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Introduction to Volume 5

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

We have added a sidebar on FFEL disbursements that schools are still permitted to make.

- We have added sections on the treatment of Iraq and Afghanistan Service Grants.
- We explain that a student who has lost eligibility because he or she has exceeded the undergraduate aggregate maximum loan limit, does not automatically regain eligibility if he or she advances to the graduate level.

Chapter 2 — Withdrawals and the Return of Title IV Funds

- We have clarified that For the Pell, ACG/SMART and IAS Grant programs, a school may not establish an earlier deadline for verification than that established by the Department in annual notice.
- We have clarified that if a student who completed more than 60% of his or her training before ceasing attendance, 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 has completed the weeks of instructional time and hours or credits (as applicable) in the academic year.
- We have added a section on changing or correcting Return calculations.

Chapter 2 — Case Studies

We made no major changes to the case studies.

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.

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.

Treatment of FFEL loans

Schools may not certify any FFEL loans after June 30, 2010. However, if the first disbursement of any FFEL loan certified by June 30, 2010 is disbursed by that date, a second disbursements of the loan may be made during the 2010-11 award year. Therefore, we continue to include FFEL loans in the treatment of Overawards and Overpayments.

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.

Iraq and Afghanistan Service Grants

Iraq and Afghanistan Service (IAS) Grants are not adjusted to take into account other forms of aid. However, an Iraq Afghanistan Service Grant may be reduced if it alone exceeds a student's cost of attendance. (Please see the discussion under *Iraq Afghanistan Service Grants and Overpayments* later in this chapter.)

When there are conflicting regulations

When a student's aid package includes assistance from multiple programs and those programs have different overpayment regulations/requirements, a school must apply the most stringent/restrictive requirements.

Academic Competitiveness Grant (ACG) and National Science and Mathematics to Retain Talent Grant (National SMART Grant) programs

The law provides that a student's ACG or National SMART Grant, when combined with a student's expected family contribution and estimated financial assistance may not exceed a student's cost of attendance under section 472 of the HEA. Moreover, the law does not provide any overaward tolerance in these programs. Therefore, any overaward or overpayment containing ACG or National SMART Grant funds must be reduced or repaid.

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

Recovery of fund
Verification 34 CFR 668.61
Ineligible student 34 CFR 668.139

Resolving ACG and National SMART Grant Overawards

If a school discovers that an overaward situation exists –

The school first should attempt to eliminate that overaward by adjusting subsequent Title IV, HEA program (other than Federal Pell Grant, ACG, or National SMART Grant) payments in the same award year;

If the institution cannot eliminate the overaward by those adjustments, the school should attempt to eliminate the overpayment by adjusting subsequent ACG or National SMART Grant payments in that same award year.

If a school learns that a student received financial assistance that was not included in calculating the student's eligibility for aid, and that assistance would result in the student's total aid exceeding his or her financial need, the school must take steps to resolve the overaward.

Before reducing a student's ACG or National SMART Grant 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 assistance does not exceed the revised need, the school is not required to take further action.

If the school recalculates the student's need and determines that the total assistance still exceeds his or her need, the school must reduce or cancel any future Title IV or institutional disbursements. Beginning with any unsubsidized loans the student is scheduled to receive, the school must first reduce a student's level of borrowing.

If the school failed to follow required procedures, the school must repay any Title IV overpayment. If the school followed the required procedures and the Title IV overpayment is greater than $25.00, the student must repay the overpayment.

Stafford Loans

If you find out that there's going to be an overaward before Stafford or PLUS 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.

Overaward tolerance for Stafford Loans

In general, there is no tolerance when determining an overaward in the FFEL and Direct Loan programs. However, if a student's financial aid package contains an FFEL or Direct Loan and an FWS award, a $300 tolerance can be applied to eliminate the overaward.

If an overpayment occurs for a student who has a FFEL or Direct Loan and Campus-Based awards, unless the Stafford loans have been fully disbursed, the FFEL or Direct loan must be reduced before the Campus-Based awards are adjusted or canceled.

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.
- 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.

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.

Example: Student ineligible for part of an FFEL disbursement

Owen's EFC is "0". Owen's loan disbursement was $1,000. However, his school discovered after it received the loan funds that Owen also received an outside scholarship, which created an overaward. His school determines that the overaward is $800. His school 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 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 part of his EFC.

Campus-based overawards
34 CFR 673.5(d)

When a student receiving ACG or National SMART Grant funds and Campus-Based funds has an overpayment

There is no overaward tolerance in either the ACG or National SMART Grant programs. Therefore, if a school discovers that an overpayment was made to a student who is receiving ACG or National SMART Grant funds and Campus-Based funds, the school must resolve the overpayment.

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, exceeds the student's financial need.

If a school learns that a student received financial assistance that was not included in calculating the student's eligibility for aid from the campus-based programs and that assistance would result in the student's total financial assistance 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 re-evaluate 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 financial assistance does 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 financial assistance still exceed his or her need by more than $300, the amount that exceeds the student's need by more than $300 is an overpayment. The school must eliminate the amount of the overpayment that exceeds the $300 threshold.

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

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.

A resolved overaward may become an overpayment

Clarification

If a school has resolved an overpayment by reducing scheduled future disbursements for a second or subsequent payment period and the student ceases attendance before the end of the current payment period, that portion of the student's award that was an overpayment must be repaid outside of the requirements of 34 CFR 668.22.

If the school is responsible for repaying the overpayment, the school must repay the overpayment before completing any required Return calculation as described in chapter 2 of this volume.

If the student is responsible for repaying the overpayment, and the student withdrew after the 60 percent point in the payment period or period of attendance, as applicable, the school should try to collect the overpayment from the student and if it is unable to do so, should refer the student to ED's Borrower Services.

If the student is responsible for repaying the overpayment, and the student withdrew before the 60 percent point in the payment period or period of attendance, as applicable, the school should not take any action until it has completed the required Return calculation.

However, when performing the Return calculation, the school should not include the amount of the overpayment for which the student is responsible as *Aid that was or could have been disbursed*. Then, when the school has completed the Return calculation, it should document the amount of the overpayment and, as applicable, reduce any Post-withdrawal disbursement or increase any amount the student must return by the amount of the overpayment owed by the student.

TREATMENT OF OVERPAYMENTS

An overpayment exists whenever a student receives aid that exceeds his or her eligibility for a Title IV program. Overpayments can be caused by incorrect reporting of information on the FAFSA, miscalculating cost of attendance, miscalculation of the EFC by a school, paying ineligible students, and paying aid in excess of grant or loan maximums. In general, unless the school is liable, a student is liable for any Pell Grant, Iraq Afghanistan Service Grant, ACG, National SMART Grant, Perkins Loan, or FSEOG overpayment made to him or her.

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. **When a school uses the fund-specific method of matching, there is no distinction between Federal and other funds. As a result, 100% of the funds disbursed are considered part of the overpayment.**

If an IASG recipient becomes Pell eligible

If an IAS Grant recipient becomes eligible for a Pell during award year, then the school must treat the Pell as Estimated Financial Assistance, and may need to adjust the student's aid package.

ED will have a process through which it will notify school of IASG recipients who become Pell eligible during the year.

Iraq Afghanistan Service Grants and Overpayments

Iraq Afghanistan Service Grants are not considered Estimated Financial Assistance. Therefore, they are never included when determining whether or not a student's aid exceeds his or her need or cost of attendance. Likewise, if a student's other financial assistance exceeds a student's need or cost of attendance, as applicable, the student's Iraq Afghanistan Service Grant should not be reduced in eliminating the excess.

Overpayments for which the school is responsible

Please also see the discussion later in this chapter under "Overpayments for which the student is responsible."

Overpayments and eligibility
HEA Sec. 484(a)(3)
34 CFR 668.22(h), 668.32(g)(4), 668.35(c)&(e)

Overpayment due to interim disbursement
34 CFR 668.61(a)

Recovery of overpayments
34 CFR 668.139

Timeframe for returning funds
34 CFR 668.21(a)(2)(ii)(A)

Timeframe for disbursing funds
34 CFR 668.166(a)(1)

Your school is liable for any amount of a Pell Grant, Iraq Afghanistan Service Grant, ACG, National SMART Grant, TEACH Grant, Perkins Loan, or FSEOG overpayment (including amounts under $25) that occurred because your school failed to follow the requirements in 34 CFR parts 668, 673, 674, 676, 690, or 691 as applicable. 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. When returning Pell Grant, Iraq Afghanistan Service Grant, ACG, or National SMART Grant overpayments, you must make a downward adjustment to the student's award in COD, and either return the funds through G5, or disburse them to another eligible student. For a description of overpayments for which students are responsible, see the discussion later in this chapter.

A school may attempt to collect funds it has returned from a student. However, this is not a Title IV debt, because an overpayment for which a school is responsible can never become a Title IV debt for a student. Therefore an overpayment for which a school is responsible can never result in a student's losing Title IV eligibility and should never be reported to NSLDS or referred to ED for collection.

Clarification

If an overpayment is the result of an interim disbursement (see the *Application and Verification Guide*), and the student does not repay it, the school must repay the overpayment from the school's funds. The school must repay the overpayment within 60 days following the student's last day of attendance or by the last day of the award year, whichever comes first. Because the interim disbursement was made at the school's discretion, the school is ultimately responsible for repaying it. Moreover, because the student does not owe a Title IV overpayment, the student should not be reported to NSLDS or referred to ED for collection.

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.

A student may not receive Federal Pell Grant or Iraq Afghanistan Service Grant funds for concurrent enrollment at more than one institution (nor both at the same institution). The COD system will identify students who have been reported as Pell Grant 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 the overpayment, 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.

Note: COD will not automatically notify schools if a student is receiving an Iraq Afghanistan Service Grant at multiple institutions. Rather, the Department will monitor Iraq Afghanistan Service Grants, and inform schools of students who are over or incorrectly awarded.

TEACH Grant Overpayments

TEACH Grants Overpayments when a student has no need-based aid

TEACH Grants are not considered to be need-based aid. However, a student's TEACH Grant, in combination with the student's other estimated financial assistance (EFA) may not exceed the student's Cost of Attendance (COA). Therefore, when awarding a TEACH grant to a student who is not receiving any need-based financial assistance, a school must limit the amount of the student's TEACH Grant so that the TEACH Grant in combination with other EFA does not exceed the student's COA. If a student has no need-based aid, the student's EFC is not considered.

TEACH Grants Overpayments when a student is receiving need-based aid

For a student who is receiving need-based Title IV aid, a student's EFC, plus a student's TEACH Grant, plus a student's other EFA may not exceed a student's COA. As with unsubsidized Stafford Loans, PLUS Loans, and nonfederal loans, TEACH Grants may be used to replace a student's expected family contribution (EFC). If the TEACH Grant exceeds a student's EFC, the excess TEACH Grant is considered financial assistance for other FSA programs.

If a student's EFC, plus a student's TEACH Grant, plus a student's estimated financial assistance exceeds a student's COA, the school should first, adjust the student's aid so that the TEACH Grant is applied to finance the EFC. Remember, any TEACH Grant above the EFC is considered financial assistance for the other FSA programs. If the EFC, plus any remaining TEACH Grant, plus any other EFA exceeds the student's COA, the school must reduce the student's aid until the aid no longer exceeds the COA.

Before reducing a student's need-based aid the school should reevaluate the student's cost of attendance to determine whether the student has increased costs that were not anticipated when the school initially awarded aid to the student. If the student's costs have increased, and if the total package does not exceed the revised COA, the school is not required to take further action. If the school determines that the student's package still exceeds the student's cost of attendance, the school must resolve the overpayment.

COA may not be exceeded
34 CFR 686.21(c)
FR / Vol. 73, No. 121 / June 23, 2008 / page 35483
34 CFR 668.35 (g)(4)(i) & (ii)

TEACH may replace EFC
34 CFR 686.21(d)

Beginning with any unsubsidized loans, the school should first reduce a student's level of borrowing. Once a student's loans have been reduced, or if the student has no loans, it may be necessary for the school to reduce the student's TEACH Grant or other aid.

If the school fails to follow required procedures, it must repay any Title IV overpayment. If the school followed the required procedures and the Title IV overpayment is greater than $25.00, the student must repay the overpayment.

When a student fails to begin attendance

On November 1, 2007, the Department published regulations that modified the treatment of Title IV funds disbursed to students who do not begin attendance (FR Vol. 72, No. 211, Part III, November 1, 2007). If your school disburses Pell Grant, Iraq Afghanistan Service Grant, ACG, National SMART Grant, TEACH Grant, Perkins or FSEOG funds, but the student never begins attending classes, you must return the disbursed funds to the respective programs even if those funds were disbursed directly to the student. If the student begins attending some but not all of his or her classes, you will have to recalculate the student's Pell or Iraq Afghanistan Service Grant award based on the student's actual enrollment status—see *Volume 3, chapter 3*.

