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TITLE: Return to Title IV

EFFECTIVE DATE: October 1, 2014

LAST REVISION: October 15, 2014

Policy No. 5.554

Policy Statement

Purpose

To provide guidance for calculating the amount of financial aid a student has earned.

Scope/Background

The Higher Education Amendments of 1998 established the concept that financial aid must be earned through class attendance. When a student totally withdraws from all classes, The Financial Aid Office must calculate the amount of financial aid you have earned prior to withdrawing. Any Title IV aid received in excess of the earned amount is considered unearned. Unearned aid must be returned to the respective Federal Aid program(s).

Applicability

This policy and its procedures apply to students who are pursuing various forms of financial aid including but limited to grants, loans and scholarships in accordance with specified federal regulations.

Procedure for Return of Funds

1. **Return of Aid Programs** - Unearned aid amounts are to be returned to Title IV financial aid programs: Federal Direct Student Loan Programs (unsubsidized then subsidized); Federal Perkins Loan Program; Federal Direct PLUS loans; Federal Pell Grant Program; Federal SEOG Program; any other programs funded by Title IV; other federal, state, private or institutional aid programs. Any amount remaining after the applicable programs have been fully repaid is returned to the student. A 100% credit for the term affected will be given in the event of student death. The Return of Title IV Aid calculation will be based on the official notification of the date of death.
2. **Earned Aid** - A student has not earned 100% of their financial aid until s/he has attended more than 60% of the term. If a financial aid recipient totally withdraws on or before the 60% point of the term, there is a portion of the aid that has not been earned. The percentage of earned aid is determined by taking the number of days attended divided by the total number of days in the term.
3. **Unearned Aid** - The percentage of unearned aid is calculated by subtracting the earned percentage from 100%.



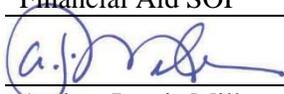
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4. **Return of Unearned Aid Amount** - Once the earned and unearned aid percentages are determined, the next step is to calculate the dollar amount of total unearned aid that must be returned. The Return of Unearned Aid Amount is determined by multiplying the unearned aid percentage by the total of all Title IV aid disbursed or eligible to be disbursed.
5. **Return of Fees** - The unearned aid portion is repaid by both the student and the school. The school can use any fee adjustment refund generated by the withdrawal to pay the portion it owes back. However, depending on the time of withdrawal, the student may also be responsible for repaying a portion of his/her that had been previously paid by the financial aid. In almost every instance, the fee refund will be less than the total Return of Unearned Aid Amount. As a result, when a student withdraws, a balance will be created for the difference between the fee refund and the Return of Unearned Aid Amount. **The student is responsible for paying this balance.**
6. **Post-Withdrawal Disbursements** - If a student totally withdraws from a semester and receives less federal aid than the amount earned, then the student may be eligible for a post-withdrawal disbursement. The student must have met all of the conditions for a late disbursement prior to withdrawing. Grant funds will automatically be applied towards outstanding charges created by the withdrawal. Loan funds will not be applied until written confirmation is received from the borrower. If no confirmation is received, the loan is cancelled.
7. **Non-Title IV Aid** - Refunds applicable to non-Title IV funds will be distributed to the respective aid accounts in the same proportion as the aid awarded.
8. **Dropping All Classes** - To avoid financial penalties and aid adjustments, make sure you drop all classes prior to the beginning of the semester. If you drop all classes prior to the start of the semester, you will not be considered a student for that semester and, thus, not entitled to received any form of financial aid. Your aid will be cancelled and returned to the appropriate program(s). If you drop all your classes close to the beginning of the semester, and you have already received financial aid, you will be required to repay the entire amount of aid disbursed to you. Once the semester starts on the first day, you have begun to earn aid and a Return of Title IV Aid calculation must be completed.
9. **Failing ALL Classes** - If you fail all of your classes in a semester, you may be subject to a Return of Title IV Aid calculation. If you have "earned" at least one of your "F"s (i.e., attended class at least one course until the end of the term and received an F for poor performance), then no calculation is required. However, if you received all Fs because you stopped attending or never attended courses prior to the 60% point in the semester, then a R2T4 calculation is required. This is considered an unofficial withdrawal and the 50% point of the semester will be used as the withdrawal date. An account balance will be created if the calculation results in the return of financial aid.



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10. **Future Aid Eligibility** - Withdrawing may affect your eligibility to receive financial aid in subsequent terms. Upon withdrawal, you should notify the Student Financial Aid Office when you plan to return so we can make necessary adjustments to your financial aid award. Students should also review the [Satisfactory Academic Progress](#) requirements.

Source of Policy: BRCC Office of
Financial Aid
Related Policy: Financial Aid SOP
Approved by: 
Chancellor: Andrea Lewis Miller

Responsible Administrator: Director of
Financial Aid
LCTCS Policy Reference: _____
LCTCS Guideline Reference: _____
Date: 10/15/14