

Taylor College
Return of Title IV Funds / Refund Repayments

POLICY NO: G007/01-13 EFFECTIVE DATE: September 19, 2007

SUBJECT: Return of Title IV Funds / Refund Repayments

General Information

When calculating a student's return of Title IV Funds, for clock-hour programs use the schedule attendance as the amount of time in class.

A "Treatment of Title IV Funds When a student Withdraws from a Clock-Hour Program" worksheet must be completed to calculate what to do with funds received for a student who received Title IV funds.

Up through the 60% point in each payment period or period of enrollment, a prorated schedule is used to determine the amount of Title IV 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 determine whether the student is eligible for a post-withdrawal disbursement.

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.

Treatment of Title IV Funds When a Student Withdraws from School

The Financial Aid officer is required by federal statute to calculate the percentage of earned Title IV Funds received or pending to be received and to return the unearned funds for a student who withdrew, was terminated or failed to return from an approved leave of absence.

Recalculation is based on the percentage of earned aid using the following Federal Return of Title IV funds formula: Percentage of aid earned = the number of scheduled hours in the payment period completed up to the student's last date of attendance as per the school's attendance records, divided by the total clock hours in the payment period.

If this percentage is greater than 60%, the student earns 100% of the disbursed Title IV funds or aid that could have been disbursed. If this percentage is less than 60%, then the percentage earned is equal to the calculated value.

Funds are returned to the appropriate federal program based on the percent of unearned aid using the following formula:

Aid to be returned = (100% minus the percent earned) multiplied by the amount of aid disbursed toward institutional charges. If a student earned less aid than was disbursed, the institution would be required to return a portion of the funds and the student may be required to return a portion of the funds. All Title IV funds that the institution must return will be made no later than 45 calendar days after the date the school determines that the student withdrew.

When Title IV funds are returned, the student may owe a balance to the institution.

If a student earned more aid than was disbursed to him/her, the institution must send written notification to the student (or parent for PLUS loan funds) to offer a post-withdrawal disbursement for any amount not credited to the student's account no later than 30 calendar days after the date that the school determines that the student withdrew. The institution is required to make a post-withdrawal disbursement within 120 days of the student's date of determination that they withdrew.

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Refunds are allocated in the following order:

- Unsubsidized Federal Stafford Loan
- Subsidized Federal Stafford Loan
- Federal Parent (PLUS) Loan
- Federal Pell Grant
- Federal Supplemental Opportunity Grant
- Other Title IV assistance
- Private and institutional aid
- The student

Treatment of Title IV Credit Balance When a Student Withdraws

This treatment applies only to the handling of Title IV credit balances when a student withdraws.

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

- 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.
- Perform the Return calculation including any existing Title IV credit balance for the period in the calculation as described aid.
- Apply any applicable refund policy (state, accrediting agency, institutional, etc.) to determine if doing so creates a new or larger Title IV balance.
- Allocate any Title IV credit balance as follows:
 - 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 that 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.
- 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 during 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.
 - With the student's authorization to reduce the student's Title IV loan debt (not limited to loan debt for the period of withdrawal).
 - To the student (or parent for a PLUS loan).
- 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 determination that are in the best interest of the individual student.

The institution refund policy must be applied 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. School funds may be used instead of the actual Title IV credit balance to satisfy any student grant overpayment.

Period of Enrollment

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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 (not to exceed 12 months).

Funds to Include in a Return Calculation

The calculation of earned Title IV funds includes certain Title IV grant and loan funds if they were disbursed or 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).

For students whose withdrawal date is on or after July 1, 2006, schools should only include funds from the following programs in their Return calculations:

- Pell Grant
- ACG
- National SMART Grant
- FSEOG
- FFEL
- Direct Loan
- Perkins Loan