A student is considered not to have begun attendance if a school is unable to document the student's attendance in any class.

Returning funds for students who do not register or fail to begin attendance

34 CFR 668.21
34 CFR 668.167
34 CFR 674.16(f)(1)&(2)
34 CFR 676.16(d)(1)&(2)
34 CFR 682.604(d)(3) and (4), and
34 CFR 685.303(b)(3).
34 CFR 690.78(b)(1)&(2)

If a school disburses FFEL and Direct Loan funds but the student does not begin attendance, the school must return all FFEL and Direct Loan funds that were credited to the student's account at the institution for the payment period or period of enrollment. In addition, a school must return the amount of any payments made directly by or on behalf of the student to the school for the payment period or period of enrollment, up to the total amount of the loan funds disbursed.

Recalculating Pell eligibility when a student fails to begin attendance in all classes

34 CFR 690.80(b)(ii)

In addition, a school must return any FFEL or Direct Loan funds that it disbursed directly to a student if the school knew prior to disbursing the funds directly to the student that the student would not begin attendance. (For example, if a student notified the school that he or she would not be attending or if the school expelled the student prior to directly disbursing the funds.)

For any remaining loan funds disbursed directly to a student, the school must notify the lender or Department, as appropriate, of the loan funds that are outstanding, so that the lender or Department can issue a 30-day demand letter to the student.

When a student withdraws after starting classes but before a school's census date

A student begins earning Title IV funds on his or her first day of attendance. Therefore, even if a student withdraws before a school's census date, the school must perform a Return calculation described in Volume 5, chapter 2.

A school may not ignore information available to any office at the school indicating that a student failed to begin attendance.

All schools must return[1] funds disbursed to a student who failed to begin attendance as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance.

1. For Pell, ACG, National SMART Grant, Perkins, TEACH Grant, IAS Grant or FSEOG funds, a school may satisfy this requirement either by redepositing the funds in its federal funds account and disbursing them within three days to another eligible student, or by returning them to the appropriate Title IV program using the **refund function in G5**.

Attendance at a Foreign School or in Study Abroad Programs

Schools are not responsible for returning loan funds disbursed directly to the student by the lender for a student in a study-abroad program or for a student attending a foreign school. However, the school must immediately notify the Department or lender, as appropriate, when it becomes aware that the student will not or has not begun attendance so that a final demand letter can be issued to the borrower.

Returning undisbursed funds for students who do not register or fail to begin attendance
34 CFR 668.166(a)
34 CFR 668.167(b)(1)&(2)

At a school that is not required to take attendance but that has a census date on which it reports its enrollment levels to a state, local jurisdiction or outside agency, it would be reasonable to expect the school to return funds as soon as possible, but no later than 30 days following the census date.

A school that draws down Pell Grant, Iraq Afghanistan Service Grant, ACG, National SMART Grant, TEACH Grant, or FSEOG funds under the advanced payment method must disburse those funds no later than three business days following the date the school receives them. If after a school draws down Pell Grant, Iraq Afghanistan Service Grant, ACG, National SMART Grant, TEACH Grant, FSEOG, or Direct Loan funds but before the school disburses them, the school discovers that it cannot disburse all the funds because one of the students for whom the funds were intended has not begun classes, the school must return those funds within the three-day period except as described under *Excess Cash* in *Volume 4*.

A school that receives FFEL funds must disburse them within: (a) 3 business days following the date the school receives the funds if the lender provides those funds to the school by EFT or master check; or (b) 30 days after the school receives the funds if a lender provides those funds by a check payable to the borrower or copayable to the borrower and the school. If after the school receives FFEL but before the school disburses them the school discovers that the student has not begun attendance, the school must return the funds promptly but no later than 10 business days after the date the school was required to disburse the funds.

Important

After the start of classes, Title IV funds should not be disbursed without schools confirming that recipients have begun attendance.

When funds are considered to have been returned for a student who fails to begin attendance

The Department considers a school to have returned FSA funds timely if the school–

1. deposits or transfers the funds into its federal funds account no later than 30 days after the date that the school becomes aware that the student will not or has not begun attendance;
2. initiates an electronic funds transfer (EFT) no later than 30 days after the date that the school becomes aware that the student will not or has not begun attendance;
3. initiates an electronic transaction, no later than 30 days after the date that the school becomes aware that the student will not or has not begun attendance, that informs an FFEL lender to adjust the borrower's loan account for the amount returned; or
4. issues a check no later than 30 days after the date that the school becomes aware that the student will not or has not begun attendance. An institution does not satisfy this requirement if –
    - the school's records show that the check was issued more than 30 days after the date that the school becomes aware that the student will not or has not begun attendance; or
    - the date on the cancelled check shows that the bank used by the Secretary or FFEL Program lender endorsed that check more than 45 days after the date that the school becomes aware that the student will not or has not begun attendance.

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

For ACG, National SMART Grant, TEACH Grant, FSEOG, and Perkins overpayments, you can adjust subsequent 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 ACG, National SMART Grant, TEACH Grant, FSEOG, Iraq Afghanistan Service Grant, and Pell Grant funds, you must refer the overpayment to the Department with the required information (see *Referring overpayment cases to Borrower Service's* later in this chapter), and you must report to NSLDS the unresolved overpayment. After that, you are not required to make any further attempt to collect the ACG, National SMART Grant, TEACH Grant, FSEOG, Iraq Afghanistan Service Grant or, Pell Grant overpayment.

Examples of overpayments due to student error

When Chavo applied, he didn't have his tax returns, 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 2008-2009 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 2009-2010 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 2008-2009 application. Meurig's EFC increases when he makes the correction, and he received an overpayment for the 2008-2009 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.

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

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).

Clarification

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 return, 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 a 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

Though HERA increased the *de minimus* threshold for overpayments due to withdrawal, the *de minimus* amount for all other overpayments remains less than $25.

There are some exceptions to holding a student liable for a Pell Grant, Iraq Afghanistan Service Grant, ACG, National SMART Grant, TEACH Grant, Perkins Loan or FSEOG overpayment.

Generally a student is liable for any Pell Grant, Iraq Afghanistan Service Grant, ACG, National SMART Grant, FSEOG, or Perkins 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, 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

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.

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.

Clarification

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. This is true regardless of the type of loan (FFEL or Direct) consolidated and no matter the type of consolidated loan the student obtained. Note that a student who has lost eligibility because he or

she has exceeded the undergraduate aggregate maximum loan limit, does not automatically regain eligibility if he or she advances to the graduate level. Rather, the student must resolve the previous overpayment in order to regain eligibility for Title IV funds.

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.

Resolving an overpayment

Through the process of a borrower replacing an excess subsidized loan with an unsubsidized loan, or consolidating the excess loan amount, the borrower has either eliminated the overpayment or reaffirmed his or her debt and intent to repay the funds. Therefore the borrower is eligible to receive additional Title IV aid.

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.)

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 NSLDS FAP Web site to report overpayments. To do so, your school must have Internet access, and your Primary Destination Point Administrator (DPA) must have signed up at least one user for Overpayment updates for NSLDS online services at https://fsawebenroll.ed.gov. (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.

Reporting overpayments to NSLDS

DCL GEN-98-14, July 1998

All new Perkins, Pell Grant, IAS Grant, ACG, National SMART Grant, TEACH Grant, and FSEOG overpayments and previously reported FSEOG overpayments for which an NSLDS data element has changed must be reported.

Perkins and other data providers must meet all NSLDS reporting requirements as detailed in the appropriate operating manuals.

NSLDS reference materials are available at:

ifap.ed.gov/ifap/byYear.jsp?type=nslds materials&set=archive

Recording student payments and reductions in the Pell Grant, Iraq Afghanistan Service Grant, ACG, National SMART Grant, and TEACH Grant Programs

For reductions and payments to awards, schools should record reductions and payments by entering a replacement value in the COD system. **The replacement value will be the original values less only the amount the school has returned** (the sum of: (a) that amount the school is responsible for returning + (b) any portion of the grant overpayment, that otherwise would be the responsibility of the student, but which the school has chosen to return for the student + (c) any portion of the grant overpayment the school has collected from the student.). **Do not reduce the award/disbursement by the amount the student must return (unless the student has made a payment to the school).**

If a school receives a payment for a current-year overpayment that has not been referred to Debt Resolution Services, the school should NOT send the payment to Debt Resolution Services. Instead, after you have reduced the student's disbursement in COD, return the unearned funds as follows:

- If your school has made repayment arrangements with a student and received a payment on a current year overpayment, the school should deposit the funds in its Pell, Iraq Afghanistan Service Grant, ACG, National SMART, or TEACH Grant account and make the appropriate entry in the COD system.
- If a student makes a payment on any previous year's Pell, Iraq Afghanistan Service Grant, ACG, National SMART, or TEACH Grant 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 G5 following the same procedures the school follows when making other G5 refunds/returns.

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 G5. Payments should be applied to the award year in which the recovered funds were awarded.

Reminder

Returning funds to the Department

Using the electronic refund function in G5 is the preferred method whenever a school must return Pell, IAS Grant, ACG, National SMART, TEACH or FSEOG funds.

Only in exceptional circumstances (and **never for a current Pell , ACG, National SMART, TEACH, IAS Grant, or FSEOG award**) should a school return funds from a Return calculation by sending a check instead of using the electronic refund function in G5.

Contact the G5 Hotline at:
888-336-8930
(M–F 8 a.m. to 6 p.m. ET) for assistance

If because of extraordinary circumstances you must send a check, the G5 lockbox address for Pell, ACG, National SMART, TEACH Grant, IAS Grant, and Campus-Based funds is:

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

The school must note the student's name, SSN, the school's DUNS number, and the complete 11-digit Document/Program Award Number and award year on the check. A school must use a separate check for each award year.

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 Borrower Service's 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 Debt Resolution 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 Debt Resolution Services, 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.

Payment in full

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 receives a payment for an overpayment **previously referred to** Debt Resolution 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:

1. deposit the payment in its appropriate institutionally maintained federal funds account;
2. for a Federal Pell Grant or Iraq Afghanistan Service Grant overpayment, make the appropriate entry in the student's record on the COD system (either on COD or via common record); and
3. send a letter or fax to Debt Resolution 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 Debt Resolution Services system and NSLDS.
   The fax number for this purpose and school use only is –

   (319) 665-7646

   Note: This process cannot be performed via email.

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

1. award year of the overpayment (current award year only);
2. student's social security number;
3. student's last name, first name, and middle initial;
4. student's date of birth;
5. type of overpayment — Federal Pell Grant, Iraq Afghanistan Service Grant, FSEOG; ACG, National SMART Grant, or TEACH Grant; and
6. the disbursement date the institution used to create the overpayment record in NSLDS.

For information on handling student payments after you have referred an overpayment to Debt Resolution Services, see the discussion under ***Accepting payments on referred overpayments*** later in this chapter.

Referring overpayments to Debt Resolution Services

Schools must resolve student concerns

If a student claims that a school's ACG, National SMART Grant, or 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.

If you have tried but not succeeded in collecting a Pell Grant, Iraq Afghanistan Service Grant, ACG, National SMART Grant, TEACH Grant, or FSEOG overpayment for which the student is liable, you must refer the overpayment to FSA's Debt Resolution Services. To be referred, the **initial amount** of the overpayment must be at least $25.

Note: For an FSEOG overpayment, when a school uses the individual recipient or aggregate matching methods, the 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 Debt Resolution Services when the amount due is a remaining balance or, when the amount is 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 Debt Resolution Services, then your school is liable for the overpayment. In that case, the school must repay the overpayment from its own funds.

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.

Important

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 Debt Resolution Services has accepted a referred student overpayment, Debt Resolution 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 2010-2011 award year, on its Overpayment Referral, schools must continue to provide their School's Pell Identification Number. During the 2010-2011 award year, schools should NOT enter their Routing Identifier.

Important

School responsibility after referral

Once you have referred the account to Debt Resolution Services, you have no further responsibility in the collection of the debt unless the student contacts your school to make a payment or Debt Resolution Services sends the referral back because it is incomplete. If Debt Resolution Services sends the referral back to you because it is incomplete, 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 Debt Resolution Services.

Tip

You must return to ED any funds accepted from a student who owes an overpayment. Before forwarding the check to Debt Resolution Services, 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:

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."

