

Chapter 3

Return of Title IV Funds Case Studies - Part 1

Case Study 1: Penny Jones

A student is attending a two-year, semester-based community college, is receiving Title IV grants and loans (partially disbursed), and is due a post-withdrawal disbursement.

Case Study 2: Bob Ellison

A student withdraws and is receiving Title IV grants and loans at a low-cost public community college that measures progress in credit hours, and both the school and the student must return grant funds.

Case Study 3: Richard Sherman

A student withdraws unofficially and is receiving Title IV grants and loans.

Case Study 4: Harry Springer

A student withdraws unofficially and is receiving Title IV grants and loans at a school that measures academic progress in clock hours and performs its return calculations on a period of enrollment basis.

Case Study 5: Jordan Aire

A student withdraws unofficially and is receiving Title IV grants and loans at a school that measures academic progress in clock hours and performs its return calculations on a payment period basis.

Learning Objectives

Learn to complete Steps 1 – 4 of the Treatment of Title IV Funds When a Student Withdraws from a Credit-Hour Program worksheet 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 payment period or period of enrollment 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;
- determine the amount to be offered to the student or returned; and
- identify the information a school must maintain in its files when a student is eligible for a post- withdrawal disbursement, and complete a Post-Withdrawal Disbursement Tracking Sheet.

School Profile

Everyone Should Have an Education Community College (ESECC) is a two year, public, semester-based institution that measures academic progress in credit hours.

Academic Year (AY)/Program:

24 Semester credit hours, 32 weeks,
2 semesters

Payment Period Length:

	16 weeks
	110 calendar days
Payment Period Start Date:	August 23
Payment Period End Date:	December 10
Institutionally Scheduled Break:	None
Required to Take Attendance:	No

Student Profile	
Penny Jones is a first-year student at ESECC. Charges to her account for the first semester are as follows:	
Tuition and Fees	\$ 1,000.00/16-week semester
Technology Fee	\$ 100.00/16-week semester
Books and Supplies	\$ 400.00/16-week semester
Health Insurance	\$ 200.00/academic year
Charges remaining on Penny's account after the withdrawal:	
Tuition	\$ 100.00
School Authorized to Credit Account for Other Charges:	Yes (all charges)
Penny's financial aid package included the following annual awards:	
Pell Grant	\$ 2,000.00
Direct Subsidized Loan	\$ 3,500.00
State Grant	\$ 500.00
College Grant	\$ 200.00

Discussion

On the first day of the fall semester, August 23, Penny received the following disbursements to her student account:	
Pell Grant	\$1,000.00
Net Direct Subsidized Loan	\$0
State Grant	\$500.00
College Grant	\$100.00

Although Penny is grateful for the assistance, she is concerned about meeting her living costs for the year.

On October 8, Penny came to the Financial Aid 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. After you provide her preliminary information, you ask her if it is her intent to withdraw. Penny says that she needs some time to think it over and makes a follow-up appointment for October 13.

When Penny comes to see you on October 13, she indicates 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 forms. Penny picks up the forms from the registrar on October 14. She turns in the completed forms 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 earn academic credits based on credit hours taken. Before withdrawing, Penny received her Pell Grant disbursement but not her Direct Loan.

Solution

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 that could have been disbursed.

The date of the institution's determination is the date you were advised by Penny that she had decided to withdraw (October 13). On the earlier date, October 8, she was only thinking about withdrawing.

Date of the institution's determination that the student withdrew = October 13.

Note that for a student who provides notification to the institution of his or her withdrawal, the **date of determination** is the student's withdrawal date, or the date of notification of withdrawal, whichever is later (34 CFR 668.22(l)(3)(i)). In this case the dates are identical, October 13.

The withdrawal date for Title IV purposes, October 13, is discussed in **Step 2**.

Step 1: Student's Title IV Aid Information

Box A.

Title IV grants aid disbursed

Pell Grant	\$1,000.00
A. =	\$1,000.00

Box B.

Net Title IV loans disbursed = \$ 0.00

Box C.

Title IV grants that could have been disbursed = \$ 0.00

Box D.

Penny's Direct Loan had not been disbursed yet. But, she was eligible for the disbursement. Net Title IV loans that could have been disbursed = \$ 1,700.00

D = \$1,700.00

Box E.

Although Penny also received disbursements of state and institutional aid, only Title IV aid is considered in the return of funds calculation. Title IV aid disbursed = \$1,000.

E = \$1,000.00

Box F.

Box F is equal to the \$1,000.00 from Box A plus \$0.00 from Box C. Box F = \$1,000.

F = \$1,000.00

Box G.

Both the disbursed Pell (Box A) and undisbursed Direct Loan (Box D) are included in Box G. Total Title IV aid disbursed plus Title IV aid that could have been disbursed = \$2,700.

Pell Grant (Box A)	\$1,000.00
Net Direct Subsidized Loan (BoxD)	\$1,700.00
Total Title IV aid disbursed plus could have been disbursed (Box G)	\$ 2,700.00

G = \$ 2,700.00

Step 2: Percentage of Title IV Aid Earned

- 1. Payment period start date = August 23
- 2. Payment period end date = December 10
- 3. Withdrawal date = October 13

Note: Since ESECC does not take attendance and is not required by an outside entity to take attendance, the withdrawal date is the date Penny began the official school withdrawal process. Since the school includes the financial aid office as one of those places where the student can begin the withdrawal process, Penny’s withdrawal date is October 13.

Although the school’s refund policy is that the withdrawal date is the date a student turns in the signed withdrawal forms—which she did on October 15—that date is superseded for a student receiving Title IV aid by the federal requirement to use the date the student begins the withdrawal process or otherwise provides official notification (October 13).

Although Penny stopped attending classes on September 30, she didn’t notify the school (begin the official withdrawal process) until October 13. When she came to see you on October 8, she was only thinking about withdrawing.

