step 1 of the Return calculation. (Note: Because the matching is only on that portion of the SSS grant that is used for direct grant aid to students, it is not recorded on the official grant award notification that the institution receives from the Department.)

However, if an institution is not eligible to receive funds under Title III or Title V, a third of its SSS grants to students would be matching funds. At that institution, if an SSS grant is included in the aid awarded to a student who has ceased attendance, the school should include in Step 1 of the Return calculation only the federal portion (2/3) of that SSS grant.

So, if in its application, a grantee said that SSS grants to students would be composed of 67% federal funds and 33% matching funds, then the grant of every student who receives an SSS grant would be considered to be composed of 67% Title IV funds and 33% matching funds.

If a Return calculation results in SSS funds being returned (included in Step 6, line 7 or Step 8, line 7 of the worksheet) so long as time remains in the grantee's award period, returned funds should be deposited in the institution's federal SSS account and awarded to another eligible student. If a grantee's SSS award period has ended, the funds should be returned to the Department using the Electronic Refund Function in GAPS.

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### **Reentry within 180 days cite**

34 CFR 668.4(e)

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### **Consistent with leave of absence**

This arrangement is similar to an LOA, and the 180-day time frame is consistent with the maximum 180 days allowed for an approved LOA in the Return regulations. The difference, of course, is that with an unauthorized LOA the institution would not know that the student would be returning and would have treated the student as a withdrawal. Based upon that withdrawal, the institution would have completed the Return calculation, which may have required both the institution and the student to return funds to the Title IV programs.

If the student returns within 180 days to his or her original program, while an official leave was not granted, and the provisions of the Return regulations were applied, upon the student's return, the student can be treated as though he or she had been on an approved LOA.

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### **Costs upon reentry**

The cost of attendance would be the costs associated with the original period before the student withdrew. Once the student has withdrawn and then returned to the same program within a 180-day period, the regulation states that the student remains in the same payment period. The cost of attendance for such a student returning to the same program within 180 days must reflect the original educational costs associated with the payment period from which the student withdrew.

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### **Deferment status for loan funds**

If a student re-enrolls in school on at least a half-time basis before his or her initial grace period expires, the student regains his or her in-school status and is entitled to have his or her grace period made whole again. The student will have a full initial grace period when he or she ceases half-time enrollment.

## **SPECIAL TREATMENT OF STUDENTS WHO WITHDRAW AND THEN TRANSFER OR RE-ENTER A CREDIT-HOUR NONTERM -BASED PROGRAM OR A PROGRAM THAT MEASURES PROGRESS IN CLOCK HOURS**

### ***Re-entry within 180 days***

A student who re-enters within 180 days is treated as if he or she did not cease attendance for purposes of determining the student's aid awards for the period.

For credit-hour nonterm-based programs or programs that measure progress in clock hours, a student who withdraws and then re-enters the same program at the same school within 180 days is considered to be in the same payment period he or she was in at the time of the withdrawal. The student retains his or her original eligibility for that payment period, and is treated as though he or she did not cease attendance.

A student who re-enters a credit-hour nonterm-based program or a program that measures progress in clock hours within 180 days of his or her withdrawal is immediately eligible to receive all Title IV funds that were returned when the student ceased attendance. Thus, upon the student's return, the school must restore the types and amount of aid that the student was eligible for before the student ceased attendance, and schedule the appropriate disbursements. Actions to be taken by the school would include:

- re-disbursing aid that had been disbursed and then returned under the Return of Title IV Aid provisions;
- disbursing aid the student was otherwise eligible for that had not yet been disbursed at the time the student withdrew; and
- canceling any overpayments assessed the student as a result of the prior withdrawal.

Once the student completes the payment period for which he or she has been paid, he or she becomes eligible for subsequent Title IV student aid payments.



**Note:** For a student who completed more than 60% of his or her training before ceasing attendance, the school would not have returned any Title IV aid. If that student were to re-enter training within 180 days, because the student had received 100% of his or her aid for the period, the student would not be eligible to receive additional Title IV aid until he or she completed the hours (and weeks for a credit-hour-without-terms program) in that payment period.

### ***What to do when a student whose overpayment has been referred to Borrower Services reenters within 180 days***

If a student whose overpayment has previously been referred to Borrower Services returns to school within 180 days, the school must send Borrower Services a fax identifying the student overpayment, and stating that it should be made void. This will allow the Department to properly update its records in both the Borrower Services system and NSLDS.

This fax numbers are for **school use only** and only for this purpose

**(319) 665-7646 and (319) 665-7647**

**Note:** This process cannot be performed via email.

In the fax, the school must include the –

- award year of the overpayment;
- student's social security number;
- student's last name, first name, and middle initial;
- student's date of birth;
- type of overpayment — Federal Pell Grant or FSEOG;
- the disbursement date the institution used to create the overpayment record to NSLDS;
- a letter that includes the following:

*This student has returned to school. The regulations (34 CFR 668.4(e)) require that the overpayment referenced herein be voided.*

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#### **When a student re-enters within 180 days**

The return regulations require an institution to return unearned funds for which it is responsible as soon as possible, but no later than 30 days after the date of the institution's determination that the student withdrew. If a student returns to the institution before the Title IV funds are returned, the institution is not required to return the funds.

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#### **An institution may not delay its Return of Title IV funds**

An institution is expected to begin the Return of funds process immediately upon its determination that a student has withdrawn. The institution may not delay returning Title IV funds because it believes a student might return.

### **Re-entry within 180 days, example**

Consider a student who began attendance in a clock-hour program that was 1500 hours in length with a defined academic year of 900 hours. For the first 450 hour payment period the student was awarded and disbursed \$1500 in Pell Grant funds, \$500 in FSEOG funds, and \$500 in federal education loan funds, for a total of \$2500 in Title IV aid.

Assume that this student withdrew from school after completing 225 hours of the 325 hours he or she was scheduled to complete by that point in the payment period (50%), and the school uses payment periods to calculate the Return of Title IV Aid. Under the Return regulations, the school used actual hours attended (225) to determine that the student earned 50% of his or her Title IV aid (because the student had not completed at least 70% of the scheduled hours, the school may not use the 325 scheduled hours). The school returned \$500 to the loan program.

The school applied the 50% grant protection, and the student incurred a Title IV grant overpayment of \$375. The student repaid the school \$100, and made satisfactory arrangements with the school to repay the balance.

If the student returns to the same program at the same school within 180 days of the withdrawal, the student would be considered to be in the same payment period, and the student's eligibility for Title IV aid should be the same as if the student had not left. Thus, the school should request that the lender redisburse the \$500 the school had returned, cancel the \$275 grant overpayment, and redisburse the \$100 that had been repaid by the student. In addition, the institution would schedule additional Title IV disbursements for the day on which the student is expected to complete the remainder of the payment period.

If the student withdraws again before completing the payment period, the institution would apply the provisions of the Return regulations using the total number of hours the student completed in the numerator, the full 450 hours in the payment period in the denominator, and then applying that fraction to the total Title IV aid disbursed for the period.

### **When a student re-enters in a new award year**

A student who was originally enrolled in a payment period that began, and was scheduled to end in one award year could return after the end of that award year (June 30). However, the intent of the new regulations is that such a student is to be considered, upon his or her return, to be in the same period. Therefore, any Title IV program funds that will be disbursed to the student should be paid from the original award year regardless of whether the resumption of the payment period is in a new award year.

Consider a student who received Pell Grant funds and ceased attendance in one award year who then re-enters training within 180 days, but in a new award year. If the school returned funds after a Return calculation, the student might be due Pell funds from an award year that is over. In order to request these funds, the school will have to go to the COD web site at

<https://cod.ed.gov/cod>

log in under the School tab using the school's user name and password (available from the school's *system administrator*), select **"Post Deadline System Processing,"** on the left side and request administrative relief with **"Re=entry within 180 days"** as the reason.

For the campus-based programs, if funds are not available from the year in which the awards were originally made, the school may award funds from the current year. Note that doing this does not increase the annual maximum awards that may be made to an individual student.

### ***Reentry after 180 days, transfer into a new program at the same institution, or transfer to a new institution***

If a student who previously attended and then withdrew from a credit-hour nonterm program or a clock-hour program without completing the period –

- reenters the same program at the same institution more than 180 days after withdrawal, receiving credit for hours previously earned; or
- transfers into another credit-hour nonterm or clock-hour program at any time (either at the same institution or at a new institution) and the institution accepts all or some of the hours earned in the prior program; then

the student starts a new payment period when he or she re-enters or transfers.

In calculating awards for a student who re-enters after the same program after 180 days, re-enters in a new program, or transfers to a new institution, the institution treats the hours remaining in the program as if they are the student's entire program. The number of payment periods and length of each payment period are determined by applying the rules in the appropriate part of the definition of a payment period to the hours remaining in the program upon transfer or re-entry.

For students who remain in continuous enrollment at an institution but change their declared academic goal (e.g., change programs or change their majors), there is not always a clear distinction between withdrawing from a program or major without withdrawing from the institution, and withdrawing from the institution and then re-entering the institution in a new program. A school has an option in how it manages program transfers within the institution.

### **Requesting Administrative Relief by Email**

A school can also request administrative relief by sending an Email directly to

[fsa.administrative.relief@ed.gov](mailto:fsa.administrative.relief@ed.gov)

The request must include the

- reason (reentry within 180 days);
- school's Pell ID number;
- name of the person to contact;
- the contact's phone number; and
- the contact's Email address.

Generally, a school may request administrative relief for a student who re-enters training during the award year following the award year in which the funds were originally awarded.

### **Re-entry after 180 days cite**

34 CFR 668.4(f)

A school might treat the student as one who withdraws and re-enters. If so, the school must administratively withdraw the student from the institution, perform a Return calculation, reenroll the student in the new program, and start the student at the beginning of a new payment period for his enrollment in the new program. Or, a school might treat the student as one who is merely changing programs without withdrawing from the institution. Under this option, no withdrawal takes place, no Return calculation is performed, and the student continues in the same payment period he started in with his original program.

This second approach might be more appropriate when there is no break (or a minimal one) in attendance, the periods are substantially the same in length, and there is little or no change in the charges to the student. If a student for whom this approach is taken later withdraws from the institution, the start and end dates used in Step 2 of the Return calculation will be the start of the first program and the end of the second. The charges used in Step 5 will be the total charged the student for the two programs.

### Eligibility of transfer students for additional Title IV funds

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#### Pell Grant scheduled award

When paying Pell funds to a student who has received Pell disbursements for the current award year at another institution, the receiving institution, if necessary, must adjust the student's grant to ensure that the Pell funds received by the student for the award year do not exceed the student's scheduled award. (For more information, see [Calculating a Pell award when a student who owes an overpayment returns](#), in "Volume 5 – Overawards, Overpayments and Withdrawal Calculations" and "Volume 3 – Calculating Awards and Packaging.")

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#### Guarantee agency cooperation

Since the period of attendance for which School 1 previously certified the transfer student's loan might have included the dates for which School 2 is attempting to certify a loan, some guarantee agencies might require clarification from one or both schools before they will certify a new loan

Generally, at a clock-hour or nonterm credit-hour school, a student can be paid again for clock hours or credit hours that he or she has already completed at that school only if he or she has completed a program and re-enrolls to take that program again or to take another program. In addition, when a student re-enters a clock-hour or credit-hour nonterm-based program after 180 days, the student may be paid for repeated courses.

For example, a student who withdraws after completing 302 clock hours of a 900 clock-hour program has 148 hours remaining in the 450-hour payment period. The student reenrolls after 180 days in the same program and receives credit for 100 hours. The program length for purposes of determining the new payment periods is 800 clock hours (the remainder of the student's program), so the new payment periods are 400 hours and 400 hours (the 302 hours completed and the 148 hours that remained do not apply). Any reduction in the payment would be based on whether the student's scheduled award or annual loan limits are exceeded. (If the student in this example received no credit for previously completed hours, the student's program length for purposes of determining the payment periods would be 900 clock hours.)

However, a transfer student's eligibility for additional Title IV funds may be subject to a variety of limitations associated with the aid the student received during the student's most recent period of attendance. For example, in the Pell Grant Program, a student may never receive more than his or her Pell scheduled award for an award year. In the Federal Family Education Loan Program and the Federal Direct Loan program, application of the annual loan limits impose additional limitations on a borrower's eligibility for FFEL funds when the borrower transfers (see chart).

### LOAN PRINCIPLES

#### APPLICABLE TO TRANSFER AND RE-ENTRY AT NONTERM SCHOOLS

1. In nonterm programs, all loans are made on the basis of a Borrower-Based Academic Year (BBAY). For a student who transfers or re-enters a program, the loan period certified must be the lesser of the –
  - a. academic year,
  - b. the program, or
  - c. the remaining balance of a program of study.
2. A school may not certify or originate a loan for a period that exceeds 12 months.
3. When we say balance, we mean the borrower's annual loan limit, less any amount previously borrowed for the same academic year, plus any amount returned per 34 CFR 668.22.
4. For a transfer student, when an overlap exists between —
  - a. the academic years at the original and receiving institutions (If the original academic year is unknown, a school must assume the previous school had an academic year of 30 weeks.), or
  - b. the borrower's original loan period and the borrower's new period of attendance,

the borrower is eligible to receive a loan for an amount no greater than the balance (if any) remaining on the previous loan. The borrower is not eligible for a new loan until the academic year at the receiving school is over.

Note: Since the period of attendance for which the original school previously certified the transfer student's loan might have included the dates for which the receiving school is attempting to certify a loan, some guaranty agencies might require clarification from one or both schools before they will certify the new loan.

If there is no overlap, the borrower is immediately eligible to receive a new loan. The receiving school can certify the borrower for a loan period that corresponds to its academic year, or the entire balance of the program (so long as that balance does not exceed 12 months). If the portion of the program that remained was less than an academic year, the loan would be subject to proration.

5. When certifying a loan for returning student for a new BBAY, the Cost of Education may include only those costs associated with the period for which the loan is certified. It may not include any costs used in certifying the previous loan unless those costs represent charges for which funds were returned to ED or refunded to the student, subsequent to the previous withdrawal.
6. When a student re-enters the same program within 180 days and before the end of the student's initial loan period, as long as the new End Date of the loan period would not push the loan period beyond 12 months, a school can ask the lender/GA to establish a new end date for the loan period and reschedule any second or subsequent disbursements. Similarly, a Direct Loan school could change the original loan period end date (as long as the new date does not exceed the 12-month limit) and reschedule the second disbursement. In this case the student is held to the same disbursement requirements that applied initially (e.g., for one additional disbursement, they must complete 1/2 the coursework and 1/2 the time in the loan period before they can receive the second disbursement).

### Loan Principles, contd.

7. When a student re-enters the same program within 180 days and before the end of the student's initial loan period, if the new end date pushes the loan period beyond 12 months, or the lender or GA declines to adjust the loan period and reschedule the second disbursement, the school can ask the GA to approve a loan with a new loan period that begins on the date the borrower returns to school and extends for either the balance of the program, an academic year, or 12 months whichever is shorter. The student is eligible to receive only the balance of the loan, and it must be made in multiple disbursements.

The borrower would be ineligible for a new loan until the loan period ended. If some portion of the program remains after the completion of the new loan period, the school could certify another new loan for that portion of the program. If the portion of the program that remained was less than an academic year, the loan would be subject to proration.

8. If a student re-enters a program after the end date of the initial loan period or BBAY, a school may certify a new loan for either the balance of the program, an academic year, or 12 months whichever is shorter. If the portion of the program that remained was less than an academic year, the loan would be subject to proration.

### BREAKS IN ATTENDANCE FOR STUDENTS ENROLLED IN PROGRAMS MEASURED IN CREDIT HOURS WITHOUT ACADEMIC TERMS

In order to receive Federal Student Assistance, a student must be enrolled in an eligible program. That program has required courses, some of which must be taken in sequence. If no specific academic plan exists for a particular student, we consider the program requirements to be the student's academic plan.

#### Clarification

A student who completes a course is expected to begin attending the next available course in the program, until the student completes the credits for which he or she has received Federal Student Assistance. **If before a student completes the credits for which he or she has received Title IV, the student fails to enroll in the next (appropriate in sequence) course in the program, the student must be put on an approved LOA or considered withdrawn.**

A student who has completed the credits for which aid was awarded does not have to be considered a withdrawal or placed on LOA if he or she takes a break before enrolling in additional courses.



## Transfer student

### Example 1

Consider an academic program that consists of 1,500 clock hours, with a defined academic year of 900 hours and 30 weeks of instructional time. For students who enter at the beginning of the program, there would be four payment periods as follows:

1. the first 450 hours of the first academic year;
2. the next 450 hours of the first academic year;
3. the first 300 hours of the 600 hours remaining in the program; and
4. the final 300 hours of the 600 hours remaining in the program.

If the school accepts a transfer student and grants the student 300 hours of credit toward the completion of its 1,500 hour program, the school would subtract the 300 hours from the 1,500 hours in the student's program, and determine that the student needs to complete 1,200 hours at the new institution in order to complete the program.

Then, consistent with the regulations in 34 CFR 668.4(b), the school determines the payment periods in the 1,200 hours that constitute the student's program. Since the number of remaining hours in the program is greater than an academic year, the payment periods for the rest of the program are:

1. the first 450 hours after the student transfers, and comprising the first half of an academic year;
2. the next 450 hours in the academic year following the student's transfer; and
3. the 300 hours remaining in the program (since this balance is one-half of an academic year or less).

The institution would then award and disburse Title IV aid based upon the length of the payment period(s) consistent with the awarding rules under each of the Title IV programs and the Cash Management rules contained in Subpart K of Part 668 of the regulations.



**Transfer Student, Example 2**

On August 1, 2003, David Allen enrolled at Penny's Hair Academy (PHA). After completing 400 of the 900 clock hours in his program, David had to relocate, and he withdrew from school.

On February 1, 2004, having settled into his new home, David enrolled at Marion's Esthetics Institute (MEI) as a transfer student. David was awarded 400 clock hours of transfer credit in MEI's 1000 clock-hour program (the program definition of an academic year is 900 clock hours).

When the financial aid officer (FAO) at MEI examined David's 2003-2004 ISIR, he found the following entry:

**%Sch. Used: 50.0   As Of: 01/28/2004   Pell Verification   EFC: 0**

The FAO subtracted the 50% used previously from 100% and found that the percentage of David's scheduled award that remained unused was 50%. Therefore, David was eligible to receive 50% of his scheduled Pell award of \$4,050 during the balance of the award year. In addition, the FAO used the 600 hours remaining in David's program to establish the appropriate payment periods (per 34 CFR 668.4(b)) of 300 clock hours each.

The aid officer performed the required multiplication and determined that David could receive as much as \$2,025 ( $.50 \times \$4,050 = \$2,025$ ) if he remained enrolled at MEI for the balance of the year.

During the first payment period, David received \$1,350

$$\$4050 \times 300 \text{ (hours in the period)} \div 900 \text{ (hours in the academic year)} = \$1,350$$

in Pell funds. However, in the second payment period, David could only receive funds until his total Pell at EIA reached \$2,025 (his total for the year reached \$4,050). Therefore, for the second payment period at MEI, David could only receive \$675 ( $\$2,025 - \$1,350 = \$675$ ).

On February 5, 2004, David came to the FAO at MEI and inquired about *a loan like the one I had at PHA*. The FAO examined David's ISIR and his record in NSLDS and determined that David had received \$1,313 in loan funds (from his first-year loan of \$2,625) while attending PHA.

The FAO tells David that because there is an overlap of the two school's academic years, David is only eligible to receive a loan for the balance of his eligibility as a first-year student — \$1,312. In addition, the FAO tells David that the one-half of his loan will be disbursed within a few days, and the balance when David has completed 300 clock hours (half of the hours in the remainder of his program) and reached the midpoint of the loan period).

*In the next section, we will discuss the data elements in the order in which they occur on the worksheets. The discussion that follows is **not** a set of instructions. It is an explanation of the criteria a school must consider as it enters data in the steps of the calculation.*

## STEP 1: STUDENT'S TITLE IV AID INFORMATION

### *Title IV aid disbursed*

A school must calculate the amount of earned Title IV funds by applying a percentage to the total amount of Title IV program assistance that was disbursed and that could have been disbursed. Under Step 1 of the worksheet, a school fills in the amount of each type of Title IV aid that was disbursed and that could have been disbursed. When entering the amount of loan funds, a school should enter the net amount disbursed and that could have been disbursed.

Generally, a student's Title IV funds are disbursed when a school credits a student's account with the funds or pays a student or parent directly with

- Title IV funds received from the Department, or
- FFEL funds received from a lender, or institutional funds used in advance of receiving Title IV program funds.

There are a couple of exceptions to this definition. For a complete discussion of the definition of disbursed Title IV funds, see *Volume 4 – Processing Aid and Managing Federal Student Aid Funds*.

**A student's aid is counted as *aid disbursed* in the calculation if it is disbursed as of the date of the institution's determination that the student withdrew** (see the discussion under *Date of the institution's determination that the student withdrew*).

A school may not alter the amounts of Title IV grant and loan funds that were disbursed prior to the school's determination that the student withdrew. For example, a school may not replace a withdrawn student's loan funds with grant funds that the student was otherwise eligible to receive before performing the Return calculation.

### *Title IV aid that could have been disbursed*

In addition to aid disbursed, aid that could have been disbursed is also used in the calculation. There are two principles that govern the treatment of disbursements of Title IV funds in Return calculations. The first principle provides that, for purposes of determining earned Title IV aid, so long as the conditions for late disbursements in 34 CFR 668.164(g)(2) (described below) were met prior to the date the student became ineligible, any undisbursed Title IV aid for the period for which the return calculation is performed is counted as aid that could have been disbursed (regardless of whether the institution was prohibited from making the disbursement on or before the day the student withdrew because of the limitations in 34 CFR 668.164(g)(4) or elsewhere).

### **When a school makes a single disbursement of an FSEOG**

If a student is receiving an FSEOG of less than \$501 a school may pay the student the entire grant in one disbursement. However, if a student who received or was scheduled to receive his or her entire FSEOG award in one disbursement subsequently withdraws, the school must attribute the FSEOG over all periods for which the FSEOG was awarded. If the disbursement has already been made, the school must immediately return amounts intended for periods in which the student did not begin attendance. In the Return calculation the school should include only that portion of the FSEOG attributed to the period from which the student withdrew.

For example, if Preflight Community College (PCC) awards and disburses to Bob an FSEOG of \$500 for an award year consisting of two semesters, and Bob withdraws during the first semester, PCC must immediately return the \$250 that was attributed to the second semester. In the Return calculation, PCC includes as Aid that was disbursed only the \$250 attributed to the first semester.

### **PLUS loan denied**

If a PLUS loan is included in a Return calculation and later the loan is denied by the lender, the school should revise its Return calculation. If there has been a change in the amount the student or school must return, the school must make the appropriate adjustments to its records and the COD systems. If the denied PLUS loan was the only Title IV assistance for which the student was eligible, no Return calculation would have been required.

## Conditions for late disbursement cite

34 CFR 668.164(g)(2)

## Limitations on making a late disbursement cite

34 CFR 668.164(g)(4)

An "official EFC" is an EFC calculated by the Department and provided on a SAR or ISIR. It may or may not be a valid EFC (defined as an EFC based on information that is correct and complete).



If a student who is otherwise eligible for a late first disbursement drops below half-time enrollment and then withdraws, the institution would include any undisbursed Stafford loan funds in the Return calculation as "aid that could have been disbursed." However, an institution may never make a post-withdrawal disbursement of Stafford funds a student could not have received if he or she had remained in school.

Any undisbursed Title IV aid for the period that the school uses as the basis for the Return calculation is counted as aid that could have been disbursed as long as the following conditions were met before the date the student became ineligible –

1. the Department processed a Student Aid Report (SAR) or Institutional Student Information Record (ISIR) with an official Expected Family Contribution (EFC) for the student (except in the case of a PLUS loan);
2. for a FSEOG award, the institution made the award to the student;
3. for an FFEL loan or a Direct Loan, the institution certified or originated the loan, as applicable; and
4. for a Federal Perkins Loan, the institution made the award to the student.

As described in DCL GEN-05-16, and effective with its publication on October 27, 2005, a promissory note must be signed for a loan to be included as *Aid that could have been disbursed* in a Return calculation. The signature may be obtained after the student withdraws, however the promissory note must be signed before the school performs the Return calculation.

Of course, a school can only include aid (e.g., the loan funds) for the period for which the institution does the Return calculation. If the calculation is being done on a payment period basis, the loan funds counted are those for the payment period; if the calculation is being done on the period of enrollment basis (e.g., the academic year basis), the loan funds counted are those for the entire period of enrollment.

The second principle provides that a student can never receive as a post-withdrawal disbursement any funds from a disbursement that the institution was prohibited from making on or before the date the student withdrew. Therefore, although the following potential disbursements can be counted as *Aid that could have been disbursed* (if intended for the period for which the Return calculation is being performed) an institution is prohibited from disbursing –

1. for nonstandard term credit-hour programs where the terms are not substantially equal in length, credit-hour nonterm programs, and clock-hour programs, a second disbursement of FFEL or Direct Loan funds where the student has not reached the later of the calendar midpoint of the loan period, or the date that the student completes half of the academic coursework or clock hours (as applicable) in the loan period (34 CFR 682.604(c)(7) or (8), or 34 CFR 685.301(b)(5), or (6));
2. a second or subsequent disbursement of FFEL or Direct Loan funds unless the student has graduated or successfully completed the loan period (34 CFR 668.164(g)(4)(ii));

3. a disbursement of FFEL, Direct, or Perkins loan funds for which the borrower has not signed a promissory note;
4. for clock-hour or credit-hour nonterm programs, a disbursement of a Federal Pell Grant for a subsequent payment period when the student has not completed the earlier payment period (34 CFR 690.75(a)(3));
5. a disbursement of an FFEL or Direct Loan to a first-year, first-time borrower who withdraws before the 30th day of the student's program of study (34 CFR 668.164(g)(4)(iii)); and
6. a disbursement of a Federal Pell Grant to a student for whom the institution did not have a valid SAR/ISIR by the deadline established by ED (34 CFR 668.164(g)(4)(iv)) annually in the public deadline notice.

Some schools can use the 50% point as the withdrawal date for a student who unofficially withdraws in determining earned Title IV aid. However, in order to determine whether the funds can be disbursed as a post-withdrawal disbursement, the school must make a separate determination of the date the student lost eligibility.



### Treatment of inadvertent overpayments

An inadvertent overpayment occurs when an institution disburses funds to a student who is no longer in attendance, for example, when an institution makes a scheduled disbursement on Monday to a student who dropped out on the previous Friday. Inadvertent overpayments are now included in Return calculations as *Aid that could have been disbursed* rather than *Aid that was disbursed*.

Previously, the Department agreed to permit an institution to include inadvertent overpayments in the calculation of total aid disbursed only for the administrative ease of the institution. Specifically, the Department permitted the inclusion of inadvertent overpayments in total aid disbursed in a very limited number of circumstances, and only to prevent the burden of an institution having to return Title IV, HEA program funds, only to have to disburse them again if a post-withdrawal disbursement was due.

The decision to permit a school to hold an inadvertent overpayment while determining if the student was owed a post-withdrawal disbursement was not intended to affect the amount of aid a student would receive under a Return calculation. Only a student who meets the criteria for a late disbursement is entitled to keep funds disbursed as an inadvertent overpayment.

However, including those amounts in the Return calculation as *Aid that could have been disbursed* may result in a student being able to keep more grant funds.

When a student who is receiving a loan for a single term unofficially withdraws and the school uses the midpoint of the term as the withdrawal date, the student is not eligible to receive the second disbursement of the loan.

### Discussion of inadvertent overpayments cite

Federal Register Volume 64, Number 151, August 6, 1999, Proposed Rules, page 43026

Federal Register Volume 64, Number 210, November 1, 1999, Rules and Regulations, page 59018

DCL GEN 04-03, February 2004

An inadvertent overpayment does not create a separate basis for permitting funds to be paid to a student's account. So, if an inadvertent overpayment does not meet the criteria for a late disbursement, the second principle above under Title IV aid that could have been disbursed applies and neither the institution nor the student may retain any portion of the overpayment.

In order to be consistent with the aforementioned second principle, an institution must now treat inadvertent overpayments as aid that could have been disbursed, rather than aid that was disbursed. If the inadvertent overpayment could not have been made as a late disbursement under the regulations, the institution must return the entire amount of the overpayment. If the overpayment could have been made as a late disbursement, the institution must return only the unearned portion of the inadvertent overpayment.

An institution is not required to return the inadvertent overpayment immediately, but must return it within 30 days of the date of the institution's determination that the student withdrew (the time frame for an institution's return of Title IV funds under 34 CFR 668.22(j)(1)). An institution must return an inadvertent overpayment in accordance with the applicable regulations for returning overpayments.