National Payment Center
P.O. Box 105028
Atlanta, Georgia 30348-5028

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

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

1-800-621-3115

or by emailing:

dcshelp@vangent.com

Responsibilities of Debt Resolution Services

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.

Debt Resolution Services will then try via letters and telephone to establish a repayment schedule or to secure payment in full. Debt Resolution Services 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 Debt Resolution Services instead of the school. Finally, Debt Resolution Services also communicates Pell and Iraq Afghanistan Service Grant overpayment referrals to the COD system. COD will then alert a school of a student's overpayment status if the student submits a FAFSA in the future.

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.

Returning Funds on FFEL Loans Purchased/Serviced by the Department

The Department has implemented programs through which it purchases Federal Family Education Loan (FFEL) Program loans from FFEL loan holders. When these purchases occur, the Department becomes the owner and servicer of the loans. Both the prior FFEL loan holder and the Department correspond with an affected borrower upon purchase of a loan.

There are several avenues available to schools that need to return funds from FFEL loans that have been purchased by the Department. The first is through the lender that originated the student's loan. Many lenders allows schools to use their website to return the funds to the lender who will then forward the payments to the appropriate Department servicer. Explore this option first.

A second method is to access NSLDS directly and determine which of several servicers managing FFEL loans purchased by the Department is servicing the loans for which you are returning funds. You can then forward the funds directly to the servicer.

Once you're in NSLDS, select "**Aid**," then identify the student and select "**Loan History**." Under Loan History, the current loan will be listed at the top. Use the field "**Servicer**" to identify the organization to which you will be returning funds.

Important

If you are returning funds by check, together with your check for the funds you are returning, you must include, **on school letterhead**, the following information:

1. The borrower's name,
2. The borrower's social security number,
3. The loan's unique CommonLine ID,
4. The type of loan (subsidized, unsubsidized, PLUS, etc.),
5. The period for which the loan was certified,
6. The scheduled & actual date of the disbursement,
7. The amount of the disbursement,
8. The amount being returned,
9. The reason the funds are being returned (cancellation, overpayment, withdrawal, or failed to begin class),
10. The school OPEID, and
11. The name and phone number of the school official returning the funds.
12. **You must also include a completed Direct Loan Refund of Cash form (available at the end of Chapter 2).**

Contact Information for Loan Servicers

Servicer Name:	**SALLIE MAE**
NSLDS Name:	DEPT OF ED/SALLIE MAE
Servicer Code:	700578
GA Code:	578
Payment Address:*	Department of Education P.O. Box 740351 Atlanta, GA 30374-0351
Correspondence Address:*	Sallie Mae PO Box 59008 Panama City, FL 32412-9008
Website:	www.opennet.salliemae.com
Phone:	888-272-4665
Email:	CollegeServ@salliemae.com

*If a school prefers to utilize ACH or Auto-debit for a return funding method and/or an electronic data transmission (e.g., web/CTSF), please contact the phone number or email address provided for details

Servicer Name:	**Student Loan Servicing Center (ACS)**
NSLDS Name:	DEPT OF ED/ACS
Servicer Code:	700577
GA Code:	577
Payments and Correspondence Address:	U.S. Department of Education P.O. Box 7063 Utica, NY 13504-7063
Website:	www.ed-servicing.com
Phone:	866-938-4750
Email:	emailsupport@ed-servicing.com

Important

This information is for school use only.

Important

This information is for school use only.

Servicer Name:	**FedLoan Servicing (PHEAA)**
NSLDS Name:	DEPT OF ED/FED LOAN SERVICING (PHEAA)
Servicer Code:	700579
GA Code:	579
Payment Address: (*see Website for form*)	U.S. Department of Education School Payments FedLoan Servicing (PHEAA) P.O. Box 530264 Atlanta, GA 30353-0264
Correspondence Address:	Federal Loan Servicing Attn: Education Services Group PO Box 69184 Harrisburg, PA 17106-9184
Website:	myfedloan.org
Phone:	800-655-3813
Fax:	717-720-1628
Email:	schoolsupport@myfedloan.org

Servicer Name:	**Great Lakes Educational Loan Services**
NSLDS Name:	DEPT OF ED/GREAT LAKES
Servicer Code:	700581
GA Code:	581
Payment Address:	U.S. Department of Education P.O. Box 740199 Atlanta, GA 30374-0199
Correspondence Address:	115 1st Avenue SW Aberdeen, SD 57401
Phone:	888-686-6919
Email:	clientservices@glhec.org

Servicer:	**NELNET**
NSLDS Name:	DEPT OF ED/NELNET
Servicer Code:	700580
GA Code:	580
Payments Address:	U.S. Department of Education Nelnet School Service Center PO Box 530232 Atlanta, Georgia 30353-0232
Correspondence Address:	PO Box 82596 Lincoln, NE 68501-2596
Website:	www.nelnet.com
Phone:	866-463-5638
Email:	ssc@nelnet.net

Address for NELNET Overnight Delivery

Bank of America
c/o U.S. Department of Education
Lockbox 530232
Atlanta, GA 30337

Please see Website for form that must accompany overnight deliveries.

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 G5 following the same procedures the school follows when making other G5 refunds/returns.

Only in exceptional circumstances should a school return funds by sending a check instead of using the electronic refund function in G5.

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
COD School Relations Center
Attention Refunds of Cash
P.O. Box 9001
Niagra Falls, New York 14302

Reporting reductions

Schools can report current year adjustments for awards/disbursements either through their loan processing software or by using the COD Website at:

https://cod.ed.gov

Information Required when Referring Student Overpayments to Debt Resolution Services

Student Information

Name (Last, First, MI): _____ Address: _____

Telephone Number: _____ _____

Social Security Number: _____ Date of Birth: _____

If the overpayment includes an Academic Competitiveness, National Smart Grant, or TEACH Grant, enter the Award Identifier (**ID**) used when the award was created in COD.

ACG Award ID: _____ National Smart Grant Award ID: _____

TEACH Award ID: _____

Parent/Spouse Information

Name (Last, First, MI): _____ Address: _____

Telephone Number: _____ _____

School Information

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

Reporting School's Pell ID Number: _____ Attending School's Pell ID Number: _____

If your school does not have a Pell ID, Enter your OPE ID: _____

Name of Contact: _____ Telephone Number: _____

Disbursements and Repayments

	Pell Grant	ACG or National Smart Grant (Specify)	Iraq Afghanistan Service Grant	FSEOG [1]	TEACH Grant
Award year in which overpayment was disbursed:					
Total grant disbursed:					
Dates of disbursement: **(Must match NSLDS overpayment record)**					
Overpayment amount owed by student *					
Total grant repaid by student to school, if any:					
Date of last payment to school, if any:					
				[1]	

[1] If using individual or aggregate matching, report federal share only. Otherwise report total FSEOG.

* If the overpayment is the result of a withdrawal, provide the date of the withdrawal [/ /]

If the overpayment is **not** the result of a withdrawal, please provide a brief explanation of the reason for the overpayment.

_____

_____

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

(903) 454-5398 ⇐ FAX

Withdrawals and the Return of Title IV Funds

CHAPTER 2

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.

WITHDRAWALS

This chapter explains how Federal Student Aid (Title IV) 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 portions of Title IV aid as of the date the student ceased attendance based on the amount of time the student spent in attendance or, in the case of a clock-hour program, was scheduled to be 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 prorata 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.

The Return regulations do not prohibit a school from developing its own refund policy. However, the school must comply 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.

Treatment of FFEL loans

Schools may not certify FFEL loans after June 30, 2010. However, if the first disbursement of an FFEL loan certified by June 30, 2010 is disbursed by that date, a second disbursements of that loan may be made during the 2010-11 award year. Therefore, we continue to include FFEL loans in the treatment of The Return of Title IV Funds.

Return of Funds
HEA, Section 484B
34 CFR 668.22

When a student withdraws before a school's census date

A student begins earning Title IV funds on his or her first day of attendance. Therefore, even if a student withdraws before a school's census date, the school must perform a Return calculation using the number of days the student attended, or the number of scheduled clock hours the student attended class as the numerator in STEP 2, Part H.

Technical questions

Technical questions on the Return of Title IV funds Web product are handled by the CPS at:

800-330-5947

or via email at:

cpssaig@ed.gov

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/qahome/qaassessments/returntivfunds.html

Access to R2T4 Web Product via CPS Online

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

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

http://www.fsawebenroll.ed.gov

General requirements

Title IV 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 the Return of Title IV Funds Web product

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 Website at:

http://ifap.ed.gov

The Department has developed a Return of Title IV Aid Web product. It is accessible via the main menu of the FAA Access at the CPS Online Website:

http://www.faaaccess.ed.gov

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

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.

A school should provide sufficient information for a student or prospective student to be able to determine the procedures for withdrawing and the financial consequences of doing so. In addition, a student should be able to estimate how much Federal Student Aid he or she will retain, and how much he or she may have to return upon withdrawing. Because the Return provisions do not affect institutional refund policies, a school must provide a student with information on both the school's refund policy and the federal Return requirements, and explain the interaction between the two. The information should include a discussion of how a school might adjust a student's charges to take into account any Return of FSA funds the school might be required to make. Finally, a student or prospective student should be informed that if he or she withdraws, school charges that were previously paid by FSA funds might become a debit that the student will be responsible for paying.

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
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

Definition of a Title IV recipient

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.

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.*

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, if Title IV funds could have been disbursed, the institution must determine the Title IV funds earned by the student and follow the procedures for making a Post-withdrawal disbursement.

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.

Returning funds for students who do not register or fail to begin attendance
34 CFR 668.21
34 CFR 668.167
34 CFR 674.16(f)(1)&(2)
34 CFR 676.16(d)(1)&(2)
34 CFR 682.604(d)(3) and (4), and
34 CFR 685.303(b)(3).
34 CFR 690.78(b)(1)&(2)

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

Withdrawals and verification
DCL-GEN-04-03

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.

No earlier deadline for Pell

For the Pell, ACG/SMART and IAS Grant programs, a school may not establish an earlier deadline than that established by the Department in annual notice. Therefore, if a Pell eligible student submits the documents required for verification no later than the earlier of 120 days after the student's last day of attendance or the deadline established by the Department, a school must make any applicable Post-Withdrawal Disbursement of the student's Pell Grant.

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 return any unearned Title IV funds it is responsible for returning within 45 days of the date the school determined the student withdrew, and offer any Post-withdrawal disbursement of loan funds within 30 days of that date.
2. A school must disburse any Title IV grant funds a student is due as part of a Post-withdrawal disbursement within 45 days of the date the school determined the student withdrew, and disburse any loan funds a student accepts within 180 days of that date.
3. Unless a student subject to verification has provided all required verification documents in time for the school to meet the 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.
4. If a student who failed to provide all required verification documents in time for the school to meet the Return deadline 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 deadlines

A school must offer any Post-withdrawal disbursement of loan funds within 30 days of the date of the school's determination that the student withdrew, and return any unearned funds and make a Post-withdrawal of grant funds within 45 days of that date. 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 deadline, 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 deadlines

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 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 and unsubsidized Stafford loan funds (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 a school 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 45-day Return deadline, 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, 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, Iraq Afghanistan Service Grant FSEOG, ACG or SMART Grant, TEACH Grant, 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*.

Verification and the 30-day deadline

If because verification is not complete a school is unable to meet the requirement to offer a Post-withdrawal disbursement directly to a student (or parent for a PLUS loan) within 30 days of the date of the schools's determination that the student withdrew, once verification is complete the school must perform a new Return calculation. The school must offer the funds as soon as possible, and should provide the student or parent with the minimum 14-day (or longer as a result of HERA) response period whenever possible.

A school must make any Post-withdrawal disbursement that results from the new Return calculation as soon as possible but no later than the applicable 180-day late disbursement deadline.

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.

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 (34 CFR 682.604(c)(4)).

You may disburse Pell Grant, IAS 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.

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.

Maximum Timeframe or LOA

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

Thus, 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

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, a student returning from an LOA must complete the term in order to 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 official 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.

If a student returns early, 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. That is, 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 an 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 an 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 School Participation 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, 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 an 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.

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 that all appropriate fees as well as applicable charges for books, supplies, materials and equipment are included 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

Institutional charges
34 CFR 668.22(g)(1)(ii)
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).

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 unrelated to the withdrawal). 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 that 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.

When to prorate charges

Prorating charges
34 CFR 668.22(g)(3)

When a school chooses to calculate the treatment of Title IV, HEA program assistance on a payment period basis for a nonterm credit-hour or clock-hour program, 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. (Again, institutional charges incurred by the student are charges for which the student was responsible that were initially assessed by the institution for the payment period or period of enrollment.