Of course, 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.

Box H.

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 (August 23–October 13).
- Because the semester does not include a scheduled break of five 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.

Note: Days in a period are counted as follows:

1. the first day of the payment period is the first scheduled day of an academically related activity;
 2. the last day of the payment period is the last scheduled day of an academically related activity;
 3. the school must count the date of withdrawal as a date of attendance.
- $52 \text{ days} \div 110 \text{ days} = .4727$, rounded to .473, or 47.3%. Percentage of payment period completed = 47.3%.

H. Because this percentage is less than or equal to 60%, the percentage of Title IV aid earned in Box H = 47.3%.

Step 3: Amount of Title IV Aid Earned by the Student

Box I.

47.3% (Percentage of Title IV aid earned from Box H) \times \$ 2,700.00 (Total Title IV aid disbursed plus Title IV aid that could have been disbursed from Box G) = \$1,277.10. Amount of Title IV aid earned by the student (Box I) = \$1,277.10.

I. = \$1,277.10

Step 4: Total Title IV Aid to Be Disbursed or Returned

Box J.

Because the total aid earned (Box I) is greater than the total aid disbursed (Box E), Penny is due a post-withdrawal disbursement. $\$1,277.10$ (Box I) – $\$1,000.00$ (Box E) = \$277.10. Post-withdrawal disbursement (Box J) = \$277.10.

J. = \$277.10

If a post-withdrawal disbursement is due the student, you stop here on the worksheet (page 2 is not required as shown in our worksheet walkthrough). Your next step is to begin compiling the information a school must maintain in its files when a student is eligible for a post-withdrawal disbursement (ESECC has chosen to use FSA's Post-withdrawal Tracking Sheet) and providing the required notifications to the student.

The Post-Withdrawal Disbursement Tracking Sheet

The school performed the R2T4 calculation on October 15 and determined that Penny was eligible for a post- withdrawal disbursement of \$277.10 (Step 4, Box J).

However, the COD system will not accept requests for other than whole dollars (no cents) for the Direct Loan Program. Therefore, the school must round down to, request, and disburse \$277.00.

Because the post-withdrawal disbursement would be composed entirely of loan funds, the school could not credit any funds to Penny's account or disburse any funds to her directly without sending Penny written notification advising her of her responsibility to repay the funds and obtaining Penny's confirmation that she still wants them.

Therefore, on October 20, the school sent Penny a letter explaining that:

- she was eligible for a post-withdrawal disbursement of Subsidized Direct Loan funds in the amount of \$277.00;
- she could accept some or all of the funds;
- Penny was obligated to repay any loan funds she accepted;

- if she accepted the disbursement, \$100 would be credited to her account for unpaid charges and that Penny could not receive that \$100;
- if she accepted the disbursement, the school would make a direct disbursement directly to her of \$177.00; and
- she has until November 13 (24 days from the day the school mailed the letter)¹ to accept the disbursement, and that if her response was received after that date, the school did not have to make the disbursement.

On November 13, the school received confirmation from Penny that she accepted all of the funds.

On November 15, the school drew down \$277.00 in Subsidized Direct Loan funds through G5, credited the \$277.00 to Penny’s account, took \$100 for unpaid charges and sent Penny a check for the credit balance of \$177.00. (Note that the school could have drawn down the funds, credited the student’s account with \$100.00, and sent the student the balance of \$177.00, but we do not require a school to deviate from its normal cash management procedures and establish a different type of audit trail for post-withdrawal disbursements.)

The school included a record of the calculation and communications described above in Penny’s permanent financial aid file.

¹ The regulations allow a school to set a deadline later than 14 days, provided the later deadline applies to both confirmation of loan disbursements to the student’s account and direct disbursements of a post-withdrawal disbursement of loan disbursements to the student’s account and direct disbursements of a post-withdrawal disbursement.

[📎 R2T4 worksheet for a Student who Withdraws from a Credit-Hour Program](#) 

Case Study 2: Bob Ellison

Calculating the return of Title IV funds when a student receiving Title IV grants and loans at a low-cost public community college that measures progress in credit hours withdraws and both the school and the student must return grant funds.

Learning Objectives

Learn to complete Steps 1–10 of the Treatment of Title IV Funds When a Student Withdraws from a Credit-Hour Program worksheet 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 for a student who officially withdraws;
- calculate the percentage of the payment period or period of enrollment 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;
- determine the amount to be offered to the student or returned;
- apply the Title IV grant protection; and
- apply the *de minimis* grant repayment provision.

School Profile

West Coast Community College (WCCC) is a two-year public, credit-hour institution.

Academic Year/Program:	2 semesters/32 weeks and 24 semester hours
Payment Period Length:	16 weeks/110 calendar days
Payment Period Start Date:	January 8
Payment Period End Date:	May 4
Institutionally Scheduled Break:	Yes, 7 days

Taking Attendance Required:	No
Method for Matching FSEOG:	Fund-specific

Student Profile									
<p>Bob Ellison is a first-time freshman at WCCC. Charges to his account are as follows:</p> <table> <tr> <td>Tuition and Fees:</td><td>\$1,000.00/16-week semester</td></tr> <tr> <td>School Authorized to Credit Account for Other Charges:</td><td>Yes (all charges)</td></tr> </table> <p>Bob's financial aid package includes the following annual awards:</p> <table> <tr> <td>Pell Grant</td><td>\$2,800.00</td></tr> <tr> <td>FSEOG</td><td>\$2,400.00</td></tr> </table>		Tuition and Fees:	\$1,000.00/16-week semester	School Authorized to Credit Account for Other Charges:	Yes (all charges)	Pell Grant	\$2,800.00	FSEOG	\$2,400.00
Tuition and Fees:	\$1,000.00/16-week semester								
School Authorized to Credit Account for Other Charges:	Yes (all charges)								
Pell Grant	\$2,800.00								
FSEOG	\$2,400.00								

Discussion

Bob Ellison enrolled as a first-time freshman at WCCC for the spring semester on January 8. On January 18, Bob got a call from the state treasurer informing him that the programming job he had applied for six months ago was his for the taking. That same day, Bob contacted the Financial Aid Office to: (1) advise them that he was withdrawing from WCCC, (2) begin WCCC’s formal withdrawal process (11 calendar days into the semester), and (3) find out what to do next. All of his financial aid for the semester had been disbursed.