For example, if a late disbursement would have been prohibited because the student had withdrawn and the disbursement would have been a late second or subsequent disbursement of an FFEL or Direct Loan, the inadvertent overpayment must be returned because the student had not successfully completed the period of enrollment for which the loan was intended (34 CFR 668.164(g)(4)(ii)).

**Important:** Institutions are expected to have the administrative capability to prevent inadvertent overpayments on a routine basis. Specifically, an institution is expected to have in place a mechanism for making the necessary eligibility determinations prior to the disbursement of any Title IV, HEA program funds — for example, a process by which withdrawals are reported immediately to those individuals at the institution who are responsible for making Title IV, HEA program disbursements. During a program review we would question a pattern or practice of making these inadvertent overpayments.

## **Examples of second or subsequent FFEL/DL disbursements and an example of a second payment period Pell disbursement**

### **Example 1**

Consider a student who withdrew after completing 400 clock hours in a 900 clock-hour program and before passing the midpoint in calendar time of the loan period. The loan period is the 900 clock-hour academic year. The payment periods are 450 hours each. The Return calculation is done on a period of enrollment basis. Half of the FFEL or Direct Stafford loan and half of a Federal Pell Grant were disbursed at the beginning of the first payment period and the student was scheduled to receive the other half in the second payment period. Because the student had not completed half of the clock hours and, for the loan, half of the time in the loan period, the student was not eligible to receive the second installment of the loan and the Federal Pell Grant. Therefore, the second disbursements were not made before the student withdrew.

Under current guidance, the second disbursements of both the Pell Grant and the loan are included as aid that could have been disbursed in the calculation of earned Title IV aid so that the amount of Title IV aid used in the calculation (and earned by the student) will be larger.

*Please note, however, the institution still may not make a post-withdrawal disbursement from the second scheduled disbursements of the FFEL or Pell funds because of the prohibition on making these disbursements.*

### **Example 2**

Consider a student who completed 500 clock hours in a 900 clock-hour program and passed the midpoint in calendar time of the loan period at an institution that uses the period of enrollment as the basis for its Return calculations. The loan period is the 900 clock-hour academic year. The payment periods are 450 hours each. Half of the Stafford loan was disbursed at the beginning of the first payment period and the student was scheduled to receive the second half in the second payment period. Although the student completed half of the clock hours and passed the midpoint in calendar time of the loan period, and was otherwise eligible to receive the second installment of the loan, the second disbursement of the loan was not disbursed before the student withdrew. Because the Department had processed a SAR/ISIR, and the institution previously had certified or originated the loan before the student lost eligibility, the second disbursement of the loan is included as *aid that could have been disbursed* in the calculation of earned Title IV aid.



**Example 2, contd.**

However, the late disbursement regulations prohibit an institution from making a second or subsequent disbursement of a FFEL or Direct Stafford Loan unless the student has graduated or successfully completed the period of enrollment for which the loan was intended. The Return requirements, including the post-withdrawal disbursement requirements, do not supersede this provision. **Therefore, although in some circumstances, a second or subsequent FFEL or Direct Loan disbursement is counted as aid that could have been disbursed for purposes of determining earned Title IV aid, the funds may not be disbursed as part of a post-withdrawal disbursement.**

**Example 3**

Consider a student who withdraws after completing 350 clock hours in a 900 clock-hour program at an institution that uses the period of enrollment as the basis for its Return calculations. The loan period is the 900 clock-hour academic year. The payment periods are 450 hours each. The institution chooses to disburse the loan in four disbursements. The first quarter of the Stafford loan for the first quarter (225 hours) of the period of enrollment has been disbursed. The student is scheduled to receive the second quarter of the loan in the second half of the first 450-hour payment period. The student withdraws during the first payment period after receiving only the first disbursement of the loan. The second, third, and fourth scheduled disbursements of the loan are included in the calculation as *Aid that could have been disbursed*, because the school has chosen to perform the Return calculation on the period of enrollment basis for all students in this program. However, the institution may not make a post-withdrawal disbursement from the second (or subsequent) scheduled disbursement of the loan because of the prohibition on making second or subsequent disbursements of FFEL or Direct Stafford loans when a student has not completed the period for which the loan was intended.

**Late arriving aid**

If a school is determining the treatment of Title IV funds on a payment period basis, the student's Title IV program assistance used in the calculation is the aid that is disbursed or that could have been disbursed for the payment period during which the student withdrew. (Also, the institutional charges used in the calculation would have to reflect the charges for the payment period.)

If aid that could have been disbursed during a previous payment period (completed by the student) is received in a subsequent period during which the student withdrew, the aid is not considered *Aid Disbursed* or *Aid That Could Have Been Disbursed* in the period during which the student withdrew. This late-arriving assistance, while it can be disbursed in the current term, is disbursed for attendance in the previous term. Therefore, it is not included in the Return calculation for the period in which the student withdrew.

**For a student who has withdrawn, a school cannot disburse aid received for a previous semester unless the student qualifies for a late disbursement.**



## STEP 2: PERCENTAGE OF TITLE IV AID EARNED

The percentage of Title IV aid earned is determined differently for credit-hour program withdrawals and clock-hour program withdrawals. The requirements for determining a student's withdrawal date, however, differ based on whether a school is required to take attendance or not. The withdrawal date is used to determine the point in time that the student is considered to have withdrawn so the percentage of the payment period or period of enrollment completed by the student can be determined. The percentage of Title IV aid earned is equal to the percentage of the payment period or period of enrollment completed.

If the day the student withdrew occurs on or before the student completed 60% of the payment period or period of enrollment, the percentage earned is equal to the percentage of the payment period or period of enrollment that was completed. If the day the student withdrew occurs after the student has completed more than 60% of the payment period or period of enrollment, the percentage earned is 100%.

### Part 1 – Withdrawal date

The definition of a *withdrawal date* as outlined here is required for Title IV program purposes only—including the withdrawal date that a school must report to a lender if FFEL program funds were received or to the Department if Direct Loan program funds were received. A school may, but is not required to, use these withdrawal dates for its own institutional refund policies.

The definition of a *withdrawal date* is used in determining the amount of aid a student has earned. Do not confuse it with the *date of the institution's determination that the student withdrew*, discussed previously and used for other purposes in the Return of funds process.

### Withdrawal date for a student who withdraws from a school that is required to take attendance

The goal of the Return provisions is to identify the date that most accurately reflects the point when a student ceases academic attendance, not the date that will maximize Federal Student Aid to the institution or to the student. Generally, the most precise determination of a student's withdrawal date is one that is made from institutional attendance records.

If a school is required to take attendance, a student's withdrawal date is the last date of academic attendance as determined by the school from its attendance records. This date is used for all students who cease attendance, including those who do not return from an approved LOA or who take an unapproved LOA.

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**Withdrawal date at schools required to take attendance cite**

34 CFR 668.22(b)

**Documenting a student's withdrawal date cite**

34 CFR 668.22(b)(2)

34 CFR 668.22(c)(4)

**Documentation**

A school must document a student's withdrawal date and maintain that documentation as of the date of the institution's determination that the student withdrew. If a school is required to take attendance, it is up to the school to ensure that accurate attendance records are kept for purposes of identifying a student's last date of academic attendance. A school must also determine the attendance records that most accurately support its determination of a student's withdrawal date and the school's use of one date over another if the school has conflicting information.

**Determining a student's withdrawal date at a school that is not required to take attendance**

If a school is not required to take attendance, the determination of a withdrawal date varies with the type of withdrawal. The chart on Withdrawal Dates at the end of this chapter lists the withdrawal date for the various types of withdrawals, as well as the date of the institution's determination that the student withdrew for each type of withdrawal.

**Determining a student's withdrawal date at a school that is not required to take attendance cite**

34 CFR 668.22(c)

**Official notification****Official notification cite**

34 CFR 668.22(c)(1)(i) and (ii)

**Official notification defined**

A notice of intent to withdraw that a student provides to an office designated by the institution.

34 CFR 668.22(c)(5)(i)

**Notification example**

For example, if on May 5, a student provided notification of his or her intent to cease attending the school beginning on May 10, the withdrawal date is May 5. However, the school may use May 10 as the student's withdrawal date if the institution documents May 10 as the student's last date of attendance at an academically related activity.

A student may provide official notification of his or her intent to withdraw by following the school's withdrawal process. In this case, the withdrawal date is the date the student begins the school's withdrawal process. A student may also provide official notification in other ways. If a student otherwise provides official notification (as explained below), the withdrawal date is the date notification was provided.

These withdrawal dates apply even if a student begins the school's withdrawal process or otherwise notifies the school of his or her intent to withdraw and projects a future last date of attendance. However, **a school that is not required to take attendance may always use a last date of attendance at an academically related activity as a student's withdrawal date** (this is discussed in detail below). Therefore, a school could use a later last documented date of attendance at an academically related activity if this date more accurately reflects the student's withdrawal date than the date the student begins the school's withdrawal process or notifies the school of his or her intent to withdraw.

**School's withdrawal process**

Again, for a student who provides official notification of his or her intent to withdraw by following the school's withdrawal process, the withdrawal date is the date the student begins the school's withdrawal process (unless the school chooses to use a last date of attendance at an academically related activity). **The beginning of the school's withdrawal process must be defined.** The individual definition is left up to the school. **Schools are required to make available to students a statement specifying the requirements for officially withdrawing from the school.**

A school is expected to identify the beginning of its process as a part of the school's consumer information regarding withdrawal (see "Volume 2 – School Eligibility and Operations"). A school should be able to demonstrate consistent application of its withdrawal process, including its determination of the beginning of that process.

The distinction is that while the institution's officially defined withdrawal process might include a number of required steps, and though the institution might not recognize the student's withdrawal (for purposes of determining an institutional refund) until the student has completed all the required steps, for the purpose of calculating the Return of Title IV funds, the date the student began the institution's withdrawal process is the withdrawal date for Title IV purposes.

### Otherwise provides official notification

Official notification to the school occurs when a student notifies an office designated by the school of his or her intent to withdraw. In its written description of its withdrawal procedures a school must designate at least one office for this purpose. For example, a school could designate a dean's, registrar's, or financial aid office. If a student provides notification to an employee of that office while that person is acting in his or her official capacity, the student has provided official notification.

Official notification from the student is any official notification that is provided in writing or orally to a designated campus official acting in his or her official capacity in the withdrawal process. Acceptable official notification includes notification by a student via telephone, through a designated Web site, or orally in person. The responsibility for documenting oral notifications is the school's; however, the school may request, but not require, the student to confirm his or her oral notification in writing. If a student provides official notification of withdrawal to the institution by sending a letter to the designated office stating his or her intent to withdraw, the **withdrawal date is the date that the institution receives the letter**. Notification is not provided to an institution until the institution receives the notification. Note that an institution always has the option of using the date of a student's last participation in an academically related activity as long as that participation is documented by a campus official.

*Intent to withdraw* means that the student indicates he or she has either ceased to attend the school and does not plan to resume academic attendance, or believes at the time he or she provides notification that he or she will cease to attend the school. A student who contacts a school and only requests information on aspects of the withdrawal process, such as the potential consequences of withdrawal, would not be considered a student who is indicating that he or she plans to withdraw. However, if the student indicates that he or she is requesting the information because he or she plans to cease attendance, the student would be considered to have provided official notification of his or her intent to withdraw.

### Otherwise provides official notification cite

34 CFR 668.22(c)(5)

If the student provides notification to an employee of a designated office while that person is not acting in his or her official capacity (for example, the student runs into her financial aid officer at the grocery store) we would expect the employee to inform the student of the appropriate means for providing official notification of his or her intent to withdraw.

## When a student triggers both dates cite

34 CFR 668.22(c)(2)(ii)

## When a student triggers both dates

A student might both begin the school's withdrawal process and otherwise provide official notification to the school of his or her intent to withdraw. For example, on November 1, a student calls the school's designated office and states his or her intent to withdraw. Later, on December 1, the student begins the school's withdrawal process by submitting a withdrawal form. If both dates are triggered, the earlier date, November 1 in this case, is the student's withdrawal date.

Remember that **a school that is not required to take attendance is always permitted to use the last date of an academically related activity that the student participated in as the student's withdrawal date.** So, if a student continues to attend class past the date the student provides notification, and the school chooses to do so, the school may document and use the student's last day of attendance at an academically related activity as the student's withdrawal date in the Return calculation.

## Official notification not provided by the student

A student who leaves a school does not always notify the school of his or her withdrawal. There are two categories of these unofficial withdrawals for purposes of this calculation. First, if the school determines that a student did not begin the withdrawal process or otherwise notify the school of the intent to withdraw due to illness, accident, grievous personal loss, or other circumstances beyond the student's control, the withdrawal date is the date the school determines that the student ceased attendance because of the aforementioned applicable event.

The second category of unofficial withdrawals encompasses all other withdrawals where official notification is not provided to the school. This rule applies only to schools that are not required to take attendance. For these withdrawals, commonly known as *dropouts*, the withdrawal date is the midpoint of the payment period or period of enrollment, as applicable, or the last date of an academically related activity that the student participated in.

## Unofficial withdrawals from clock-hour programs

The "completed hours" used in the Return of Aid calculation refers to hours actually completed by the student. Although a student's withdrawal date is the midpoint, the hours the student actually completed will not vary. For example, say a student completed 150 hours in a 450-hour payment period and then withdrew without providing notification. The institution chooses to use the midpoint of the payment period as the student's withdrawal date. To determine earned aid, the institution must use the hours completed as of the student's withdrawal date. In this case, the student has completed 150 hours. So, the percentage earned is 150/450.

## Attendance Records

Only an institution that is required to take attendance by an outside entity is required to use its attendance records to determine a student's withdrawal date. However, an institution that is not required to take attendance by an outside entity but does take attendance **may**, in order to use the most accurate date of last attendance, use its attendance records to determine a student's withdrawal date.

The use of the midpoint may change the scheduled hours that are used. For example, say a student completed 200 hours at the point where she was scheduled to complete 200 hours of a 450-hour payment period. The student withdraws without providing notification. The institution uses the midpoint as the withdrawal date. To determine whether hours scheduled to be completed are used to determine earned aid, the institution divides the hours completed (200) by the hours scheduled to be completed as of the student's withdrawal date (225 instead of 200). This equals 88.8%, which is greater than the 70% threshold, so scheduled hours are used instead of actual hours. So, the percentage earned is 225/450.

## Time frame for the determination of a withdrawal date for an unofficial withdrawal

A school may not know that a student has dropped out (unofficially withdrawn) until the school checks its records at the end of an academic period. However, to ensure that Title IV funds are returned within a reasonable period of time, a school must determine the withdrawal date (for a student who withdrew without providing notification) within 30 calendar days from the earlier of (1) the end of the payment period or period of enrollment, as applicable, (2) the end of the academic year, or (3) the end of the student's educational program.

### Time frame for the determination cite

34 CFR 668.22(j)(2)

## Withdrawal without student notification due to circumstances beyond the student's control

There are two circumstances in which a special rule applies that defines a withdrawal date for a student who withdraws due to circumstances beyond the student's control. They apply when (1) a student who would have provided official notification to the school was prevented from doing so due to those circumstances; and (2) a student withdrew due to circumstances beyond the student's control and a second party provided notification of the student's withdrawal on the student's behalf.

### Withdrawal due to circumstances beyond the student's control cite

34 CFR 668.22(c)(1)(iv)

A school may determine the withdrawal date that most accurately reflects when the student ceased academic attendance due to the circumstances beyond the student's control. This date would not necessarily have to be the date of the occurrence of the circumstance. For example, if a student is assaulted, he or she may continue to attend school, but ultimately not be able to complete the period because of the trauma experienced. Because the student's withdrawal was the result of the assault, the withdrawal date would be the date the student actually left the school, not the date of the assault. A school should document that the student left at the later date because of issues related to the assault.

If a school administratively withdraws a student (e.g., expels, suspends, or cancels the student's registration) who has not notified the school of his or her intent to withdraw, the last possible date of withdrawal for the student is the date the school terminates the student's enrollment. However, an institution may not *artificially* create a withdrawal date for such a student that is beyond the midpoint of the period by simply choosing to withdraw the student after the midpoint. Of course, if the school can document that the student continued his or her attendance past the midpoint, the school may use a later date.

If an institution administratively withdraws a student because all of the student's instructors report that the student has ceased attendance as of a certain date (e.g., a census date), the last possible date of withdrawal for that student is the census date.



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**All other withdrawals cite**

34 CFR 668.22(c)(1)(iii)

**All other withdrawals without student notification**

For all other withdrawals without notification, the withdrawal date is the midpoint of the payment period or the period of enrollment, as applicable.

A school must develop a mechanism for determining whether a student who began attendance and received or could have received an initial disbursement of Title IV funds unofficially withdrew (ceased attendance without providing official notification or expressed intent to withdraw) during a payment period or period of enrollment, as applicable. Section 34 CFR 668.22(j)(2) requires that a school have a mechanism in place for identifying and resolving instances where a student's attendance through the end of the period cannot be confirmed. That is, institutions are expected to have procedures for determining when a student's absence is a withdrawal. The school must make that determination as soon as possible, but no later than 30 days after the end of the earlier of –

1. the payment period or period of enrollment, as applicable;
2. the academic year; or
3. the program.

**When students fail to earn a passing grade in any of their classes**

An institution must have a procedure for determining whether a FSA recipient who began attendance during a period completed the period or should be treated as a withdrawal. We do not require an institution to use a specific procedure for making this determination.

If a student earns a passing grade in one or more of his or her classes offered over an entire period, for that class, an institution is permitted to make the presumption that the student completed the course and thus completed the period. If a student who began attendance and has not officially withdrawn fails to earn a passing grade in at least one course offered over an entire period, the institution must assume, for Title IV purposes, that the student has unofficially withdrawn, unless the institution can document that the student completed the period.

In some cases, a school may use its policy for awarding or reporting final grades to determine whether a student who failed to earn a passing grade in any of his or her classes completed the period. For example, a school might have an official grading policy that provides instructors with the ability to differentiate between

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**When a student fails to earn a passing grade, cite**

DCL GEN-04-03, February 2004

If a school uses its grading policy to determine whether students with failing grades have unofficially withdrawn, during compliance audits and program reviews student records might be examined to determine whether the grades assigned accurately represent the students' attendance.

those students who complete the course but failed to achieve the course objectives, and those students who did not complete the course. If so, the institution may use its academic policy for awarding final grades to determine that a student who did not receive at least one passing grade nevertheless completed the period. Another school might require instructors to report, for all students awarded a non-passing grade, the student's last day of attendance (LDA). The school may use this information to determine whether a student who received all "F" grades withdrew. If one instructor reports that the student attended through the end of the period, then the student is not a withdrawal.

### **Example of a grading policy that could be used to determine whether a student unofficially withdrew**

**F** (Failing) Awarded to students who complete the course but fail to achieve the course objectives.

**U** (Unauthorized Incomplete) Awarded to students who did not officially withdraw from the course, but who failed to participate in course activities through the end of the period. It is used when, in the opinion of the instructor, completed assignments or course activities or both were insufficient to make normal evaluation of academic performance possible.

To serve as documentation that a student who received all "F" grades had not withdrawn, such a grading policy would have to require instructors to award the "F" (or equivalent grade) only to students who completed the course (but who failed to achieve the course objectives). In addition, the policy would have to require that instructors award an alternative grade, such as the "U" grade (in the example above), to students who failed to complete the course. If the system allows an instructor to indicate the date the student last participated in course activities, this date would be helpful if an institution chose to use attendance at an academically related activity as a student's withdrawal date.

At a school using such a grading policy, if a student received at least one grade of "F" the student would be considered to have completed the course and, like a student who received at least one passing grade, would not be treated as a withdrawal. A student who did not officially withdraw and did not receive either a passing grade or an "F" in at least one course must be considered to have unofficially withdrawn. As noted above, when a student unofficially withdraws from an institution that is not required to take attendance, the institution may use either the student's last date of attendance at an academically related activity or the midpoint of the period as the student's withdrawal date.



### Last date of attendance at an academically related activity cite

34 CFR 668.22(c)(3)

### Documentation

Documentation of a student's attendance at an academically related activity must always be provided by an official of the institution. A student's self-certification of attendance at an academically related activity is **never** sufficient documentation. However a school is not required to take class attendance in order to demonstrate academic attendance for this purpose.

Examples of activities that are not academically related include living in institutional housing and participating in the school's meal plan.

## Last date of attendance at an academically related activity

A school that is not required to take attendance may always use a student's last date of attendance at an academically related activity, as documented by the school, as the student's withdrawal date, in lieu of the withdrawal dates listed above. So, if a student begins the school's withdrawal process or otherwise provides official notification of his or her intent to withdraw and then attends an academically related activity after that date, the school would have the option of using that last actual attendance date as the student's withdrawal date, provided the school documents the student's attendance at the activity. Similarly, a school could choose to use an earlier date if it believes the last documented date of attendance at an academically related activity more accurately reflects the student's withdrawal date than the date the student began the school's withdrawal process or otherwise provided official notification of his or her intent to withdraw.

The school (**not the student**) must document –

- that the activity is academically related, and
- the student's attendance at the activity.

Please note that a school is not required to take class attendance in order to demonstrate academic attendance for this purpose.

Examples of academically related activities are –

- examinations or quizzes,
- tutorials,
- computer-assisted instruction,
- academic advising or counseling,
- academic conferences,
- completing an academic assignment, paper, or project, and
- attending a study group required by the institution where attendance is taken.

The determination of a student's withdrawal date is the responsibility of the school. Therefore, if a school is using a last date of attendance at an academically related activity as the withdrawal date, (see the discussion under *When students fail to earn a passing grade in any of their classes*) the school, not the student, must document the student's attendance. **A student's certification of attendance that is not supported by school documentation would not be acceptable documentation of the student's last date of attendance at an academically related activity.**

In the absence of evidence of a last day of attendance at an academically related activity, a school must consider a student who failed to earn a passing grade to be an unofficial withdrawal.

## Withdrawals after rescission of official notification

A student may provide official notification to the school of the intent to withdraw and then change his or her mind. To allow a student to rescind his or her intent to withdraw for purposes of this calculation, the school must obtain a written statement from the student stating his or her intent to remain in academic attendance through the end of the payment period or period of enrollment. If the student subsequently withdraws after rescinding an intent to withdraw, the withdrawal date is the date the student first provided notification to the school or began the school's withdrawal process, unless the school chooses to document a last date of attendance at an academically related activity.

For example, Dave notifies his school of his intent to withdraw on January 5. On January 6, Dave notifies the school that he has changed his mind and has decided to continue to attend the school, and provides the required written statement to that effect. On February 15, Dave notifies the school that he is withdrawing and actually does. The school has a record of an exam that Dave took on February 9. The school may use February 9 as Dave's withdrawal date.

If the school could not or did not choose to document a last date of attendance at an academically related activity for Dave (in this case, the record of the exam), his withdrawal date would be January 5, the date of Dave's original notification of his intent to withdraw, not February 15.

## Withdrawals from standard term-based programs using modules

When a student withdraws from a standard term-based program comprised of a series of modules, the school must determine whether a Return of Title IV Funds calculation is required and if so, the length of the period of enrollment or payment period, as applicable. Among the variables a school must consider are whether the student has completed at least one course and if not, whether the student intends to return for another module within the term. The principles for determining the appropriate values to use in a Return of Title IV Funds calculation are applicable only when the courses and modules have the following characteristics:

- Some or all of the courses in the program are offered in modules that are scheduled sequentially rather than concurrently. (The modules may overlap.)
- The institution has chosen to have two or more modules make up the standard term (semester, trimester, or quarter). For example, in each 15-week semester, courses are offered in three 5-week modules.

### Withdrawals after rescission of official notification cite

34 CFR 668.22(c)(2)(i)

### Withdrawal from program offered in modules cite

DCL-GEN-00-24

### Recalculation required

If a student withdraws after completing one module the student is not considered to have withdrawn. However, because the student failed to begin attendance in the number of credit hours for which the Federal Pell Grant was awarded, the institution must recalculate the student's eligibility for Pell and campus-based funds based on a revised cost of education and enrollment status (34 CFR 690.80(b)(2)(iii)).

For such a student, a change in enrollment status to less than half time as a result of the failure to begin attendance in all subsequent modules would not affect a student's eligibility for any federal education loan funds previously received because at the time the previous disbursements were made, the student was still scheduled to attend on at least a half-time basis. (Of course, a student may not receive as a late disbursement any second or subsequent disbursement of the loan.)

If a student withdraws without completing at least one module, the student is considered to have withdrawn. Because the student failed to begin attendance in the number of credit hours for which the Federal Pell Grant was awarded, before performing the required Return calculation, the institution must recalculate the student's eligibility for Pell and campus-based funds based on a revised cost of education and enrollment status. The institution then performs a Return calculation using the student's revised award.

An institution may not disburse the proceeds of an FFEL or Direct Loan to an ineligible borrower. Therefore, if a student who was enrolled in a series of modules withdraws before beginning attendance as a half-time student, and the student had not received the first disbursement of an education loan before withdrawing, the institution may not make the first disbursement because the institution knows the student was never enrolled on at least a half-time basis.

- Students can begin attending at the beginning of any one of the modules in a term. For example, a student enrolling in a three module per semester program can start in module two or three as well as in module one.
- Students may skip one or more modules within the term. For example, a student enrolling in a three module per semester program can attend module one, skip module two, and return for module three.
- Students enroll up-front for courses in all of the modules they plan to attend for the entire term; however, some students may subsequently add or drop a course in a later module.

Regarding those determinations, the following principles apply to the application of the Return provisions:

1. If a student withdraws from an institution after completing at least one course in one module within the term, the student is not considered to have withdrawn and the requirements of 34 CFR 668.22 for the Return of Title IV aid do not apply. Note, however, other regulatory provisions concerning recalculation may apply.
2. If a student withdraws from the institution before completing at least one course in one module, the student is considered to have withdrawn and the requirements for the Return of Title IV aid apply unless the institution has obtained a confirmation from the student that the student intends to continue in the program by attending a module later in the term.
3. When a student withdraws without completing at least one course in one module, the number of completed days used in the *numerator* in Step 2 of the Return calculation begins on the first day of the first module the student attended in the term, and **includes only the student's actual days of attendance**. The payment period (the denominator in Step 2 of the Return calculation) includes all of the modules the student was scheduled to attend in the term.
4. A student who has not completed at least one course in the payment period does not have to be considered to have withdrawn if the institution has obtained a confirmation from the student that the student intends to continue in the program and attend a module later in the term.

For confirmation, a school may not rely upon the student's previous registration. Rather, the confirmation from the student must be obtained **at the time of or after the student's withdrawal**. If a student indicates an intention to continue in a subsequent module in the term but does not return for that module, the student would be considered to have withdrawn and withdrawal date would be the withdrawal date that would have applied if the student had not indicated an intention to attend a module later in the term.

34 CFR 668.164(g)(3)(iii), which permits an institution to make a late disbursement of an FFEL or Direct Loan for costs incurred to a student who did not withdraw, but ceased to be enrolled as at least a half-time student, does not apply because the student never really was a half-time student.

For further treatment of withdrawals from standard term-based programs using modules, please see DCL-GEN-00-24, December 2000.

### Withdrawal date when a student dies

If an institution that is not required to take attendance is informed that a student has died, it must determine the withdrawal date for the student under 34 CFR 668.22(c)(1)(iv). This section provides that, if the institution determines that a student did not begin its withdrawal process or otherwise provide official notification of his or her intent to withdraw because of illness, accident, grievous personal loss, or other such circumstances beyond the student's control, the withdrawal date is the date that the institution determines is related to that circumstance.

The withdrawal date can be no later than the date of the student's death. For an institution that is required to take attendance, the withdrawal date for a student who has died is the last date of attendance as determined from the institution's attendance records. In all cases, the institution should **maintain the documentation it received that the student has died** and determine an appropriate withdrawal date.

## Part 2 – Percentage of Aid Earned

### Percentage of payment period or period of enrollment completed

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#### Percentage of payment period or period of enrollment completed cite

34 CFR (f)

Once a student's withdrawal date is determined, a school needs to calculate the percentage of the payment period or period of enrollment completed. The percentage of the payment period or period of enrollment completed represents the percentage of aid earned by the student. This percentage is determined differently for students who withdraw from credit-hour programs and students who withdraw from clock-hour programs.

### Scheduled breaks

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#### Scheduled breaks cite

34 CFR 668.22(f)(2)(i)

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#### Determining the length of a scheduled break:

1. Determine the last day that class is held before a scheduled break – the next day is the first day of the scheduled break.
2. The last day of the scheduled break is the day before the next class is held.

Where classes end on a Friday and do not resume until Monday following a one-week break, both weekends (four days) and the five weekdays would be excluded from the Return calculation. (The first Saturday, the day after the last class, is the first day of the break. The following Sunday, the day before classes resume, is the last day of the break.) If classes were taught on either weekend for the programs that were subject to the scheduled break, those days would be included rather than excluded.

