



ADMINISTRATIVE POLICY #03.20.03.02 (2020) RETURN OF TITLE IV FUNDS

Policy Title: Return of Title IV Funds

Policy Type: Administration

Policy Number: ADM Policy #03.20.03.02 (2020)

Legal Authority:

State Board Policy:

Approval Date: May 7, 2020

Responsible Office: Division of Fiscal Affairs

Responsible Executive: Vice President of Fiscal Affairs

Applies to: College- Community

POLICY STATEMENT:

COLLEGE REFUND POLICY

Federal regulations require a recalculation of federal financial aid eligibility for students who withdraw, drop out, or are dismissed prior to completing 60 percent of an academic term. The Return to Title IV recalculation is computed using the 50 percent point of the semester for students who stop attending classes within a given term without formally withdrawing, and a last date of attendance cannot be determined. An example of the Return to Title IV Fund calculation is available in the Financial Aid Office.) Financial aid students should notify the Financial Aid Office before withdrawing.

Recalculation for percent of aid earned is based on the following formula: Percent Earned equals (Number of Days Completed Prior to Withdrawal Date) divided by (Total Days in a Semester/Term). If the calculation results in an overpayment, the student owes the balance of the College. In that case, the student should make payment arrangements on the balance with the Fiscal Affairs Office. If the student fails to pay the debt to the College within 45 days of notification, the debt is reported to the U.S. Department of Education as an overpayment. Federal eligibility is lost until the debt is paid or satisfactory arrangements are made with the U.S. Department of Education.

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DEFINITIONS

WITHDRAWALS AND RETURN OF TITLE IV FUNDS

It is the policy of Denmark Technical College’s (DTC) Financial Aid Office to determine the amount of earned and unearned portions of Title IV aid as of the date the student ceases attendance in accordance with federal regulations and the Return of Title IV Funds process as dictated in Volume 5 of the Federal Student Aid Handbook. This policy applies to all students receiving Title IV funds who do a complete withdrawal on or before the 60% date of each term. For students who completely withdraw after the 60% date, DTC will still need to determine if they’re eligible for a post-withdrawal disbursement according to federal regulations and the Student Aid Handbook.

Federal regulations require the college to have a fair and equitable refund policy for students receiving financial aid who officially or unofficially withdraw from all classes. Withdrawing or stopping attendance may result in financial debt for the student and may also make the student ineligible for future financial aid, including loans. We strongly urge students to consult with a financial aid staff counselor to help them with decisions about withdrawing.

Recalculation is based on the percent of earned aid using the following formula:

$$\frac{\text{\# of days completed up to the withdrawal date**}}{\text{percent of aid earned}} \div \text{by the total days in the semester} =$$

The federal aid for institutional charges is returned to the federal government based on the percent of unearned aid using the following formula:

$$100 \text{ percent of your award} - \text{percent of aid earned} = \text{what will need to be returned to the US Department Education}$$

Financial Consequences of Withdrawing or Not Passing Classes

Federal regulations assume that students earn financial aid over the course of a term by attending and participating in classes. Students cannot earn all of the funds unless they maintain attendance and class participation for more than 60% of the term. This calculation counts all calendar days, including the first and last day of each term, weekends and holidays. If the student completely withdraws from all classes, receives all F’s, W’s and Incompletes before 60%

point in the term, the student may have to repay any unearned financial aid funds that were already disbursed.

In general, federal regulations assume that students “earn” federal financial aid in direct proportion to the percentage of the term they complete. If students completely withdrawn during a term, the College calculates, according to a federally mandated formula, the portion of the total scheduled financial assistance earned, and therefore entitled to receive, up to the time of withdrawal. If the student or college receives more assistance than is earned, the unearned excess funds must be returned to the US Department of Education. On the other hand, if less financial assistance is received than the amount earned, additional funds may first be applied toward outstanding institutional charges and any excess paid to the student.

The portion of the Federal student aid the student is entitled to receive is calculated on a percentage basis by comparing the total number of days in the term to the number of days completed before withdrawing. For example, if 30% of the term is completed, the student earns 30% of the assistance scheduled to be received. If a withdrawal occurs after the 60% date, the student will have earned all of the financial aid received and no Return of Title IV funds will be required.

If the student completely withdraws, earned aid will be calculated based on the percentage of the term completed, resulting in possible repayment of any unearned aid. Students are encouraged to search for resources to assist them in completing even one class, such as tutoring. Please see examples below.

Example – for illustration purposes only

Jane Doe received the following financial aid:

Federal Pell Grant	\$1,333.00
Federal SEOG	\$ 100.00
Subsidized. Federal Direct Loan (net)	\$ 636.32
Unsubsidized. Federal Direct Loan (net)	\$ 731.38
Total Aid	\$2,800.70
Less Tuition, Fees & Books	-\$ 637.00
Joe’s Refund Check	\$2,163.70

Joe totally withdrew on the 24th day of a 77 day term, or 31.2%. Federal law states that he received or would have been eligible to receive:

Aid Disbursed (100%)	\$2,800.70
Aid Earned (31.2%)	-\$ 873.82
Unearned Aid (68.8%)	\$1,926.88