When a student is charged for a period longer than a payment period, the institutional charges incurred by the student for the payment period generally are a pro-rated amount of institutional charges for the longer period. However, if a school has retained Federal Student Aid funds in excess of the pro-rated amount to cover institutional charges, then **the institutional charges for the payment period are the amount retained.**

A school that charges by the period of enrollment but performs its Return calculation on a payment period basis before entering data in STEP 5, Part L, of the Return calculation, 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.

For 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 Federal Student Aid funds on a payment period basis. A student withdraws in the first payment period. The pro-rated amount of institutional charges for each payment period is $4,000. However, the school has retained $5,000 of the Federal Student Aid funds for institutional charges [$4,000 for the prorated portion of the tuition and $1,000 for books and supplies for the entire period of enrollment] for the payment period. Therefore, the institutional charges the school must use in the Return calculation for the payment period are $5,000.

Effects of waivers on institutional charges

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 (estimated financial assistance) and the full $2,900 would need to be included in any Return calculation.

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 estimated financial assistance, and the full amount of the tuition and fees must be included in Step 5, Part L 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. A charge does not have to appear on a student's account to be considered an institutional charge.

Reminder

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.

The following educational expenses must be considered institutional charges –

- all charges for tuition, fees, and room and board (if contracted with the school); 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 documented cost of returnable equipment if not returned in good condition within 20 days of withdrawal.

Noninstitutional charges (not included in a Return calculation) 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 L 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.

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.

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

Treatment of Credit balance when a student withdraws
DCL GEN 04-03, February 2004

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

      - **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.

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.

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.

Timeframe for returning an unclaimed Title IV credit balance

On November 1, 2007, the Department published regulations that modified the treatment of unclaimed credit balances (FR Vol. 72, No. 211, Part III). If a school attempts to disburse the credit balance by check and the check is not cashed, the school must return the funds no later than 240 days after the date the school issued the check.

If a check is returned to a school or an EFT is rejected, the school may make additional attempts to disburse the funds, provided that those attempts are made not later than 45 days after the funds were returned or rejected. When a check is returned or EFT is rejected and the school does not make another attempt to disburse the funds, the funds must be returned before the end of the initial 45-day period.

The school must cease all attempts to disburse the funds and return them no later than 240 days after the date it issued the first check.

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, after applying the 50% grant protection, the Amount for the student to return is a grant overpayment of $125.00.

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 an 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 X .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 $125.00 grant overpayment, the Title IV credit balance of the student's account is $1,400 ($1,525.00 – $125.00). 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

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.

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.

Example of taking attendance

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.

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.

Date of the institution's determination that the student withdrew

Date of determination that a student has withdrawn
34 CFR 668.22(l)(3)

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.

Date of determination at an institution required to take attendance
34 CFR 668.22(b)(1)
DCL GEN 04-03, February 2004
DCL GEN 04-12, November 2004

For a student who withdraws from a school that is not required to take attendance without providing notification, 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.

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. In addition, if the students eventually determined to be a withdrawal, the end of the 14-day period begins the timeframe for completing a Return calculation.

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 30.

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
- 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 maximum number of excused absences that can occur 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. If the number of days in the school's policy is less than 14 days, then the 45-day timeframe for completing a Return calculation and returning Title IV funds starts on the date the school's policy indicates that the student will be administratively withdrawn. An institution must return the amount of Title IV funds for which it is responsible as soon as possible, but no later than 45 days after it determines or should have determined that the student withdrew. In addition, if a student is due a Post-withdrawal disbursement, then the date of the school's determination must allow for the school to meet the 30-day PWD notification requirement.

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 normally disburse the funds within 180 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 45 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.

Date by which funds must be returned
34 CFR 668.22(j)

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 for everyone within the group that transfers or reenters.

The periods used for transfer and reentry 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

Period of enrollment
34 CFR 668.22(l)(2)

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 generally have to reflect the charges for the payment period.

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 Title IV 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 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).

Funds to include in a Return calculation
34 CFR 668.22(a)(2)

The regulations have been revised to reflect the more limited applicability of the Return of Title IV Funds rules as provided in the Higher Education Reconciliation Act of 2005 (HERA). 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,
- Iraq Afghanistan Service Grant,
- ACG,
- National SMART Grant,
- TEACH Grant,
- FSEOG,
- FFEL,
- Direct Loan, and
- Perkins Loan.

The Return of Title IV Funds requirements no longer apply to funds from the GEAR UP, SSS, or LEAP programs.

Also, Federal Supplemental Educational Opportunity Grant (FSEOG) Program funds continue to be excluded under certain circumstances. As in the past, 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*.

Funds to include when a student enrolled in a crossover period withdraws before the higher Pell is disbursed

If for a student enrolled in a crossover period, a school had a second SAR/ISIR with an official EFC, (reflecting eligibility for more Pell funds) before the student lost eligibility, but the school had failed to disburse the additional funds before the student withdrew, the school **must** include the additional funds in the Return calculation as ***Aid that Could Have Been Disbursed***.

The school must do the following:

1. Enter the Pell funds that were disbursed while the student was in school in STEP 1, line 1, column A as, ***Aid that was disbursed***.
2. Enter the increase (the difference between student's higher Pell eligibility and the Pell that was disbursed) in STEP 1, line 1, column C as, ***Aid that Could Have Been Disbursed***, together with any Pell funds from the original award that were not disbursed.
3. Enter any other Title IV aid as it stood when the student withdrew, and perform the Return calculation as directed

Reentry within 180 days
34 CFR 668.4(e)

Consistent with leave of absence

This arrangement is similar to an LOA , and the 180-day timeframe 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.

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.

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.

New Minimum Loan Period
34 CFR 682.603(f)(1) and
34 CFR 685.301(a)(9)

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

Reentry within 180 days

A student who reenters 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 reenters 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 reenters 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 that were disbursed upon reentry.

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.

There are limitations on redisbursing and making second disbursements of FFEL and Direct Loan funds when a student reenters. If the date of a student's return is outside of the period for which the loan was certified/originated, the school and lender (FFEL only) must agree to extend the loan period. (The school may certify/originate a new loan as explained later.) Likewise, if the date scheduled for a second disbursement is outside of the period for which the loan was certified, the school and lender (FFEL) must extend the loan period and the date(s) for the second and any subsequent disbursement. For more information on this topic please see the chart Loan Principles Applicable to Transfer and Reentry at Non-term Schools later in this chapter.

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 reenter 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 has completed the weeks of instructional time and hours or credits (as applicable) in the academic year.

For a treatment of the readmission requirements for members of the uniformed services, see Volume 2.

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 number is for **school use only** and only for this purpose:

Fax Number: (319) 665-7646

Note: This process cannot be performed via email.

When a student reenters within 180 days

The return regulations require a school to return unearned funds for which it is responsible as soon as possible, but no later than 45 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.

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.

Change in maximum loan period

On November 1, 2007, (effective July 1, 2008, unless a school elects to implement the changes earlier) the Department published regulations that eliminated the maximum 12-month loan period for loans in the FFEL and Direct Loan programs. (FR Vol. 72, No. 211, Part III). The regulations now also allow schools to certify a loan for students in nonterm and nonstandard term programs that are less than an academic year in length, and give schools greater flexibility in rescheduling disbursements to students who cease attendance and then return to school.

Subsequently, for a student who withdraws and returns within 180 days, a school may extend the original loan period and schedule new disbursement dates for second or subsequent disbursements. Note that this does not mean an increase in the loan amount the student may receive for the period. Cites: 34 CFR 682.603(g)(2)(i); 682.603(f)(1)(i); 685.301(a)(10)(ii)(A); and 685.301((a)(9)(i).

Reentry within 180 days, example

Consider a student who began attendance in a clock-hour program that was 1,500 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 Title IV loan funds, for a total of $2500 in Title IV aid.

Assume that this student withdrew from school after completing 200 of the 225 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 scheduled hours (225) to determine that the student earned 50% of his or her Title IV aid. The school returned $500 to the loan program. The $750 the student was initially scheduled to return (Step "S.") was eliminated by the application of grant protection in Step "U."

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. If the student is returning within the original loan period, the school should request that the lender redisburse the $500 the school had returned. If the date of a student's return is outside of the period for which the loan was certified/originated, the funds the school and lender (FFEL) must extend the loan period and set new dates for any second disbursement or additional disbursements. In addition, the institution would schedule additional Title IV disbursements for the day after 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 was scheduled to complete 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.

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, TEACH Grant, Iraq Afghanistan Service Grant, ACG or SMART Grant, or FSEOG;
- the disbursement date the institution used to create the overpayment record in 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.

When a student reenters 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 reenters 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 Website 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 **"Reentry 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

Reentry after 180 days
34 CFR 668.4(f)

If a student withdraws from a credit-hour nonterm program or a clock-hour program without completing the period and –

- 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 reenters or transfers.

In calculating awards for a student who reenters the same program after 180 days, reenters 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 reentry.

On November 1, 2007, the Department published regulations that modified the treatment of students who change programs at credit-hour nonterm and clock-hour programs (FR Vol. 72, No. 211, Part III). A school may consider a student who transfers into another program at the same institution to remain in the same payment period if five conditions are met:

1. the student is continuously enrolled at the institution;
2. the coursework in the payment period the student is transferring out of is substantially similar to the coursework the student will be taking when he or she first transfers into the new program;
3. the payment periods are substantially equal in length in weeks of instructional time and credit hours or clock hours, as applicable;
4. there are little or no changes to the institutional charges to the student for the period; and
5. the credits from the payment period the student is transferring out of are accepted toward the new program.

LOAN PRINCIPLES
APPLICABLE TO TRANSFER AND REENTRY AT NONTERM SCHOOLS

1. For nonterm programs, a Borrower–Based Academic Year (BBAY) must be used to monitor annual loan limits. For a student who transfers or reenters a program, the loan period certified must be the lesser of the —
   - academic year,
   - program, or
   - remaining balance of a program of study.
2. A school may 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.

   For a transfer student, when an overlap exists between the borrower's original loan period and the borrower's new period of attendance, or the academic years of the two schools, the borrower is eligible to receive a loan for an amount that does not exceed the remaining balance of the student's annual loan limit. The new school may certify or originate the loan for the remaining portion of the program or academic year. **The borrower is not eligible for a new loan until the original loan period and original academic year have ended.**

   Note that if the original academic year is unknown, a school must assume the previous school had an academic year of 30 weeks.

   A receiving school that accepts fewer credits or clock hours than the student successfully completed at his or her prior school may, if it can document that the student successfully completed additional credits or clock hours, count those hours as completed hours in the student's loan period.

   Note that when we say ***successfully completes***, we mean that the student earns a passing grade or otherwise receives credit for the course.

   If there is no overlap, the borrower is immediately eligible for a new annual loan limit. The receiving school can certify the borrower for a loan period that corresponds to its academic year, or the entire balance of the program. 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.

Loan Principles, continued

6. When a student reenters the same program within 180 days and before the end of the student's initial loan period, 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 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 successfully complete one-half the coursework and one-half the weeks of instructional in the loan period before they can receive the second disbursement).

7. When a student reenters the same program within 180 days and before the end of the student's initial loan period, if 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 to either the balance of the original loan period or balance of the program, 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 is not eligible for a new loan until the original loan period and original academic year have ended. If some portion of the program remains after the completion of the new loan period, the school could certify a 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 reenters 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, whichever is shorter. If the portion of the program that remained was less than an academic year, the loan would be subject to proration.

Transfer Students

Example 1

Consider an academic program that consists of 1,500 clock hours that students are expected to complete over 50 weeks of instructional time. The program has a defined academic year of 900 hours and 30 weeks of instructional time. For students who enter at the beginning of the program, initially there would be four payment periods as follows:

1. the first 450 hours of the first academic year and 15 weeks of instructional time;
2. the next 450 hours of the first academic year and 15 weeks additional weeks of instructional time;
3. the first 300 hours of the 600 hours remaining in the program and 10 weeks of instructional time; and
4. the final 300 hours of the 600 hours remaining in the program and 10 weeks of instructional time;

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 and 10 weeks of instructional time from the 1,500 hours and 50 weeks of instructional time in the student's program, and determine that the student needs to complete 1,200 hours and 40 weeks of instructional time 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 and weeks 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 15 weeks of instructional time;
2. the next 450 hours in the academic year following the student's transfer; and 15 weeks additional weeks of instructional time;
3. the 300 hours remaining in the program and 10 weeks of instructional time (since this balance is less than one-half of an academic year). However, the school must make two disbursements of any FSA loan awarded for this period – the second when the student has completed 150 hours and 5 weeks of instructional time.