If a community college offers regular classes on Saturday and Sunday and its academic calendar says that a scheduled break starts on a Monday and resumes with classes the following Monday, that break is seven days long.

Institutionally scheduled breaks of five or more consecutive days are excluded from the Return calculation as *periods of nonattendance* and therefore do not affect the calculation of the amount of Federal Student Aid earned. This provides for more equitable treatment of students who officially withdraw near either end of a scheduled break. In those instances, a student who withdrew after the break would not be given credit for earning an additional week of funds during the scheduled break, but would instead earn funds only for the day or two of training the student completed after the break. All days between the last scheduled day of classes before a scheduled break and the first day classes resume are excluded from both the numerator and denominator in calculating the percentage of the term completed.

If a student officially withdraws while on a scheduled break of less than five days, the actual date of the student's notification to the institution is the student's withdrawal date.

Please note that the beginning date of a scheduled break is defined by the school's calendar for the student's program. In a program where classes only meet on Saturday and/or Sunday, if a scheduled break starts on Monday and ends on Friday, the five weekdays do not count as a scheduled break because the break does not include any days on which classes are scheduled. Therefore, the five days would not be excluded from the numerator or denominator in Step 2 of a Return calculation.

### Example of Withdrawal Date When a Student Withdraws on a Scheduled Break of Five or More Days

If a student officially withdraws while on a scheduled break of five consecutive days or more, the withdrawal date is the last date of scheduled class attendance prior to the start of the scheduled break. For example, the institution's last date of scheduled class attendance prior to spring break is Friday, March 7. Spring break at the institution runs from Saturday, March 8 to Sunday, March 16. If the student contacts the institution's designated office on Wednesday, March 12 to inform the institution that he will not be returning from the institution's Spring break, the student's withdrawal date is Friday, March 7, which was the institution's last day of scheduled class attendance.

However, the date of the institution's determination that the student withdrew is March 12, the date the student actually informed the institution that he would not be returning. The date of the institution's determination that the student withdrew is used as the starting date for institutional action, such as the requirement that an institution Return Title IV funds for which it is responsible no later than 30 days after this date.

### Credit-hour programs

For a credit-hour program, the percentage of the period completed is determined by dividing the number of calendar days completed in the payment period or period of enrollment, as of the day the student withdrew, by the total number of calendar days in the same period.

The number of calendar days in the numerator or denominator includes all days within the period, **except for institutionally scheduled breaks of five or more consecutive days.** Days in which the student was on an approved leave of absence would also be excluded. The day the student withdrew is counted as a completed day.

### Credit-hour programs cite

34 CFR 668.22(f)(1)(i)



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**Percentage of Title IV aid earned for withdrawal from a credit-hour nonterm program**

DCL GEN-04-03, February 2004

**Percentage of Title IV aid earned for withdrawal from a credit-hour nonterm program**

The regulations provide that the percentage of Title IV aid earned by a student is equal to the period completed by the student (except that if that percentage is more than 60%, the student is considered to have earned 100% of the Title IV aid). For any credit-hour program, term-based or nonterm-based, the percentage of the period completed is calculated as follows

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**number of calendar days completed in the period**

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**total number of calendar days in the period**

Scheduled breaks of at least five consecutive days and days in which the student was on an approved LOA are excluded from this calculation (34 CFR 668.22(f)(1)(i) and (2)).

In a credit-hour nonterm program, the ending date for a period and, therefore, the total number of calendar days in the period, may be dependent on the pace at which an individual student progresses through the program. Therefore, for a student who withdraws from a credit-hour nonterm program in which the completion date of the period is dependent on an individual student's progress, an institution must project the completion date based on the student's progress as of his or her withdrawal date to determine the total number of calendar days in the period. (See the example that follows.)

If a student withdraws from a self-paced non-term credit-hour program before earning any credits, the institution must have a reasonable procedure for projecting the completion date of the period. To the extent that any measure of progress is available, the institution should base its determination on that progress (see examples 2 and 3).

For a school that offers credit-hour nonterm programs in which the student does not earn credits or complete lessons as he or she progresses through the program, the institution must have a reasonable procedure for projecting the completion date of the period based on the student's progress before withdrawal. If the total number of calendar days in the period is not dependent on the pace at which a student progresses through a program (the completion date is the same for all students), the total number of calendar days in the period will be the same for all students.

Consider a nonterm credit-hour program offered in modules where some or all courses are offered sequentially and all students begin and end the modules at the same time. For a student who successfully completed all modules attempted up to the time the



student withdrew, the completion date (and the corresponding number of days in the Return calculation) will be the number of days between the start of the first module and the originally scheduled end of the last module.

However, an institution must take into consideration any credits that a student has attempted, but not successfully completed before withdrawing. (Those credits must be successfully completed before the student is considered to have completed the period.)

### **Calculating a completion date for a student who withdraws from a credit-hour nonterm program – Example 1, percentage completed**

Barbara, is enrolled in a 24 credit-hour nonterm program at an institution that calculates Returns on a payment period basis. Students in the program are expected to complete 12 credit hours each payment period, in 15 weeks (105 days).

When Barbara began classes she received a Federal Pell Grant and a Stafford Loan. She completed the 12 credit hours in the first payment period (the first half of the program) in 120 days (past the calendar midpoint of the original program length of 210 days). When Barbara completed the first half of her program she became eligible for the second disbursements of both her Federal Pell Grant and Stafford Loan.

Barbara withdrew from school on day 53 of the second payment period. At the time she withdrew Barbara had completed only one-third of the work (4 credits) in the payment period. If Barbara had continued to progress at her current pace of 4 credits earned every 53 days, Barbara would not complete the additional 8 credit hours for another 106 days. She would not complete the 12 credit hours in the second payment period until day 159.

For this student, therefore, the total number of days in the payment period (and the number used in the denominator of the Return calculation) is 159. The percentage of the payment period Barbara completed before withdrawing is 33.3% (53 days completed divided by 159 total days in the payment period).

### Calculating a completion date for a student who withdraws from a credit-hour nonterm program – Example 2, lessons completed

David enrolled in a program offered in a credit-hour nonterm format and withdrew before earning any credits, but has completed two lessons. The institution uses David's completed assignments as an interim measure of his progress and compares it to information from its records about other students who have completed the same program to determine an end date.

Looking at the records of students who have completed the same program, the institution identifies other students who complete the two lessons in approximately the same amount of time as David. The school determines the number of days it took those students to complete the period. The institution uses the same number of days in the denominator of the Return calculation for David.

### Example 3, nothing completed

Danny enrolls in a program offered in a credit-hour nonterm format. Danny withdraws before earning any credits, completing any lessons, or providing any other measure of progress toward the course or program goals at the time he withdrew. The institution uses its records to identify the student who took the longest to complete the period to determine the number of days it took that student to complete the period. The institution uses the same number of days in the denominator of the Return calculation for Danny.

To do this, the school must modify the denominator used in the Return calculation. The school must add to the number of days between the start of the first module and the scheduled end of the last module, the number of days the student spent in the failed courses/module(s) the student did not successfully complete.

### Clock-hour programs

#### Clock-hour programs cite

34 CFR. 668.22(f)(ii)

Calculation 1 on the clock-hour worksheet determines whether the student withdrew after the student has actually completed more than 60% of the payment period or period of enrollment. **If the student withdrew after actually completing more than 60% of the payment period or period of enrollment, the student has earned 100% of his or her aid so it is not necessary to determine whether scheduled hours may be used.** A school must complete the rest of the worksheet to determine if a post-withdrawal disbursement is due.

If a student withdrew on or before the 60% point, the school must proceed to Calculation 2 to determine if scheduled hours are to be used in calculating the *Percentage of Title IV Aid Earned*.

### Use of scheduled hours

If the clock hours completed by the student as of his or her withdrawal are equal to at least 70% of the hours that were scheduled to be completed by the student, the school uses the scheduled hours in calculating the *Percentage of Title IV Aid Earned*. Put another way, **students who complete at least 70% of their scheduled hours before they withdraw earn Title IV funds based upon their total scheduled hours for the time they were enrolled**, rather than the hours the student completed. Calculation 2 first determines the percentage of scheduled hours completed. If the result of the ratio of completed to scheduled hours is equal to or greater than 70%, scheduled hours are used and the school must proceed to the second part of Calculation 2. **If the percentage of scheduled hours completed is less than 70%, completed hours must be used in the calculation of the percentage of the period completed.** Calculation 1 determines the percentage of the period completed using completed hours. Therefore, the result of that calculation is always used as the percentage of the period completed.

The second part of Calculation 2, which uses scheduled hours to determine the percentage of the period completed, notes that **using scheduled hours, the percentage of the period completed may be greater than 60%**. This is because the ratio of completed hours to scheduled hours is being calculated only in order to determine if the threshold of 70% has been met. It does not mean that the student earned 100% of his or her aid.

If a student who withdraws has completed more hours than he or she was scheduled to complete as of his or her withdrawal date, completed hours are used rather than scheduled hours in Step 2, Calculation 1, of the Return calculation, (e.g., as when a student accelerates attendance).

When a student unofficially withdraws from a clock-hour program, at an institution that is not required to take attendance, although the withdrawal date may be the midpoint, the hours the student actually completed will not vary. The Return calculation for students who withdraw from clock-hour programs always uses **clock hours actually completed** as of the last day of attendance, in Step 2 of the Return calculation when the school is to enter *completed hours*. However, for that student, the scheduled hours (entered in *scheduled to complete*) in the denominator in Step 2, Calculation 2 are the scheduled hours as of the midpoint.

### Using portions of a clock hour

If an institution tracks the completion of clock hours in portions of an hour, it might be able to use portions of an hour to determine the percentage of Title IV aid earned when a student withdraws.

An institution that tracks the completion of clock hours in portions of an hour (for example, in 15-minute intervals) may use those portions of an hour to determine the percentage of Title IV aid earned when a student withdraws **if the institution counts attended portions of an hour toward completion of the program for all students in the program**. If an institution counts only whole hours with no credit for partially completed hours toward completion of the program, only whole hours may be used in the Return calculation.

### **Example of Using Scheduled Hours to Determine the Amount of Title IV Aid Earned by the Student**

Consider a student who withdraws after completing 230 hours in a 450 clock-hour payment period.

The student was scheduled to have completed 280 hours of the program at the time he or she withdrew. The student has completed 82% of the scheduled hours (230/280) in the time he or she was enrolled. Since the scheduled hours completed (82%) exceeded the attendance threshold of 70%, the school would use the 280 scheduled hours, rather than the 230 hours that were actually completed, in calculating the *Percentage of Title IV Aid Earned*. (If the same student had completed 230 clock hours while he or she was scheduled to have completed 335 hours at the point of withdrawal, the student's attendance rate would have been less than 70% ( $230 \div 335 = 68.7\%$ ) and only the 230 completed hours would be used in the calculation.)

Since the school determined that the student is paid for 280 scheduled hours of the 450 clock-hour payment period, the percentage used in Box C of Step 3, would be 62.2% ( $280/450$ ), even though the student actually completed only 51.1% of the total hours ( $230/450$ ). Remember, even though the percentage used in Step 3 is more than 60% (62.2%) the student would not earn 100% of the Title IV funds because the student did not actually complete 60% of the period, as determined in Step 2, Calculation 1 (see worksheet).

### **Excused absences**

#### **Excused absences cite**

34 CFR 668.164(b)(3) and (4)

Excused absences do not count as completed hours in calculating the treatment of Title IV funds when a student withdraws. For students who withdraw from their programs, the absences must be counted as scheduled hours that were not completed. In order to be paid for those hours, the student must satisfy the 70% attendance measure. Remember that a school may grant a student a leave of absence if he or she is unable to attend the school for a period of time but is planning to return to academic attendance (see the discussion of leaves of absence earlier in this chapter). For students who do not withdraw from their programs, the existing policy of not requiring clock hours to be completed for excused absences of up to 10% of the program remains (unless the school's state or accrediting agency policy is more limited).

## STEP 3: AMOUNT OF TITLE IV AID EARNED BY THE STUDENT

The amount of Title IV aid earned by the student is determined by multiplying the percentage of Title IV aid earned (Box C on the worksheet) by the total of Title IV program aid disbursed plus the Title IV aid that could have been disbursed to the student or on the student's behalf (Box B on the worksheet).

### *Effects of a post-withdrawal reduction in charges*

If a student withdraws and as a result of applying an institutional refund policy the school reverses, reduces, or cancels a student's charges, the Return requirements still apply. The statute mandates that an otherwise eligible student who begins attendance at a school and is disbursed or could have been disbursed Title IV grant or loan funds prior to a withdrawal earns a portion of those Title IV funds. If after a student withdraws, an institution adjusts or eliminates a student's institutional charges, or changes a student's enrollment status, the changes made by the institution have no bearing on the applicability of the requirements in 34 CFR 668.22. Moreover, the charges used in the Return calculation are always the charges on the student's account prior to withdrawal.

## STEP 4: TOTAL TITLE IV AID TO BE DISBURSED OR RETURNED

If the student receives less Federal Student Aid than the amount earned, the school must offer a disbursement of the earned aid that was not received. This is called a post-withdrawal disbursement. If the student receives more Federal Student Aid than the amount earned, the school, the student, or both, must return the unearned funds in a specified order.

### *Part 1 – Post-withdrawal disbursements*

If a post-withdrawal disbursement is due, a school stops at Step 4, Box E on the worksheet. A school may use the *Post-Withdrawal Disbursement Tracking Sheet* to track the handling of the post-withdrawal disbursement, or it may use a form developed by someone other than ED. A school must track post-withdrawal disbursements.

The requirements for a post-withdrawal disbursement are similar in many areas to the requirements under Subpart K – Cash Management of the Student Assistance General Provisions regulations. However, in some cases, the post-withdrawal disbursement requirements differ from the cash management requirements.

#### **Amount of Title IV aid earned by the student cite**

34 CFR 668.22(e)(1)

#### **Determining charges cites**

34 CFR 668.22(a),  
34 CFR 668.22(g)(2)(iii), and  
DCL-GEN-00-24

#### **Title IV aid to be disbursed or returned cite**

34 CFR 668.22(a)(2) or (3)

#### **Post-withdrawal disbursements cite**

34 CFR 668.22(a)(3) & (4)

#### **Return calculation required**

For a student who withdraws after the 60% point-in-time, even though a return is not required, a school must still **complete a Return calculation** in order to determine whether the student is eligible for a post-withdrawal disbursement.

Any post-withdrawal disbursement due must meet the current required conditions for late disbursements. For example, ED must have processed a Student Aid Report (SAR) or Institutional Student Information Record (ISIR) with an official expected family contribution (EFC) prior to the student's loss of eligibility. These conditions are listed in a chart on Late Disbursements in *Volume 4 – Processing Aid and Managing Federal Student Aid Funds*. **A school is required to make (or offer as appropriate) post-withdrawal disbursements.** A late disbursement must be made within 120 days of the date the institution determines that the student withdrew. The amount of a post-withdrawal disbursement is determined by following the requirements for calculating earned Federal Student Aid, and has no relationship to incurred educational costs.

### Crediting a student's account

An institution should not request Title IV funds for a post-withdrawal disbursement unless and until it has determined that it can disburse any post-withdrawal disbursement within three business days of receiving the funds.

A post-withdrawal disbursement must be made from available grant funds before available loan funds are used. However, if the student is due a post-withdrawal disbursement of a federal education loan, in the information a school provides to a student when the school informs the student that he or she is due a post-withdrawal disbursement, the school should include information about the advantages of keeping loan debt to a minimum. If a post-withdrawal disbursement is entirely comprised of the loan proceeds, unless the recipient needs the funds to pay educational costs, the school might want to suggest that the student cancel the loan. With a student's permission, funds due a student in a post-withdrawal disbursement can be used to pay down a Title IV education loan thereby reducing any post-withdrawal disbursement made directly to the student.

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#### Cash management requirements for student and parent authorizations cite

34 CFR 668.165(b)

The requirements for the treatment of Title IV funds when a student withdraws reflect the cash management requirements for disbursing Title IV funds. Specifically, a school is permitted to credit a student's account with a post-withdrawal disbursement without the student's (or parent's, in the case of a PLUS loan) permission for current charges for tuition, fees, and room and board (if the student contracts with the school) up to the amount of outstanding charges. An institution must obtain a student's or parent's authorization to credit a student's account for charges other than current charges for tuition, fees, room and board (if the student contracts with the school) (see *Volume 4 – Processing Aid and Managing Federal Student Aid Funds* and chart on *Institutional and Financial Assistance Information for Students* in *Volume 2 – School Eligibility and Operations* for more information).



Outstanding charges on a student's account are charges for which the institution will hold the student liable after the application of any applicable refund policy. These are the institutional charges, after any adjustment, that reflect what the student will owe for the current term after his or her withdrawal, any other current charges, plus any permitted minor prior year charges.

A school is permitted to use a student's or parent's authorization for crediting the student's account for educationally related expenses, that the school obtained prior to the student's withdrawal date so long as that authorization meets the cash management requirements for student or parent authorizations. If the school did not obtain authorization prior to the student's withdrawal, the school would have to obtain authorization in accordance with the cash management requirements before the school could credit the student's account for other current charges for educationally related activities. (See *Volume 4 – Processing Aid and Managing Federal Student Aid Funds* for more information on student and parent authorizations.) The school's request for the student's or parent's authorization must make clear that if the student or parent does not give permission for the school to credit the student's account with the Title IV funds, these funds will be disbursed directly to the student or parent, if the student or parent accepts the funds. If a school does not have authorization from the student (or parent for a PLUS loan) prior to the student's withdrawal and does not obtain that authorization after the student's withdrawal, **the undisbursed earned funds must be offered to the student (or parent for a PLUS loan) and cannot be used by the school to pay remaining institutional charges other than for tuition, fees, and room and board (if the student contracts with the school).**

A school may credit a student's account for **minor prior award year charges** in accordance with the cash management requirements (see *Volume 4 – Processing Aid and Managing Federal Student Aid Funds*). Schools should make every effort to explain to a student that all or a portion of his or her post-withdrawal disbursement has been used to satisfy any charges from prior award years.

These requirements also mirror the current cash management provisions that require a school to provide notice to a student, or parent in the case of a PLUS loan, when the school credits a student's account with Direct Loan, FFEL or Federal Perkins Loan Program funds.

### Outstanding charges example

For example, consider a student who is due a post-withdrawal disbursement of \$800. The institutional charges that the student was originally assessed by the institution totaled \$2,300. However, under the institution's refund policy, the institution may only keep \$600 of those institutional charges. No funds had been paid toward the institutional charges at the time the student withdrew. In addition, the student owes \$150 for a bus pass. The outstanding charges on the student's account that would be entered in Box B of the Post-Withdrawal Disbursement Tracking Sheet are \$750 (the \$600 in institutional charges plus the \$150 owed for the bus pass).

A portion of the \$800 the institution must disburse under the post-withdrawal disbursement provisions may be used to satisfy the outstanding balance. If the student has provided written authorization to credit Title IV funds to his account and use them for non-educational charges, the school may credit \$750 to institutional charges and offer \$50 to the student. If the student has not provided (and does not provide) written authorization, the school may only credit \$600 to institutional charges, and must offer \$200 to the student.



### Notice to a student offering a post-withdrawal disbursement

Earned funds in excess of those credited to a student's account must be provided to the student. The Department recognizes the difficulty a school may have in locating a withdrawn student; however, a school is required to offer in writing to the student (or parent for PLUS loan funds) any amount of a post-withdrawal disbursement that is not credited to a student's account. The written notification must include the information necessary for the student or parent to make an informed decision as to whether the student or parent would like to accept any of the disbursement. This notification would have to be provided for post-withdrawal disbursements of both Title IV grant and loan funds that are available for direct disbursement.

A school must send the notification as soon as possible, but **no later than 30 calendar days after the date that the school determines the student withdrew**. The notice must identify the type and amount of the Title IV funds that make up the post-withdrawal disbursement, and explain that the student or parent may decline all or a portion of those funds. This information must be provided to permit a student or parent to determine which funds, if any, he or she wishes to decline.

In the notification, the school must advise the student or parent that he or she has 14 calendar days from the date the school sent the notification to accept a post-withdrawal disbursement. The notification must make it clear that if the student or parent does not respond to the notification within the time frame, the school is not required to make the post-withdrawal disbursement. However, a school may *choose* to make a post-withdrawal disbursement based on acceptance by a student or parent after the 14 calendar days. If a response is not received from the student or parent within the permitted time frame, or the student declines the funds, the school would return any earned funds that the school was holding to the Title IV programs.

If a student or parent submits a timely response accepting all or a portion of a post-withdrawal disbursement, per the student's or parent's instructions, the school must disburse the funds within 120 days of the date of the institution's determination that the student withdrew. (For additional information, see the discussion under *Date of the institution's determination that the student withdrew* earlier in this chapter.) Note that the date of the institution's determination that the student withdrew is the same date that triggers the 30-day period that the school has for notifying the student or parent of any post-withdrawal disbursement available for direct disbursement. Consequently, the sooner a school sends the notification to a student or parent, the more time the school has to make any accepted post-withdrawal disbursement.

A school may use one notification to

- inform the student or parent that loan funds were credited to the student's account for tuition, fees, (contracted) room and board and other educational expenses for which authorization has been granted;
- request permission to credit the student's account for other current charges for educationally related activities, if prior authorization was not obtained; and
- notify the student or parent of the availability of any remaining earned Title IV program assistance.

If authorization from a student (or parent for a PLUS loan) is received after the 14-day deadline and the school chooses not to make a post-withdrawal disbursement, the school must notify the student (or parent) that the post-withdrawal disbursement will not be made and why. This notification must be made in writing or electronically. It is required because a student or parent may assume incorrectly that his or her acceptance of a post-withdrawal disbursement has been received within the time frame and that the post-withdrawal disbursement will be made. If an authorization from the student (or parent for a PLUS loan) is never received, or if the school chooses to make a post-withdrawal disbursement per the recipient's instructions on an authorization received after the 14-day deadline, the school does not need to notify the student.

### Disburse grant before loan

A post-withdrawal disbursement, whether credited to the student's account or disbursed to the student or parent directly, must be made from available grant funds before available loan funds since it is in the student's best interest to minimize loan debt. *Available* grant or loan funds refers to Title IV program assistance that could have been disbursed to the student but was not disbursed as of the date of the institution's determination that the student withdrew.

The regulations do not address how a school should ensure that Title IV funds are disbursed to the proper individual. However, a school may not require a student who has withdrawn from a school (or a parent of such a student, for PLUS loan funds) to pick up a post-withdrawal disbursement in person. Because the student is no longer attending the school, he or she may have moved out of the area and may be unable to return to the school to pick up a post-withdrawal disbursement.

#### Disburse grant before loan example

If a student is due a post-withdrawal disbursement of \$500, and the student has received \$400 of \$1,000 in Federal Pell Grant funds that could have been disbursed, and \$1,200 of the \$2,000 in Federal Stafford Loan funds that could have been disbursed, the available undisbursed funds are \$600 in Federal Pell Grant funds, and \$800 in Federal Stafford loan funds. Any portion of the \$500 post-withdrawal disbursement that the school makes must be from the \$600 in available Federal Pell Grant funds.

### Example of the post-withdrawal disbursement requirements

Michael drops out of school on November 5. On November 10, the school becomes aware that Michael has ceased attending. The school determines that because Michael has earned \$900 in Title IV Program assistance that he has not received, he is due a post-withdrawal disbursement of \$900. When Michael withdrew, only \$600 of the \$1,000 in Federal Pell Grant funds that could have been disbursed had been disbursed. Of the \$500 in Federal Stafford Loan funds that could have been disbursed, none had been disbursed. The school determines that Michael has \$50 in outstanding tuition charges and \$100 in outstanding parking fines for the payment period. The school credits Michael's account with \$50 of Michael's Federal Pell Grant funds. The school wants to use another \$100 of his post-withdrawal disbursement to cover the outstanding parking fines. However, the school has not received permission from Michael prior to his withdrawal to credit his account for educationally related charges other than tuition, fees, and room and board.

On November 12, (the last date school could have sent the notification was December 10th) – 30 days after the date of the institution's determination that the student withdrew) the school sends a notification to Michael stating that:

1. He is due a post-withdrawal disbursement of \$900 that is made up of \$400 in Federal Pell Grant funds and \$500 in Federal Stafford Loan funds.
2. \$50 of the Federal Pell Grant funds were credited to his account for tuition charges, so Michael has a remaining potential post-withdrawal disbursement of \$850.
3. Michael may accept all, a portion, or none of the \$850.
4. The school is obligated to make a post-withdrawal disbursement of funds only if Michael accepts the funds by November 26, 14 days after the school sent the notification.
5. The school is requesting his permission to credit his account with an additional \$100 of the Federal Pell Grant funds to cover his unpaid parking fines (a *discretionary* educationally related expense).
6. If Michael does not authorize the school to credit his account with the \$100 of Federal Pell Grant funds, those funds will be disbursed to him if he chooses to accept them.

Michael responds on November 19. He authorizes the school to apply \$100 of the Federal Pell Grant funds to his outstanding parking fines. Michael accepts the remaining \$250 in Federal Pell Grant funds, but declines the \$500 in Federal Stafford Loan funds to minimize his overall loan debt.

The school has until March 10, 120 days from the date of the institution's determination that the student withdrew, to disburse the \$250 in Federal Pell Grant funds to Michael and to credit his account with the \$100 of Federal Pell Grant funds to cover his outstanding parking fines. The school sends Michael a check for the \$250 in Federal Pell Grant funds and a letter confirming that \$100 of the Federal Pell Grant funds will be credited to his account and no loan funds will be disbursed.

## Death of a student

A school may not make a post-withdrawal disbursement of Title IV funds to the account or estate of a student who has died.

If an institution is informed that a student has died during a period, it must perform a Return calculation. If the Return calculation indicates that an institution is required to return Title IV funds, the institution must return the Title IV funds for which it is responsible.

The student's estate is not required to return any Title IV funds. Therefore, an institution should neither report a grant overpayment for a deceased student to NSLDS, nor refer a grant overpayment for a deceased student to Borrower Services. If an institution had previously reported a grant overpayment for a student who is deceased to Borrower Services, it should inform Borrower Services that it has received notification that the student is deceased.

The regulations governing the FFEL, Direct, and Federal Perkins loan programs provide for a discharge of a borrower's obligation to repay an FFEL, Federal Direct, or Federal Perkins loan if the borrower dies (including a PLUS loan borrower's obligation to repay an FFEL or Direct PLUS loan if the student on whose behalf the parent borrowed dies). If a school is aware that a student who has died has any outstanding Title IV loan debt, the school should contact the student's estate and inform it of the actions it can take to have the student's Title IV loan debt cancelled.

If a Title IV credit balance created from **funds disbursed before the death of the student** exists after the completion of the Return calculation and the institutional refund calculations, the institution must resolve the Title IV credit balance as follows:

1. in accordance with the cash management regulations, paying authorized charges at the institution (including previously paid charges that are now unpaid due to the Return of Title IV funds by the institution);
2. retiring any Title IV grant overpayments owed by the student for **previous withdrawals** from the present school (the institution may deposit the funds in its federal funds account and make the appropriate entry in GAPS);

If the institution has previously referred the grant overpayment to Borrower Services, Collections (Collections), the institution should provide Collections with documentation that the student has died so that Collections can delete the overpayment from its records.

3. returning any remaining credit balance to the Title IV Programs.

A school may not disburse the proceeds of a Title IV loan when it knows that the repayment of the loan will devolve or pass to the Department. Therefore, a school may not disburse the proceeds of a PLUS loan taken out by a parent who has died, even though the student for whose benefit the loan was intended remains alive and otherwise eligible.

If a school receives the proceeds of a PLUS loan made to a parent who has died, it must return the funds to the lender together with a letter explaining the reason it is returning the funds.

**Title IV aid to be returned cite**

34 CFR 668.22(a)(2)

The amount of aid that was actually disbursed, rather than the total amount of aid that was disbursed and that could have been disbursed, is used because the only amount of Title IV aid that needs to be returned is the amount of disbursed aid that exceeds the amount of earned aid.

**Step 5: Amount of unearned Title IV aid due from the school**

34 CFR 668.22(g)

**Part 2 – Title IV aid to be returned**

If the student receives more Federal Student Aid than the amount earned, the school, the student, or both must return the unearned funds in a specified order. The amount of Federal Student Aid to be returned is determined by subtracting the amount of earned Title IV aid (Box D) from the amount of Title IV aid that was actually disbursed to the student, **not** including *aid that could have been disbursed* (Box A).