Solution

The date of the institution’s determination that Bob withdrew is the day he contacted the Financial Aid Office to advise the school that he was withdrawing from WCCC: January 18.

Step 1: Student’s Title IV Aid Information

Box A.

Because WCCC uses the fund-specific method of matching FSEOG funds, 100% of Bob’s FSEOG grant is used in the calculation. Title IV grant aid disbursed = \$2,600.00.

Pell Grant	\$1,400.00
FSEOG	\$1,200.00
A. =	\$2.600.00

Box B.

Net Title IV loans disbursed = \$ 0.00.

Box C.

Grants that could have been disbursed = \$ 0.00.

Box D.

Net Title IV loans that could have been disbursed = \$ 0.00.

Box E.

Total Title IV aid disbursed for the payment period = $A + B = 2,600.00 + 0.00 = \$ 2,600.00$.

Box F.

Total Title IV grant aid disbursed and could have been disbursed for the payment period = $A + C = 2,600.00 + 0.00 = \$ 2,600.00$.

Box G.

Total Title IV aid disbursed and could have been disbursed for the payment period = $A + B + C + D = 2,600.00 + 0.00 + 0.00 + 0.00 = \$ 2,600.00$.

Step 2: Percentage of Title IV Aid Earned

1. Payment period start date = January 8.
2. Payment period end date = May 4.
3. Date of withdrawal = January 18.
4. Percentage of payment period completed:
 - Number of calendar days completed = 11 calendar days.
 - Number of calendar days in payment period = 110 calendar days.

Note: Although the total number of days in the payment period is 117 days, remember that you must exclude scheduled breaks of five days or more from the denominator.
 - $11 \text{ days} \div 110 \text{ days} = 0.100$. Percentage of payment period completed = 10.0%.

Box H.

Because this percentage is less than or equal to 60%, the percentage of Title IV aid earned in Box H = 10.0%.

Step 3: Amount of Title IV Aid Earned by Student

Box I.

Multiply 10.0% (Percentage of Title IV aid earned from Box H) \times \$2,600.00 (Total Title IV aid disbursed plus Title IV aid that could have been disbursed from Box G) = \$260.00 Amount of Title IV aid earned by student = \$260.00.

I. = \$260.00

Step 4: Total Title IV Aid to be Disbursed or Returned

Box J.

Because the total Title IV aid earned (Box I) is less than the aid disbursed (Box E), no post-withdrawal disbursement is due, and we proceed to Box K. Post-withdrawal disbursement = N/A.

Box K.

Because the total aid disbursed (Box E) is greater than the total aid earned (Box I), Title IV aid will need to be returned.
\$2,600.00 (Box E) – \$260.00 (Box D) = \$2,340.00. Title IV aid to be returned = \$2,340.00.

Step 5: Amount of Unearned Title IV Aid Due from the School

Box L.

Institutional charges for the payment period or period of enrollment = \$1,000.00.

Tuition and Fees	\$1,000.00
------------------	------------

Box M.

Subtract 10.0%, the percentage of Title IV aid earned (Box H), from 100% (100% – 10.0% = 90.0%). Percentage of Title IV aid unearned = 90.0%.

Box N.

First, calculate the unearned institutional charges. \$1,000.00 (institutional charges from Box L) **X** 90.0% (% Title IV aid unearned from Box M) = \$900.00. Amount of unearned institutional charges = \$900.00.

Box O.

Then, compare the amount of Title IV aid to be returned (Box K) to unearned institutional charges (Box N), and enter the lesser amount for Box O.

Box K =	\$2,340.00
Box N =	\$900.00

Amount of unearned Title IV aid due from the school = \$900.00.

Step 6: Return of Funds by the School

Box P.

The student had no loans, so the total loans the school must return = \$0.00

Box P =	\$0.00
---------	--------

The student’s Pell Grant (\$1,400.00) exceeds the amount the school must return (\$900.00), so the school must return \$900.00 to the Federal Pell Grant program. The school must return the funds as soon as possible, but no later than **45 days** from the date it determined Bob withdrew.

Step 7: Initial Amount of Unearned Title IV Aid Due from Student

Box Q.

Subtract the amount of Title IV aid that the school must return (\$900.00 from Box O) from the total amount of Title IV aid that is to be returned (\$2,340.00 from Box K). $\$2,340.00 - \$900.00 = \$1,440.00$. Initial amount of unearned Title IV aid due from student = \$1,440.00.

Step 8: Repayment of the Student's Loans

Box R.

The student had no loans, so the total loans the student must return = \$0.00.

Step 9: Grant Funds to be Returned

Box S.

Initial amount of Title IV grants for the student to return

Subtract the amount of loans to be repaid by the student (\$0.00 from Box R) from the initial amount of unearned Title IV aid due from the student (\$1,440.00 from Box Q) to find the initial amount of Title IV grants for the student to return. $\$1,440.00 - \$0.00 = \$1,440.00$.

Box T.

Amount of grant protection

Multiply the total of Title IV grant aid that was disbursed and could have been disbursed for the payment period or period of enrollment (\$2,600.00 from Box F) by 50%. Amount of grant protection = $\$2,600.00 \times 50.0\% = \$1,300.00$.

Box U.