DTC and Joe share the responsibility of returning unearned aid to federal programs. According to federal policy, DTC’s institutional share is determined by multiplying the total charges (\$637.00) by the unearned percentage (68.8%); in this case, \$438.26. In this example, DTC will return this amount to Joe’s lender (Department of Education) to reduce his Unsubsidized Federal Direct Loan balance owed. The amount paid by DTC, will be added to Joe’s account balance

due to the college. Joe is then responsible for the remaining balance due to Department of Education, calculated as:

Unearned Aid	\$1,926.88
DTC's Share (Pre-pay)	-\$ 438.26
Joe's Unearned Share (Repay)	\$ 1,488.62

The initial amount of unearned aid due from the student is \$1,488.62 but Joe's portion is calculated as:

Total Loans Disbursed	\$1,367.70
DTC Share	-\$ 438.26
Joe's Share to Return	\$ 929.44

Joe's repayment obligation for grant funds is calculated by taking his total unearned share, subtracting his share to return ($\$1,488.62 - 929.44 = \559.18) then, multiplying total grants received by half which is the grant protection allowance ($\$1,433 \times .50 = \716.50). Since the grant protection allowance is more than Joe's share to return, Joe does not owe a grant refund.

The repayment allocation back to federal programs for Joe's student portion ($\$1,488.62$) is as follows:

Unsubsidized Federal Direct Loans	\$731.38
Subsidized Federal Direct Loans	\$636.32
Pell Grants	\$ 0.00
<i>(DTC's Share = \$438.26, Joe's Share = \$929.44)</i>	

Federal policy allows Joe to repay student Return to Title IV loan funds in accordance with the terms of the Master Promissory Note that he signed.

Unearned financial aid will be applied and returned in the following order:

- Federal Direct Unsubsidized Stafford Loan*
- Federal Direct Subsidized Stafford Loan*
- Federal Pell Grant**
- Federal Supplemental Educational Opportunity Grant**
- Iraq Afghanistan Service Grant**
- Other (excluding Federal Work-Study)

*Student repayment according to the terms and conditions of the promissory note

**No more than 50% of the amount received by the student

In most cases, financial aid students who completely withdraw are considered not to have made satisfactory academic progress toward program completion. A complete withdrawal will place the student in Warning status (if previously Good Standing) or Disqualification (if previously

Warning status). The student will be placed on Probation if they appeal, and their appeal is approved.

The student will be notified in writing showing that portion of unearned aid the school will refund from institutional costs and that portion they will be responsible to repay. The student will have 30 days from the date of the bill from DTC to pay the full amount owed or make payment arrangements with the Business Office. If the student fails to pay the amount shown, or make arrangements for a payment plan, but do not make the payments as scheduled, the balance will be turned over to collections. Students who owe a balance to the College are unable to register for classes until the balance is paid.

Withdrawal Date

The withdrawal date is the date the student officially withdraws from all credit courses, which may be different than the last date of attendance. An unofficial withdrawal will result in the last date of attendance being the last date of recorded attendance. Additional withdrawal dates can be:

- Date student began the withdrawal process
- Date student provided intent to withdraw
- Date school determined that student withdrew due to illness, accident or personal grievous loss

Unofficial Withdrawal

When the student stops attending without officially withdrawing and receives a “W”, “F” or “I” grade. At the end of each term, Financial Aid staff review the last date of attendance records for students who did not officially withdraw. If this date is earlier than the official withdrawal date, it will be used in the Return of Title IV funds calculation.

Student Fails to Earn a Passing Grade

If a student fails to earn a passing grade (all F’s) in at least one course, the College must assume an unofficial withdrawal and perform R2T4 calculation at the 50% point of the semester.

A calculation is not required when the College can document that the student completed the period, or the student earns at least one passing grade.

Post-Withdrawal Disbursements

A post-withdrawal disbursement (a type of late disbursement) applies to a student who withdraws completely from the College. The amount of the disbursement is determined by the Return of Title IV (R2T4) calculation required when a student withdraws from school.

If the total amount of Title IV grant and/or loan assistance that the student earned as calculated under the Return of Title IV Program Funds calculation is greater than the total amount of Title IV grant and/or loan assistance that was disbursed to the student on or on behalf of the student in the case of a PLUS loan, the student may be eligible to receive a post-withdrawal disbursement.

CONTACT(S)

The Vice President of Fiscal Affairs officially interprets this policy. Additionally, the Vice President of Fiscal Affairs is responsible for obtaining approval for any revisions as required through the appropriate governance structures. Questions regarding this policy should be directed to the Office of Fiscal Affairs.

STAKEHOLDER(S)

College community; more specifically, students and faculty

TITLE: POLICY CONTENTS PUBLICATION

The policy will be widely distributed to the College community. To ensure timely publication and distribution thereof, the Vice President of Fiscal Affairs will make every effort to:

- Communicate the policy in writing, electronically, or otherwise to the College community, including current and prospective students within fourteen (14) days of approval;
- Submit this policy for inclusion in the Policy Library within fourteen (14) days of approval;
- Post the policy on the College's webpage and all other related webpages, in the student handbook, and in the College catalog; and
- Educate and train all stakeholders and appropriate audiences on the policy's content as necessary.

REVIEW SCHEDULE

- Next Scheduled Review: May 7, 2022
- Approval by, date: Area Commissioners, N/A
- Revision History: None
- Supersedes: N/A

RELATED DOCUMENTS

There are no related documents associated with this policy.

FORMS

There are no forms associated with this policy.