**STEP 5: AMOUNT OF UNEARNED TITLE IV AID DUE FROM THE SCHOOL**

When a Return of Title IV funds is due, the school and the student may both have a responsibility for returning funds. Funds that are not the responsibility of the school to return, must be returned by the student. Although these requirements talk in terms of returning funds, a school is not required to actually return its share before the student. Rather, it is the Return calculation of the amount of assistance the school is responsible for returning to the Title IV accounts that must be calculated first. Thus, the student's repayment obligation is determined after the school's share is calculated.

The school must return the lesser of –

- the amount of Title IV funds that the student does not earn; or
- the amount of institutional charges that the student incurred for the payment period or period of enrollment multiplied by the percentage of funds that was not earned.

The percentage not earned is determined by subtracting the percentage of Title IV aid earned (Box C) from 100%.

***Aid disbursed to the student before institutional charges are paid***

Consider a case in which, in order to assist a student with living expenses, a school elects to disburse an **anticipated credit balance** to a student rather than pay itself for institutional charges from the first Title IV funds the school receives. Then, the student withdraws before the school receives anticipated aid from all the Title IV programs. The Return calculations indicate the school must return funds, but the school had passed through all funds to the student. **The school still must return the funds it is responsible for returning as a result of the Return calculation.**

**A school's policy and the Return requirements**

Title IV funds are provided under the assumption that they are used to pay institutional charges ahead of all other aid. Institutions may establish their own policies for distributing Title IV aid. However, if a school's policies allow a school to disburse directly to a student Title IV funds to which the institution is entitled, the institution must bear the consequences of those policies in the event the student withdraws.

## Institutional charges

Institutional charges are used to determine the portion of unearned Federal Student Aid that the school is responsible for returning. Schools must ensure the inclusion of all appropriate fees as well as applicable charges for books, supplies, materials and equipment in Step 5, Part G of the Return calculation. (See *Institutional versus noninstitutional charges* earlier in this chapter.) Institutional charges do not affect the amount of Federal Student Aid that a student earns when he or she withdraws.

**If an institution enters into a contract with a third party to provide institutional housing, the institution must include the cost of housing as an institutional charge in a Return calculation if a student living in the third-party housing withdraws.**

## Use of institutional charges in determining the school's responsibility for return

The institutional charges used in the calculation are always the charges that were assessed the student for the entire payment period or period of enrollment, as applicable, prior to the student's withdrawal. Initial charges may only be adjusted by those changes the institution made prior to the student's withdrawal (e.g., for dropping or adding a class or changing enrollment status). If after a student withdraws the institution changes the amount of institutional charges it assessed a student, or decides to eliminate all institutional charges, those changes affect neither the charges nor aid earned in the calculation. (Please see Step 3 — Amount of Title IV Aid Earned by the Student, for a further discussion of aid earned and institutional charges.)

**Institutional charges may not be reduced even if other sources of aid are used to pay those charges.** For example, a school may not reduce institutional charges when an outside agency supplying aid requires that aid to be used for tuition. The Return regulations presume Title IV program funds are used to pay institutional charges ahead of all other sources of aid.

When an institution that offers courses in a nonterm, credit-hour format calculates the aid for which the student is eligible, it does so using costs associated with the number of courses it expects the student to complete in the period for which aid is awarded. If the student later withdraws, **the charges entered in Step 5 of the Return calculation must include the charges for all the courses the student was initially expected to complete.**

### Institutional charges cite

34 CFR 668.22(g)(1)(iii)

34 CFR 668.22(g)(2)

DCL-GEN-00-24

### Fees as noninstitutional charges

Application fees are excluded from institutional charges because they are not an educational cost. (Federal Register, Vol. 59, No. 82, April 29, 1994, page 22356).

### Treatment of Work-Study funds

Federal Work-Study funds are not included in the calculation of earned Title IV funds when a student withdraws. This remains the case even if a student has granted permission for a percentage of the student's Federal Work-Study earnings to be credited to his or her account to pay educational charges.

### Effect of other assistance cite

Federal Register/Vol. 64, No. 210, 11/1/99, page 59032

### Administrative fees

The \$100 or 5% administrative fee (whichever is less) that was excludable under the former Refund and Repayment regulations is **not** excluded in Return of Title IV Funds calculations.

**Reminder**



**Prorated charges example**

Institutional charges are \$8,000 for a nonterm-based program that spans two payment periods of 450 clock hours each. The school chooses to calculate the treatment of Title IV funds on a payment period basis. A student withdraws in the first payment period. The prorated amount of institutional charges for each payment period is \$4,000. However, because of the \$1,000 in fees charged at the beginning of the period, the school has retained \$5,000 of the Title IV funds for institutional charges for the payment period. Therefore, the institutional charges for the payment period are \$5,000 — the greater of the two elements from the proration calculation.

**Waiver Example**

An institution charges state residents \$900 per semester. Out-of-state students are charged an additional \$2,000 for a total of \$2,900. However, the institution grants waivers of the out-of-state charges to out-of-state athletes. The waiver is considered a payment to those charges and the full \$2,900 would need to be included in any Return calculation.

**When to prorate charges**

As stated previously, for students who withdraw from a nonterm-based educational program, the school has the choice of performing the Return calculation on either a payment period basis or a period of enrollment basis. If a school with a nonterm program chooses to base the Return calculation on a payment period, but the school charges for a period longer than the payment period (most likely the period of enrollment), there may not be a specific amount that reflects the actual institutional charges incurred by the student for the payment period. In this situation, the student's institutional charges for the payment period are the prorated amount of institutional charges for the longer period. However, if a school has retained Title IV funds in excess of the institutional charges prorated amount, including allocating costs for equipment and supplies to the beginning of the program, the funds retained by the school are attributed to that payment period because they are a better measure of the student's institutional charges for that period.

**Effects of waivers on institutional charges**

If your school treats a *waiver* as a payment of tuition and fees that have actually been charged to a student, then the waiver is considered a financial aid resource, and the full amount of the tuition and fees must be included in Step 5, Part G of the Return calculation. On the other hand, if the student is never assessed the full charges, the waiver is not considered to be financial aid, and only the actual charges would be included in the Return calculation. (See DCL GEN 00-24, January 2000 for a further discussion of waivers and the Return calculation.)

**STEP 6: RETURN OF FUNDS BY THE SCHOOL****Order of return of Title IV funds**

A school must return Title IV funds to the programs from which the student received aid during the payment period or period of enrollment as applicable, in the following order, up to the net amount disbursed from each source:

1. Unsubsidized Federal Stafford loans.
2. Subsidized Federal Stafford loans.
3. Unsubsidized Direct Stafford loans (other than PLUS loans).
4. Subsidized Direct Stafford loans.
5. Federal Perkins loans.
6. Federal PLUS loans.
7. Direct PLUS loans.

**Order of return of Title IV funds cite**

34 CFR 668.22(i)



8. Federal Pell Grants for which a return of funds is required.
9. Federal Supplemental Educational Opportunity Grants (FSEOG) for which a Return of funds is required.
10. Other assistance under this Title for which a Return of funds is required (e.g., LEAP).

### **Time frame for the return of Title IV funds**

A school has 30 days from the date the institution determines that the student withdrew to return all unearned funds for which it is responsible.

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#### **Time frame for return of Title IV funds cite**

34 CFR 668.22(j)(1)

## **STEP 7: INITIAL AMOUNT OF UNEARNED TITLE IV AID DUE FROM THE STUDENT**

The statute specifies that a student is responsible for all unearned Title IV Program assistance that the school is not required to return. The initial amount of unearned Federal Student Aid due from the student (or parent, for PLUS loan funds) is determined by subtracting the amount returned by the school from the total amount of unearned Title IV funds to be returned. This is called the *initial* amount due from the student because a student does not have to return the full amount of any grant repayment due. Therefore, the student may not have to return the full initial amount due.

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#### **Initial amount due from student cite**

34 CFR 668.22(h)

## **STEP 8: RETURN OF FUNDS BY THE STUDENT**

The initial Title IV grant overpayment owed by the student is reduced by 50%. The student is obligated to return Title IV in the same order that is required for schools.

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#### **Return of funds by the student cite**

34 CFR 668.22(h)(3)(i) and (ii)

The student (or parent, if a Federal PLUS loan) returns funds to the loan programs in accordance with the terms of the loan, and to grant programs as an overpayment. In other words, the student will repay any unearned loan funds in the same manner that he or she will be repaying earned loan funds.

Grant overpayments are subject to –

- ⇒ full and immediate repayment to the institution;
- ⇒ repayment arrangements satisfactory to the school; or
- ⇒ overpayment collection procedures negotiated with Borrower Services.

*A school has responsibilities that continue beyond completing the Return calculation and returning the funds for which it is responsible. Here we discuss the institution's participation in the return of funds by the student.*

## A SCHOOL'S RESPONSIBILITIES IN THE RETURN OF FUNDS BY THE STUDENT

### Grant Overpayments

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**Grant overpayments cite**

34 CFR 668.22(h)(4)

The applicable regulations require that students repay only 50% of the initial amount of any Title IV grant overpayments. The overpayments are reduced by half of the **initial repayment amount**, not by half of the total grants the students received.

Repayment terms for students who owe Title IV grant overpayments were established to ensure that students who could not immediately repay their debt in full had the opportunity to continue their eligibility for Title IV funds. Students who owe overpayments as a result of withdrawals initially will retain their eligibility for Title IV funds for a maximum of 45 days from the earlier of the –

- date the school sends the student notice of the overpayment, or
- date the school was required to notify the student of the overpayment.

Within 30 days of determining that a student who withdrew must repay all or part of a Title IV grant, a school must notify the student that he or she must repay the overpayment or make satisfactory arrangements to repay it. In its notification a school must inform the student that:

1. The student owes an overpayment of Title IV funds.
2. The student's eligibility for additional Title IV funds will end if the student fails to take positive action by the 45th day following the date the school sent or was required to send notification to the student.
3. There are three positive actions a student can take to extend his or her eligibility for Title IV funds beyond 45 days:
  - a. The student may repay the overpayment in full to the school.
  - b. The student may sign a repayment agreement with the school.

**Reminder**

Note: Two years is the maximum time a school may allow for repayment.

- c. The student may sign a repayment agreement with the Department.

If the student takes no positive action during the 45-day period, the school should report the overpayment to NSLDS immediately after the 45-day period has elapsed. (Because making this change in the NSLDS system is a simple process, we expect an institution will complete making the change within a few days of the end of the 45-day period.)

4. If the student fails to take one of the positive actions during the 45-day period, the student's overpayment immediately must be reported to the NSLDS and referred to the Borrower Services for collection.
5. The student should contact the school to discuss his or her options.

### ***When a student receives additional funds during the 45-day period of extended eligibility***

Students who owe overpayments as a result of withdrawals generally will retain their eligibility for Title IV funds for a maximum of 45 days from the earlier of (a) the date the school sends the student notice of the overpayment, or (b) the date the school was required to notify the student of the overpayment.

A student who receives Title IV funds within that period of extended eligibility and then fails to return the overpayment or make repayment arrangements becomes ineligible for additional Title IV program funds on the day following the 45-day period. However, any Title IV program funds received by the student during the 45-day period were received while the student was eligible. Therefore, those Title IV funds do not have to be returned (unless the student withdraws a second time). A student who loses his or her eligibility for Title IV funds at the expiration of the 45-day period will remain ineligible for additional Title IV funds until the student enters into a repayment agreement with the Department.

**If at any time a student who previously negotiated a repayment arrangement fails to comply with the terms of his or her agreement to repay, that student immediately becomes ineligible for additional Title IV funds.** Any Title IV program funds received by the student between the time the student negotiated the repayment arrangement and the time the student violated the agreement were received while the student was eligible. Therefore, those Title IV funds do not have to be returned (unless the student withdraws a second time). A student who violates the terms of a repayment agreement and loses eligibility remains ineligible for Title IV funds until the student has made satisfactory repayment arrangements with the Department.

#### **45-Day period example**

On October 30th during the fall semester a student withdraws and owes a grant overpayment. On November 29th the institution notifies the student of the overpayment. The student has 45 days (until January 13) to repay the overpayment in full or to make arrangements with the institution or the Department to repay.

The spring semester begins on January 7, before the 45-day period ends, and the student receives Title IV aid for the spring semester on January 10. The student then fails to repay the overpayment in full or sign a repayment agreement by the end of the 45-day period - January 13. The student is not required to return the Title IV funds received on January 10. However, the student becomes ineligible for additional Title IV funds on January 14 and remains ineligible until he or she enters into a repayment agreement with the Department.

If, in either of the two aforementioned cases the student withdraws a second time, any unearned funds from the disbursements that were made while the student was still eligible would have to be returned in accordance with the Return requirements.

### **Examples of the relationship between the date of notification and the expiration of the 45-day period**

#### ***Example 1 – A school sends notification to a student within the 30 days allowed.***

If a school sends notification to a student within the 30 days allowed, the 45-day period begins on the day after the school sends the notification to the student. If a school determines on August 20 that a student withdrew and owes a repayment and the school sends notification to the student on September 1 (within the 30 days allowed), then the first day of the 45-day period is September 2. Unless the student takes positive action to resolve the overpayment before the end of the 45-day period, the student loses his or her eligibility on the 45th day. Thus, in this case the last day of the student's eligibility for Title IV funds is October 16.

#### ***Example 2 – A school fails to notify the student or notifies the student after the 30 days allowed.***

If the school fails to notify the student or notifies the student after the 30 days allowed, the 45-day period begins on the day after the end of the 30-day period (the date by which the school should have sent the notification to the student). Consider a school that determines on August 1 that a student withdrew on June 15. The school should have sent the student a letter by July 15. Because it failed to do so, the first day of the 45-day period is the day after the end of the 30-day period (July 16). Unless the student takes action to resolve the overpayment, the last day of the student's eligibility for Title IV funds, is August 29, the end of the 45-day period that began on July 16.

**Note that if a student agrees to a repayment arrangement and then fails to meet the terms of that arrangement, the student's eligibility ends as of the date the student fails to comply with the terms of the repayment arrangement.**

### ***Student overpayments less than \$25***

If a student owes a Title IV grant overpayment as a result of a withdrawal, the student does not have to repay the grant overpayment if the original amount that the student is responsible for repaying (after the 50% reduction) is less than \$25. An institution should neither report to NSLDS nor refer to Federal Student Aid's Borrower Services an Amount for Student to Return (Step 8, line 5 or 6, in the Return to Title IV funds calculation) that is less than \$25.

These de minimus amounts are program specific. That is, if a Return calculation resulted in a student having to return \$150 in Pell funds and \$20 in FSEOG funds, the student would have to return the Pell funds, but the FSEOG funds would be treated as described above.

If an institution is currently holding an overpayment resulting from a withdrawal for which the **original amount** (after the 50% reduction) was less than \$25, the school should delete the overpayment in NSLDS by:

1. from the Overpayment History Page, selecting the overpayment by clicking on the blue number icon;
2. on the Overpayment Display Page, verifying that this is the overpayment you want to delete, and then clicking the Delete Button;
3. on the Overpayments Delete Confirmation page, clicking the Confirm Button.

Please note that this provision applies only when the original overpayment amount (Step 8, line 5 or 6) is less than \$25. **An overpayment for which the original amount was \$25 or more that has a current balance of less than \$25 may not be written off.**

**Note:** Borrower Services will not accept referrals for which the original amount was less than \$25.00.

**This provision does not apply to funds that a school is required to return.** A school must return the full amount owed to any Title IV program that the school is responsible for returning. However, a school does not have to return amounts of less than \$1.00.

### ***Payments on a student's behalf***

The 50% reduction always applies to the repayment of grant funds for which the student is responsible, regardless of who actually returns the funds. Therefore, if an institution chooses to return all or a portion of a grant overpayment that otherwise would be the responsibility of the student to return, the 50% grant protection still applies. If an institution returns a grant overpayment for a student, the student would no longer be considered to have a Title IV grant overpayment and as such no reporting to either NSLDS or to Borrower Services is required. This would be true whether the institution simply returned the overpayment for the student or returned the overpayment and created a debit on the student's school account.

### **Student overpayments less than \$25 cite**

DCL-GEN-00-24 December, 2000

**Reminder**

### **When a school makes a payment and student refuses to repay the school**

Consider an example in which a school chooses to pay a grant overpayment on behalf of a student who withdrew and create a debit on the student's school account. Once the overpayment has been repaid by the institution there is no Title IV grant overpayment due from the student. If the student refuses to repay the institution, the debt cannot be referred to the Department for collection.

## ***Recording student payments and reductions in the Pell Grant Program***

Through the 2004-2005 award year schools that were full participants in COD recorded reductions and payments in a different way than phase-in participants. For reductions and payments to awards in the 2005-2006 award year and forward, all schools are recording reductions and payments in the same way (by entering a replacement value).

Schools reporting changes should pay close attention to the details that follow.

If through its Return calculation a school determines that a student has received an overpayment of Pell Grant funds, the school should reduce the student's award/disbursements as follows:

- When reducing a student's award or recording a student's payment for award years through 2004-2005 award years, a school that participated as a phase-in school may continue to reduce a student's award/disbursements by entering a negative disbursement for the school's portion of the overpayment in the COD system using the same software the school used to create the awards. Full-participant schools will reduce a student's award/disbursements by entering a replacement value in the COD system. The replacement value will be the original values less only the amount the school (not the student) must return.

If a school receives a payment for a current-year overpayment that has not been referred to Borrower Services, the school should NOT send the payment to Borrower Services.

- If a school that has made repayment arrangements with a student receives a payment on a current year overpayment, the school should deposit the funds in its Pell account and make the appropriate entry in the COD system.
- If a student makes a payment on any previous year's Pell overpayment, a school makes the aforementioned COD system entry using the same software the school used to create the award. The school then returns the funds to the Department using the Electronic Refund function in GAPS following the same procedures the school follows when making other GAPS refunds/returns.

Schools can report current-year reductions to awards/disbursements either through the software they use for Pell transactions or by using the COD Web site at

<https://cod.ed.gov>

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### **Returning Pell funds by check**

**Only in exceptional circumstances (and never for a current Pell award) should a school return funds from a Return calculation by sending a check instead of using the electronic refund function in GAPS. If you must send a check,**

The GAPS lockbox address for Pell and campus-based funds is:

**U.S. Department of Education  
P.O. Box 979053  
St. Louis, Missouri 63197-9000**

### **Reminder**

The school must note the student's name, and SSN, the school's DUNS number and the appropriate Document/Program Award Number and award year on the check. A school must use a separate check for each award year.

If through its Return calculation a school determines that a student has received an overpayment of FSEOG funds, the school must adjust its institutional ledgers, financial aid records, and the student's account by subtracting the amount the school must return (the FISAP filed for the year will reflect the net award to the student). If a student makes a payment on an FSEOG overpayment made in the **current award year**, the school should deposit the payment in its *federal funds account*, and award the funds to other needy students. If the school collects an overpayment of an FSEOG for an award made in a **prior award year**, the funds recovered should be returned to the Department using the Electronic Refund function in GAPS. Payments should be applied to the award year in which the recovered funds were awarded.

### ***Recording student payments and reductions in the Direct Loan Program***

If through its Return calculation a school determines that a student has received an overpayment of Direct Loan funds, the school should reduce the student's award/disbursements by making a downward adjustment in COD.

The school then returns the funds to the Department using the Electronic Refund function in GAPS following the same procedures the school follows when making other GAPS refunds/returns.

**Only in exceptional circumstances** should a school return funds due as a result of compliance with 34 CFR 668.22 by sending a check instead of using the electronic refund function in GAPS.

If a school has to return funds by check, the school must –

1. use a separate check for each award year;
2. note the school's DUNS number, school code, and award year on each check;
3. include a completed Direct Loans Return of Cash form; and
4. include a memorandum that specifies the name and social security number for each student for whom funds are being returned and how much is being returned for each student.

The address for returning Direct Loan funds by check is:

U.S. Department of Education  
Attention Refunds of Cash  
P.O. Box 9001  
Niagra Falls, New York 14302



## Notifying the Department

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### NSLDS cites

DCL-GEN-98-14 July 1998

<https://ifap.ed.gov>

The Email address for NSLDS Customer Service is –

**NSLDS@pearson.com**

A school is never required to enter into a repayment agreement with a student; rather a school may refer an overpayment to the Department at any time **after** the student has had the opportunity to pay off the overpayment in full to the school or indicate his or her intent to negotiate repayment arrangements with Borrower Services. However, if a school reports a student overpayment (for which a student has not negotiated repayment arrangements) to NSLDS before the 45-day period has elapsed, the student will appear to be ineligible for Title IV aid. Since students retain their eligibility for 45 days, schools should provide students with every opportunity to repay their debt or negotiate repayment arrangements before reporting it to NSLDS and referring it to Borrower Services.

**Important:** Borrower Services is unable to respond to a student-initiated request to negotiate a repayment arrangement until a school has referred the student's account for collection. In addition, Borrower Services uses the information about the student in the NSLDS while conversing with a student.

In order to ensure a student overpayment has been reported and referred to ED, when the school is communicating with a student about making repayment arrangements with ED, the school should make it clear that **the student should contact the school before contacting the Department**. Repayment agreements with the Department will include terms that permit students to repay overpayments while maintaining their eligibility for Title IV funds. Schools are encouraged to negotiate similar repayment agreements with students. However, **schools' repayment arrangements with students must provide for complete repayment of the overpayments within two years of the date of the institutions' determination that the students withdrew.**

There are exceptions to the recommendation that a school wait the full 45 days before reporting a student overpayment through NSLDS. If during the 45-day period a student indicates that he or she cannot repay his or her debt in full and wishes to negotiate a repayment agreement with the Department, the school should immediately report the overpayment to NSLDS **and** refer the overpayment to Borrower Services. Likewise, if a student contacts a school that will not be offering institutional repayment agreements and indicates that he or she cannot pay the overpayment within the 45 days, the school should immediately report the overpayment to NSLDS **and** refer the overpayment to Borrower Services. **So that Borrower Services will have time to receive and record an overpayment before a student contacts Borrower Services, a school should tell a student to wait 10 days before contacting Borrower Services.**

After a school has reported and referred a student's overpayment, the school should provide the student with the phone number and postal address for Borrower Services. A student can contact Borrower Services by calling 800-621-3115 or by writing Borrower Services at the following address:

U.S. Department of Education  
Borrower Services – Collections  
P.O. Box 5609  
Greenville, Texas 75403

### **Reporting and referring overpayments**

Referring overpayments for collection is a separate process from reporting overpayments to NSLDS. *Reporting* is the process of creating within NSLDS a record of a student's overpayment. *Referring* is the process of turning over a student's debt to Borrower Services. **Students who pay their debts in full during the 45-day period should neither be reported to NSLDS nor referred for collection.**

A school reports overpayments to the NSLDS via the NSLDS Web site. A school sends referrals to Borrower Services through the U.S. Mail to the

Student Loan Processing Center-Overpayments  
P.O. Box 4157  
Greenville, Texas 75403

If a student who owes a repayment of a Title IV grant calls Borrower Services before Borrower Services has received and recorded the student's overpayment, Borrower Services will examine the student's record in the NSLDS. If a school has reported the overpayment to NSLDS correctly, Borrower Services will inform the student that the overpayment is being processed and that the student should call back in ten days for further information. If a student calls Borrower Services before a school has reported the student's overpayment to the NSLDS, Borrower Services will find no record of the overpayment and will tell the student to contact the school to resolve the discrepancy.

A student who does not take positive action during the 45-day period becomes ineligible for Title IV funds on the 46th day from the earlier of (1) the date the school sends a notification to the student of the overpayment; or (2) the date the school was required to notify the student of the overpayment. The student will remain ineligible until the student enters into a satisfactory repayment agreement with the Department. An overpayment resulting from a student's withdrawal remains an overpayment until it is repaid in full. Though a student may regain Title IV eligibility by negotiating and satisfying the requirements of a satisfactory repayment arrangement, the information on the student's NSLDS account will continue to reflect the status of the overpayment until the debt is repaid in full.

## Reminder

Anytime a school receives a payment (including the application of a Title IV credit balance) that will repay an overpayment in full, the school must also update its original submission to NSLDS by changing the entry on the **"Overpayment Update Screen"** for the Indicator Field to **"Repaid."**

If a school enters into a repayment arrangement with a student who owes an overpayment, the school should immediately report the repayment arrangement using the online NSLDS screens. The school should report the status (Indicator field) of an overpayment for which it has entered a repayment agreement as "Satisfactory Arrangement Made." After the information is reported to the NSLDS, any future output from the CPS (SARs and ISIRs) will show that the student owes a repayment of a Title IV grant and that the student has negotiated a satisfactory repayment arrangement with the school.

As long as the student fulfills his or her commitment repayment under the repayment arrangement, the NSLDS overpayment status of "Satisfactory Arrangement Made" will indicate that, though the student owes an overpayment, the student remains eligible for Title IV funds. **If at any time a student fails to comply with the terms of the student's agreement to repay, or if the student fails to complete repayment in the two years allowed, immediately the school must update the student's overpayment status (Indicator field) to "Overpayment."** From that point on the NSLDS will inform schools that the student is not eligible for Title IV funds.

## Required referrals

A school must refer to the Department:

1. a student who does not satisfy the requirements of a repayment agreement with the school;
2. a student who fails to contact the school during the 45-day period; and
3. a student who fails, during the 45-day period, to pay his or her overpayment in full or enter into a repayment arrangement.

If a school is referring to Borrower Services a student overpayment previously reported to NSLDS, the school must also update the information previously reported to NSLDS by changing the source field from "School" to "Transfer." If a school is referring a student who has failed to satisfy the terms of his or her repayment agreement, the school should also change the status code (Indicator field) from "Satisfactory Arrangement Made" to "Overpayment." If a school is referring for collection a student **not** previously reported to NSLDS, the school must report the account to NSLDS as a referred overpayment, enter "Transfer" as the initial source and "Overpayment" as the status (Indicator field).



Remember to include your school's Reporting Pell Identification number on the referral.

To refer student overpayments for collection, schools should use a format similar to the one found at the end of this chapter and send the form to the address at the bottom of that page. Each referral must be typed or printed and must be submitted on school letterhead.

In order to avoid creating a double record for a single overpayment, **the school must populate its Overpayment Referral Form, Dates of Disbursements, with the exact same dates the school used when it created the NSLDS record. In addition, a school must ensure that it enters for award year, the year the disbursement was made.**



Once Borrower Services has accepted a referred student overpayment, Borrower Services will transmit the information to NSLDS and “ED Region” will replace “School” as the appropriate contact source for information about the overpayment.

During the 2006-2007 award year, on its Overpayment Referral, schools must continue to provide their School’s Pell Identification Number. During the 2006-2007 award year, schools should not enter their Routing Identifier.

## Summary

- ◆ If during the 45-day period a student repays his or her debt in full to the institution, the institution should neither report the overpayment in NSLDS nor refer the student to Borrower Services.
- ◆ If during the 45-day period a student signs a repayment agreement with the institution, the institution should immediately (within a few days) make the appropriate entries in NSLDS.
- ◆ If during the 45-day period a student indicates that he or she will not or cannot repay the overpayment and wishes to negotiate a repayment agreement with the Department, the institution should immediately (within a few days) report the overpayment in NSLDS and refer the overpayment to Borrower Services.
- ◆ If the institution will not be offering institutional repayment arrangements to students and during the 45-day period a student indicates that he or she cannot repay the debt in full, the institution should immediately (within a few days) report the overpayment in NSLDS and refer the overpayment to Borrower Services.
- ◆ If a student fails to take any positive action during the 45-day period, upon the expiration of that period the institution should immediately (within a few days) report the overpayment in NSLDS and refer the overpayment to Borrower Services.
- ◆ If a student signs a repayment agreement with an institution and at any time then fails to fulfill the terms of that agreement, the institution should immediately (within a few days) report the overpayment in NSLDS and refer the overpayment to Borrower Services.

### Return of Title IV funds when a school does not maintain a separate federal bank account

The Department considers a school that maintains Title IV funds and general operating funds in the same bank account (commingles) to satisfy the requirement that it return unearned funds on a timely basis if:

- the school maintains subsidiary ledgers for each type of funds commingled in that account that clearly show how and when those funds were used and reconciled to its general ledger,
- the subsidiary ledger for each Title IV program provides a detailed audit trail on a student-by-student basis that reconciles to the amount of Title IV program funds received and disbursed by the school, and
- the school updates the relevant subsidiary ledger accounts in its general ledger no later than 30 days after it determines that the student withdrew.

More specifically, the return of an unearned funds transaction should be recorded as a debit to a Title IV program fund subsidiary ledger account and a credit to the school’s operating fund subsidiary ledger account. The date of the return is the date this transaction is posted to the school’s general ledger.