Title IV grant funds for the student to return

Subtract the protected amount of Title IV grants (\$1,300.00 from Box T) from the initial amount of Title IV grants for student to return (\$1,440.00 from Box S). Total grants for student to return = $\$1,440.00 - \$1,300.00 = \$140.00$.

Step 10: Return of Grant Funds by the Student

Amount of Title IV grants for the student to return

- Subtract the amount the school had to return to the Federal Pell Grant program (\$900.00) from the amount of Federal Pell Grant disbursed to the student (\$1,400.00). Remaining unearned Pell Grant balance = $\$1,400.00 - \$900.00 = \$500.00$.
- Since the \$500 remaining in Pell Grant funds exceeds the \$140.00 for the student to return, WCCC informs Bob that he must repay the \$140.00 and that he has 45 days to make repayment arrangements or repay his overpayment. WCCC also informs Bob that if he fails to repay or make arrangements to repay the overpayment, he will be referred to the Department and will lose eligibility for additional Title IV funds.

The school included a record of the calculation and communications described above in Bob's permanent financial aid file.

[🔗 Treatment Of Title IV Funds When A Student Withdraws From A Credit-Hour Program-Case 2](#) 

Case Study 3: Richard Sherman

Here is an example of when a student receives Title IV grants and loans and unofficially withdraws.

Learning Objectives

Learn to complete Steps 1–9 of the Treatment of Title IV Funds When a Student Withdraws from a Credit-Hour Program worksheet 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 for a student who withdraws unofficially;
- calculate the percentage of the payment period or period of enrollment 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;
- determine the amount to be offered to the student or returned; and
- apply the Title IV grant protection.

School Profile

The Ultra Large State University (ULSU) is a four-year, semester-based, public institution that measures academic progress in credit hours and uses the aggregate method for matching the school’s FSEOG federal allocation with state grant funds.

Academic Year/Program:	2 semesters/30 weeks and 24 semester hours
Payment Period Length:	15 weeks/100 calendar days
Payment Period Start Date:	September 1
Payment Period End Date:	December 9
Institutionally Scheduled Break:	None
Required to Take Attendance:	No
Method for Matching FSEOG:	Aggregate method

Student Profile

Richard Sherman is a third-year student with a 3.5 cumulative GPA majoring in engineering.

Tuition and fees	\$ 4,000.00/15-week semester
Room	\$ 1,000.00/15-week semester
Board	\$ 1,000.00/15-week semester
Books and Supplies(credit voucher at school store)	\$ 500.00/15-week semester
	Yes (all charges)

School Authorized to Credit Account for Other Charges:

Richard’s financial aid package included the following **annual** awards:

Pell Grant	\$ 5,500.00
State Grant	\$ 1,000.00
FSEOG	\$ 4,000.00

Subsidized Direct Loan

\$ 4,000.00

All of Richard's financial aid for the first semester (i.e., one-half of his annual awards) was disbursed on the first day of classes.

Discussion

Richard is a brilliant computer engineering major in his third year at ULSU. Over the summer between his second and third year, Richard developed and submitted to Gigantic Computer Corporation (GCC) an idea for a new memory chip. In October, Richard got a six-figure offer of employment from GCC. Richard was so excited by the offer that he packed his bags and headed for Seattle without telling anyone at the school that he was leaving.

Instructors at ULSU must report a last date of attendance (LDA) whenever they submit a non-passing grade, and those dates appear on a report of Title IV recipients who failed to earn a passing grade in any of their classes that is provided by the Computer Center to the financial aid office at the end of each grading period.

On December 16, after grades have been submitted for the fall semester, the Computer Center at ULSU ran the program that identified Title IV recipients who failed to earn a passing grade in any of their classes. When the aid office received and evaluated the report for the fall semester, it found that Richard's LDA was October 10. Because Richard did not provide official notification of his withdrawal, he is considered an unofficial withdrawal.

At the beginning of the semester, the following awards were posted to Richard's account at ULSU.

Pell Grant	\$2,750.00
State Grant	\$500.00
FSEOG	\$2,000.00
Net Subsidized Direct Loan	\$1,930.00

Solution

The date of the institution's determination that Richard withdrew is the date the aid office received and processed the report from the Computer Center. Date of institution's determination that the student withdrew = December 16.

Note: For a student who withdraws without providing notification to 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.

Step 1: Student's Title IV Aid Information

Box A.

ULSU enters the following data in Step 1.

Title IV grant aid disbursed

Pell Grant	\$2,750.00
FSEOG	\$2,000.00
A. =	\$4,750.00

Box B.

Net Title IV loans disbursed, Subsidized Direct Loan = \$ 1,930.00

Box C.

Title IV grants that could have been disbursed = \$ 0.00.

Box D.

Net Title IV loans that could have been disbursed = \$ 0.00.

Box E.

Total Title IV aid disbursed for the payment period = $A + B = 4,750.00 + 1,930.00 = \$ 6,680.00$.

Box F.

Total Title IV grant aid disbursed and could have been disbursed for the payment period = $A + C = 4,750.00 + 0.00 = \$ 4,750.00$.

Box G.

Total Title IV aid disbursed and could have been disbursed for the payment period = $A + B + C + D = 4,750.00 + 1,930.00 + 0.00 + 0.00 = \$ 6,680.00$.

Step 2: Percentage of Title IV Aid Earned

Because Richard did not officially withdraw from school and ULSU does not take attendance and is not required to take attendance by an outside agency (other than for a one day snapshot for state census purposes), the school may use either the midpoint of the payment period or the last date of Richard's attendance in an academically related activity as the withdrawal date. The school elects to choose the midpoint of the period as Richard's withdrawal date.

1. Payment period start date = September 1
2. Payment period end date = December 9
3. Date of withdrawal = October 20¹
4. Percentage of payment period completed
 - Number of calendar days completed = 50²
 - Number of calendar days in the payment period = 100
 - $50 \text{ days} \div 100 \text{ days} = 0.5000$. Percentage of payment period completed = 50.0%

1, 2 The midpoint of the period, or 50 of 100 days.