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, 2008, 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, 2009, 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 and 30 weeks of instructional time). David's program is 600 clock hours and 20 weeks of instructional time.

When the financial aid officer (FAO) at MEI examined David's 2008-2009 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 $4731 during the balance of the award year. In addition, the FAO used the 600 hours and 20 weeks of instructional time remaining in David's program to establish the appropriate two payment periods (per 34 CFR 668.4(b)) each of 300 clock hours and 10 weeks of instructional time.

The aid officer performed the required multiplication and determined that David could receive as much as $2,365 (.50 X $4,731 = $2365) if he remained enrolled at MEI for the balance of the year.

During the first payment period, David received $1577 ($4731 X 300 hours in the period ÷ 900 hours in the academic year) = $1577 in Pell funds.

However, in the second payment period, David could only receive funds until his total Pell at EIA reached $2365 (his total for the year reached $4731). Therefore, for the second payment period at MEI, David could only receive $788 ($2365 – $1577 = $788).

On February 5, 2009, David came to the FAO at MEI and inquired about a loan like the one he had at PHA. The FAO examined David's ISIR and his record in NSLDS and determined that David had received $1750 in loan funds (from his first-year loan of $3500) 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 — $1750. 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 successfully completed 300 clock hours (half of the hours in the remainder of his program) and half the weeks of instructional time in the loan period.

This change was made to address situations where a student's transfer to a new program at the same institution results in very little change to the student's academic circumstance, e.g., a change that is really nothing more than a change in majors. The Department believes that when this occurs it is appropriate to spare the school the burden of withdrawing a student, performing a Return calculation, and returning Title IV grant or loan funds, and only to award them again for the new payment period(s).

If a school treats the student as one who is not withdrawing from the institution, no Return calculation is performed, and the student continues in the same payment period he started in with his original program.

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

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 reenters 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 imposes additional limitations on a borrower's eligibility for FFEL funds when the borrower transfers (see chart).

Requesting Administrative Relief by email

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

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.

Limits on requesting administrative relief

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

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

Clarification

In order to receive Title IV aid, 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.

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 Title IV aid. **If before a student completes the credits for which he or she has received Title IV aid, 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.

CHANGING OR CORRECTING A RETURN CALCULATION

Changes that aren't corrections are allowed only if the change can be made in time for the institution to meet any applicable Return of Title IV Funds deadline.

A change is not a correction occurs if a calculation (return/Post-withdrawal disbursement) was correct at the time it was processed. For example, a school that used the midpoint as the withdrawal date may want to go back and revise an already processed Return of Title IV Funds calculation to use a last date of attendance at an academically related activity past the midpoint. Such a change is not a correction, because the use of the midpoint was not a mistake – as would be, using the wrong amount of a Pell Grant disbursement. Similarly, the signing of a promissory note after a calculation is processed is not a correction because failing to sign a promissory note is not a mistake.

An institution is never required to do a recalculation of a change that is not a correction.

Applicable deadlines

Two main deadlines impact most Return of Title IV Funds calculations – the 45-day timeframe for the Return of Funds (also see the discussion under Timeframe for the return of Title IV funds later in this chapter); or the 30-day required notification of the need for authorization to make a Post-withdrawal disbursement of Title IV loan funds (also see the discussion under Post-withdrawal disbursement of Title IV Loan funds later in this chapter). Any action taken after a deadline, even a correction, is a violation of the deadline requirement. So, when an institution corrects a Return of Title IV Funds calculation and, as a result, returns funds after the 45-day deadline, it is a late return. When the school makes a correction and notifies the student or parent later than 30 days of the date of the institution's determination that the student withdrew of the need for authorization to make any loan Post-withdrawal disbursement of Title IV loan funds, the school has violated that deadline.

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). Inadvertent overpayments are an exception to this general rule, and they are discussed later in this chapter.

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, generally, 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).

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
34 CFR 668.164(g)(2)

Limitations on making a late disbursement
34 CFR 668.164(g)(4)

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. for all programs except PLUS, 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;
4. for a Federal Perkins Loan, the institution made the award to the student; and
5. for ACG and National SMART Grants, the student was enrolled full time.

Official EFC

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).

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 in order for the loan to be included as aid that could have been disbursed the promissory note must be signed before the school performs the Return calculation.

Similarly, both the ACG and National SMART Grant programs require that students fulfill academic year and GPA requirements in order to continue receiving these grants (See *Volume 1 – Student Eligibility*.). A student who had completed the required number of credits for the previous academic year, but for whom no GPA had been calculated at the beginning of the first semester of the subsequent year is eligible to receive an ACG or National SMART grant if the required GPA becomes available during the semester. In order for an ACG or National SMART grant to be included as aid that could have been disbursed, the eligible GPA must be available before the school performs the Return calculation. If a school has made an interim disbursement of an ACG or National SMART Grant and the grades, when they become available indicate that the student does not have the required GPA, the disbursement becomes an overpayment, must be returned by the school, and is not included in 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 performed on a payment period basis, the loan funds counted are those for the payment period; if the calculation is performed 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, Iraq Afghanistan Service Grant, TEACH Grant, ACG, or National SMART Grant for a subsequent payment period when the student has not completed the earlier payment period for which the student has already been paid (34 CFR 690.75(a)(3) and 34 CFR 691.75(a)(3)&(4));
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)) (except when this delay does not apply because of low default rates); and
6. a disbursement of a Federal Pell Grant, Iraq Afghanistan Service Grant, TEACH Grant, ACG or National SMART 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.**

When a student drops below half time before withdrawing

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.

Making a separate determination of eligibility for a Post-withdrawal disbursement

Consider a student enrolled at a school that is not required to take attendance by an outside entity. The student registers for, and on September 1, begins attendance in 12 credits. On September 15 the student drops classes worth 7 credits and his enrollment status changes to less than half time. On December 1, the school receives $2,000 in Stafford loan funds for the student.

In reviewing it's records the school determines that the student is an unofficial withdrawal. Though the school can use the 50% point (November 1) as the withdrawal date, it must make a separate determination of the student's eligibility for a Post-withdrawal disbursement. In this case, because the student lost eligibility for Stafford funds on September 15 (the day the student ceased to be enrolled at least half time), the student may not receive a Post-withdrawal disbursement of Stafford loan funds

Important

Treatment of inadvertent overpayments

Discussion of inadvertent overpayments
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 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 included in Return calculations as *Aid that could have been disbursed rather than Aid that was disbursed*.

A school is allowed to hold an inadvertent overpayment while determining if the student is owed a Post-withdrawal disbursement. However, this is not intended to affect the amount of aid a student would receive under a Return calculation. Rather, it is permitted only to avoid a school having to return funds only to have to later request and disburse them if a student is eligible for a Post-withdrawal disbursement.

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. However, the funds are included as Aid that could have been disbursed and may result in a student being able to retain more grant funds.

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 45 days of the date of the institution's determination that the student withdrew (the timeframe 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.

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 this case, 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 generally 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 when 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

Withdrawal date at schools required to take attendance
34 CFR 668.22(b)

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 **always** 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, those who take an unapproved LOA, and those who officially withdraw.

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.

Documenting a student's withdrawal date
34 CFR 668.22(b)(2)
34 CFR 668.22(c)(4)

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
34 CFR 668.22(c)

Official notification

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.

Official notification
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)

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.

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.

Consumer Information on Withdrawing

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.

School's withdrawal process

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.**

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
34 CFR 668.22(c)(5)

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.

Informal contact with a school employee

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.

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 Website, 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.

When a student triggers both dates

When a student triggers both dates
34 CFR 668.22(c)(2)(ii)

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.

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 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.

Withdrawal due to circumstances beyond the student's control
34 CFR 668.22(c)(1)(iv)

Withdrawal date for administrative withdrawals

A school may not artificially create a withdrawal date for a student that is beyond the "trigger point" that causes the school to administratively withdraw the student.

If for example, a school can document that it has a uniform policy of withdrawing of students after a specified (and reasonable) number of absences that applies throughout the payment period/period of enrollment, then the date that a student exceeded that number of absences would be the date that the school would normally use as the withdrawal date.

In a slightly different scenario, if a school 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) then the last possible date of the withdrawal for that student is that (census) date.

If a school administratively withdraws a student for some reason other than excessive absences, it similarly will have to determine the date of the event that caused the school to make that decision to withdraw the student.

If a school can show that a student participated in an academically related activity after the date of the event that caused the school to terminate his/her enrollment (but still before the school withdrew the student), the school could use the date of the academically related activity as the last date of attendance.

Timeframe for the determination
34 CFR 668.22(j)(2)

All other withdrawals
34 CFR 668.22(c)(1)(iii)

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.

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.

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 at an institution not required to take attendance by an outside entity.

Timeframe 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.

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 Title IV recipient who began attendance during a period completed the period or should be treated as a withdrawal. We do not require that an institution use a specific procedure for making this determination.

When a student fails to earn a passing grade
DCL GEN-04-03, February 2004

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 may presume 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.

Testing the use of a grading policy

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.

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 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

Last date of attendance at an academically related activity
34 CFR 668.22(c)(3)

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 –

1. examinations or quizzes,
2. tutorials,
3. computer-assisted instruction,
4. academic advising or counseling,
5. academic conferences,
6. completing an academic assignment, paper, or project, and
7. 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.

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.

Activities that are not academically related

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

Clarification

Counting excused absences as days in attendance

A school may only count as days in attendance excused absences that are followed by some class attendance. That is, a school may not include as days attended any excused absences that occur after a student's last day of actual attendance.

Withdrawals after rescission of official notification

Withdrawals after rescission of official notification
34 CFR 668.22(c)(2)(i)

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

Withdrawal from program offered in modules
DCL-GEN-00-24

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.

- 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 (e.g., 34 CFR 690.80, 682.604, and 685.303).
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.

   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.
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, ends on the last day the student was in attendance, and includes only the period during which the student was in 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.

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)(ii)).

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.**

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.

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 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. (For more information on how the death of a student affects the Return process, see the discussion under *Death of a student* later in this chapter.)

Part 2 – Percentage of Aid Earned

Percentage of payment period or period of enrollment completed

Percentage of payment period or period of enrollment completed
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

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

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, at institutions not required to take attendance, 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. If a scheduled break occurs prior to a student's withdrawal, 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. (Note that if the withdrawal occurs prior to a scheduled break, the days in the break are excluded only from the denominator.)

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.

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 between the weekend classes 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.

Weekend classes and scheduled breaks

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.

Unscheduled breaks due to circumstances beyond the control of a school

If, due to a natural disaster or other circumstances beyond the control of a school, a school is unable to operate normally for five or more consecutive days, but then resumes normal operations and will complete the interrupted academic period, the school must adjust

Return calculations for any student who returns after the school resumes operations, but subsequently withdraws during that payment period/period of enrollment.

The school must exclude the days it was non-operational from both the numerator and denominator of the Return calculation. In addition, if because of the aforementioned circumstances, the school extends the length of the academic period, the school should use the new ending date in any required Return calculation, and treat the days it was not operating (five or more) as a scheduled break.

Example of Withdrawal Date When a Student Withdraws During 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 45 days after this date.

Credit-hour programs

Credit-hour programs
34 CFR 668.22(f)(1)(i)

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.

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

Percentage of Title IV aid earned for withdrawal from a credit-hour nonterm program
DCL GEN-04-03, February 2004

The regulations provide that the percentage of Title IV aid earned by a student is equal to the percentage of the period completed by the student (except 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:

$$\frac{\text{number of calendar days completed in the period}}{\text{total number of calendar days in the period}}$$

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 nonterm 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) and the student has not failed any courses for which he or she was paid in the payment period, the total number of calendar days in the period will be the same for all students.

Reminders

Institutionally scheduled breaks of at least five consecutive days between courses/modules in the same payment period or period of enrollment are excluded from a Return calculation.

If a student takes an "unscheduled break in attendance" thereby deviating from the student's original attendance plan, the school either must treat the student as a withdrawal or place the student on an "approved leave of absence" as described earlier under Breaks in attendance for students enrolled in programs measured in credit hours without academic terms.

The length of a payment period can never be less than the original scheduled length. If a student is progressing more rapidly than originally planned and the required projection calculation results in an end date that creates a shorter payment period, the school must use the original "end date" in the Return calculation.

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.) 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.

Calculating a completion date for a student who withdraws from a credit-hour nonterm program

Example 1, 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 2, 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.

Continued on next page

Calculating a completion date for a student who withdraws from a credit-hour nonterm program

Example 3, 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).