### ***Accepting payments on referred overpayments***

A school may continue to accept payment on a Title IV grant overpayment after the overpayment has been referred to the Department. A school that accepts a check made out to the Department on an overpayment that has been referred to Collections must –

1. note the student's name and SSN on the check;
2. indicate that the payment is for an overpayment of a Title IV grant; and
3. forward the payment to Borrower Services at

**U.S. Department of Education  
National Payment Center  
P.O. Box 4169  
Greenville, Texas 75403-4169**

If a school accepts a cash payment from one or more students who owe overpayments and who have been referred to Collections, the school should write its own check to the Department and attach a letter indicating that the check is for a Title IV grant overpayment. The school must include in its letter a roster that includes, for each student who made a payment, the student's name, social security number, and amount paid.

If a school receives a payment for an overpayment **previously referred to Borrower Services** and if –

- the overpayment was made in the **current award year**, and
  - the payment will **retire the student's debt in full**,
- the institution must:
- a. deposit the payment in its appropriate institutionally maintained federal funds account;
  - b. for a Federal Pell Grant overpayment, make the appropriate entry in the COD system (for a phase-in participant — a negative disbursement, for a full participant — the replacement value); and
  - c. send a letter or fax to Borrower Services identifying the student and indicating that the student's overpayment has been completely repaid. This will allow the Department to properly update its records in both the Borrower Services system and NSLDS.

The fax numbers for **this purpose and school use only** are

**(319) 665-7646 and (903) 454-5398**

Note: This process cannot be performed via email.

In the fax or letter, a school must include the:

- award year of the overpayment;
- student's social security number;
- student's last name, first name, and middle initial;
- student's date of birth;
- type of overpayment — Federal Pell Grant or FSEOG; and
- the disbursement date the institution used to create the overpayment record in NSLDS.

### ***Corrections or recalls of referred overpayments***

If you determine that a student who you have referred to Collections does not owe an overpayment or that the amount you referred was incorrect, you should fax or mail a letter explaining the situation to Collections.

**Important:** You should not send a revised referral form when making changes or corrections.

The letter, must include the –

- student's last name, first name, and middle initial;
- student's social security number;
- award year of the overpayment;
- disbursement date the institution used to create the overpayment record in NSLDS;
- amount originally referred; and
- description of the issue, and the requested action.

### ***When a student loses eligibility at a former school while receiving aid at a second school***

If a student who owes a Title IV overpayment due to a withdrawal from one school receives additional Title IV aid at another school (based upon the student's having entered into an agreement with either Borrower Services or the first school) and then fails to meet the requirements of the agreement, Borrower Services or the school, as appropriate, will update NSLDS to show that the student is no longer eligible due to his or her violation of the agreement. The NSLDS postscreening process will then cause a new ISIR record to be created and sent to all schools listed in the CPS record.

As noted above under *When a student receives additional funds during the 45-day period of extended eligibility*, the student loses eligibility as soon as he or she fails to meet the terms of the repayment agreement. The second school is not liable for any aid it disbursed after the student became ineligible but prior to being notified of the ineligibility via the NSLDS postscreening process.

As provided for in previous guidance (GEN-96-13, Q&A 13 and 15), once the school receives a record from NSLDS showing that a student is not eligible, it may no longer disburse Title IV aid to the student and must assist the Department in requiring the student to repay any funds he or she was not eligible to receive.

If a student who is receiving Title IV aid at an institution with which he or she has entered into a repayment agreement for a previous overpayment resulting from a withdrawal violates the terms of that agreement, the institution must immediately cease disbursing Title IV aid to the student. The school must immediately update the NSLDS record and refer the overpayment to Borrower Services.



## Post-Withdrawal Disbursement Tracking Sheet

Student's Name \_\_\_\_\_ Social Security Number \_\_\_\_\_

### Amount of Post-Withdrawal Disbursement

A. Amount from Box E of "Treatment of Title IV Funds When a Student Withdraws" Worksheet **A** \$ \_\_\_\_\_.

### Post-Withdrawal Disbursement Credited to Student's Account

B. Total outstanding charges on student's account **B** \$ \_\_\_\_\_.

C. Total amount of post-withdrawal disbursement credited to student's account

- Amount of post-withdrawal disbursement credited for tuition, fees, room and board (if student contracts with the institution) \$ \_\_\_\_\_
- Amount of post-withdrawal disbursement credited for other current charges + \$ \_\_\_\_\_
- Amount of post-withdrawal disbursement credited for minor prior year charges + \$ \_\_\_\_\_

Total Amount Credited to Account **C** \$ \_\_\_\_\_.

D. Student and/or parent authorization to credit account for other current charges or minor prior year charges (if necessary) obtained on \_\_\_\_/\_\_\_\_/\_\_\_\_

E. If a post-withdrawal disbursement of loan funds is credited to account, date of notification to student and/or parent \_\_\_\_/\_\_\_\_/\_\_\_\_

### Post-Withdrawal Disbursement Offered to Student/Parent

F. Total amount of post-withdrawal disbursement (Box A) – amount of post-withdrawal disbursement credited to student's account (Box C) = Total amount to offer to student/parent **F** \$ \_\_\_\_\_.

G. Notification sent to student and/or parent on \_\_\_\_/\_\_\_\_/\_\_\_\_

H. ☐ Response received from student/parent on \_\_\_\_/\_\_\_\_/\_\_\_\_

☐ Response not received

I. Amount accepted **I** \$ \_\_\_\_\_.

J. Accepted funds sent on \_\_\_\_/\_\_\_\_/\_\_\_\_

### Post-Withdrawal Disbursement Made From

Pell Grant _____	Subsidized FFEL/Direct Stafford Loan _____
FSEOG _____	Unsubsidized FFEL/Direct Stafford Loan _____
Other Title IV programs (grants) _____	Perkins Loan _____
	FFEL/Direct PLUS _____
	Other Title IV programs (loans) _____

12/29/99

## **SAMPLE SUMMARY OF THE REQUIREMENTS OF 34 CFR 668.22 (TO PROVIDE TO STUDENTS AS PART OF CONSUMER INFORMATION)**

### **Treatment of Title IV Aid When a Student Withdraws**

The law specifies how your school must determine the amount of Title IV program assistance that you earn if you withdraw from school. The Title IV programs that are covered by this law are: Federal Pell Grants, Stafford Loans, PLUS Loans, Federal Supplemental Educational Opportunity Grants (FSEOGs), Federal Perkins Loans and in some cases, certain state grant aid (LEAP/SLEAP), GEAR UP grants, and SSS grants to students.

When you withdraw during your payment period or period of enrollment (your school can define these for you and tell you which one applies) the amount of Title IV program assistance that you have earned up to that point is determined by a specific formula. If you received (or your school or parent received on your behalf) less assistance than the amount that you earned, you may be able to receive those additional funds. If you received more assistance than you earned, the excess funds must be returned by the school and/or you.

The amount of assistance that you have earned is determined on a pro rata basis. For example, if you completed 30% of your payment period or period of enrollment, you earn 30% of the assistance you were originally scheduled to receive. Once you have completed more than 60% of the payment period or period of enrollment, you earn all the assistance that you were scheduled to receive for that period.

If you did not receive all of the funds that you earned, you may be due a post-withdrawal disbursement. If the post-withdrawal disbursement includes loan funds, you may choose to decline the loan funds so that you don't incur additional debt. Your school may automatically use all or a portion of your post-withdrawal disbursement (including loan funds, if you accept them) for tuition, fees, and room and board charges (as contracted with the school). For all other school charges, the school needs your permission to use the post-withdrawal disbursement. If you do not give your permission (which some schools ask for when you enroll), you will be offered the funds. However, it may be in your best interest to allow the school to keep the funds to reduce your debt at the school.

There are some Title IV funds that you were scheduled to receive that you cannot *earn* once you withdraw because of other eligibility requirements. For example, if you are a first-time, first-year undergraduate student and you have not completed the first 30 days of your program before you withdraw, you will not earn any FFEL or Direct loan funds that you would have received had you remained enrolled past the 30th day.

If you receive (or your school or parent receive on your behalf) excess Title IV program funds that must be returned, your school must return a portion of the excess equal to the lesser of:

1. your institutional charges multiplied by the unearned percentage of your funds, or
2. the entire amount of excess funds.

The school must return this amount even if it didn't keep this amount of your Title IV program funds.

If your school is not required to return all of the excess funds, you must return the remaining amount. Any loan funds that you must return, you (or your parent for a PLUS Loan) repay in accordance with the terms of the promissory note. That is, you make scheduled payments to the holder of the loan over a period of time.

Any amount of unearned grant funds that you must return is called an *overpayment*. The amount of a grant overpayment that you must repay is half of the unearned amount. You must make arrangements with your school or the Department of Education to return the unearned grant funds.

The requirements for Title IV program funds when you withdraw are separate from any refund policy that your school may have. Therefore, you may still owe funds to the school to cover unpaid institutional charges. Your school may also charge you for any Title IV program funds that the school was required to return. If you don't already know what your school's refund policy is, you can ask your school for a copy. Your school can also provide you with the requirements and procedures for officially withdrawing from school.

If you have questions about your Title IV program funds, you can call the Federal Student Aid Information Center at 1-800-4-FEDAID (1-800-433-3243). TTY users may call 1-800-730-8913. Information is also available on *Student Aid on the Web* at [www.studentaid.ed.gov](http://www.studentaid.ed.gov).

# Student Overpayment due to Withdrawal Referral to ED/FSA Collections

SEND INFORMATION TO



Student Loan Processing Center-Overpayments

P.O. Box 4157

(903) 408-4595



FAX

Greenville, TX 75403

## Student Information

Name (Last, First, MI):

Address:

Telephone Numbers:

Social Security Number:

Date of Birth:

*If your Pell Reporting ID is different than your Pell Attended ID, please report both. Otherwise, just report the Pell Attended ID.*

Reporting School's Pell Identification Number

## Parent/Spouse Information

Name (Last, First, MI):

Address:

Telephone Numbers:

## School Information

Name of Contact:

Telephone Numbers:

Attended School's Pell Identification Number

## Disbursements and Repayments

### Federal Pell

### Federal SEOG

Award year in which overpayment was disbursed:

Total grant disbursement:

Dates of disbursement

(must match NSLDS overpayment record):

Date overpayment notice was required to be mailed:

Amount of grant for student to return  
(50% of initial calculation):

Total grant amount repaid by student to school:

Date of last payment to school, if any:

Total being referred for collection:

\*

\* If using individual or aggregate matching, report federal share only. Otherwise report total FSEOG.

## Withdrawal Dates for a School That Is Not Required to Take Attendance

Withdrawal Type	Circumstance	Student's Withdrawal Date <sup>1</sup>	Date of the Institution's Determination that the Student has Withdrawn
<b>Official Notification</b>	<p>The student begins the school's withdrawal process, or</p> <p>The student otherwise provides official notification to the school of intent to withdraw.</p>	<p>The date the student begins the school's withdrawal process, or</p> <p>The date that the student otherwise provides the notification.</p> <p>(If both circumstances occur, use the earlier withdrawal date.)</p>	The student's withdrawal date, or the date of notification, whichever is later.
<b>Official Notification Not Provided</b>	<p>Official notification not provided by the student because of circumstances beyond the student's control.</p> <p>All other instances where student withdraws without providing official notification.</p>	<p>The date that the school determines is related to the circumstance beyond the student's control.</p> <p>The midpoint of the payment period or period of enrollment, as applicable.</p>	The date that the school becomes aware that the student has ceased attendance. <sup>2</sup>
<b>Leave of Absence Related</b>	<p>The student does not return from an approved leave of absence, or</p> <p>The student takes an unapproved leave of absence.</p>	The date that the student began the leave of absence.	The earliest of the dates of the end of the leave of absence or the date the student notifies the school he or she will not be returning to that school. (In the case of an unapproved absence, the date that the student began the leave of absence.)
<b>Withdrawal After Rescission of Official Notification</b>	The student withdraws after rescinding a previous official notification of withdrawal.	The student's original withdrawal date from the previous official notification.	The date the school becomes aware that the student did not, or will not, complete the payment period or period of enrollment.

<sup>1</sup> In place of the dates listed, a school may always use as a student's withdrawal date the student's last date of attendance at an academically related activity, if the school documents that the activity is academically related and that the student attended the activity.

<sup>2</sup> For a student who withdraws without providing notification to the school, the school must determine the withdrawal date no later than 30 days after the end of the earlier of the (1) payment period or period of enrollment (as appropriate), (2) academic year, or (3) educational program.

## Return of Title IV Funds Requirements and Deadlines

Party Responsible	Requirement	Deadline
School	<b>Determining withdrawal date</b> for student who withdraws without providing notification	30 days after the end of the earlier of: <ul style="list-style-type: none"> <li>• Payment or enrollment period</li> <li>• Academic year in which student withdrew</li> <li>• Educational program from which student withdrew</li> </ul>
School	<b>Return of unearned Title IV funds</b>	As soon as possible, but no later than 30 days after date school determined student withdrew
School	<b>Post-withdrawal disbursement to student's account for:</b> <ul style="list-style-type: none"> <li>• Outstanding current (allowable) charges (tuition and fees, room and board, etc.)</li> <li>• Minor (e.g., under \$100) prior year charges that the school has authorization to retain</li> </ul>	As soon as possible, but no later than 120 days of date school determined student withdrew, in accordance with requirements for disbursing Title IV funds 34 CFR 668.164
School	<b>Written notification providing student (or parent) providing opportunity to cancel all/part of loan,</b> for post-withdrawal disbursements of loan funds (Perkins, FFEL, Direct Loan, or PLUS) to student's account	Within 30 days of disbursement of loan funds, in accordance with requirements for notifications and authorizations 34 CFR 668.165
School	<b>Written notification of student's eligibility for post-withdrawal disbursement in excess of outstanding current (educationally related) charges</b>	Within 30 days of date school determined student withdrew
School	<b>Post-withdrawal disbursement to student</b> for earned Title IV funds in excess of outstanding current (educationally related) charges	As soon as possible, but no later than 120 days of date school determined student withdrew
School	<b>Notification to student (or parent) of outcome of late request for a post-withdrawal disbursement to student</b> (request received by school after the 14-day period and school chooses not to make disbursement)	Not specified, but as soon as possible
School	<b>Notification to student of grant overpayment</b>	Within 30 days of date school determined student withdrew
School	<b>Referral of student to Collections</b> , if student does not pay overpayment in full, does not enter into repayment agreement, or fails to meet terms of repayment agreement	Not specified, but as soon as possible
Student (or parent)	<b>Submit response instructing school to make post-withdrawal disbursement</b>	Within 14 days of date school sent notification
Student	<b>Return of unearned Title IV funds</b>	Loans - according to terms of the loan Grants - within 45 days of earlier of date school sent, or was required to send notice



## Return of Title IV Funds Requirements for Notification

Party Responsible	Notification	Requirements
School	<b>Report of student to NSLDS</b> if student does not pay overpayment in full, does not enter into repayment agreement, or fails to meet terms of repayment agreement	No later than 45 days from the date student is notified of overpayment
School	<b>Consumer Information</b>	<ul style="list-style-type: none"> <li>• School's withdrawal policy</li> <li>• School's refund policy</li> <li>• Office(s) designated to receive official notifications of intent to withdraw</li> <li>• Requirements regarding return of Title IV funds</li> </ul>
School	<b>Written notification of student's eligibility for post-withdrawal disbursement of funds in excess of outstanding current educationally related charges</b>	<ul style="list-style-type: none"> <li>• Identify type and amount of Title IV funds that make up post-withdrawal disbursement not credited to student's account</li> <li>• Explain that student or parent may accept all or part of disbursement</li> <li>• Advise student or parent that no post-withdrawal disbursement will be made unless school receives response within 14 days of date school sent notice</li> </ul>
School	<b>Response (written or electronic) to late request for post-withdrawal disbursement (that school chooses not to make)</b>	<ul style="list-style-type: none"> <li>• Outcome of request</li> </ul>
School	<b>Repayment Agreement</b>	<ul style="list-style-type: none"> <li>• Terms permitting student to repay overpayment while maintaining eligibility for Title IV funds</li> <li>• Repayment in full within 2 years of date school determined student withdrew</li> </ul>



## Treatment of Title IV Funds When a Student Withdraws from A Clock Hour Program

Student's Name \_\_\_\_\_ Social Security Number \_\_\_\_\_

Date Form Completed \_\_\_\_/\_\_\_\_/\_\_\_\_ Date of the institution's determination that the student withdrew \_\_\_\_/\_\_\_\_/\_\_\_\_

Period used for calculation (check one) ☐ payment period ☐ period of enrollment

Monetary amounts should be in dollars and cents (rounded to the nearest penny). Round to three decimal places when calculating percentages. For example, .4486 would be .449, or 44.9%.

### STEP 1: Student's Title IV Aid Information

	Net Amount Disbursed	Net Amount That Could Have Been Disbursed		Amount Disbursed	Amount That Could Have Been Disbursed
1. Unsubsidized FFEL/Direct Stafford Loan	_____	_____	5. Pell Grant	_____	_____
2. Subsidized FFEL/Direct Stafford Loan	_____	_____	6. FSEOG	_____	_____
3. Perkins Loan	_____	_____	7. Other Title IV programs*	_____	_____
4. FFEL/Direct PLUS	_____	_____	<small>*Do not include FWS.</small>		

A. Total Title IV aid disbursed (NOT aid that could have been disbursed) for the payment period or period of enrollment A \$ \_\_\_\_\_.

B. Total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment B \$ \_\_\_\_\_.

### STEP 2: Percentage of Title IV Aid Earned

C. • Withdrawal date \_\_\_\_/\_\_\_\_/\_\_\_\_

- Percentage of payment period or period of enrollment completed

**Calculation 1** - Determine the clock hours completed\* in the payment period or period of enrollment divided by the total clock hours in the payment period or period of enrollment

$$\frac{\boxed{\text{completed hours}}}{\boxed{\text{total hours}}} = \text{_____ \%}$$

If this percentage is greater than 60%, enter 100% in Box C and proceed to Step 3.

If this percentage is less than or equal to 60%, proceed to Calculation 2.

**Calculation 2** - Determine the clock hours completed\* in the payment period or period of enrollment divided by the clock hours scheduled to be completed as of the date the student withdrew.

$$\frac{\boxed{\text{completed hours}}}{\boxed{\text{scheduled to complete}}} = \text{_____ \%}$$

If this amount is less than 70%, enter the percentage from Calculation 1 in Box C and proceed to Step 3. If this amount is 70% or greater, determine the clock hours scheduled to be completed as of the date the student withdrew divided by the total clock hours in the payment period or period of enrollment and enter this amount in Box C (this amount may be greater than 60%).

\*Excused absences do NOT count as completed hours.

$$\frac{\boxed{\text{scheduled to complete}}}{\boxed{\text{total hours}}} = \text{_____ \%}$$
C \_\_\_\_\_ %

### STEP 3: Amount of Title IV Aid Earned by the Student

D. Percentage of Title IV aid earned (Box C) x the total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment (Box B)

$$\boxed{\text{Box C}} \% \times \boxed{\text{Box B}} = \text{_____}$$
D \$ \_\_\_\_\_.

### STEP 4: Total Title IV Aid to be Disbursed or Returned

If the amount in Box D is greater than the amount in Box A, go to item E. If the amount in Box A is greater than the amount in Box D, go to item F. **If the amounts in Boxes A and D are equal, STOP. No further action is necessary.**

12/29/99





**Student's Name** \_\_\_\_\_ **Social Security Number** \_\_\_\_\_

### STEP 5: Amount of Unearned Title IV Aid Due from the SCHOOL

G. Institutional charges for the payment period or period of enrollment

Tuition and Fees \_\_\_\_\_ Board \_\_\_\_\_ Other \_\_\_\_\_  
 Room \_\_\_\_\_ Other \_\_\_\_\_ Other \_\_\_\_\_

Total Institutional Charges **G** \$ \_\_\_\_\_ .

H. Percentage of Title IV aid unearned (100% - Box C) **H** \_\_\_\_\_ . %

I. Multiply institutional charges for the payment period or period of enrollment (Box G) times the percentage of Title IV aid unearned (Box H).

\_\_\_\_\_ x \_\_\_\_\_ % = **I** \$ \_\_\_\_\_ .  
 Box G Box H

J. Compare the amount of Title IV aid to be returned (Box F) to Box I and enter the lesser amount. **J** \$ \_\_\_\_\_ .

### STEP 6: Return of Funds by the SCHOOL

The school must return the unearned aid for which the school is responsible (Box J) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.

	Amount for School to Return		Amount for School to Return
1. Unsubsidized FFEL/Direct Stafford Loan	_____	5. Pell Grant	_____
2. Subsidized FFEL/Direct Stafford Loan	_____	6. FSEOG	_____
3. Perkins Loan	_____	7. Other Title IV programs	_____
4. FFEL/Direct PLUS	_____		

### STEP 7: Initial Amount of Unearned Title IV Aid Due from the STUDENT

K. Subtract the amount of Title IV aid due from the school (Box J) from the amount of Title IV aid to be returned (Box F).

\_\_\_\_\_ - \_\_\_\_\_ = **K** \$ \_\_\_\_\_ .  
 Box F Box J

### STEP 8: Return of Funds by the STUDENT

The student (or parent for a PLUS loan) must return unearned aid for which the student is responsible (Box K) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source, after subtracting the amount the school will return. Amounts to be returned to grants are reduced by 50%.

	Amount for Student to Return		Initial Amount to Return		Amount for Student to Return
1. Unsubsidized FFEL/Direct Stafford Loan*	_____	5. Pell Grant	_____	x 50%=	_____
2. Subsidized FFEL/Direct Stafford Loan*	_____	6. FSEOG	_____	x 50%=	_____
3. Perkins Loan*	_____	7. Other Title IV programs	_____		
4. FFEL/Direct PLUS*	_____	(x 50% for grant funds)			

\*Loan amounts are returned in accordance with the terms of the promissory note. No further action is required other than notification to the holder of the loan of the student's withdrawal date.



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# Case Studies in Withdrawals and the Return of Title IV Aid

*On the pages that follow, you will find examples of the withdrawal calculations performed for students enrolled in various types of programs and institutions. By reviewing these case studies, you can gain additional insight into the process of Returning Title IV funds.*

Case Study 1 – *A student attending a semester-based community college, receiving grants and due a post-withdrawal disbursement.*

Case Study 2 – *Treatment of LEAP funds at a semester-based community college with a scheduled break.*

Case Study 3 – *Treatment of loans and LEAP funds for a student enrolled in a clock-hour program.*

Case Study 4 – *A student attending a four-year public university offering classes in trimesters is receiving grants and work-study.*

Case Study 5 – *Treatment of partially disbursed loans at a four-year, semester-based private school.*

Case Study 6 – *When both the school and the student must return grant funds.*

Case Study 7 – *Aid included as Aid that could have been disbursed when a school performs the Return calculation on an enrollment period basis.*



## CASE STUDY 1: PENNY JONES, PART 1

Calculating the return of Title IV funds for a student attending a two-year community college (semester) and receiving grants (partially disbursed).

### Learning Objectives

Learn to complete Steps 1 – 4 of the Worksheet *Treatment of Title IV Funds when a Student Withdraws from a Credit-Hour Program*, and be able to:

- identify the basic information needed to complete the worksheet, including the withdrawal date and date of the institution’s determination that the student withdrew;
- calculate the percentage of the period the student completed;
- calculate both the percentage and the amount of Title IV aid earned by the student;
- determine either that the student is due a post-withdrawal disbursement (PWD) of Title IV aid or that Title IV aid must be returned; and
- determine the amount of the PWD or return as well as the additional steps required.

#### SCHOOL PROFILE

Everyone Should Have an Education Community College is a two-year, public, residential, credit-hour institution.

Academic Year/Program	2 semesters 32 weeks
Period	16 weeks 110 calendar days
Period Start Date	August 23
5 Consecutive Day Break	No (no Sat. – Sun. classes)
Required to Take Attendance	No
Method for Matching FSEOG	Fund-specific

**STUDENT PROFILE**

Penny Jones is a first-year student who was home-schooled in Virginia. Charges to her account for the first semester are as follows:

Tuition and fees	\$	1,000.00/16 week semester
Room and Board	\$	2,250.00/16 week semester
Books and Supplies	\$	400.00/16 week semester
Health Insurance	\$	250.00/academic year

Balances remaining on Penny's account include:

Health Insurance	\$	250.00
Books & Supplies	\$	400.00
Room & Board	\$	1,250.00

School Authorized to Credit  
Account for Other Charges: Yes (all charges)

Penny's financial aid package included the following annual awards:

Pell Grant	\$	3,125.00
FSEOG	\$	1,500.00
State Grants	\$	1,000.00
Institutional Awards	\$	1,500.00

**Discussion**

On the first day of the fall semester, August 23, Penny received the following disbursements to her student account:

Pell Grant	\$	0.00
FSEOG	\$	750.00
State Grants (not funded by LEAP)	\$	500.00
Institutional Awards	\$	750.00

Although Penny is grateful for the assistance, she is concerned about how her total costs for the 15 credit hours she is taking this semester and her room and board are going to be covered.

Tuition and Fees	\$	1,000.00
Room and Board	\$	2,250.00
Health Insurance	\$	250.00
Books voucher good only at ESHECC campus bookstore	\$	400.00

On October 8, Penny came by your office to advise that she doesn't think she is doing very well and is considering dropping out prior to November 1, the last day to withdraw from classes without academic penalty. To help her make a decision, she requests information on the withdrawal process. You are fairly certain that Penny is having a hard time adjusting to college life and want to encourage her to hang in until the end of the semester, December 10. However, because you're in the midst of trying to resolve your problems reporting Pell origination records (so that you then can make Pell disbursements, including Penny's \$1,562.50 disbursement), you don't have time at the moment to talk to her. You ask her to set an appointment to see you the following week, on October 13.

When Penny comes to see you on October 13, she confesses that the last class she attended was on September 30. Because she doesn't see how she can get caught up on the work she's missed, she is adamant about withdrawing, so you give her instructions on completing the college's official withdrawal process and advise her where she can get the appropriate form. Finally, you remind her that the school's policy is that the date of withdrawal is the date the student turns in the signed form (which she did on October 15).

Let's review some basic information about Penny as well as our learning objectives for this case. Penny attended a two-year community college, which was on the semester system. Students earned academic credits based on credit hours taken. Before withdrawing, Penny received her FSEOG disbursement, but not her Pell Grant.

The first thing we'll need to do is to decide on the date of the school's determination that Penny withdrew. Then, we'll complete Step 1: Student's Title IV Aid Information, which includes:

- Title IV aid disbursed, and
- Title IV aid disbursed plus Title IV aid that could have been disbursed.

## **Solution**

The date of the institution's determination is the date you were advised by Penny that she had decided to withdraw. On the earlier date, October 8, she was only thinking about withdrawing. Date of the institution's determination that the student withdrew = October 13.

### **Step 1: Student's Title IV Aid Information**

- A.** Although Penny also received disbursements of state and institutional aid, only Title IV aid is considered in the return of funds calculation. Also, because Penny's school uses the fund-specific method (depositing the institutional match into the school's FSEOG account), the nonfederal share is used in the calculation. Title IV aid disbursed = \$750.00.

FSEOG	\$ 750.00
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- B.** Because of your problems reporting Pell origination records, Penny's Pell Grant had not been disbursed yet. But, she was eligible for the disbursement, so the amount of the Pell Grant that could have been disbursed is included in the total. Total Title IV aid disbursed plus Title IV aid that could have been disbursed = \$2,312.50.

FSEOG	\$ 750.00
Pell Grant	\$ 1,562.50

### Step 2: Percentage of Title IV Aid Earned

1. Withdrawal date = October 13

**Note:** Since ESHECC is not required by an outside entity to take attendance, the withdrawal date is the date Penny provided official notice of intent to withdraw—October 13. (Note that the school's policy that the withdrawal date is the date the student turns in the signed withdrawal form—which she did on October 15—is superseded by federal requirements for a student receiving Title IV aid.) Although Penny stopped attending classes on September 30, she didn't notify the school (begin the process) until October 13. Remember when she came to see the FAO on October 8, she was only thinking about withdrawing. Note that the school could have documented a last date of attendance at an academically-related activity and used that as her withdrawal date if it so chose.

2. Payment period start date = August 23

3. Payment period end date = December 10

4. Percentage of payment period completed:

- Since the student attended a credit-hour school, the percentage of aid completed is calculated by dividing the number of calendar days completed by the total number of calendar days in the payment period. Number of calendar days completed in payment period = 52 calendar days.
- Because the semester does not include a scheduled break of 5 or more consecutive days, all of the calendar days in the period from August 23 to December 10 are counted. Number of calendar days in payment period = 110 calendar days.
- $52 \text{ days} / 110 \text{ days} = .4727$ , rounded to .473, or 47.3%. Percentage of payment period completed = 47.3%.

C. Percentage of payment period completed (47.3%), up to and including 60%; otherwise, if greater than 60%, then 100%. Percentage of Title IV aid earned = 47.3%.