Box H.

Because this percentage is less than or equal to 60%, the percentage of Title IV aid earned in Box H = 50.0%.

Step 3: Amount of Title IV Aid Earned by the Student**Box I.**

$50.0\% \text{ (Percentage of Title IV aid earned from Box H)} \times \$6,680.00 \text{ (Total of the Title IV aid disbursed and could have been disbursed for the payment period or period of enrollment from Box G)} = \$3,340.00$. Amount of Title IV aid earned by the student = \$3,340.00.

Step 4: Total Title IV Aid to be Disbursed or Returned

Box J.

Because the total Title IV aid earned (Box I) is less than the aid disbursed (Box E), no post-withdrawal disbursement is due, and we proceed to Box K. Post-withdrawal disbursement = N/A.

Box K.

Because the total Title IV aid disbursed (Box E) is greater than the total Title IV aid earned (Box I), Title IV aid must be returned.

\$6,680.00 (Box E) - \$3,340.00 (Box I) = \$3,340.00. Title IV Aid to be returned = \$3,340.00.

Step 5: Amount of Unearned Title IV Aid Due from the School

Box L.

Institutional charges for the payment period or period of enrollment = \$6,500.00.

Tuition and fees	\$ 4,000.00
Room	\$ 1,000.00
Board	\$ 1,000.00
Books	\$ 500.00

Box M.

Subtract the percentage of Title IV earned from Box H (50.0%) from 100.0%. 100% - 50.0% = 50.0%. Percentage of Title IV aid unearned = 50.0%.

Box N.

Calculate the amount of unearned charges. \$6,500.00 (institutional charges from Box L) X 50% (% of Title IV aid unearned from Box M) = \$3,250.00.

Amount of unearned institutional charges = \$3,250.00.

Box O.

Compare the amount of Title IV aid to be returned (Box K) to unearned institutional charges (Box N), and enter the lesser amount in Box O.

Box K =	\$ 3,340.00
Box N =	\$ 3,250.00

Amount of unearned Title IV aid due from the school = \$3,250.00.

Step 6: Return of Funds by the School

Box P.

The only Title IV loan disbursement Richard received was a Subsidized Direct Loan disbursement of \$1,930.00. Since \$1,930.00 is less than the \$3,250.00 (Box O) the school must return the entire \$1,930.00. Box P = \$1,930.00.

After the school returns \$1,930.00 to the Direct Loan program, \$1,320.00 remains to be returned by the school (\$3,250 (from Box O) – \$1,930 (from Box P)). Richard received \$2,000.00 in Pell Grant funds, so the school returns the \$1,320.00 to the Pell Grant Program.

Step 7: Initial Amount of Unearned Title IV Aid Due from Student

Box Q.

Subtract the amount of Title IV aid the school must return (\$3,250.00 from Box O) from the total amount of Title IV aid that is to be returned (\$3,340.00 from Box K) to find the initial amount of Title IV aid due from the student. $\$3,340.00 - \$3,250.00 = \$90.00$.

Step 8: Repayment of the Student's Loans

Box R.

Subtract the Total Loans the school must return (\$1,930.00 from Box P) from the net loans disbursed to the student (\$1,930.00 from Box B) to find the total of the loans the student must repay $\$1,930.00 - \$1,930.00 = \$0.00$.

Step 9: Grant Funds to be Returned

Box S.

Initial amount of Title IV grants for the student to return

Subtract the amount of loans to be repaid by the student (\$0.00 from Box R) from the initial amount of unearned aid due from the student (\$90.00 from Box Q) to find the initial amount of Title IV grants for the student to return. $\$90.00 - \$0.00 = \$90.00$.

Box T.

Amount of grant protection

Multiply the total of Title IV grant aid disbursed or could have been disbursed for the payment period or period of enrollment (\$4,740.00 from Box F) by 50.0%. $\$4,740.00 \times 50.0\% = \$2,370.00$.

Box U.

Title IV grant funds for the student to return

Subtract the amount of grant protection (\$2,375.00 from Box T) from the initial amount of Title IV grants for the student to return (\$90.00 from Box S) to find the Title IV grant funds for the student to return. $\$90.00 - \$2,375.00 = -\$2,285.00$ ¹.

¹ If this amount is less than or equal to \$0.00, stop here. Richard is not required to return any Title IV grant funds.

[!\[\]\(8aa05b4b06c05d58ddd90cdbf335b307_img.jpg\) Treatment Of Title IV Funds When A Student Withdraws From A Credit-Hour Program-Case 3](#) 

Case Study 4: Harry Springer

Here is an example of when a student receives Title IV grants and loans and unofficially withdraws. The school measures academic progress in clock hours and performs its Title IV return calculations on a period of enrollment basis.

Learning Objectives

Learn to complete Steps 1–8 of the Treatment of Title IV Funds when a Student Withdraws from a Clock-Hour Program worksheet, and be able to:

- determine withdrawal date for student who did not provide notification of intent to withdraw at a school required to take attendance;
- determine the scheduled clock hours;
- calculate the percentage of the period of enrollment 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 to be offered to the student or returned.

School Profile

Quality Tech School (QTS) is a proprietary school that measures academic progress in clock hours.