In general, to calculate the number of days in the period do the following:

Determine the percentage of credits earned

$$\frac{\text{Number of credits completed (4)}}{\text{Number of credits in payment period (12)}} = \text{Percentage of credits earned (.333)}$$

Determine the number of days in the period

$$\frac{\text{Number of days attended (53)}}{\text{Percentage of credits earned (.333)}} = \text{Number of days in the period (159)}$$

The school enters "159" as the number of "Total Days" in STEP 2, Box H of the Return calculation.

Example 4, projecting a completion date for a withdrawal from a self-paced nonterm program

Pixie is enrolled in a self-paced 30 credit-hour nonterm program in pet grooming offered over 30 weeks at an institution that calculates Returns on a payment period basis. Students in the program are expected to complete 3 modules of 5 credits hours each over the 15 weeks (105 days) in a payment period. (A student is expected to complete each 5 credit module in five weeks (35 days) time.)

It takes Pixie 7 weeks (49 days) to complete 100% of the lessons in the first module and she did not earn a passing grade (the lack of opposable thumbs was a disadvantage she could not overcome). Pixie decides to withdraw from school in order to accept a position as a cohost of the annual AKC show at Madison Square Garden.

Because Pixie did not satisfactorily complete at least one module, the school must perform a Return calculation. In addition, because Pixie was progressing more slowly than the rate expected, the school must project a new an end date and a new number of "Total days" to be used in the Return calculation.

Important: Because Pixie was progressing at a slower rate (it took her 49 days (instead of 35) to complete 100% of the lessons in the first module, the school can not simply add the length of a scheduled (make up) module (35 days) to arrive at the projected number of days in the payment period. The school must project the number of says in the period as follows.

Project the time it would have taken Pixie to complete the first module by dividing the number of days attended (28) by the percentage of the lessons completed

$$\frac{\text{Number of days attended (49)}}{\text{Percentage of payment period completed (1.00)}} = \text{Number of days required for one module (49)}$$

Project the number of days in the payment period by multiplying the number of days required for one module (49) by the number of modules in the payment period (3) and adding a module (1) for the student to make up the module failed.

Number of days it takes a student to complete a module (49) X {Number of modules in payment period (3) + a makeup module (1)} = 4 = Number of projected days in payment period (196)

The school enters "196" as the number of "Total Days" in STEP 2, Box H of the Return calculation.

Clock-hour programs

Under HERA, only scheduled hours are now used to determine the percentage of the period completed by a student withdrawing from a clock-hour program.

Clock-hour programs
34 CFR. 668.22(f)(ii)

For a clock-hour program, the percentage of the period completed 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 as follows:

$$\frac{\text{number of clock hours the student was scheduled to complete in the period}}{\text{total number of clock hours in the period}}$$

A student withdrawing from a clock-hour program earns 100 percent of his or her aid if the student's withdrawal date occurs after the point that he or she was scheduled to complete 60 percent of the scheduled hours in the payment period or period of enrollment.

The scheduled clock hours used for a student must be those established by the school prior to the student's beginning class date for the payment period or period of enrollment, and must have been established in accordance with any requirements of the state or the institution's accrediting agency. These hours must be consistent with the published materials describing the institution's programs. However, if an institution modified the scheduled hours in a student's program prior to and unrelated to his or her withdrawal in accordance with any State or accrediting agency requirements, the new scheduled hours may be used.

When a school disburses Title IV aid to a student using different payment periods

Nonstandard term credit-hour programs with terms that are not substantially equal in length have two defined payment periods: one for Title IV grant and Perkins Loan funds, and one for FFEL and Direct Loan funds. Because only one payment period may be used in determining earned Title IV grant and loan funds for a student who withdraws and was disbursed or could have been disbursed aid under both payment definitions, the regulations now specify the payment period a school must use in the Return calculation, that is, the payment period that ends later.

Any aid disbursed for payment periods that overlap the payment period used in the calculation must be attributed to the payment period that ends later.

No attribution necessary

If a student who withdraws from a nonstandard term credit-hour program with terms that are not substantially equal in length is disbursed aid or could have been disbursed aid using only one of the two payment period definitions, that is the payment period that is used for the calculation of earned aid, and no attribution of funds is necessary.

Example of performing a Return calculation for a student receiving aid under two payment period definitions

The Ted Animal Institute (TAI) offers programs in nonstandard credit-hour terms that are not substantially equal in length.

Pixie Marley enrolls for TAI's varmit retrieval program offered over 30 weeks in three terms of 10 weeks, 6 weeks, and 14 weeks respectively. After attending classes for 50 days, Pixie decides that she could make a greater contribution if she studied home health care. Subsequently she withdraws from TAI.

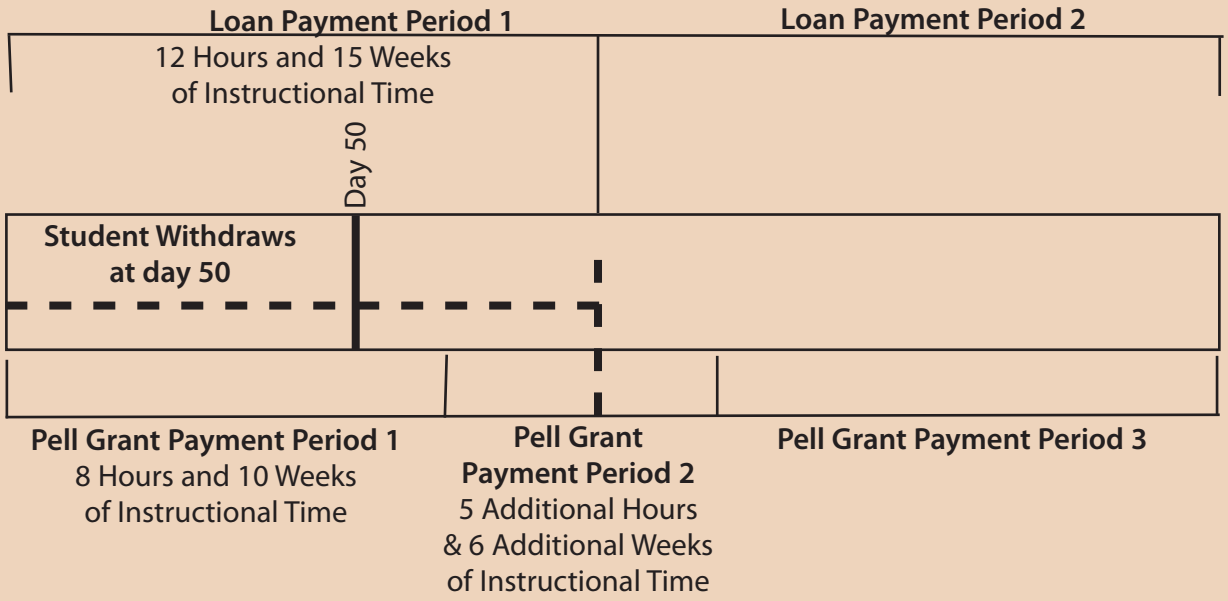
TAI's Academic Year = 24 credits hours over 30 weeks of instructional time comprising the academic year. Term 1 = 8 credits over 10 weeks. Term 2 = 5 credits over 6 weeks.
Term 3 = 11 credits over 14 weeks.

Each scheduled payment period for Pixie's Stafford loans was one-half of the program's academic year or 12 credits and 15 weeks.

Pixie was scheduled to receive three disbursements (one in each payment period) of her Pell Grant as follows:
PP1 at day 1
PP2 at the completion of 8 hours and 10 weeks of instructional time
PP3 at the completion of 13 hours and 16 weeks of instructional time

The scheduled disbursements and withdrawal date are shown in the graphic that follows.

Performing a Return calculation for a student receiving aid under multiple payment period definitions, continued



Pixie withdrew on the 50th day after the start of classes. Her FFEL/Direct Loan funds were disbursed for the loan payment period 1 (the first half of the academic year). Her Pell Grant funds were disbursed for the Pell Grant payment period 1 (the first term, which is 10 weeks in length).

Loan Payment Period 1 (the FFEL/Direct Loan payment period) is the payment period during which the student withdrew that ends later, so that is the payment period the school is required to use for the Return of Title IV Funds calculation.

As shown by the horizontal dashed line, the first two Pell Grant payment periods overlap with the Loan payment period 1, so aid that was disbursed or could have been disbursed for the two Pell Grant payment periods are attributed to the Loan payment period 1.

All of Pell Grant Payment Period 1 falls within Loan payment period 1, so all of the Pell Grant funds that were disbursed for Pell Grant Payment Period 1 are included in the calculation. Pell Grant Payment Period 2 of six weeks overlaps with Loan Payment Period 1 for five of those weeks. (The loan period is 15 weeks; Pell Grant Payment Period 1 is 10 weeks and five additional weeks from Pell Grant Payment Period 2 bring the Pell Grant Payment Period used in the calculation up to 15 weeks.)

To determine the amount of Pell Grant funds that could have been disbursed that are attributable to the five additional weeks, the school would take the full amount of Pell Grant funds that could have been disbursed for Pell Grant payment period 2, and multiply it by five-sixths.

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 H 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 G. on the worksheet).

Amount of Title IV aid earned by the student
34 CFR 668.22(e)(1)

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.

Title IV aid to be disbursed or returned
34 CFR 668.22(a)(2) or (3)

Part 1 – Post-withdrawal disbursements

If a Post-withdrawal disbursement is due, a school stops at Step 4, Box J 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 maintain written records of its Post-withdrawal disbursements.

Post-withdrawal disbursements
34 CFR 668.22(a)(3) & (4)

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.

Return calculation required

For a student who withdraws after the 60% point-in-time, even though a return is not required, a school may have to 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 Post-withdrawal disbursement must be made within 180 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 Title IV Aid, and has no relationship to incurred educational costs.

Reminder

Disburse grant before loan
34 CFR 668.22(5)(i)

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.

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. 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.

Summary of actions a school must take before making a Post-withdrawal disbursement

The actions a school must take before it may disburse funds from a Post-withdrawal disbursement vary depending on the source of the funds.

A school must obtain confirmation from a student, or parent for a parent PLUS loan, before making any disbursement of loan funds from a Post-withdrawal disbursement.

Without obtaining a student's permission, Title IV grant funds from a Post-withdrawal disbursement are credited to a student's account to pay for tuition, fees, and room and board (if the student contracts with the school) or disbursed directly to a student. An institution must obtain a student's authorization to credit a student's account with Title IV grant funds for charges other than current charges.

Post-withdrawal disbursement of Title IV grant funds

A school is permitted to credit a student's account with the Post-withdrawal disbursement of Title IV grant funds without the student's 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. A school must obtain a student's authorization to credit a student's account with Title IV grant funds for charges other than current 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 **or** for educationally related activities. (See *Volume 4 – Processing Aid and Managing Federal Student Aid Funds* for more information on student and parent authorizations.)

Timeframe for Post-withdrawal disbursement of grant funds
34 CFR 668.22(a)(5)(ii)(B)(1)

A school must credit the student's account with the postwithdrawal disbursement for current charges within 180 days of the date of determination.

A school must disburse any amount of a Post-withdrawal disbursement of grant funds that is not credited to the student's account. Moreover, the school must make the disbursement as soon as possible, but **no later than 45 days after the date of the school's determination that the student withdrew**.

Post-withdrawal disbursement of Title IV Loan funds

Timeframe for notification of eligibility for Post-withdrawal disbursement of loan funds
34 CFR 668.22(a)(5)(iii)(A)

A school must notify a student, or parent for a parent PLUS loan, in writing prior to making any Post-withdrawal disbursement of loan funds, whether those loan funds are to be credited to the student's account or disbursed directly to the student (or parent). The information provided in this notification must include the information necessary for the student, or parent for a parent PLUS loan, to make an informed decision as to whether the student or parent would like to accept any disbursement of loan funds and must be provided within 30 days of the date of a school's determination that a student has withdrawn. In addition, the notice must request confirmation of any Post-withdrawal disbursement that the student or parent, as applicable, wishes the school to make.

The notice must identify the type and amount of the loan funds it wishes to credit to the student's account or disburse directly to the student or parent, explain that a student, or parent for a parent PLUS loan, may accept or decline all or a portion of the funds. The notice must also explain to the student, or parent for a parent PLUS loan, the obligation to repay the loan funds whether they are disbursed to the student's account or directly to the borrower.

The notice must also make clear that a student, or parent for a parent PLUS loan, may not receive as a direct disbursement loan funds that the institution wishes to credit to the student's account unless the institution agrees to do so. If the student, or parent for a parent PLUS loan, does not wish to accept some or all of the loan funds that the institution wishes to credit to the student's account, the institution must not disburse those funds.