### Step 3: Amount of Title IV Aid Earned by the Student

- D.  $47.3\% (\% \text{ of Title IV aid earned from item C}) \times \$2,312.50$  (total Title IV aid disbursed plus Title IV aid that could have been disbursed from item B) = \$1,093.812, rounded to \$1,093.81. Amount of Title IV aid earned by the student = \$1,093.81.

### Step 4: Total Title IV Aid to Be Disbursed or Returned

- E. Because the total aid earned (item D) is greater than the total aid disbursed (item A), Penny is due a post-withdrawal disbursement.  $\$1,093.81$  (item D) –  $\$750.00$  (item A) = \$343.81. Post-withdrawal disbursement = \$343.81.

If a post-withdrawal disbursement is due the student, the next step is to complete the Post-Withdrawal Disbursement Tracking Sheet.

- F. Title IV aid to be returned = N/A.



## Treatment of Title IV Funds When a Student Withdraws from a Credit Hour Program

Student's Name Penny Jones Social Security Number Case Study 1

Date Form Completed      /      /      Date of the institution's determination that the student withdrew 10 / 13 /

Period used for calculation (check one) ☒ payment period ☐ period of enrollment

Monetary amounts should be in dollars and cents (rounded to the nearest penny). Round to three decimal places when calculating percentages. For example, .4486 would be .449, or 44.9%.

### STEP 1: Student's Title IV Aid Information

	Net Amount Disbursed	Net Amount That Could Have Been Disbursed	Amount Disbursed	Amount That Could Have Been Disbursed
1. Unsubsidized FFEL/Direct Stafford Loan	_____	_____	_____	<u>\$1,562.50</u>
2. Subsidized FFEL/Direct Stafford Loan	_____	_____	<u>\$750.00</u>	_____
3. Perkins Loan	_____	_____	_____	_____
4. FFEL/Direct PLUS	_____	_____	_____	_____
5. Pell Grant	_____	_____	_____	_____
6. FSEOG	_____	_____	_____	_____
7. Other Title IV programs*	_____	_____	_____	_____
* Do not include FWS.				

A. Total Title IV aid disbursed (NOT aid that could have been disbursed) for the payment period or period of enrollment A \$ 750.00

B. Total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment B \$ 2,312.50

### STEP 2: Percentage of Title IV Aid Earned

C. • If school is not required to take attendance and student withdrew without notification, enter 50% in Box C and proceed to Step 3 OR school may enter a last date of attendance at an academically-related activity for "withdrawal date" and proceed from there.

• Withdrawal date 10 / 13 / Payment period/period of enrollment start date 8 / 23 / end date 12 / 10 /

• Percentage of payment period or period enrollment completed

Determine the calendar days completed in the payment period or period of enrollment divided by the total calendar days in the payment period or period of enrollment (exclude scheduled breaks of 5 days or more AND days that a student was on approved leaves of absence).

$$\frac{\boxed{52} \text{ completed days}}{\boxed{110} \text{ total days}} = \boxed{47.3} \%$$

If this amount is less than or equal to 60%, enter this amount in Box C. If this amount is greater than 60% (with or without rounding), enter 100% in Box C.

C 47.3%

### Step 3: Amount of Title IV Aid Earned by the Student

D. Percentage of Title IV aid earned (Box C) x the total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment (Box B)

$$\frac{\boxed{47.3\%} \text{ Box C}}{\text{Box B}} \times \frac{\boxed{\$ 2,312.50} \text{ Box B}}{\text{Box B}} = \text{D } \boxed{\$ 1,093.81}$$

### Step 4: Total Title IV Aid to be Disbursed or Returned

If the amount in Box D is greater than the amount in Box A, go to item E. If the amount in Box A is greater than the amount in Box D, go to item F. **If the amounts in Boxes A and D are equal, STOP. No further action is necessary.**

E. **Post-withdrawal disbursement.** Subtract Title IV aid disbursed for the payment period or period of enrollment (Box A) from the amount of Title IV aid earned (Box D). This is the amount of the post-withdrawal disbursement due. Stop here and go to the post-withdrawal disbursement tracking sheet.

$$\frac{\boxed{\$ 1,093.81} \text{ Box D}}{\text{Box D}} - \frac{\boxed{\$ 750.00} \text{ Box A}}{\text{Box A}} = \text{E } \boxed{\$ 343.81}$$

F. **Title IV aid to be returned.** Subtract the amount of Title IV aid earned (Box D) from Title IV aid disbursed for the payment period or period of enrollment (Box A). This is the amount of Title IV aid that must be returned.

$$\frac{\boxed{\phantom{000000}} \text{ Box A}}{\text{Box A}} - \frac{\boxed{\phantom{000000}} \text{ Box D}}{\text{Box D}} = \text{F } \boxed{\$ \phantom{000000}}$$

**Post-Withdrawal Disbursement Tracking Sheet**Student's Name Penny Jones Social Security Number Case Study 1**Amount of Post-Withdrawal Disbursement**A. Amount from Box E of "Treatment of Title IV Funds When a Student Withdraws" Worksheet A 

\$ 343.81
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**Post-Withdrawal Disbursement Credited to Student's Account**B. Total outstanding charges on student's account B 

\$ 1,900.00
-------------

C. Total amount of post-withdrawal disbursements credited to student's account

- Amount of post-withdrawal disbursement credited for tuition, fees, room and board (if student contracts with the institution) \$ 343.81
- Amount of post-withdrawal disbursement credited for other current charges + \$ 0.00
- Amount of post-withdrawal disbursement credited for minor prior year charges + \$ 0.00

Total Amount Credited to Account C 

\$ 343.81
-----------

D. Student and/or parent authorization to credit account for other current charges or minor prior year charges (if necessary) obtained on    /   /   E. If a post-withdrawal disbursement of loan funds is credited to account, date of notification to student and/or parent    /   /   **Post-Withdrawal Disbursement Offered to Student/Parent**F. Total amount of post-withdrawal disbursement (Box A) – amount of post-withdrawal disbursement credited to student's account (Box C) = Total amount to offer to student/parent F 

\$ 0.00
---------

G. Notification sent to student and/or parent on    /   /   H. ☐ Response received from student/parent on    /   /   ☐ Response not receivedI. Amount accepted I 

\$ .
------

J. Accepted funds sent on    /   /   **Post-Withdrawal Disbursement Made From**Pell Grant \$343.81 Subsidized FFEL/Direct Stafford Loan                     FSEOG                      Unsubsidized FFEL/Direct Stafford Loan                     Other Title IV programs (grants)                      Perkins Loan                     FFEL/Direct PLUS                     Other Title IV programs (loans)

## CASE STUDY 2: PENNY JONES, PART 2

### Treatment of other aid consisting of federal funds when calculating the return of Title IV funds.

#### Discussion

Penny is the same student as in Case Study 1. The differences to the scenario are that Penny lives at home, all of her Title IV aid was disbursed prior to her withdrawal, her \$1000 state grant consists of 50% LEAP funds, and the fall semester has a scheduled break that runs Monday, October 18, through Friday, October 22.

#### Solution

Date of the institution's determination that the student withdrew = October 13

#### Step 1: Student's Title IV Aid Information

- A. Because the state grant consists of 50% LEAP funds, it must be included in the calculation. Remember, aid consisting in any part of identified Title IV funds (e.g., LEAP) is included in the calculation. Title IV aid disbursed = \$2,812.50.

Pell Grant	\$ 1,562.50
FSEOG	\$ 750.00
State Grant	\$ 500.00

- B. All her aid was disbursed. Total Title IV aid disbursed plus Title IV aid that could have been disbursed = \$2,812.50

#### Step 2: Percentage of Title IV Aid Earned

1. The withdrawal date stays the same. Withdrawal date = October 13.
  2. Payment period start date = August 23.
  3. Payment period end date = December 10.
  4. Percentage of payment period completed.
- The number of calendar days completed remains the same. (Penny withdrew before the scheduled fall break.) Number of calendar days completed in payment period = 52 calendar days.
  - Because the semester includes a scheduled break of at least five consecutive days, not all of the calendar days in the period are counted. In this situation, the break begins on Monday and ends on Friday, and there are no classes on Saturday and Sunday. So, in addition to excluding the 5-day break from the count of calendar days, we also exclude both weekends immediately preceding and following the break (in this case, a total of 9 days). Number of calendar days in payment period = 101.
  - $52 \text{ days} \div 101 \text{ days} = .5148$ , rounded to .515, or 51.5%. Percentage of payment period completed = 51.5%.



- C. Percentage of Title IV aid earned = 51.5%. [Item C (51.5%) up to and including 60%; otherwise, if greater than 60%, then 100%.]

### Step 3: Amount of Title IV Aid Earned by Student

- D.  $51.5\%$  (% of Title IV aid earned from item C) X \$2,812.50 (total Title IV aid disbursed plus Title IV aid that could have been disbursed from item B) = \$1,448.437, rounded to \$1,448.44.  
Amount of Title IV aid earned by student = \$1,448.44.

### Step 4: Total Title IV Aid to be Disbursed or Returned

- E. Because the total Title IV aid earned (item D) is less than the aid disbursed (item A), no post-withdrawal disbursement is due and we proceed to item F. Post-withdrawal disbursement = N/A.
- F. Because the total aid disbursed (item A) is greater than the total aid earned (item D), Title IV aid will need to be returned.  $\$2,812.50$  (item A) –  $\$1,448.44$  (item D) =  $\$1,364.06$ .  
Title IV aid to be returned = \$1,364.06.

### Step 5: Amount of Unearned Title IV Aid Due from the School

- G. Penny was not on campus in this scenario. Institutional charges for the payment period or period of enrollment = \$1,400.00.

Tuition and fees	\$1,000.00
Books and Supplies	\$ 400.00

- H. Subtract % Title IV aid earned (item C) from 100% ( $100\% - 51.5\% = 48.5\%$ ). Percentage of Title IV aid unearned = 48.5%.
- I. First, calculate the amount of unearned institutional charges: \$1,400.00 (institutional charges from item G) X 48.5% (% Title IV aid unearned from item H) = \$679.00 (no rounding needed). Amount of unearned institutional charges = \$679.00.
- J. Then, compare the amount of Title IV aid to be returned (item F) to unearned institutional charges (item I) and enter the lesser amount for item J.

Item F =	\$1,364.06
Item I =	\$ 679.00

Amount of unearned Title IV aid due from the school = \$679.00

### Step 6: Return of Funds by the School

No funds are returned to FSEOG and the LEAP grant, since the total Title IV aid returned does not exceed the amount of Pell funds received. Return of funds by the School:

Pell Grant	\$679.00
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**Step 7: Initial Amount of Unearned Title IV Aid Due from Student**

- K.** Subtract the amount of Title IV aid that the school must return from the total amount of Title IV aid that is to be returned. \$1,364.06 (item F) – \$679.00 (item J) = \$685.06.  
Initial amount = \$685.06,

**Step 8: Return of Funds by the Student**

Initial amount to return multiplied by 50%.  $\$685.06 \times 50\% = \$342.53$  (no rounding needed). Return of funds by the student:

Pell Grant	\$342.53
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## Treatment of Title IV Funds When a Student Withdraws from a Credit Hour Program

Student's Name Penny Jones Social Security Number Case Study 2

Date Form Completed     /     /     Date of the institution's determination that the student withdrew 10 / 13 /

Period used for calculation (check one) ☒ payment period ☐ period of enrollment

Monetary amounts should be in dollars and cents (rounded to the nearest penny). Round to three decimal places when calculating percentages. For example, .4486 would be .449, or 44.9%.

### STEP 1: Student's Title IV Aid Information

	Net Amount Disbursed	Net Amount That Could Have Been Disbursed		Amount Disbursed	Amount That Could Have Been Disbursed
1. Unsubsidized FFEL/Direct Stafford Loan	<u>                    </u>	<u>                    </u>	5. Pell Grant	<u>\$1,562.50</u>	<u>                    </u>
2. Subsidized FFEL/Direct Stafford Loan	<u>                    </u>	<u>                    </u>	6. FSEOG	<u>\$ 750.00</u>	<u>                    </u>
3. Perkins Loan	<u>                    </u>	<u>                    </u>	7. Other Title IV programs*	<u>\$ 500.00</u>	<u>                    </u>
4. FFEL/Direct PLUS	<u>                    </u>	<u>                    </u>	*Do not include FWS.		

A. Total Title IV aid disbursed (NOT aid that could have been disbursed) for the payment period or period of enrollment A \$ 2,812.50

B. Total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment B \$ 2,812.50

### STEP 2: Percentage of Title IV Aid Earned

C. • If school is not required to take attendance and student withdrew without notification, enter 50% in Box C and proceed to Step 3 OR school may enter a last date of attendance at an academically-related activity for "withdrawal date" and proceed from there.

• Withdrawal date 10 / 13 / Payment period/period of enrollment start date 8 / 23 / end date 12 / 10 /

• Percentage of payment period or period enrollment completed

Determine the calendar days completed in the payment period or period of enrollment divided by the total calendar days in the payment period or period of enrollment (exclude scheduled breaks of 5 days or more AND days that a student was on approved leaves of absence).

$$\frac{\boxed{52} \text{ completed days}}{\boxed{101} \text{ total days}} = \boxed{51.5} \%$$

If this amount is less than or equal to 60%, enter this amount in Box C. If this amount is greater than 60% (with or without rounding), enter 100% in Box C.

C 51.5%

### Step 3: Amount of Title IV Aid Earned by the Student

D. Percentage of Title IV aid earned (Box C) x the total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment (Box B)

$$\frac{\boxed{51.5\%} \text{ Box C}}{\text{Box C}} \times \frac{\boxed{\$ 2,812.50} \text{ Box B}}{\text{Box B}} = \text{D} \quad \boxed{\$ 1,448.44}$$

### Step 4: Total Title IV Aid to be Disbursed or Returned

If the amount in Box D is greater than the amount in Box A, go to item E. If the amount in Box A is greater than the amount in Box D, go to item F. **If the amounts in Boxes A and D are equal, STOP. No further action is necessary.**

E. **Post-withdrawal disbursement.** Subtract Title IV aid disbursed for the payment period or period of enrollment (Box A) from the amount of Title IV aid earned (Box D). This is the amount of the post-withdrawal disbursement due. Stop here and go to the post-withdrawal disbursement tracking sheet.

$$\boxed{\text{Box D}} - \boxed{\text{Box A}} = \text{E} \quad \boxed{\$ \quad .}$$

F. **Title IV aid to be returned.** Subtract the amount of Title IV aid earned (Box D) from Title IV aid disbursed for the payment period or period of enrollment (Box A). This is the amount of Title IV aid that must be returned.

$$\boxed{\$2,812.50} \text{ Box A} - \boxed{\$1,448.44} \text{ Box D} = \text{F} \quad \boxed{\$ 1,364.06}$$

Student's Name Penny Jones Social Security Number Case Study 2**STEP 5: Amount of Unearned Title IV Aid Due from the SCHOOL**

G. Institutional charges for the payment period or period of enrollment

Tuition and Fees	<u>\$1,000.00</u>	Board	_____	Other	_____	
Room	_____	Other	<u>\$400.00</u>	Other	_____	
Total Institutional Charges						<b>G</b> <span style="border: 1px solid black; padding: 2px;">\$ 1,400.00</span>

H. Percentage of Title IV aid unearned (100% - Box C)	<b>H</b> <span style="border: 1px solid black; padding: 2px;">48.5%</span>
---	--

I. Multiply institutional charges for the payment period or period of enrollment (Box G) times the percentage of Title IV aid unearned (Box H).

<span style="border: 1px solid black; padding: 2px;">\$1,400.00</span>	X	<span style="border: 1px solid black; padding: 2px;">48.5%</span>	=	
Box G		Box H		<b>I</b> <span style="border: 1px solid black; padding: 2px;">\$ 679.00</span>

J. Compare the amount of Title IV aid to be returned (Box F) to Box I and enter the lesser amount.	<b>J</b> <span style="border: 1px solid black; padding: 2px;">\$ 679.00</span>
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**STEP 6: Return of Funds by the SCHOOL**

The school must return the unearned aid for which the school is responsible (Box J) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.

	Amount for School to Return		Amount for School to Return
1. Unsubsidized FFEL/Direct Stafford Loan	_____	5. Pell Grant	<u>\$679.00</u>
2. Subsidized FFEL/Direct Stafford Loan	_____	6. FSEOG	_____
3. Perkins Loan	_____	7. Other Title IV programs	_____
4. FFEL/Direct PLUS	_____		

**STEP 7: Initial Amount of Unearned Title IV Aid Due from the STUDENT**

K. Subtract the amount of Title IV due from the school (Box J) from the amount of Title IV to be returned (Box F).

<span style="border: 1px solid black; padding: 2px;">\$1,364.06</span>	-	<span style="border: 1px solid black; padding: 2px;">\$679.00</span>	=	
Box F		Box J		<b>K</b> <span style="border: 1px solid black; padding: 2px;">\$ 685.06</span>

**STEP 8: Return of Funds by the STUDENT**

The student (or parent for a PLUS loan) must return unearned aid for which the student is responsible (Box K) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source, after subtracting the amount the school will return. Amounts to be returned to grants are reduced by 50%.

	Amount for Student to Return		Initial Amount to Return		Amount for Student to Return
1. Unsubsidized FFEL/Direct Stafford Loan*	_____	5. Pell Grant	<u>\$685.06</u>	x 50% =	<u>\$342.53</u>
2. Subsidized FFEL/Direct Stafford Loan*	_____	6. FSEOG	_____	x 50% =	_____
3. Perkins Loan*	_____	7. Other Title IV programs	_____		_____
4. FFEL/Direct PLUS*	_____	(x 50% for grant funds)			

\*Loan amounts are returned in accordance with the terms of the promissory note. No further action is required other than notification to the holder of the loan of the student's withdrawal date.

## CASE STUDY 3: HARRY SPRINGER

Calculating the return of Title IV funds for a student who received loans and is attending a proprietary (clock-hour) school.

### Learning Objectives

- Calculate ratio of completed clock hours to scheduled clock hours.
- Calculate percentages of Title IV aid earned and unearned based on clock hours.
- Determine withdrawal date for student who did not provide notification of intent to withdraw.

#### School Profile

Quality Tech School (QTS) is a proprietary, clock-hour institution

Academic Year/Program	900 clock hours 30 weeks
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Period	450 clock hours 15 weeks
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Period Start Date	September 7
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Period End Date	December 22
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5 Consecutive Day Break	No
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Taking Attendance Required	Yes
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Method for Matching FSEOG	Fund-specific
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**STUDENT PROFILE**

Harry Springer enrolled at QTS for a fall term consisting of 450 clock hours over 15 weeks. Charges to his account are as follows:

Tuition and Fees	\$	1,750.00/15 week period
Room and Board		(nonresidential school)
Books and Supplies	\$	250.00/15 week period
Student Account Balance	\$	250.00

Balances remaining on Harry's account include:

Books and Supplies	\$	250.00
--------------------	----	--------

School authorized to credit  
account for other charges: Yes (all charges)

Harry Springer was eligible for the following annual awards:

Net Subsidized Stafford Loan	\$	2,000.00
Perkins Loan	\$	1,500.00
Institutional Awards	\$	1,000.00

**Discussion**

Harry's student account was credited with both Stafford and Perkins loan disbursements for the fall period. However, the disbursement of the institutional grant was placed on hold until Harry turned in the required form. Also, Harry did not live on campus but was charged \$250.00 for books, which had to be purchased at QTS' campus store.

Everything seemed to be going very well for Harry—until fall break. Due to personal problems, Harry didn't return to QTS, and he didn't bother to let anyone know that he was dropping out. It wasn't until you called him on November 5—to give him a last chance to turn in the institutional form still needed—that you discovered he hadn't returned after fall break (November 2-4). Upon checking with the director of the program, you verified that Harry had completed 210 of the 250 clock hours scheduled for completion on the last day he attended prior to fall break (November 1).

Using the information provided, complete the worksheet.

**Note:** QTS is required to take attendance and uses the fund-specific method to match FSEOG funds. Harry withdrew without providing official notification.

Decide on the date of the school's determination that Harry withdrew, and then complete *Step 1: Student's Title IV Aid Information*.

## Solution

November 5 is the date you called Harry about the needed form and he told you he wasn't coming back. Date of the institution's determination that the student withdrew = November 5.

### Step 1: Student's Title IV Aid Information

A. Title IV aid disbursed	=	\$ 1,750.00
Subsidized Loan		\$ 1,000.00
Perkins Loan		\$ 750.00

B. Total Title IV aid disbursed plus Title IV aid that could have been disbursed = \$1,750.00.

**Note:** All Title IV aid was disbursed.

### Step 2: Percentage of Title IV Aid Earned

To be able to complete Step 2, we'll need to note the:

- total number of clock hours in the period = 450.
  - number of clock hours Harry completed = 210.
  - number of clock hours Harry was scheduled to complete = 250.
1. November 1 is Harry's last date of attendance taken from attendance records. Withdrawal date = November 1.
  2. Percentage of payment period completed:
    - Calculation 1: Determine percentage of clock hours completed in the period. Divide the number of clock hours completed by the number of clock hours in the period.  $210 \div 450 = .4666$ , rounded to .467, or 46.7%. Since this percentage is less than (or equal to) 60%, proceed to Calculation 2. Clock hours completed = 46.7%.
    - Calculation 2: Determine the ratio of clock hours completed to clock hours scheduled to be completed. Divide the number of clock hours completed by the number of clock hours scheduled to be completed.  $210 \div 250 = .8400$ , rounded to .840, or 84.0%. Since this percentage is greater than 70%, calculate the percentage completed using scheduled clock hours (rather than completed clock hours). The ratio = 84.0%.
    - Determine percentage of payment period completed.  $250 \text{ hours} \div 450 \text{ hours} = .5555$ , rounded to .556, or 55.6%.
- C. Percentage of Title IV aid earned = 55.6%. Percentage of payment period completed (55.6%), up to and including 60%; otherwise, if greater than 60%, then 100%. (Note that the 60% threshold can't be reached using scheduled hours completed.) Percentage of payment period completed = 55.6%.

### Step 3: Amount of Title IV Aid Earned by Student

D.  $55.6\%$  (% of Title IV aid earned from item C) X \$1,750.00 (total Title IV aid disbursed and that could have been disbursed from item B) = \$973.00 (no rounding needed). Amount of Title IV aid earned by student = \$973.00.



**Step 4: Total Title IV Aid to be Disbursed or Returned**

- E. Because the total Title IV aid earned (item D) is less than the aid disbursed (item A), no post-withdrawal disbursement is due and we proceed to item F. Post-withdrawal disbursement = N/A.
- F. Because the total Title IV aid disbursed (item A) is greater than the aid earned (item D), Title IV aid will need to be returned.  $\$1,750.00$  (item A) –  $\$973.00$  (item D) =  $\$777.00$ . Title IV aid to be returned =  $\$777.00$ .

**Step 5: Amount of Unearned Title IV Aid Due from the School**

- G. Institutional charges for the payment period or period of enrollment =  $\$2,000.00$ .

Tuition and Fees	\$ 1,750.00
Books and Supplies	\$ 250.00

**Note:** The charge for books and supplies is considered an institutional charge, since they must be purchased from QTS' bookstore.

- H. Subtract % Title IV aid earned (item C) from 100% ( $100\% - 55.6\% = 44.4\%$ ). Percentage of Title IV aid unearned = 44.4%.
- I. First, calculate the amount of unearned institutional charges.  $\$2,000.00$  (institutional charges from item G) X 44.4% (% Title IV aid unearned from item H) =  $\$888.00$  (no rounding needed). Amount of unearned institutional charges =  $\$888.00$ .
- J. Then, compare the amount of Title IV aid to be returned (item F) to unearned institutional charges (item I) and enter the lesser amount for Item J.

Item F =	\$ 777.00
Item I =	\$ 888.00

Amount of unearned Title IV aid due from the school =  $\$777.00$ .

**Step 6: Return of Funds by the School**

No Perkins funds are returned, since the total Title IV aid returned does not exceed the amount of the subsidized loan ( $\$777.00$ ) received.

**Step 7: Initial Amount of Unearned Title IV Aid Due from Student**

- K. Subtract the amount of Title IV aid that the school must return from the total amount of Title IV aid that is to be returned.  $\$777.00$  (item F) –  $\$777.00$  (item J) =  $\$0.00$ .

**Step 8: Return of Funds by the Student**

N/A

## Questions and Answers

Q: Under what scenario would institutional awards be used in calculating the return of Title IV funds?

A: Institutional awards are never included in the calculation.

Q: Since Harry did not provide notification that he was withdrawing from his clock-hour program, how is the withdrawal date determined? And, since the number of clock hours completed is going to be used in the calculation, why do we need Harry's withdrawal date?

A: Harry's withdrawal date is taken from attendance records, since his school requires that attendance be taken. We need to know Harry's withdrawal date so that we can determine how many clock hours were scheduled to be completed as well as how many clock hours were completed as of the date he withdrew, as both items of information are needed to perform the calculation.

Q: What constitutes *official notification*?

A: *Official notification* is the notice that the student provides to the school that he or she is withdrawing. This can be done by following the school's prescribed policy or by providing the office(s) designated by the school with notice in writing or orally (in person, over the telephone by an individual acting on behalf of the student, or via alternative means specified by the school, such as a Web site).



## Treatment of Title IV Funds When a Student Withdraws from a Clock Hour Program

Student's Name Harry Springer Social Security Number Case Study 3

Date Form Completed      /      /      Date of the institution's determination that the student withdrew 11 / 5 /

Period used for calculation (check one) ☒ payment period ☐ period of enrollment

Monetary amounts should be in dollars and cents (rounded to the nearest penny). Round to three decimal places when calculating percentages. For example, .4486 would be .449, or 44.9%.

### STEP 1: Student's Title IV Aid Information

	Net Amount Disbursed	Net Amount That Could Have Been Disbursed		Amount Disbursed	Amount That Could Have Been Disbursed
1. Unsubsidized FFEL/Direct Stafford Loan			5. Pell Grant		
2. Subsidized FFEL/Direct Stafford Loan	<u>\$1,000.00</u>		6. FSEOG		
3. Perkins Loan	<u>\$ 750.00</u>		7. Other Title IV programs*		
4. FFEL/Direct PLUS			*Do not include FWS.		

A. Total Title IV aid disbursed (NOT aid that could have been disbursed) for the payment period or period of enrollment

**A** \$ 1,750.00

B. Total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment

**B** \$ 1,750.00

### STEP 2: Percentage of Title IV Aid Earned

C. •Withdrawal date 11 / 1 /

•Percentage of payment period or period enrollment completed

**Calculation 1** – Determine the clock hours completed\* in the payment period or period of enrollment divided by the total clock hours in the payment period or period of enrollment

$$\frac{\boxed{210}}{\text{completed hours}} \div \frac{\boxed{450}}{\text{total hours}} = \underline{46.7} \%$$

If this percentage is greater than 60%, enter 100% in Box C and proceed to Step 3.

If this percentage is less than or equal to 60%, proceed to Calculation 2.

**Calculation 2** – Determine the clock hours completed\* in the payment period or period of enrollment divided by the clock hours scheduled to be completed as of the date the student withdrew.

$$\frac{\boxed{210}}{\text{completed hours}} \div \frac{\boxed{250}}{\text{scheduled to complete}} = \underline{84.0} \%$$

If this amount is less than 70%, enter the percentage from Calculation 1 in Box C and proceed to Step 3. If this amount is 70% or greater, determine the clock hours scheduled to be completed as of the date the student withdrew divided by the total clock hours in the payment period or period of enrollment and enter this amount in Box C (this amount may be greater than 60%).

$$\frac{\boxed{250}}{\text{scheduled to complete}} \div \frac{\boxed{450}}{\text{total hours}} = \underline{55.6} \%$$

\*Excused absences do NOT count as completed hours.

**C** 55.6%

### Step 3: Amount of Title IV Aid Earned by the Student

D. Percentage of Title IV aid earned (Box C) x the total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment (Box B)

$$\frac{\boxed{55.6\%}}{\text{Box C}} \times \frac{\boxed{\$1,750.00}}{\text{Box B}} = \text{D} \quad \text{D} \quad \text{\$ 973.00}$$

### Step 4: Total Title IV Aid to be Disbursed or Returned

If the amount in Box D is greater than the amount in Box A, go to item E. If the amount in Box A is greater than the amount in Box D, go to item F. **If the amounts in Boxes A and D are equal, STOP. No further action is necessary.**

Student's Name Harry Springer Social Security Number Case Study 3

**Step 4: Total Title IV Aid to be Disbursed or Returned: Continued**

E. **Post-withdrawal disbursement.** Subtract Title IV aid disbursed for the payment period or period of enrollment (Box A) from the amount of Title IV aid earned (Box D). This is the amount of the post-withdrawal disbursement due. Stop here and go to the post-withdrawal disbursement tracking sheet.

<div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div>	–	<div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div>	=	
Box D		Box A		E
				\$ .