Academic Year/Program/ Period of Enrollment:	900 clock hours/30 weeks
Payment Period Length:	450 clock hours/15 weeks
Period of Enrollment Start Date:	January 8
Period of Enrollment End Date:	August 3
Institutionally Scheduled Break:	N/A
Required to Take Attendance:	Yes
Period used in Return calculation:	Period of Enrollment

Student Profile

Harry Springer enrolled in a 900 clock-hour, 30-week program at QTS. The first payment period is 450 clock hours. Charges to Harry’s account are as follows:

Tuition and fees	\$ 8,000.00/30-week program
Room	\$ non-residential program
Board	\$ non-residential program
Books and Supplies	\$ 500.00/program
School Authorized to Credit Account for Other Charges:	Yes (all charges)

Harry’s financial aid package included the following **annual** awards:

Pell Grant	\$4,000.00
Subsidized Direct Loan	\$3,500.00

All of Harry’s financial aid for the first payment period (450 clock hours, i.e., one-half his annual awards) was disbursed on the first day of classes.

Discussion

On the first day of the winter period, January 8, Harry received the following disbursements to his student account:

Pell Grant	\$2,000.00
Net Subsidized Direct Loan	\$1,700.00

Everything seemed to be going very well for Harry. It wasn't until January 26 that the school discovered Harry hadn't been attending classes and didn't plan on returning. The Director of Student Services notified the financial aid office that Harry's last day of attendance was January 17 (through which time Harry was scheduled to have attended 45 hours), and the aid office began the withdrawal process and required calculations.

Solution

The date of the institution's determination that Harry withdrew (January 26) is the date the financial aid office received the information from the Director of Student Services. Because QTS is required to take attendance, Harry's withdrawal date is his last day of attendance at an academically related activity, January 17.

Step 1: Student's Title IV Aid Information

Box A.

Title IV grant aid disbursed

Pell Grant	\$2,000.00
A. =	\$2,000.00

Box B.

Net Title IV loans disbursed

Net Subsidized Direct Loan	\$1,700.00
B. =	\$1,700.00

Box C.

Because QTS uses the period of enrollment as the basis for its Return calculation, the \$2,000 in Pell funds Harry was scheduled to receive once he had completed the first 450 hours of his program is included as Title IV grants that could have been disbursed.

C. =	\$2,000.00
-------------	------------

Box D.

Because QTS uses the period of enrollment as the basis for its R2T4 calculation, the \$1,700.00 in Subsidized Direct Loan funds Harry was scheduled to receive once he had completed the first 450 hours and the calendar midpoint of his program of his program is included as Title IV loans that could have been disbursed.

D. =

\$1,700.00

Box E.

Total Title IV aid disbursed for the period = $A + B = 2,000.00 + 1,700.00 = \$ 3,700.00$.

Box F.

Total Title IV grant aid disbursed and that could have been disbursed for the period = $A + C = 2,000.00 + 2,000.00 = \$4,000.00$.

Box G.

Total Title IV aid disbursed and that could have been disbursed for the period = $A + B + C + D = 2,000.00 + 1,700.00 + 2,000.00 + 1,700.00 = \$ 7,400.00$.

Step 2: Percentage of Title IV Aid Earned

Because QTS is required to take attendance by an outside agency, the school must use the last date of Harry's attendance in an academically related activity as determined from its attendance records as the withdrawal date. Harry's last date of attendance was January 17.

1. Period of enrollment start date = January 8.
2. Period of enrollment end date = August 3.
3. Date of school's determination that student withdrew = January 26
4. Withdrawal date = January 17.

Box H.

Percentage of period completed

Only scheduled hours are used to determine the percentage of the period completed by a student withdrawing from a clock-hour program. The percentage of the period completed by a student in a clock-hour program is determined by dividing the number of clock hours the student was scheduled to complete as of the withdrawal date in the period by the total clock hours in the period.

- Number of clock hours Harry was scheduled to complete by January 17 = 45.
- Number of clock hours in the period of enrollment = 900.
- $45 \text{ clock hours} \div 900 \text{ clock hours} = 0.050$.

Percentage of the period completed = 5.0%.

Because this percentage is less than or equal to 60%, you enter that percentage in Box H = 5.0%.

Step 3: Amount of Title IV Aid Earned by the Student

Box I.

5.0% (Percentage of Title IV aid earned from Box H) \times \$ 7,400.00 (Total of the Title IV aid disbursed and could have been disbursed for the period from Box G) = \$370.00. The amount of Title IV aid earned by the student = \$370.00.

Step 4: Total Title IV Aid to be Disbursed or Returned

Box J.

Because the total Title IV aid earned (Box I) is less than the total Title IV aid disbursed (Box E), no post-withdrawal disbursement is due, and we proceed to Box K.

Post-withdrawal disbursement = N/A.

Box K.

Because the total Title IV aid disbursed (Box E) is greater than the total Title IV aid earned (Box I) Title IV aid must be returned.

\$ 3,700.00 (Box E) – \$370.00 (Box I) = \$3,330.00. The amount of Title IV Aid to be returned = \$3,330.00.

Step 5: Amount of Unearned Title IV Aid Due from the School

Box L.

Institutional charges for the period = \$8,500.00.

Tuition and fees	\$8,000.00
Books & Supplies	\$500.00

Box M.

Subtract the percentage of Title IV earned from Box H (5.0%) from 100.0%. 100% – 5.0% = 95.0%. The percentage of unearned Title IV aid = 95.0%.

Box N.

Calculate the amount of unearned charges. \$8,500.00 (institutional charges from Box L) X 95% (Percentage of Title IV aid unearned from Box M) = \$8,075.00.

Amount of unearned institutional charges = \$8,075.00.

Box O.

Compare the amount of Title IV aid to be returned (Box K) to unearned institutional charges (Box N), and enter the lesser amount in Box O.

Box K =	\$3,330.00
Box N =	\$8,075.00

Amount of unearned Title IV aid due from the school = \$3,330.00.

Step 6: Return of Funds by the School

Box P.

The only Title IV loan disbursement that Harry received was a Subsidized Direct Loan disbursement of \$1,700.00. Since \$1,700.00 is less than the \$3,330.00 (Box O) the amount for the school to return, the school must return the entire \$1,700.00 to the Direct Loan Program.