School activity between performing a Return calculation and making a PWD

An institution **may not delay its disbursement processes** in order to ascertain whether a student wishes to receive the grant funds the student is entitled to. However, while the institution is processing the disbursement or notifying the student about his or her eligibility for a Post-withdrawal disbursement of loan funds the school may, at its discretion, notify the student that it may be beneficial to turn down all or a portion of the grant funds to preserve his or her grant eligibility for attendance at another institution.

Of course, if a student should independently contact the institution and state that he or she does not wish to receive a grant disbursement, the institution is not required to make the disbursement.

Cash management requirements for student and parent authorizations
34 CFR 668.165(b)

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 of loan funds, the school should include information about the advantages of keeping loan debt to a minimum. If a Post-withdrawal disbursement includes 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, Title IV grant funds due a student in a Post-withdrawal disbursement can be used to pay down a Title IV loan thereby reducing any Post-withdrawal disbursement made directly to the student.

The school must document the result of the notification process and the final determination made concerning the disbursement, and maintain that documentation in the student's file.

If a school has completed Post-withdrawal loan notification (described previously) and confirmed a student's desire for any loan funds included in the Post-withdrawal disbursement, the school is permitted to credit a student's account with the Post-withdrawal disbursement without additional permission from the student (or parent, in the case of a PLUS loan) for current charges as described above.

A school may combine providing loan counseling, obtaining authorization to credit loan funds to a student's account for outstanding charges, and authorization to make a direct disbursement to the student.

Once a school has received confirmation from a student, or parent in case of a PLUS loan, that he or she wants to receive the Post-withdrawal disbursement of loan funds, a school must make the Post-withdrawal disbursement of Title IV loan proceeds as soon as possible, but no later than 180 days after the date of the school's determination that the student withdrew.

Separate authorization required for educationally related expenses

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.)

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.

The requirements for the treatment of Title IV funds when a student withdraws reflect the cash management requirements for disbursing Title IV funds. An institution must obtain a student's authorization to credit a student's account with Title IV funds 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 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.

Outstanding charges 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 2 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 (with authorization if they are loan funds) 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 to use the funds for non-educational charges, 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

Flexibility in notifying students

Effective July 1, 2007 or earlier as permitted the current prior year charges are increased from $100 to $200. However, the provision that permitted the payment of prior year charges that exceeded the maximum threshold as long as there were funds sufficient to pay the current period has been dropped.

Student's Response to an Offer of a PWD

A student's or parent's response to an offer of a direct disbursement of Title IV loan funds from Post-withdrawal disbursement does not have to be in writing. However, a school must document the response.

Deadline for responding to an offer of a Post-withdrawal disbursement of loan funds
34 CFR 668.22(a)(5)(iij)(A)(5)

In order to avoid having to contact a student a multiple times, a school may use one contact to –

- notify a borrower about his or her loan repayment obligations;
- obtain permission to credit loan funds to a student's account to cover unpaid institutional charges;
- obtain permission to make a Post-withdrawal disbursement of grant or loan funds for other than institutional charges; and
- obtain permission to make a Post-withdrawal disbursement of loan funds directly to a student.

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**.

In the notification, the school must advise the student or parent an institution may set a deadline of 14 days or more. Any deadline must apply to both confirmation of loan disbursements to the student's account and direct disbursements of a Post-withdrawal disbursement. The notification must make it clear that if the student or parent does not respond to the notification within the timeframe, the school is not required to make the Post-withdrawal disbursement. However, a school may choose to make a Post-withdrawal disbursement based on an acceptance received from a student or parent received after school's deadline.

A school that chooses to honor a late response must disburse all the funds accepted by the student or parent as applicable. The school cannot credit the student's account in accordance with the student's request, but decline to disburse Post-withdrawal funds accepted as a direct disbursement. If a response is not received from the student or parent within the permitted timeframe, 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 loan funds within 180 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.

If authorization from a student (or parent for a PLUS loan) is received after the deadline and the school chooses not to make a Post-withdrawal disbursement of loan funds, 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. 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 of loan funds per the recipient's instructions on an authorization received after the deadline, the school does not need to notify the student.

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 obtained permission from Michael at the beginning of the term (prior to his withdrawal) to credit his account for educationally related charges other than tuition, fees, and room and board. Because available grant funds must be used before available loan funds to make a Post-withdrawal disbursement, the school credits Michael's account with $150 of Michael's Federal Pell Grant funds. On November 12, (the last date school could have sent the funds was December 24th – 45 days after the date of the school's determination that the student withdrew) the school sends the remaining $250 in Pell Grant funds to Michael. On the same day (the last date the school could have sent the notification was December 9th – 30 days after the school's determination that the student withdrew) the school sends a notification to Michael stating that:

1. He is due a Post-withdrawal disbursement of $500 in Federal Stafford Loan funds to be disbursed directly to him.

2. Michael may accept all, a portion, or none of the $500 in Federal Stafford Loan funds.

3. Any loan funds that Michael accepts will have to be repaid.

4. The school is obligated to make a Post-withdrawal disbursement of loan funds only if Michael accepts the funds by November 25, 14 days after the school sent the notification. Note that a school may allow more than 14 days for a response.

Michael's responds on November 19 and informs the school that he is accepting $250 of the $500 in Federal Stafford Loan Funds. The school has until June 9 (180 days after November 10 – the date the school determined that the student withdrew) to make the disbursement (34 CFR 668.22(a)(5)(iii)(C)). The school must document the notification and the final determination pursuant to it (whether the student accepts a partial- or full-disbursement or declines the entire disbursement (34 CFR 668.22(a)(5)(iv)).

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 f**unds 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. returning 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 G5);

   If the institution has previously referred the grant overpayment to Borrower Services, the institution should provide Borrower Services with documentation that the student has died so that Borrower Services can delete the overpayment from its records.
3. returning any remaining credit balance to the Title IV programs.

Part 2 – Title IV aid to be returned

Title IV aid to be returned
34 CFR 668.22(a)(2)

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 I) from the amount of Title IV aid that was actually disbursed to the student, Box E.).

Step 5: Amount of unearned Title IV aid due from the school
34 CFR 668.22(g)

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.

Disbursement Prohibited

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.

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 (Box M) is determined by subtracting the percentage of Title IV aid earned (Box H) from 100%.

Aid disbursed to the student before institutional charges are paid

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.

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.**

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 L 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
34 CFR 668.22(g)(1)(ii)
34 CFR 668.22(g)(2)
DCL-GEN-00-24

Determining charges
34 CFR 668.22(a),
34 CFR 668.22(g)(2)(ii), and
DCL-GEN-00-24

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.

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).

Effect of other assistance
Federal Register/Volume 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.

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 as a result of the withdrawal, 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. However, if a student's enrollment status changed prior to and unrelated to the withdrawal, the effect of that change on institutional charges appropriately should be reflected in any Return calculation.

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.

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.

Reminder

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 L 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.)

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.

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.
8. Federal Pell Grants for which a return of funds is required.
9. Academic Competitiveness Grants for which a return of funds is required.
10. National Smart Grants for which a return of funds is required.
11. Federal Supplemental Educational Opportunity Grants (FSEOG) for which a return of funds is required.
12. Federal Teach Grants for which a Return is required.
13. Iraq Afghanistan Service Grant for which a return is required.

Timeframe for the return of Title IV funds

A school must return unearned funds for which it is responsible as soon as possible, but no later than 45 days from the determination of a student's withdrawal.

A school will be considered to have returned funds timely if the school does one of the following as soon as possible, but no later than 45 days after the date it determines that the student withdrew:

- deposits or transfers the funds into the school's federal funds bank account;
- initiates an electronic funds transfer (EFT) to an account belonging to the student;
- initiates an electronic transaction that informs the FFEL or ED, in the case of a Direct Loan, to adjust the borrower's loan account for the amount returned; or
- issues a check.

Order of return of Title IV funds
34 CFR 668.22(i)

Timeframe for return of Title IV funds
34 CFR 668.22(j)(1)

If a school has not drawn federal funds

If a school has not drawn down federal funds or has made disbursements that exceed the amount the school has drawn the school does not need to be deposit funds in its federal account. Of course, the school's accounting records must show that institutional funds were used to credit the student's account.

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.

Simultaneous notification of student
34 CFR 682.607(a)(2)

The school is considered to have issued a check timely if the institution's records show that the check was issued no more than 45 days after the date the school determined that the student withdrew, and the date on the cancelled check shows that the bank endorsed that check no more than 60 days after the date the school determined that the student withdrew.

If as a result of a Return calculation a school returns Stafford funds to a lender, the school must notify the student that the funds have been returned on his or her behalf.

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) (Box Q) is determined by subtracting the amount returned by the school (Box O) from the total amount of unearned Title IV funds to be returned (Box K.). 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.

STEP 8: REPAYMENT OF STUDENT LOANS

The student loans that remain outstanding (Box R) consist of the loans disbursed to the student (Box B.) minus any loans the school repaid in STEP 6, Block P. These outstanding loans are repaid by the student according to the terms of the student's promissory notes.

STEP 9: GRANT FUNDS TO BE RETURNED BY A STUDENT

For withdrawals occurring on or after July 1, 2006, the regulations limit the amount a student must repay to the amount by which the original overpayment amount exceeds 50 percent of the total grant funds **disbursed or could have been disbursed** by the student for the payment period or period of enrollment.

The initial amount of unearned Title IV grant aid due from the student (Box S.) is found by subtracting the loans to be repaid by the student (Box R) from the initial amount of unearned aid due from the student (Box Q).

The amount of grant overpayment due from a student is limited to the amount by which the original grant overpayment (Box S.) exceeds half of the total Title IV grant funds disbursed and could have been disbursed to the student (Box F).

Student overpayments of $50 or less

A student does not have to repay a**n original** grant overpayment of $50 or less for grant overpayments resulting from the student's withdrawal. As a result, a**n original** grant overpayment of $50 or less will not make the student ineligible to receive Title IV, HEA program assistance should the student return to school. A school is not required to attempt recovery of that overpayment, report it to the Department's National Student Loan Data System (NSLDS), or refer it to Federal Student Aid's Debt Resolution Services.

Amounts of $50 or less are considered *de minimus*. 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 $40 in FSEOG funds, the student would have to return the Pell funds, but the FSEOG funds would be considered *de minimis* and treated as described above.

STEP 10: RETURN OF GRANT FUNDS BY THE STUDENT

Initial amount due from student
34 CFR 668.22(h)

The student is obligated to return any Title IV overpayment in the same order that is required for schools.

Return of funds by the student
34 CFR 668.22(h)(3)(i) and (ii)

Grant overpayments may be resolved through –

1. full and immediate repayment to the institution;
2. repayment arrangements satisfactory to the school; or
3. 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

Grant overpayments
34 CFR 668.22(h)(4)

The applicable regulations limit the amount of grant funds a student must repay to one-half of the grant funds the student received or could have received during the applicable period. Moreover, 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.

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

    Reminder

    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 Debt Resolution 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.

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.

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 overpayment.

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.

Reminder

Student overpayments of $50 or less

Student overpayments less than $50
34 CFR 668.22(h)(3)(ii)---

A student does not have to repay a grant overpayment of $50 or less for grant overpayments resulting from the student's withdrawal. As a result, a grant overpayment of $50 or less will not make the student ineligible to receive Title IV, HEA program assistance should the student return to school. A school is not required to attempt recovery of that overpayment, report it to the Department's National Student Loan Data System (NSLDS), or refer it to Debt Resolution Services

Reminder

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 $40 in FSEOG funds, the student would have to return the Pell funds, but the FSEOG funds would be considered *de minimis* and treated as described above.

If a school is currently holding an overpayment resulting from a withdrawal for which the **original amount** (after the grant protection was applied) was less than $50, the school should delete the overpayment in NSLDS by following these steps:

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

This new standard does not apply to remaining grant overpayment balances. That is, a student must repay a grant overpayment that has been reduced to $50 or less because of payments made. An overpayment for which the original amount was more than $50 that has a current balance of less than $50 may not be written off.

Note: Debt Resolution Services will not accept referrals for which the original amount was less than $25.

Reminder

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.

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.

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.

Payments on a student's behalf

The grant protection always applies to the repayment of grant funds for which the student is responsible, regardless of who actually returns the funds. 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 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 NSLDS is required and no referral to Debt Resolution Services for collection is allowed. 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.

Recording student payments and reductions in the Pell Grant, Iraq Afghanistan Service Grant, ACG, National SMART Grant, and TEACH Grant Programs

For reductions and payments to awards in award years after 2005-2006, schools should record reductions and payments by entering a replacement value.