F. **Title IV aid to be returned.** Subtract the amount of Title IV aid earned (Box D) from Title IV aid disbursed for the payment period or period of enrollment (Box A). This is the amount of Title IV aid that must be returned.

<div style="border: 1px solid black; padding: 2px;">\$1,750.00</div>	–	<div style="border: 1px solid black; padding: 2px;">\$973.00</div>	=	
Box A		Box D		F
				\$ 777.00

**STEP 5: Amount of Unearned Title IV Aid Due from the SCHOOL**

G. Institutional charges for the payment period or period of enrollment

Tuition and Fees	\$1,750.00	Board		Other	
Room		Other	\$ 250.00	Other	
Total Institutional Charges					G
					\$ 2,000.00

H. Percentage of Title IV aid unearned (100% - Box C)

H 44.4%

I. Multiply institutional charges for the payment period or period of enrollment (Box G) times the percentage of Title IV aid unearned (Box H).

<div style="border: 1px solid black; padding: 2px;">\$2,000.00</div>	X	<div style="border: 1px solid black; padding: 2px;">44.4%</div>	=	
Box G		Box H		I
				\$ 888.00

J. Compare the amount of Title IV aid to be returned (Box F) to Box I and enter the lesser amount.

J \$ 777.00

**STEP 6: Return of Funds by the SCHOOL**

The school must return the unearned aid for which the school is responsible (Box J) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.

	Amount for School to Return		Amount for School to Return
1. Unsubsidized FFEL/Direct Stafford Loan		5. Pell Grant	
2. Subsidized FFEL/Direct Stafford Loan	\$777.00	6. FSEOG	
3. Perkins Loan		7. Other Title IV programs	
4. FFEL/Direct PLUS			

**STEP 7: Initial Amount of Unearned Title IV Aid Due from the STUDENT**

K. Subtract the amount of Title IV due from the school (Box J) from the amount of Title IV to be returned (Box F).

<div style="border: 1px solid black; padding: 2px;">\$777.00</div>	–	<div style="border: 1px solid black; padding: 2px;">\$777.00</div>	=	
Box F		Box J		K
				\$ 0.00

**STEP 8: Return of Funds by the STUDENT**

The student (or parent for a PLUS loan) must return unearned aid for which the student is responsible (Box K) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source, after subtracting the amount the school will return. Amounts to be returned to grants are reduced by 50%.

	Amount for Student to Return		Initial Amount to Return	Amount for Student to Return
1. Unsubsidized FFEL/Direct Stafford Loan*		5. Pell Grant		x 50% =
2. Subsidized FFEL/Direct Stafford Loan*		6. FSEOG		x 50% =
3. Perkins Loan*		7. Other Title IV programs		
4. FFEL/Direct PLUS*		(x 50% for grant funds)		

\*Loan amounts are returned in accordance with the terms of the promissory note. No further action is required other than notification to the holder of the loan of the student's withdrawal date.

## CASE STUDY 4: BILL DONAHUE

Calculating the return of Title IV funds for a student receiving grants and attending a four-year public university (trimesters).

### *Learning Objectives*

- Determine the withdrawal date for a student attending a school that is required to take attendance.
- Review the criteria that determine if a school is required to take attendance.
- Determine the effect of FWS earnings on the return of Title IV funds calculation.

#### School Profile

Big State University (BSU) is a 4-year, public, residential credit-hour institution.

Academic Year/Program	3 trimesters 30 weeks
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Period	10 weeks (68 calendar days)
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Period Start Date	January 10
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Period End Date	March 17
-----------------	----------

5 Consecutive-Day Break	No
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Taking Attendance Required	Yes
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Method for Matching FSEOG	Fund-specific
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**STUDENT PROFILE**

Bill Donahue is a first-year student at BSU majoring in chemistry. Bill is living on campus and spends his free time at his FWS job in the Chemistry Department. Charges to his account are as follows:

Tuition and Fees	\$	900.00/10 week trimester
Room	\$	600.00/10 week trimester
Board	\$	400.00/10 week trimester
Health Insurance	\$	300.00/per academic year (required of all students and remains in effect for the entire period, even if students cease attendance)

Balances remaining on Bill's account include:

Health Insurance	\$	258.34
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School Authorized to Credit  
Account for Other Charges: Yes (all charges)

His financial aid for the academic year is:

Pell Grant	\$	3,125.00
FSEOG	\$	2,100.00
FWS	\$	1,800.00

**Discussion**

Bill is not required to purchase his books and supplies from BSU. On February 10 (32 calendar days), you were advised by the Chair of the Chemistry Department that Bill was suspended for the rest of the academic year (it appears that he was spending his FWS hours on his own “special projects” in the Chemistry lab). Upon checking with his professors, you determined that his last date of class attendance was February 8 (30 calendar days). Prior to this incident, Bill's student account had been credited for the term with:

Pell Grant	\$	1,041.67
FSEOG	\$	700.00
FWS	\$	200.00

Using the information provided, complete the worksheet.

## Solution

Date of the institution's determination that the student withdrew = February 10.

### Step 1: Student's Title IV Aid Information

- A. Remember that, although disbursed, the FWS earnings (\$200.00) are never included in the calculation. In addition, we use 100% of the FSEOG funds awarded for the semester, since BSU uses the fund specific method of matching FSEOG funds. Title IV aid disbursed equals \$1,741.67.

Pell Grant	\$ 1,041.67
FSEOG	\$ 700.00

- B. Total Title IV aid disbursed plus Title IV aid that could have been disbursed = \$1,741.67.

### Step 2: Percentage of Title IV Aid Earned

1. BSU requires that attendance be taken. Therefore, Bill's date of withdrawal is taken from attendance records, which indicated that February 8 was his last date of attendance. Withdrawal date = February 8.
  2. Payment period start date = January 10.
  3. Payment period end date = March 17.
  4. Date of institution's determination that Bill withdrew = February 10.
  5. Percentage of payment period completed:
    - Number of calendar days completed in payment period = 30 calendar days.
    - Number of calendar days in payment period = 68 calendar days.
    - $30 \text{ days} \div 68 \text{ days} = .4411$ , rounded to .441, or 44.1%. Percentage of payment period completed = 44.1%.
- C. Item C up to and including 60%; otherwise, if greater than 60%, then 100%. Percentage of Title IV aid earned = 44.1%.

### Step 3: Amount of Title IV Aid Earned by Student

- D.  $44.1\%$  (% of Title IV aid earned from item C)  $\times$  \$1,741.67 (total Title IV aid disbursed plus Title IV aid that could have been disbursed from item B) = \$768.076, rounded to \$768.08. Amount of Title IV aid earned by student = \$768.08.

### Step 4: Total Title IV Aid to Be Disbursed or Returned

- E. Because the total Title IV aid earned (item D) is less than the aid disbursed (item A), no post-withdrawal disbursement is due and we proceed to item F. Post-withdrawal disbursement = N/A.
- F. Because the total Title IV aid disbursed (item A) is greater than the aid earned (item D), Title IV aid will need to be returned.  $\$1,741.67$  (item A)  $-$  \$768.08 (item D) = \$973.59. Total Title IV aid to be returned = \$973.59.



**Step 5: Amount of Unearned Title IV Aid Due from the School**

- G.** Because health insurance is required of all students and remains in effect for the entire period, even if the student withdraws, it is not considered an institutional charge. Institutional charges for the payment period = \$1,900.00.

Tuition and Fees	\$	900.00
Room	\$	600.00
Board	\$	400.00

- H.** Subtract % Title IV aid earned (item C) from 100% ( $100\% - 44.1\% = 55.9\%$ ). Percentage of Title IV aid unearned = 55.9%.

- I.** First, calculate the amount of unearned institutional charges. \$1,900.00 (institutional charges from item G)  $\times$  55.9% (%Title IV aid unearned from item H) = \$1,062.10 (no rounding needed). Amount of unearned institutional charges = \$1,062.10.

- J.** Then, compare the amount of Title IV aid to be returned (item F) to unearned institutional charges (item I) and enter the lesser amount for item J.

Item F =	\$	973.59
Item I =	\$	1,062.10

Amount of unearned Title IV aid due from the school = \$973.59.

**Step 6: Return of Funds by the School**

No FSEOG funds are returned, since the total Title IV aid returned does not exceed the amount of the Pell Grant received. (FWS earnings are not included in the calculation.)

Pell Grant	\$	973.59
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**Step 7: Initial Amount of Unearned Title IV Aid Due from Student**

- K.** Subtract the amount of Title IV aid that the school must return from the total amount of Title IV aid that is to be returned. \$973.59 (item F) – \$973.59 (item J) = \$0.00. Initial amount of unearned Title IV aid due from student = \$0.00.

**Step 8: Return of Funds by the Student**

N/A

**Questions and Answers**

**Q:** The amount of Pell Grant the school is responsible for returning is \$973.59. Can the school round the amount? If so, to what?

**A:** Yes. The school could choose to round the amount. If so, the amount of Pell Grant returned would be \$974, since monetary amounts are rounded to the nearest dollar.

**Q:** If BSU's accrediting agency required that attendance be taken only during the first two weeks of the term, would this change how the withdrawal date is determined?

**A:** Yes. The regulations do not pertain to schools that are required to take attendance for only a brief portion of the period, but if an outside agency requires attendance to be taken for a group of students (such as those receiving benefits from another government agency), this last date of attendance for this group would be determined by attendance records (and the midpoint determination would not apply).

**Q:** Why wasn't the \$200 in FWS wages that had been credited to Bill's student account included in the calculation?

**A:** FWS wages are never included in calculating the return of Title IV funds.



## Treatment of Title IV Funds When a Student Withdraws from a Credit Hour Program

Student's Name Bill Donahue Social Security Number Case Study 4

Date Form Completed     /     /     Date of the institution's determination that the student withdrew 2 / 10 /

Period used for calculation (check one) ☒ payment period ☐ period of enrollment

Monetary amounts should be in dollars and cents (rounded to the nearest penny). Round to three decimal places when calculating percentages. For example, .4486 would be .449, or 44.9%.

### STEP 1: Student's Title IV Aid Information

	Net Amount Disbursed	Net Amount That Could Have Been Disbursed		Amount Disbursed	Amount That Could Have Been Disbursed
1. Unsubsidized FFEL/Direct Stafford Loan	<u>                    </u>	<u>                    </u>	5. Pell Grant	<u><b>\$1,041.67</b></u>	<u>                    </u>
2. Subsidized FFEL/Direct Stafford Loan	<u>                    </u>	<u>                    </u>	6. FSEOG	<u><b>\$ 700.00</b></u>	<u>                    </u>
3. Perkins Loan	<u>                    </u>	<u>                    </u>	7. Other Title IV programs*	<u>                    </u>	<u>                    </u>
4. FFEL/Direct PLUS	<u>                    </u>	<u>                    </u>	*Do not include FWS.		

A. Total Title IV aid disbursed (NOT aid that could have been disbursed) for the payment period or period of enrollment **A** **\$ 1,741.67**

B. Total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment **B** **\$ 1,741.67**

### STEP 2: Percentage of Title IV Aid Earned

C. •If school is not required to take attendance and student withdrew without notification, enter 50% in Box C and proceed to Step 3 OR school may enter a last date of attendance at an academically-related activity for "withdrawal date" and proceed from there.

•Withdrawal date 2 / 8 / Payment period/period of enrollment start date 1 / 10 / end date 3 / 17 /

•Percentage of payment period or period enrollment completed

Determine the calendar days completed in the payment period or period of enrollment divided by the total calendar days in the payment period or period of enrollment (exclude scheduled breaks of 5 days or more AND days that a student was on approved leaves of absence).

$$\frac{\text{completed days } \boxed{30}}{\text{total days } \boxed{68}} = \boxed{44.1} \%$$

If this amount is less than or equal to 60%, enter this amount in Box C. If this amount is greater than 60% (with or without rounding), enter 100% in Box C.

**C** **44.1%**

### Step 3: Amount of Title IV Aid Earned by the Student

D. Percentage of Title IV aid earned (Box C) x the total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment (Box B)

$$\frac{\boxed{44.1\%}}{\text{Box C}} \times \frac{\boxed{\$ 1,741.67}}{\text{Box B}} = \text{D } \boxed{\$ 768.08}$$

### Step 4: Total Title IV Aid to be Disbursed or Returned

If the amount in Box D is greater than the amount in Box A, go to item E. If the amount in Box A is greater than the amount in Box D, go to item F. **If the amounts in Boxes A and D are equal, STOP. No further action is necessary.**

E. **Post-withdrawal disbursement.** Subtract Title IV aid disbursed for the payment period or period of enrollment (Box A) from the amount of Title IV aid earned (Box D). This is the amount of the post-withdrawal disbursement due. Stop here and go to the post-withdrawal disbursement tracking sheet.

$$\frac{\boxed{\phantom{000000}}}{\text{Box D}} - \frac{\boxed{\phantom{000000}}}{\text{Box A}} = \text{E } \boxed{\$ \phantom{000000}}$$

F. **Title IV aid to be returned.** Subtract the amount of Title IV aid earned (Box D) from Title IV aid disbursed for the payment period or period of enrollment (Box A). This is the amount of Title IV aid that must be returned.

$$\frac{\boxed{\$1,741.67}}{\text{Box A}} - \frac{\boxed{\$768.08}}{\text{Box D}} = \text{F } \boxed{\$ 973.59}$$

Student's Name Bill Donahue Social Security Number Case Study 4**STEP 5: Amount of Unearned Title IV Aid Due from the SCHOOL**

G. Institutional charges for the payment period or period of enrollment

Tuition and Fees	<u>\$900.00</u>	Board	<u>\$400.00</u>	Other	_____	
Room	<u>\$600.00</u>	Other	_____	Other	_____	
Total Institutional Charges						<b>G</b> <span style="border: 1px solid black; padding: 2px;">\$ 1,900.00</span>

H. Percentage of Title IV aid unearned (100% - Box C)	<b>H</b> <span style="border: 1px solid black; padding: 2px;">55.9%</span>
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I. Multiply institutional charges for the payment period or period of enrollment (Box G) times the percentage of Title IV aid unearned (Box H).

<span style="border: 1px solid black; padding: 2px;">\$1,900.00</span>	X	<span style="border: 1px solid black; padding: 2px;">55.9%</span>	=	<b>I</b> <span style="border: 1px solid black; padding: 2px;">\$ 1,062.10</span>
Box G		Box H		

J. Compare the amount of Title IV aid to be returned (Box F) to Box I and enter the lesser amount.	<b>J</b> <span style="border: 1px solid black; padding: 2px;">\$ 973.59</span>
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**STEP 6: Return of Funds by the SCHOOL**

The school must return the unearned aid for which the school is responsible (Box J) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.

	Amount for School to Return		Amount for School to Return
1. Unsubsidized FFEL/Direct Stafford Loan	_____	5. Pell Grant	<u>\$973.59</u>
2. Subsidized FFEL/Direct Stafford Loan	_____	6. FSEOG	_____
3. Perkins Loan	_____	7. Other Title IV programs	_____
4. FFEL/Direct PLUS	_____		

**STEP 7: Initial Amount of Unearned Title IV Aid Due from the STUDENT**

K. Subtract the amount of Title IV due from the school (Box J) from the amount of Title IV to be returned (Box F).

<span style="border: 1px solid black; padding: 2px;">\$973.59</span>	-	<span style="border: 1px solid black; padding: 2px;">\$973.59</span>	=	<b>K</b> <span style="border: 1px solid black; padding: 2px;">\$ 0.00</span>
Box F		Box J		

**STEP 8: Return of Funds by the STUDENT**

The student (or parent for a PLUS loan) must return unearned aid for which the student is responsible (Box K) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source, after subtracting the amount the school will return. Amounts to be returned to grants are reduced by 50%.

	Amount for Student to Return		Initial Amount to Return		Amount for Student to Return
1. Unsubsidized FFEL/Direct Stafford Loan*	_____	5. Pell Grant	_____	x 50% =	_____
2. Subsidized FFEL/Direct Stafford Loan*	_____	6. FSEOG	_____	x 50% =	_____
3. Perkins Loan*	_____	7. Other Title IV programs	_____		_____
4. FFEL/Direct PLUS*	_____	(x 50% for grant funds)			

\*Loan amounts are returned in accordance with the terms of the promissory note. No further action is required other than notification to the holder of the loan of the student's withdrawal date.

## CASE STUDY 5: JOSEANNE CARR

Calculating the return of Title IV funds for a student attending a four-year private school (semesters) and receiving loans (partially disbursed).

### Learning Objectives

- Calculate the return of Title IV funds for a student who is responsible for returning loan funds.
- Determine how to handle Title IV funds that were not disbursed prior to the student's withdrawal.
- Determine the distinction between the student's withdrawal date and the date the school determined the student withdrew.

#### SCHOOL PROFILE

Elite College of the South (ECS) is a two- and four-year private, credit-hour institution.

Academic Year/Program	2 semesters 30 weeks
Period	15 weeks 105 calendar days
Period Start Date	September 9
Period End Date	December 22
5 Consecutive Day Break	No
Taking Attendance Required	Yes
Method for Matching FSEOG	N/A

**STUDENT PROFILE**

Joseanne Carr entered ECS one academic year ago. Charges to her account are as follows:

Tuition and Fees	\$ 11,000.00/30 week acad. yr.
Student Account Balance:	\$ 0000.00

School Authorized to Credit Account for Other Charges:	Yes (all charges)
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Joseanne's financial aid package included the following annual awards:

Subsidized Stafford Loan	\$ 1940.00
Unsubsidized Stafford Loan	\$ 1455.00
PLUS Loan	\$ 10,670.00
ECS Award	\$ 2,000.00

**Discussion**

Upon entering ECS one academic year ago, Joseanne Carr was torn between a four-year program in communications and a two-year program in interior design. After consulting her personal on-line psychic, she chose the program in interior design and decided to live off campus. Amazingly, the psychic must have gotten Joseanne's reading confused with someone else's, as Joseanne is really struggling in her third semester and has decided that she needs some time away. Although she planned to stop by the Financial Aid Office on October 4 to let those kind folks know that she was withdrawing, she was late for an appointment with her manicurist and didn't have the time. Luckily, by October 14, all of Joseanne's professors had contacted you to advise that she had stopped attending classes. You determined that her last date of attendance was October 1 (23 calendar days into the semester). At that point, her charges for the semester were \$5,500.00, and all of her financial aid, except the unsubsidized loan that was projected to be in on October 17, was disbursed.

Using the information provided, complete the worksheet.

**Solution**

Date of the institution's determination that the student withdrew = October 14.

**Step 1: Student's Title IV Aid Information**

A. Title IV aid disbursed = \$6,305.00.

Subsidized Loan	\$ 970.00
PLUS	\$ 5,335.00

B. Aid that was disbursed plus aid that could have been disbursed includes the unsubsidized Stafford loan of \$727.50 that could have been disbursed. Total Title IV aid disbursed plus Title IV aid that could have been disbursed = \$7,032.50.

**Step 2: Percentage of Title IV Aid Earned**

1. Withdrawal date = October 1.
2. Payment period start date = September 9.
3. Payment period end date = December 22.
4. Percentage of payment period completed.
  - Number of calendar days completed in payment period = 23 calendar days.
  - Number of calendar days in payment period = 105 calendar days.
  - $23 \text{ days} \div 105 \text{ days} = .2190$ , rounded to .219, or 21.9%. Percentage of payment period completed = 21.9%.
- C. Item C up to and including 60%; otherwise, if greater than 60%, then 100%. Percentage of Title IV aid earned = 21.9%.

**Step 3: Amount of Title IV Aid Earned by Student**

- D.  $21.9\%$  (% of Title IV aid earned from item C)  $\times$  \$7,032.50 (total Title IV aid disbursed plus Title IV aid that could have been disbursed from item B) = \$1,540.117, rounded to \$1,540.12. Amount of Title IV aid earned by student = \$1,540.12.

**Step 4: Total Title IV Aid to Be Disbursed or Returned**

- E. Because the total Title IV aid earned (item D) is less than the aid disbursed (item A), no post-withdrawal disbursement is due and we proceed to item F. Post-withdrawal disbursement = N/A.
- F. Because the total aid disbursed (item A) is greater than the total aid earned (item D), Title IV aid will need to be returned.  $\$6,305.00$  (item A)  $-$   $\$1,540.12$  (item D) =  $\$4,764.88$ . Total Title IV aid to be returned =  $\$4,764.88$ .

**Step 5: Amount of Unearned Title IV Aid Due from the School**

- G. Institutional charges for the payment period or period of enrollment = \$5,500.00.

Tuition and Fees	\$ 5,500.00
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- H. Subtract % Title IV aid earned (item C) from 100% ( $100\% - 21.9\% = 78.1\%$ ). Percentage of Title IV aid unearned = 78.1%.
- I. First, calculate the amount of unearned institutional charges.  $\$5,500.00$  (institutional charges from item G)  $\times$  78.1% (% Title IV aid unearned from item H) = \$ 4,295.50 (no rounding needed). Amount of unearned institutional charges = \$ 4,295.50.
- J. Then, compare the amount of Title IV aid to be returned (item F) to unearned institutional charges (item I) and enter the lesser amount for item J.



Item F =	\$ 4,764.88
Item I =	\$ 4,295.50

Amount of unearned Title IV aid due from the school = \$ 4,295.50.

### Step 6: Return of Funds by the School

Subsidized Loan	\$ 970.00
PLUS Loan	\$ 3,325.50

**Note:** The non-disbursed Unsubsidized Stafford loan of \$727.50 will need to be cancelled.

### Step 7: Initial Amount of Unearned Title IV Aid Due from Student

- K.** Subtract the amount of Title IV aid that the school must return from the total amount of Title IV aid that is to be returned. \$4,764.88 (item F) — \$4,295.50 (item J) = \$469.38. Initial amount of unearned Title IV aid due from student = \$469.38.

### Step 8: Return of Funds by the Student

PLUS Loan	\$ 469.38
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**Note:** Remember, in the case of Parent PLUS loans, the parent—not the student—is responsible for returning the loan funds as per the terms of the promissory note signed.

### Questions and Answers

**Q:** What would the withdrawal date have been if taking attendance were not required at ECS and you had not discovered Joseanne’s withdrawal until the last week of the fall semester?

**A:** Because Joseanne did not begin the withdrawal process or otherwise notify the school of her intent to withdraw, the withdrawal date would have been the *midpoint of the payment period for which Program Assistance was disbursed*. In this case, her professors documented from attendance records that she stopped attending on October 1, before the midpoint of the period. Therefore, attendance at an academically-related event later than the midpoint of the period wouldn’t apply.

**Q:** How do Joseanne’s parents take care of returning the PLUS loan funds of \$469.38? When all is said and done, how much of the original net disbursement of \$5,335.00 will they still owe?

**A:** They simply repay the funds in accordance with the terms of the promissory note. And, they still owe \$2,009.50 (\$5,335.00 – \$ 3325.50 = \$2,009.50), plus loan origination fees.

**Q:** What is the distinction between “withdrawal date” and “date of the institution’s determination that the student withdrew” in the return of Title IV funds?

**A:** Withdrawal date affects the number of days the student completed and, in turn, the percentage of aid earned as well as the percentage of aid unearned. The date of the institution’s determination that the student withdrew starts the clock with regard to the various time-sensitive requirements to which the institution and student must adhere.

Remember that the withdrawal date and the date of the school’s determination are not necessarily the same date.



## Treatment of Title IV Funds When a Student Withdraws from a Credit Hour Program

Student's Name Joseanne Carr Social Security Number Case Study 5

Date Form Completed     /     /     Date of the institution's determination that the student withdrew 10 / 14 /

Period used for calculation (check one) ☒ payment period ☐ period of enrollment

Monetary amounts should be in dollars and cents (rounded to the nearest penny). Round to three decimal places when calculating percentages. For example, .4486 would be .449, or 44.9%.

### STEP 1: Student's Title IV Aid Information

	Net Amount Disbursed	Net Amount That Could Have Been Disbursed		Amount Disbursed	Amount That Could Have Been Disbursed
1. Unsubsidized FFEL/Direct Stafford Loan		<u>\$ 727.50</u>	5. Pell Grant		
2. Subsidized FFEL/Direct Stafford Loan	<u>\$ 970.00</u>		6. FSEOG		
3. Perkins Loan			7. Other Title IV programs*		
4. FFEL/Direct PLUS	<u>\$5,335.00</u>		* Do not include FWS.		

A. Total Title IV aid disbursed (NOT aid that could have been disbursed) for the payment period or period of enrollment **A** \$ 6,305.00

B. Total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment **B** \$ 7,032.50

### STEP 2: Percentage of Title IV Aid Earned

C. • If school is not required to take attendance and student withdrew without notification, enter 50% in Box C and proceed to Step 3 OR school may enter a last date of attendance at an academically-related activity for "withdrawal date" and proceed from there.

• Withdrawal date 10 / 1 / Payment period/period of enrollment start date 9 / 9 / end date 12 / 22 /

• Percentage of payment period or period enrollment completed

Determine the calendar days completed in the payment period or period of enrollment divided by the total calendar days in the payment period or period of enrollment (exclude scheduled breaks of 5 days or more AND days that a student was on approved leaves of absence).

$$\frac{\text{completed days } 23}{\text{total days } 105} = 21.9\%$$

If this amount is less than or equal to 60%, enter this amount in Box C. If this amount is greater than 60% (with or without rounding), enter 100% in Box C.

**C** 21.9%

### Step 3: Amount of Title IV Aid Earned by the Student

D. Percentage of Title IV aid earned (Box C) x the total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment (Box B)

$$\frac{21.9\%}{\text{Box C}} \times \frac{\$ 7,032.50}{\text{Box B}} = \text{D } \span style="border: 1px solid black; padding: 2px 10px;">\$ 1,540.12$$

### Step 4: Total Title IV Aid to be Disbursed or Returned

If the amount in Box D is greater than the amount in Box A, go to item E. If the amount in Box A is greater than the amount in Box D, go to item F. **If the amounts in Boxes A and D are equal, STOP. No further action is necessary.**

E. **Post-withdrawal disbursement.** Subtract Title IV aid disbursed for the payment period or period of enrollment (Box A) from the amount of Title IV aid earned (Box D). This is the amount of the post-withdrawal disbursement due. Stop here and go to the post-withdrawal disbursement tracking sheet.

$$\frac{\text{Box D}}{\text{Box D}} - \frac{\text{Box A}}{\text{Box A}} = \text{E } \span style="border: 1px solid black; padding: 2px 10px;">\$ .$$

F. **Title IV aid to be returned.** Subtract the amount of Title IV aid earned (Box D) from Title IV aid disbursed for the payment period or period of enrollment (Box A). This is the amount of Title IV aid that must be returned.

$$\frac{\$6,305.00}{\text{Box A}} - \frac{\$1,540.12}{\text{Box D}} = \text{F } \span style="border: 1px solid black; padding: 2px 10px;">\$ 4,764.88$$

Student's Name Joseanne Carr Social Security Number Case Study 5**STEP 5: Amount of Unearned Title IV Aid Due from the SCHOOL**

G. Institutional charges for the payment period or period of enrollment

Tuition and Fees	<u>\$5,500.00</u>	Board	_____	Other	_____	
Room	_____	Other	_____	Other	_____	
Total Institutional Charges						<b>G</b> <span style="border: 1px solid black; padding: 2px;">\$ 5,500.00</span>

H. Percentage of Title IV aid unearned (100% - Box C) **H** 78.1%

I. Multiply institutional charges for the payment period or period of enrollment (Box G) times the percentage of Title IV aid unearned (Box H).

<span style="border: 1px solid black; padding: 2px;">\$5,500.00</span>	X	<span style="border: 1px solid black; padding: 2px;">78.1%</span>	=	
Box G		Box H		<b>I</b> <span style="border: 1px solid black; padding: 2px;">\$ 4,295.50</span>

J. Compare the amount of Title IV aid to be returned (Box F) to Box I and enter the lesser amount. **J** \$ 4,295.50**STEP 6: Return of Funds by the SCHOOL**

The school must return the unearned aid for which the school is responsible (Box J) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.

	Amount for School to Return		Amount for School to Return
1. Unsubsidized FFEL/Direct Stafford Loan	_____	5. Pell Grant	_____
2. Subsidized FFEL/Direct Stafford Loan	<u>\$ 970.00</u>	6. FSEOG	_____
3. Perkins Loan	_____	7. Other Title IV programs	_____
4. FFEL/Direct PLUS	<u>\$3,325.50</u>		

**STEP 7: Initial Amount of Unearned Title IV Aid Due from the STUDENT**

K. Subtract the amount of Title IV due from the school (Box J) from the amount of Title IV to be returned (Box F).

<span style="border: 1px solid black; padding: 2px;">\$4,764.88</span>	-	<span style="border: 1px solid black; padding: 2px;">\$4,295.50</span>	=	
Box F		Box J		<b>K</b> <span style="border: 1px solid black; padding: 2px;">\$ 469.38</span>

**STEP 8: Return of Funds by the STUDENT**

The student (or parent for a PLUS loan) must return unearned aid for which the student is responsible (Box K) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source, after subtracting the amount the school will return. Amounts to be returned to grants are reduced by 50%.