P = \$1,700.00

After the school returns \$1700.00 to the Direct Loan program, the remaining balance to be returned by the school is \$1,630.00 (\$3,330.00 [from Box O] – \$1700.00 [from Box P]). Since Harry received \$2,000.00 in Pell Grant funds, the school returns the \$1,630.00 to the Pell Grant Program.

The school must return any unearned funds within 45 days from the date of the institution’s determination that Harry withdrew.

Step 7: Initial Amount of Unearned Title IV Aid Due from Student

Box Q.

Subtract the amount of Title IV aid the school must return (\$3,330.00 from Box O) from the total amount of Title IV aid that is to be returned (\$3,330.00 from Box K) to find the initial amount of Title IV aid due from the student. $\$3,330.00 - \$3,330.00 = \$0.00$.

Because Box Q is \$0.00, no further calculation is needed.

[🔗 Treatment Of Title IV Funds When A Student Withdraws From A Clock-Hour Program-Case 4](#) 

Case Study 5: Jordan Aire

Here is an example of when a student receives Title IV grant and loan funds and unofficially withdraws. The school measures academic progress in clock hours and performs its Title IV return calculations on a payment period basis.

Learning Objectives

Learn to complete Steps 1-8 of the Treatment of Title IV Funds When a Student Withdraws from a Clock-Hour Program worksheet, and be able to:

- determine withdrawal date for student who did not provide notification of intent to withdraw at a school required to take attendance;
- determine the scheduled clock hours;
- calculate the percentage of the payment 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;
- prorate the student’s charges to determine the correct amount of institutional charges for the payment period;
- decide whether the cost of unreturned equipment can be excluded; and
- determine the amount to be offered to the student or returned.

School Profile	
Learn to Earn Technical School (LETS) is a proprietary school that measures academic progress in clock hours.	
Academic Year/Program/ Period of Enrollment:	900 clock hours/26 weeks
Payment Period Length:	

450 clock hours/13 weeks

Payment Period Start Date:

April 3

Payment Period End Date:

June 30

Institutionally Scheduled Break:

N/A

Required to Take Attendance:

Yes

Period Used in Return Calculation:

Payment Period

Student Profile

Jordan Aire enrolled at LETS for a 26-week program of study consisting of 900 clock hours offered over 26 weeks. The first payment period is 450 clock hours. Charges to Jordan's account are as follows:

Tuition and fees	\$6,000.00/26-week program
Room	non-residential program
Board	non-residential program
Books and Supplies	\$500.00/program

Jordan's financial aid package included the following annual awards:

Pell Grant	\$4,000.00
Subsidized Direct Loan	\$3,500.00

All of Jordan's financial aid for the first payment period (450 clock hours, i.e., one-half his annual awards) was disbursed on the first day of classes.

Discussion

On the first day of the period, April 3, Jordan received the following disbursements to his student account:

Pell Grant	\$2,000.00
Net Subsidized Direct Loan	\$1,700.00

On May 1, the Retention Specialist at LETS is informed by the director of Jordan's program that since April 20, Jordan has not been attending classes. The Retention Specialist contacts Jordan who tells him that he's been ill but plans on coming back to school during the next week. Since this falls within the time period for excused absences allowed by school policy, as well as absences allowed by the state and the school's accrediting agency, the school delays taking any action. However, on May 8 when the Retention Specialist follows up with the Program Director, he finds that Jordan has not returned to school. Since Jordan has now exceeded the number of absences allowed by school policy, LETS must administratively withdraw Jordan from school.

Note: Remember that 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 withdrawal date.

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 has withdrawn. Moreover, the institution must return any unearned funds within 45 days after the date of the institution’s determination that Jordan withdrew (May 4).

As part of Jordan’s enrollment agreement, LETS provided Jordan with a kit that included all the books and supplies that he would need throughout the program (the entire period of enrollment). The kit is returnable, but Jordan does not return the kit after he withdraws.

Solution

Jordan’s withdrawal date is his last day of attendance as determined from the school’s attendance records, April 20.

The school must use May 4 (14 days after the student’s last day of attendance) as the date of the institution’s determination that the student withdrew.

Step 1: Student’s Title IV Aid Information

Box A.

Title IV grant aid disbursed –

Pell Grant	\$2,000.00
------------	------------

A. =	\$2,000.00
-------------	------------

Box B.

Net Title IV loans disbursed –

Subsidized Direct Loan =	\$1,700.00
--------------------------	------------

B. =	\$1,700.00
-------------	------------

Box C.

Title IV grants that could have been disbursed = \$ 0.00.

Box D.

Title IV loans that could have been disbursed = \$ 0.00.

Box E.

Total Title IV aid disbursed for the payment period = A + B = 2,000.00 + 1,700.00 = \$3,700.00.

Box F.

Total Title IV grant aid disbursed and could have been disbursed for the payment period = A + C = 2,000.00 + 0.00 = \$2,000.00.

Box G.

Total Title IV aid disbursed and could have been disbursed for the payment period = A + B + C + D = 2,000.00 + 1,700.00 + 0.00 + 0.00 = \$3,700.00.

Step 2: Percentage of Title IV Aid Earned

Because LETS is required to take attendance by an outside agency, the school must use the last date of Jordan's attendance in an academically related activity as determined from its attendance records as the withdrawal date. Jordan's last date of attendance was April 20.

1. Payment Period start date = April 3.
2. Payment Period end date = June 30.
3. Date of withdrawal = April 20.

Box H.

Percentage of payment period completed

Only scheduled hours are used to determine the percentage of the period completed by a student withdrawing from a clock-hour program. The percentage of the period completed by a student is determined by dividing the number of hours the student was scheduled to complete in the payment period or period of enrollment as of the day the student withdrew, by the total number of clock hours in the same period.

- Number of clock hours Jordan was scheduled to complete by April 20 = 90
- Number of clock hours in the payment period = 450
- $90 \text{ clock hours} \div 450 \text{ clock hours} = 0.20$

Percentage of payment period completed = 20.0%

Because this percentage is less than or equal to 60%, the percentage of Title IV aid earned in Box H = 20.0%.

Step 3: Amount of Title IV Aid Earned by the Student

Box I.

$20.0\% \text{ (percentage of Title IV aid earned from Box H)} \times \$3,700.00 \text{ (Total of the Title IV aid disbursed and could have been disbursed for the payment period or period of enrollment from Box G)} = \740.00 . Amount of Title IV aid earned by the student = \$740.00.

Step 4: Total Title IV Aid to be Disbursed or Returned

Box J.

Because the total Title IV aid earned (Box I) is less than the total Title IV aid disbursed (Box E), no post-withdrawal disbursement is due, and we proceed to Box K.

Post-withdrawal disbursement = NA.

Box K.

Because the total Title IV aid disbursed (Box E) is greater than the total Title IV aid earned (Box I), Title IV aid must be returned.

\$3,700.00 (Box E) – \$740.00 (Box I) = \$2,960.00. Title IV Aid to be Returned = \$2,960.00.

Step 5: Amount of Title IV Aid Due from the School

Box L.

Total institutional charges for the payment period

Before entering data in Step 5, Part L, of the Return calculation a school that charges by the period of enrollment but performs its Return calculation on a payment period basis must determine whether it must enter: (a) the prorated amount of all institutional charges, or (b) the amount the school retained. To do this, first, the school prorates all institutional charges. Then, the school determines the amount actually retained. The school compares the two results and enters in Step 5, Part L, the greater of the two amounts (per the provisions in 34 CFR 668.22(g)(3)(ii)). LETS did not obtain an authorization to retain funds in excess of the prorated amount. Therefore, in this case the amount retained and the prorated amount are the same. The school enters \$250.00 as the charge for books and supplies.

Prorated Charges

Tuition and fees	\$3,000.00
Books & supplies	\$250.00

Total initial prorated institutional charges for the payment period = \$3,250.00.

Now, LETS determines whether it can exclude the cost of Jordan’s kit from the amount it enters in Step 5, Part L. The equipment was returnable, but Jordan did not return it in good condition within 20 days of withdrawing. Since a school may exclude from institutional charges the documented cost to the school (what the school paid for the items) of unreturnable equipment and returnable equipment not returned in good condition, LETS can exclude the documented cost of the kit from Jordan’s total institutional charges for the payment period. When LETS originally purchased the kit, it documented that the kit cost \$300.00, so LETS excludes \$300.00 from Jordan’s institutional charges, resulting in an adjusted final total of \$2,950 (\$3,250.00 –300.00) that the school will enter in Step 5, Part L.

L = \$2,950.00

Box M.

Subtract the percentage of Title IV earned from Box H (20.0%) from 100.0%. 100% – 20.0% = 80.0%. percentage of Title IV aid unearned = 80.0%.

M = 80.0%

Box N.

Calculate the amount of unearned charges. \$2,950.00 (institutional charges from Box L) X 80% (percentage of Title IV aid unearned from Box M) = \$2,360.00.

N = \$2,360.00

Box O.

Compare the amount of Title IV aid to be returned (Box K) to unearned institutional charges (Box N), and enter the lesser amount in Box O.

Box K =	\$2,960.00
Box N =	\$2,360.00

O = \$2,360.00

Step 6: Return of Funds by the School

Box P.

Jordan received a Subsidized Direct Loan disbursement of \$1700.00. Since \$1,700.00 is less than the \$2,360.00 (Box O) the school must return \$1,700.00 to the lender. Box P = \$1,700.00.

After the school returns \$1,700.00 to the Title IV loan programs, the balance to be returned by the school is \$660.00 (\$2,360.00 [from Box O] – \$1,700.00 [from Box P]). Jordan received \$2,000.00 in Pell Grant funds, so the school returns \$660.00 to the Pell Grant Program.

The school must return any unearned funds within 45 days from the date of the institution's determination that Jordan withdrew (May 4).

Step 7: Initial Amount of Unearned Title IV Aid Due from Student

Box Q.

Subtract the amount of Title IV aid the school must return (\$2,360.00 from Box O) from the total amount of Title IV aid that is to be returned (\$2,960.00 from Box K) to find the initial amount of Title IV aid due from the student. $\$2,960.00 - \$2,360.00 = \$600.00$.

Q =	\$600.00
-----	----------

Step 8: Repayment of the Student's Loans

Box R.

Subtract the total loans the school must return (\$1,700.00 from Box P) from the net loans disbursed to the student (\$1,700.00 from Box B) to find the total of the loans the student must repay $\$1,700.00 - \$1,700.00 = \$0.00$.

R =	\$0
-----	-----

Box S.

Subtract the amount of loans to be repaid by the student in Box R (\$0) from the initial amount of unearned Title IV aid due from the student Box Q (\$600.00) to find the initial amount of Title IV grants for the student to return $\$600.00 - 0.00 = \600 .

S =	\$600.00
-----	----------

Box T.

Multiply the total Title IV grant aid disbursed and could have been disbursed for the period in Box F (\$2,000.00) by 50% to find the amount of grant protection.

$\$2,000.00 \times 50\% = \$1,000.00$.

T = \$1,000.00

Box U

Subtract the amount of grant protection in Box T (\$1,000.00) from the initial amount of Title IV grants for the student to return in Box S (\$600.00) to find the Title IV grants for the student to return $\$600.00 - \$1,000.00 = - \$400.00$.

U = \$-400.00

Since the amount in Box U is less than or equal to zero, the student does not have to return any Title IV grant funds, and the calculation is complete.

[🔗 Treatment Of Title IV Funds When A Student Withdraws From A Clock-Hour Program-Case 5](#) 