	Amount for Student to Return		Initial Amount to Return		Amount for Student to Return
1. Unsubsidized FFEL/Direct Stafford Loan*	_____	5. Pell Grant	_____	x 50% =	_____
2. Subsidized FFEL/Direct Stafford Loan*	_____	6. FSEOG	_____	x 50% =	_____
3. Perkins Loan*	_____	7. Other Title IV programs	_____		_____
4. FFEL/Direct PLUS*	<u>\$469.38</u>	(x 50% for grant funds)			

\*Loan amounts are returned in accordance with the terms of the promissory note. No further action is required other than notification to the holder of the loan of the student's withdrawal date.

## CASE STUDY 6: RONNIE DESMOND

Calculating the return of Title IV funds for a student attending a four-year, low-cost private school (semesters) and receiving loans and grants (partially disbursed).

### Learning Objectives

- Calculate the return of Title IV funds for a student who is responsible for returning loan and grant funds.
- Determine the school's requirements for dealing with a student who owes a grant overpayment.
- Review the effect of rescinding a notice of intent to withdraw on determining the student's withdrawal date.

#### SCHOOL PROFILE

Heartland of the Country College (HCC) is a four-year private, credit-hour institution.

Academic Year/Program:	2 semesters 30 weeks
Period:	15 weeks 114 calendar days
Period Start Date:	January 12
Period End Date:	May 5
5 Consecutive Day Break:	No
Taking Attendance Required:	No
Method for Matching FSEOG:	Fund-specific

**STUDENT PROFILE**

Ronnie Desmond is a first-time freshman at HCC. Charges to his account are as follows:

Tuition and Fees	\$	2,000.00/30 week acd yr.
Room and Board		(nonresidential student)
Books and Supplies	\$	500.00/30 week acd yr.
Student Account Balance:	\$	0000.00

School Authorized to Credit  
Account for Other Charges: Yes (all charges)

Ronnie's financial aid package includes the following annual awards:

Subsidized Stafford Loan	\$	1,115.50 (Net)
Pell Grant	\$	3,125.00
FSEOG	\$	2,000.00

**Discussion**

Just recently, Ronnie Desmond and his sister, Mary, ended a short run as hosts of a local radio program. Unsure of what to do with the rest of his life, Ronnie decided to enroll as a first-time freshman at HCC for the spring semester. For the one semester, in addition to his tuition and fees, he was charged \$250.00 for books and supplies, which **must be purchased from the campus bookstore**. Although he had to take out a small student loan for living expenses, he had the full support of his wife. Ronnie did very well—until March 20, when he and Mary got a call from the radio station promising a very lucrative long-term contract and begging them to come back. That same day, Ronnie contacted the Financial Aid Office to advise that he was withdrawing from HCC (68 calendar days into the semester) and to find out what to do next. With the exception of the Stafford loan that had just been certified, all of his financial aid for the semester had been disbursed.

Using the information provided, complete the worksheet.

**Solution**

Date of the institution's determination that the student withdrew = March 20.

**Step 1: Student's Title IV Aid Information**

- A. Because HCC uses the fund-specific method of matching FSEOG funds, 100% of Ronnie's FSEOG grant is used in the calculation. Title IV aid disbursed = \$2,562.50.

Pell Grant	\$	1,562.50
FSEOG	\$	1,000.00

- B.** Aid that was disbursed plus aid that could have been disbursed includes the subsidized Stafford Loan of \$557.75 that could have been disbursed. Total Title IV aid disbursed plus Title IV aid that could have been disbursed = \$3,120.25.

### Step 2: Percentage of Title IV Aid Earned

1. Withdrawal date = March 20.
  2. Payment period start date = January 13.
  3. Payment period end date = May 5.
  4. Percentage of payment period completed.
    - Number of calendar days completed in payment period = 68 calendar days.
    - Number of calendar days in payment period = 114 calendar days.
    - $68 \text{ days} \div 114 \text{ days} = .5964$ , rounded to .596, or 59.6%. Percentage of payment period completed = 59.6%.
- C.** Item C up to and including 60%; otherwise, if greater than 60%, then 100%. Percentage of Title IV aid earned = 59.6%.

### Step 3: Amount of Title IV Aid Earned by Student

- D.**  $59.6\% (\% \text{ of Title IV aid earned from item C}) \times \$3,120.25$  (total Title IV aid disbursed plus Title IV aid that could have been disbursed from item B) = \$1,859.669 (rounded to \$1,859.67). Amount of Title IV aid earned by student = \$1,859.67.

### Step 4: Total Title IV Aid to be Disbursed or Returned

- E.** Because the total Title IV aid earned (item D) is less than the aid disbursed (item A), no post-withdrawal disbursement is due and we proceed to item F. Post-withdrawal disbursement = N/A.
- F.** Because the total aid disbursed (item A) is greater than the total aid earned (item D), Title IV aid will need to be returned.  $\$2,562.50$  (item A) –  $\$1,859.67$  (item D) = \$702.83. Title IV aid to be returned = \$702.83.

### Step 5: Amount of Unearned Title IV Aid Due from the School

- G.** Institutional charges for the payment period or period of enrollment = \$1,250.00

Tuition and Fees	\$ 1,000.00
Books and Supplies	\$ 250.00

- H.** Subtract % Title IV aid earned (item C) from 100% ( $100\% - 59.6\% = 40.4\%$ ). Percentage of Title IV aid unearned = 40.4%.
- I.** First, calculate the unearned institutional charges.  $\$1,250.00$  (institutional charges from item G)  $\times 40.4\%$  (% Title IV aid unearned from item H) = \$505.00 (no rounding needed). Amount of unearned institutional charges = \$505.00.

- J.** Then, compare the amount of Title IV aid to be returned (item F) to unearned institutional charges (item I) and enter the lesser amount for item J.

Item F =	\$	702.83
Item I =	\$	505.00

Amount of unearned Title IV aid due from the school = \$505.00.

### **Step 6: Return of Funds by the School**

Pell Grant	\$	505.00
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**Note:** The non-disbursed subsidized loan of \$557.75 would need to be cancelled.

### **Step 7: Initial Amount of Unearned Title IV Aid Due from Student**

- K.** Subtract the amount of Title IV aid that the school must return from the total amount of Title IV aid that is to be returned. \$702.83 (item F) – \$505.00 (item J) = \$197.83. Initial amount of unearned Title IV aid due from student = \$197.83.

### **Step 8: Return of Funds by the Student**

Initial amount to return multiplied by 50%. \$197.83 X 50% = \$98.915 (rounded to 98.92).

Pell Grant	\$	98.92
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### **Questions and Answers**

**Q:** Had Ronnie's loan been disbursed at the time of withdrawal, would he have had to repay (return) the loan immediately?

**A:** No. Immediate repayment of the loan is not required because it is expected the loan will be repaid according to the terms and conditions of the promissory note the student signed.

**Q:** What happens if Ronnie is unable to repay the portion of the Pell Grant that must be returned?

**A:** Ronnie remains eligible for Title IV aid for up to 45 days from the earlier of the date the school mails him a notification of his obligation or the date the school is required to send him that notification. Ronnie can continue his eligibility by returning the overpayment or by agreeing to a repayment arrangement.

**Q:** What would the withdrawal date have been if Ronnie had changed his mind and rescinded his notice of withdrawal, and finally decided definitely to withdraw on March 27?

**A:** The withdrawal date used for the calculation of return of Title IV funds would have been the earlier date, March 20. Remember that if the institution allows the student to rescind the official notification of intent to withdraw, and the student subsequently ceases attendance, the rescission is negated and the withdrawal date is the student's original withdrawal date.





## Treatment of Title IV Funds When a Student Withdraws from a Credit Hour Program

Student's Name Ronnie Desmond Social Security Number Case Study 6

Date Form Completed     /     /     Date of the institution's determination that the student withdrew 3 / 20 /

Period used for calculation (check one) ☒ payment period ☐ period of enrollment

Monetary amounts should be in dollars and cents (rounded to the nearest penny). Round to three decimal places when calculating percentages. For example, .4486 would be .449, or 44.9%.

### STEP 1: Student's Title IV Aid Information

	Net Amount Disbursed	Net Amount That Could Have Been Disbursed		Amount Disbursed	Amount That Could Have Been Disbursed
1. Unsubsidized FFEL/Direct Stafford Loan	<u>                    </u>	<u>                    </u>	5. Pell Grant	<u><b>\$1,562.50</b></u>	<u>                    </u>
2. Subsidized FFEL/Direct Stafford Loan	<u>                    </u>	<u><b>\$557.75</b></u>	6. FSEOG	<u><b>\$1,000.00</b></u>	<u>                    </u>
3. Perkins Loan	<u>                    </u>	<u>                    </u>	7. Other Title IV programs*	<u>                    </u>	<u>                    </u>
4. FFEL/Direct PLUS	<u>                    </u>	<u>                    </u>	*Do not include FWS.		

A. Total Title IV aid disbursed (NOT aid that could have been disbursed) for the payment period or period of enrollment **A** \$ 2,562.50

B. Total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment **B** \$ 3,120.25

### STEP 2: Percentage of Title IV Aid Earned

C. • If school is not required to take attendance and student withdrew without notification, enter 50% in Box C and proceed to Step 3 OR school may enter a last date of attendance at an academically-related activity for "withdrawal date" and proceed from there.

• Withdrawal date 3 / 20 / Payment period/period of enrollment start date 1 / 13 / end date 5 / 5 /

• Percentage of payment period or period enrollment completed

Determine the calendar days completed in the payment period or period of enrollment divided by the total calendar days in the payment period or period of enrollment (exclude scheduled breaks of 5 days or more AND days that a student was on approved leaves of absence).

$$\frac{\boxed{68} \text{ completed days}}{\boxed{114} \text{ total days}} = \boxed{59.6} \%$$

If this amount is less than or equal to 60%, enter this amount in Box C. If this amount is greater than 60% (with or without rounding), enter 100% in Box C.

**C** 59.6%

### Step 3: Amount of Title IV Aid Earned by the Student

D. Percentage of Title IV aid earned (Box C) x the total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment (Box B)

$$\frac{\boxed{59.6\%} \text{ Box C}}{\times} \frac{\boxed{\$3,120.25} \text{ Box B}}{=} \text{ **D** } \boxed{\$ 1,859.67}$$

### Step 4: Total Title IV Aid to be Disbursed or Returned

If the amount in Box D is greater than the amount in Box A, go to item E. If the amount in Box A is greater than the amount in Box D, go to item F. **If the amounts in Boxes A and D are equal, STOP. No further action is necessary.**

E. **Post-withdrawal disbursement.** Subtract Title IV aid disbursed for the payment period or period of enrollment (Box A) from the amount of Title IV aid earned (Box D). This is the amount of the post-withdrawal disbursement due. Stop here and go to the post-withdrawal disbursement tracking sheet.

$$\boxed{\text{Box D}} - \boxed{\text{Box A}} = \text{ **E** } \boxed{\$ \quad .}$$

F. **Title IV aid to be returned.** Subtract the amount of Title IV aid earned (Box D) from Title IV aid disbursed for the payment period or period of enrollment (Box A). This is the amount of Title IV aid that must be returned.

$$\boxed{\$2,562.50} \text{ Box A} - \boxed{\$1,859.67} \text{ Box D} = \text{ **F** } \boxed{\$ 702.83}$$

Student's Name Ronnie Desmond Social Security Number Case Study 6**STEP 5: Amount of Unearned Title IV Aid Due from the SCHOOL**

G. Institutional charges for the payment period or period of enrollment

Tuition and Fees	<u>\$1,000.00</u>	Board	_____	Other	_____	Total Institutional Charges <b>G</b> <span style="border: 1px solid black; padding: 2px 10px;">\$ 1,250.00</span>
Room	_____	Other	<u>\$250.00</u>	Other	_____	

H. Percentage of Title IV aid unearned (100% - Box C)	<b>H</b>	40.4%
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I. Multiply institutional charges for the payment period or period of enrollment (Box G) times the percentage of Title IV aid unearned (Box H).

<span style="border: 1px solid black; padding: 2px 10px;">\$1,250.00</span>	X	<span style="border: 1px solid black; padding: 2px 10px;">40.4%</span>	=	
Box G		Box H		<b>I</b> <span style="border: 1px solid black; padding: 2px 10px;">\$ 505.00</span>

J. Compare the amount of Title IV aid to be returned (Box F) to Box I and enter the lesser amount.	<b>J</b>	\$ 505.00
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**STEP 6: Return of Funds by the SCHOOL**

The school must return the unearned aid for which the school is responsible (Box J) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.

	Amount for School to Return		Amount for School to Return
1. Unsubsidized FFEL/Direct Stafford Loan	_____	5. Pell Grant	<u>\$505.00</u>
2. Subsidized FFEL/Direct Stafford Loan	_____	6. FSEOG	_____
3. Perkins Loan	_____	7. Other Title IV programs	_____
4. FFEL/Direct PLUS	_____		

**STEP 7: Initial Amount of Unearned Title IV Aid Due from the STUDENT**

K. Subtract the amount of Title IV due from the school (Box J) from the amount of Title IV to be returned (Box F).

<span style="border: 1px solid black; padding: 2px 10px;">\$702.83</span>	-	<span style="border: 1px solid black; padding: 2px 10px;">\$505.00</span>	=	
Box F		Box J		<b>K</b> <span style="border: 1px solid black; padding: 2px 10px;">\$ 197.83</span>

**STEP 8: Return of Funds by the STUDENT**

The student (or parent for a PLUS loan) must return unearned aid for which the student is responsible (Box K) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source, after subtracting the amount the school will return. Amounts to be returned to grants are reduced by 50%.

	Amount for Student to Return	Initial Amount to Return		Amount for Student to Return
1. Unsubsidized FFEL/Direct Stafford Loan*	_____	5. Pell Grant	<u>\$197.83</u> x 50% =	<u>\$98.92</u>
2. Subsidized FFEL/Direct Stafford Loan*	_____	6. FSEOG	_____ x 50% =	_____
3. Perkins Loan*	_____	7. Other Title IV programs		_____
4. FFEL/Direct PLUS*	_____	(x 50% for grant funds)		

\*Loan amounts are returned in accordance with the terms of the promissory note. No further action is required other than notification to the holder of the loan of the student's withdrawal date.

## CASE STUDY 7: JORDAN AIRE

**Calculating the return to Title IV funds for a student attending a clock-hour school that performs the return to Title IV funds calculations on an enrollment period basis.**

### Learning Objectives

Learn to complete Steps 1 – 4 of the worksheet *Treatment of Title IV Funds When a Student Withdraws from a Clock-Hour Program*, and be able to:

- determine when a school may make a second or subsequent disbursement of a FFEL or Direct Loan;
- calculate the percentage and amount of Title IV aid earned by a student attending a school that performs the return to Title IV funds calculations on a period of enrollment basis;
- perform a return to Title IV funds calculation using scheduled hours rather actual hours;
- in the calculation, use net loan proceeds rather than the gross loan amount.

#### SCHOOL PROFILE

Learn to Earn Training School (LETS) is a proprietary clock-hour institution.

Program	1,500 clock hours 50 weeks
Academic Year / Period of Enrollment	900 clock hours 30 weeks
Academic Year Start Date	January 3
Academic Year End Date	July 28
Five Consecutive Day Break	No
Taking Attendance Required	Yes
Method for Matching FSEOG	Fund-Specific

**STUDENT PROFILE**

Jordan Aire enrolled at LETS for an electronic technology program that runs for 50 weeks and 1500 clock hours. The period of enrollment is the academic year or 900 clock hours (30 weeks). Charges to his account are as follows:

Tuition and Fees	\$	5,000.00 / 30 week academic year
Room and Board		(nonresidential school)
Books and Supplies	\$	500.00 / 30 weeks
School Authorized to Credit Account for Other Charges	Yes (all charges)	

Jordan Aire was eligible for the following annual awards:

Pell Grant	\$	1,400.00
Subsidized Stafford Loan	\$	2,625.00

**Discussion**

Jordan's student account was initially credited with \$700.00 in Pell funds and a net Stafford Loan Disbursement of \$1,260. (Though the school is using period of enrollment as the basis for the return to Title IV funds calculation, the Pell and Stafford Loan regulations require that the funds be disbursed in payment periods as defined in 34 CFR 668.4.)

Jordan completes the first half of the academic year (first payment period), attends a portion of the second payment period, and withdraws to go into the Navy. At the point Jordan withdrew, he had completed 500 of the 650 clock hours he was scheduled to complete as of the date he withdrew.

**Solution****Step 1: Student's Title IV Aid Information**

- A. When Jordan withdrew, he had received the first scheduled disbursements of the Pell Grant and loan, but had not yet received any disbursement for the second half of the period of enrollment. Title IV aid disbursed = \$1,960.00.

Subsidized Loan	\$	1,260.00
Pell Grant	\$	700.00

So long as the conditions for late disbursements in 34 CFR 668.164(g)(2) were met prior to the date the student became ineligible, any undisbursed Title IV aid **for the period for which the return calculation is performed** is counted as aid that could have been disbursed (regardless of whether the institution was prohibited from making the disbursement on or before the day the student withdrew because of the limitations in 34 CFR 668.164(g)(4) or elsewhere).

The Department had processed a Student Aid Report (SAR) or Institutional Student Information Record (ISIR) with an official Expected Family Contribution (EFC) for the student, so the Pell Grant funds that had not yet been disbursed (\$700.00) are included as Aid That Could Have Been Disbursed.

The student's loan application has been certified, so the second disbursement (\$1,260.00) of the loan is also included as Aid That Could Have Been Disbursed.

$$\text{Aid that could have been disbursed} = \$700.00 + \$1,260.00 = \$1,960$$

**B.** Total Title IV aid disbursed plus Title IV aid that could have been disbursed = \$3,920.00.

## Step 2: Percentage of Title IV Aid Earned

Information used to complete Step 2:

- Total clock hours in the period 900
  - Number of clock hours Jordan completed 500
  - Number of clock hours scheduled to be completed 650
1. Determine the percentage of clock hours completed in the period. Divide the number of clock hours completed by the number of clock hours in the period of enrollment. 500 hours divided by 900 hours = .5555, rounded to .556, or 55.6%. Since this is less than 60%, proceed to calculation 2.
  2. Determine the ratio of clock hours completed to clock hours scheduled to be completed. Divide the number of clock hours completed by the clock hours scheduled to be completed. 500 hours divided by 650 hours = .7692, rounded to .769, or 76.9%. Since this percentage is greater than 70% calculate the percent of the period completed (which is also the percent of aid earned) using scheduled hours (rather than completed hours).
- C.** Calculate the percent of the period completed. 650 scheduled hours divided by 900 hours in the period of enrollment = .7222, rounded to .722, or 72.2%. (Note that the concept of a student earning 100% of the Title IV aid if the percentage completed exceeds 60% does not apply if scheduled hours are used.)

## Step 3: Amount of Title IV Aid Earned by Student

**D.** The amount of Title IV aid earned is equal to the percentage of Title IV aid earned (C) times the total Title IV aid disbursed plus Title IV aid that could have been disbursed for the period of enrollment. Amount of Title IV aid earned by student = (72.2% X \$3,920.00) = \$2,830.24.

#### Step 4: Total Title IV Aid to be Disbursed or Returned

- E. The student had been disbursed \$1,960 of the \$2,830.24, so he is owed a post-withdrawal disbursement of \$870.24.

A post-withdrawal disbursement must be made first from any available grant funds. The student had \$700.00 in Pell Grant funds that had not, but could have been disbursed, so the entire \$700.00 in Pell funds must be used to make a post-withdrawal disbursement.

In addition, the student is still owed \$170.24 in a post-withdrawal disbursement. However, the late disbursement rules provide that the student may not receive a late second or subsequent disbursement of a Title IV education loan unless the student has graduated or successfully completed the period of enrollment for which the loan was intended. Therefore, although the second scheduled loan disbursement of \$1,260 was included in the calculation of earned aid, the student cannot receive any of those funds. **Therefore, the actual amount of the student's post-withdrawal disbursement is the \$700 in Pell Grant funds.**

**Treatment of Title IV Funds When a Student Withdraws from A Clock Hour Program**

**Student's Name** Jordan Aire **Social Security Number** Case Study 7  
**Date Form Completed**      /      /      **Date of the institution's determination that the student withdrew**      /      /     

Period used for calculation (check one) ☐ payment period ☒ period of enrollment

Monetary amounts should be in dollars and cents (rounded to the nearest penny). Round to three decimal places when calculating percentages. For example, .4486 would be .449, or 44.9%.

**STEP 1: Student's Title IV Aid Information**

	Net Amount Disbursed	Net Amount That Could Have Been Disbursed		Amount Disbursed	Amount That Could Have Been Disbursed
1. Unsubsidized FFEL/Direct Stafford Loan			5. Pell Grant	<b>\$700</b>	<b>\$700</b>
2. Subsidized FFEL/Direct Stafford Loan	<b>\$1,260</b>	<b>\$1,260</b>	6. FSEOG		
3. Perkins Loan			7. Other Title IV programs*		
4. FFEL/Direct PLUS			*Do not include FWS.		

A. Total Title IV aid disbursed (NOT aid that could have been disbursed) for the payment period or period of enrollment **A \$ 1,960.00**

B. Total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment **B \$ 3,920.00**

**STEP 2: Percentage of Title IV Aid Earned**

C. • Withdrawal date      /      /     

- Percentage of payment period or period of enrollment completed

**Calculation 1** - Determine the clock hours completed\* in the payment period or period of enrollment divided by the total clock hours in the payment period or period of enrollment  $\frac{500}{900} = 55.6\%$

completed hours      total hours

If this percentage is greater than 60%, enter 100% in Box C and proceed to Step 3.

If this percentage is less than or equal to 60%, proceed to Calculation 2.

**Calculation 2** - Determine the clock hours completed\* in the payment period or period of enrollment divided by the clock hours scheduled to be completed as of the date the student withdrew.  $\frac{500}{650} = 76.9\%$

completed hours      scheduled to complete

If this amount is less than 70%, enter the percentage from Calculation 1 in Box C and proceed to Step 3. If this amount is 70% or greater, determine the clock hours scheduled to be completed as of the date the student withdrew divided by the total clock hours in the payment period or period of enrollment and enter this amount in Box C (this amount may be greater than 60%).

\*Excused absences do NOT count as completed hours  $\frac{650}{900} = 72.2\%$  **C 72.2 %**

scheduled to complete      total hours

**STEP 3: Amount of Title IV Aid Earned by the Student**

D. Percentage of Title IV aid earned (Box C) x the total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment (Box B)  $72.2\% \times \$3,920.00 =$  **D \$ 2,830.24**

Box C      Box B

**STEP 4: Total Title IV Aid to be Disbursed or Returned**

If the amount in Box D is greater than the amount in Box A, go to item E. If the amount in Box A is greater than the amount in Box D, go to item F. **If the amounts in Boxes A and D are equal, STOP. No further action is necessary.**



Student's Name Jordan Aire Social Security Number \_\_\_\_\_

STEP 4: Total Title IV Aid to be Disbursed or Returned: Continued

E. **Post-withdrawal disbursement.** Subtract Title IV aid disbursed for the payment period or period of enrollment (Box A) from the amount of Title IV aid earned (Box D). This is the amount of the post-withdrawal disbursement due. Stop here and go to the post-withdrawal disbursement tracking sheet.

$$\boxed{\$2,830.24} - \boxed{\$1,960.00} = \boxed{\$870.24} \quad \text{E } \$ \quad 700.00$$

Box D                      Box A

F. **Title IV aid to be returned.** Subtract the amount of Title IV aid earned (Box D) from Title IV aid disbursed for the payment period or period of enrollment (Box A). This is the amount of Title IV aid that must be returned.

$$\boxed{\phantom{000000}} - \boxed{\phantom{000000}} = \boxed{\phantom{000000}} \quad \text{F } \$ \quad .$$

Box A                      Box D

STEP 5: Amount of Unearned Title IV Aid Due from the SCHOOL

G. Institutional charges for the payment period or period of enrollment

Tuition and Fees \_\_\_\_\_ Board \_\_\_\_\_ Other \_\_\_\_\_  
Room \_\_\_\_\_ Other \_\_\_\_\_ Other \_\_\_\_\_

Total Institutional Charges **G** \$ \_\_\_\_\_

H. Percentage of Title IV aid unearned (100% - Box C)

**H** \_\_\_\_\_ %

I. Multiply institutional charges for the payment period or period of enrollment (Box G) times the percentage of Title IV aid unearned (Box H).

$$\boxed{\phantom{000000}} \times \boxed{\phantom{000000}} \% = \boxed{\phantom{000000}} \quad \text{I } \$ \quad .$$

Box G                      Box H

J. Compare the amount of Title IV aid to be returned (Box F) to Box I and enter the lesser amount.

**J** \$ \_\_\_\_\_

STEP 6: Return of Funds by the SCHOOL

The school must return the unearned aid for which the school is responsible (Box J) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.

Amount for School to Return	Amount for School to Return
1. Unsubsidized FFEL/Direct Stafford Loan _____	5. Pell Grant _____
2. Subsidized FFEL/Direct Stafford Loan _____	6. FSEOG _____
3. Perkins Loan _____	7. Other Title IV programs _____
4. FFEL/Direct PLUS _____	

STEP 7: Initial Amount of Unearned Title IV Aid Due from the STUDENT

K. Subtract the amount of Title IV aid due from the school (Box J) from the amount of Title IV aid to be returned (Box F).

$$\boxed{\phantom{000000}} - \boxed{\phantom{000000}} = \boxed{\phantom{000000}} \quad \text{K } \$ \quad .$$

Box F                      Box J

STEP 8: Return of Funds by the STUDENT

The student (or parent for a PLUS loan) must return unearned aid for which the student is responsible (Box K) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source, after subtracting the amount the school will return. Amounts to be returned to grants are reduced by 50%.

Amount for Student to Return	Initial Amount to Return	Amount for Student to Return
1. Unsubsidized FFEL/Direct Stafford Loan* _____	5. Pell Grant _____	x 50%= _____
2. Subsidized FFEL/Direct Stafford Loan* _____	6. FSEOG _____	x 50%= _____
3. Perkins Loan* _____	7. Other Title IV programs _____	
4. FFEL/Direct PLUS* _____	(x 50% for grant funds)	

\*Loan amounts are returned in accordance with the terms of the promissory note. No further action is required other than notification to the holder of the loan of the student's withdrawal date.

## Post-Withdrawal Disbursement Tracking Sheet

Student's Name Jordan Aire Social Security Number \_\_\_\_\_

### Amount of Post-Withdrawal Disbursement

A. Amount from Box E of "Treatment of Title IV Funds When a Student Withdraws" Worksheet **A** \$ **700.00**

### Post-Withdrawal Disbursement Credited to Student's Account

B. Total outstanding charges on student's account **B** \$ **0.**

C. Total amount of post-withdrawal disbursement credited to student's account

- Amount of post-withdrawal disbursement credited for tuition, fees, room and board (if student contracts with the institution) \$ \_\_\_\_\_
- Amount of post-withdrawal disbursement credited for other current charges + \$ \_\_\_\_\_
- Amount of post-withdrawal disbursement credited for minor prior year charges + \$ \_\_\_\_\_

Total Amount Credited to Account **C** \$ **0.**

D. Student and/or parent authorization to credit account for other current charges or minor prior year charges (if necessary) obtained on \_\_\_\_ / \_\_\_\_ / \_\_\_\_

E. If a post-withdrawal disbursement of loan funds is credited to account, date of notification to student and/or parent \_\_\_\_ / \_\_\_\_ / \_\_\_\_

### Post-Withdrawal Disbursement Offered to Student/Parent

F. Total amount of post-withdrawal disbursement (Box A) – amount of post-withdrawal disbursement credited to student's account (Box C) = Total amount to offer to student/parent **F** \$ **700.00**

G. Notification sent to student and/or parent on \_\_\_\_ / \_\_\_\_ / \_\_\_\_

H. ☐ Response received from student/parent on \_\_\_\_ / \_\_\_\_ / \_\_\_\_

☐ Response not received

I. Amount accepted **I** \$ **700.00**

J. Accepted funds sent on \_\_\_\_ / \_\_\_\_ / \_\_\_\_

### Post-Withdrawal Disbursement Made From

Pell Grant	_____	Subsidized FFEL/Direct Stafford Loan	_____
FSEOG	_____	Unsubsidized FFEL/Direct Stafford Loan	_____
Other Title IV programs (grants)	_____	Perkins Loan	_____
		FFEL/Direct PLUS	_____
		Other Title IV programs (loans)	_____