If through its Return calculation a school determines that a student has received an overpayment of Pell Grant, Iraq Afghanistan Service Grant, ACG, National SMART Grant, or TEACH Grant funds, the school should reduce the student's award/disbursements and return the funds.

First, reduce the 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 has returned (the sum of: (a) that amount the school is responsible for returning + (b) any portion of the grant overpayment, that otherwise would be the responsibility of the student, but which the school has chosen to return for the student + (c) any portion of the grant overpayment the school has collected from the student.). Do not reduce the award/disbursement by the amount the student must return (unless the student has made a payment).

If a school receives a payment for a current-year overpayment that has not been referred to Debt Resolution Services, the school should NOT send the payment to Debt Resolution Services. Instead, after you have reduced the student's disbursement in COD, return the unearned funds as follows:

- If your school has made repayment arrangements with a student and received a payment on a current-year overpayment, the school should deposit the funds in its Pell, Iraq Afghanistan Service Grant, ACG, National SMART, or TEACH Grant account and make the appropriate entry in the COD system.
- If a student makes a payment on any previous year's Pell Grant, Iraq Afghanistan Service Grant, ACG, National SMART, or TEACH Grant 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 G5 following the same procedures the school follows when making other G5 refunds/returns.

Reminder

Returning funds to the Department

Using the electronic refund function in G5 is the preferred method whenever a school must return Pell, IAS Grant, ACG, National SMART, or FSEOG funds.

Only in exceptional circumstances (and **never for a current Pell , IAS Grant, ACG, National SMART, or FSEOG award**) should a school return funds from a Return calculation by sending a check instead of using the electronic refund function in G5.

Contact the G5 Hotline at:
888-336-8930
(M–F 8 a.m. to 6 p.m. ET) for assistance

If because of extraordinary circumstances you must send a check,

The G5 lockbox address for Pell, IAS Grant, ACG, National SMART, TEACH Grant and campus-based funds is:

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

The school must note the student's name, SSN, the school's DUNS number, and the complete 11-digit 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 G5. Payments should be applied to the award year in which the recovered funds were awarded.

For information on handling student payments after you have referred an overpayment to Borrower Services, see the discussion under Accepting payments on referred overpayments later in this chapter.

Important

Reporting reductions

Schools can report current year adjustments for awards/disbursements either through their loan processing software or by using the COD Website at:

https://cod.ed.gov

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 G5 following the same procedures the school follows when making other G5 refunds/returns.

Only in exceptional circumstances should a school return funds by sending a check instead of using the electronic refund function in G5.

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

1. use a separate check for each award year;
2. make the check payable to the US Department of Education;
3. note the school's DUNS number, Direct Loan school code (or OPE ID), and award year on each check; and
4. include a completed Direct Loans Return of Cash form (available at the end of this chapter).

   Note: A separate check and transmittal sheet must be used for each award year.

The address for returning Direct Loan funds by check is:

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

If you are returning funds by check, together with your check for the funds you are returning, you must include, **on school letterhead**, the following information:

1. The borrower's name,
2. The borrower's social security number,
3. The loan's unique CommonLine ID,
4. The type of loan (subsidized, unsubsidized, PLUS, etc.),
5. The period for which the loan was certified,
6. The scheduled & actual date of the disbursement,
7. The amount of the disbursement,
8. The amount being returned for each student,
9. The reason the funds are being returned (cancellation, overpayment, withdrawal, or failed to begin class),
10. The school OPEID, and
11. The name and phone number of the school official returning the funds.
12. **You must also include a completed Direct Loan Refund of Cash form (available at the end of Chapter 2).**

NSLDS

DCL-GEN-98-14 July 1998

You must use the NSLDS FAP Website to report overpayments. To do so, your school must have Internet access, and your Primary Destination Point Administrator (DPA) must have signed up at least one user for Overpayment updates for NSLDS online services at https://fsawebenroll.ed.gov. (

DCL GEN-04-08 gives the most recent technical specifications.)

Notifying the Department

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 Debt Resolution 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 Debt Resolution Services.

Important: Debt Resolution 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, Debt Resolution 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 t**he 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.

Reporting overpayments to NSLDS

DCL GEN-98-14, July 1998

All new Perkins, Pell Grant, IAS Grant, ACG, National SMART Grant, TEACH Grant, and FSEOG overpayments and previously reported FSEOG overpayments for which a data element has changed must be reported.

Perkins and other data providers must meet all NSLDS reporting requirements as detailed in the appropriate operating manuals.

NSLDS reference materials are available at:

ifap.ed.gov/ifap/byYear.jsp?type=nslds materials&set=archive

The email address for NSLDS Customer Service is:

NSLDS@ed.gov

The phone number for
SCHOOL USE ONLY
800-999-8219

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 Debt Resolution 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 Debt Resolution Services . Debt Resolution Services will need time to receive and record an overpayment before it can respond to a student inquiry. Schools should advise students to wait at least 10 days before contacting Debt Resolution 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 Debt Resolution Services by calling **800-621-3115** or by writing **Debt Resolution Services** at the following address:

U.S. Department of Education
Debt Resolution Services
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 Debt Resolution 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 Website. A school sends referrals to Debt Resolution 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 Debt Resolution Services before Debt Resolution Services has received and recorded the student's overpayment, Debt Resolution Services will examine the student's record in the NSLDS. If a school has reported the overpayment to NSLDS correctly, Debt Resolution 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 Debt Resolution Services before a school has reported the student's overpayment to the NSLDS, Debt Resolution 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.

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, the school must immediately 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.

Reminder

Required referrals

A school must refer to the Department/Debt Resolution Services a student who:

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

If a school is referring to Debt Resolution 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 "TRF-Transfer" as the initial source in the Source field and "OVERPAYMENT" as the overpayment status (Indicator field).

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 Debt Resolution Services has accepted a referred student overpayment, Debt Resolution Services will transmit the information to NSLDS and "EDR Region" will replace "TRANSFER" as the appropriate contact source for information about the overpayment. During the 2010-2011 award year, on its Overpayment Referral, schools must continue to provide their School's Pell Identification Number. During the 2010-2011 award year, schools should **not** enter their Routing Identifier.

REMINDER

All referrals to Borrower Services must be made on institutional letterhead.

Tip

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

Important

If your school does not have a Pell ID

If you are referring a TEACH Grant to Borrower Services for collection and your school does not have a Pell ID, on the "Overpayment Referral Form," under "School Information," you must provide your OPEID.

Tip

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 Debt Resolution 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 Debt Resolution 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 Debt Resolution 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 Debt Resolution 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.

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. (Before accepting the funds, the school should verify the Department has accepted the debt by examining the "Source" field in NSLDS.) A school that accepts a check made out to the Department on an overpayment that has been referred to Debt Resolution Services 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 Debt Resolution Services' National Payment Center at –

   National Payment Center
   P.O. Box 105028
   Atlanta, Georgia 30348-5028

If a school accepts a cash payment from one or more students who owe overpayments and who have been referred to Debt Resolution Services, 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 Debt Resolution 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:

1. deposit the payment in its appropriate institutionally maintained federal funds account;
2. make the appropriate entry in the COD system (the replacement value); and
3. send a letter or fax to Debt Resolution 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 Debt Resolution Services system and NSLDS.

   The fax number for this purpose and school use only is –

   (903) 454-5398

   Note: This process cannot be performed via email.

Payment in full

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."

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

1. award year of the overpayment (current award year only);
2. student's social security number;
3. student's last name, first name, and middle initial;
4. student's date of birth;
5. type of overpayment — Federal Pell Grant, Iraq Afghanistan Service Grant, SEOG, ACG, National SMART Grant, or TEACH Grant; and
6. the disbursement date the institution used to create the overpayment record in NSLDS.

Corrections or recalls of referred overpayments

The phone number for Debt Resolution Services 800-601-3115

If you determine that a student who you have referred to Debt Resolution Services does not owe an overpayment or that the amount you referred was incorrect, you should fax or mail a letter explaining the situation to Debt Resolution Services at:

(903) 454-5398

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

The letter must include the –

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

Debt Resolution Services will cease collection efforts and change the record in NSLDS so that the overpayment will be shown as "Satisfied."

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, Debt Resolution 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 Debt Resolution Services.

Withdrawal Dates for a School That Is Not Required to Take Attendance

Withdrawal Type	Circumstance	Student's Withdrawal Date [1]	Date of the Institution's Determination that the Student has Withdrawn
Official Notification	The student begins the school's withdrawal process, or The student otherwise provides official notification to the school of intent to withdraw.	The date the student begins the school's withdrawal process, or The date that the student otherwise provides the notification. (If both circumstances occur, use the **earlier** withdrawal date.)	The student's withdrawal date, or the date of notification, whichever is **later.**
Official Notification Not Provided	Official notification not provided by the student because of circumstances beyond the student's control. All other instances where student withdraws without providing official notification.	The date that the school determines is related to the circumstance beyond the student's control. The midpoint of the payment period or period of enrollment, as applicable.	The date that the school becomes aware that the student has ceased attendance. [2]
Leave of Absence Related	The student does not return from an approved leave of absence, or The student takes an unapproved leave of absence.	The date that the student began the leave of absence.	The earlier 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.)
Withdrawal After Rescission of Official Notification	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.

1. 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.

2. 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 earliest of the (1) payment period or period of enrollment (as appropriate), (2) academic year, or (3) educational program.

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, Iraq Afghanistan Service Grants, Academic Competitiveness Grants, National SMART grants, TEACH Grants, Stafford Loans, PLUS Loans, Federal Supplemental Educational Opportunity Grants (FSEOGs), and Federal Perkins Loans.

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 prorata 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 your Post-withdrawal disbursement includes loan funds, your school must get your permission before it can disburse them. You may choose to decline some or all of 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 of grant funds for tuition, fees, and room and board charges (as contracted with the school). The school needs your permission to use the Post-withdrawal grant disbursement for all other school charges. If you do not give your permission (some schools ask for this 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 cannot be disbursed to you 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 receive 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 maximum amount of a grant overpayment that you must repay is half of the grant funds you received or were scheduled to receive. You do not have to repay a grant overpayment if the original amount of the overpayment is $50 or less. 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.***

Return of Title IV Funds Requirements and Deadlines

Party Responsible	Requirement	Deadline
School	**Determining withdrawal date** for student who withdraws without providing notification.	30 days after the end of the earlier of: • Payment or enrollment period. • Academic year in which student withdrew. • Educational program from which student withdrew.
School	**Return of unearned Title IV funds.**	As soon as possible, but no later than 45 days after date school determined student withdrew.
School	**Post-withdrawal disbursement to student's account for:** Outstanding current (allowable) charges (tuition and fees, room and board, etc.). Minor (e.g., under $200) prior year charges that the school has authorization to retain.	As soon as possible, but no later than 180 days of date school determined student withdrew, in accordance with requirements for disbursing Title IV funds 34 CFR 668.164.
School	**Written notification providing the student (or parent) the opportunity to accept all or part of a** Post-withdrawal disbursement of Title IV **loan funds,** (Perkins, FFEL, Direct Loan, or PLUS) to the student's account.	Within 30 days of the school's determination that the student withdrew, 34 CFR 668.22(a)(5)(iii)(A).
School	**Written notification of student's eligibility for a** direct Post-withdrawal disbursement of Title IV loan funds **in excess of outstanding current (educationally related) charges.**	Within 30 days of the school's determination that the student withdrew, 34 CFR 668.22(a)(5)(iii)(A).
School	**Post-withdrawal disbursement to student** for earned Title IV funds in excess of outstanding current (educationally related) charges.	From the date school determined student withdrew (1) Loans as soon as possible, but no later than 180 days (2) Grants as soon as possible, but no later than 45 days.
School	**Notification to student (or parent) of outcome of late request for a Post-withdrawal disbursement to student** (request received by school after the specified period and school chooses not to make disbursement).	Not specified, but as soon as possible.
School	**Notification to student of grant overpayment.**	Within 30 days of date school determined student withdrew.
School	**Referral of student to Collections,** 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)	**Submit response instructing school to make Post-withdrawal disbursement.**	Within specified number of days school allows for response.
Student	**Return of unearned Title IV funds.**	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	**Report of student to NSLDS** 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	**Consumer Information.**	• School's withdrawal policy. • School's refund policy. • Office(s) designated to receive official notifications of intent to withdraw. • Requirements regarding return of Title IV funds.
School	Written notification of student's eligibility for a direct Post-withdrawal disbursement of Title IV loan funds in excess of outstanding current (educationally related) charges.	• Identify type and amount of the Title IV loan funds that will make up the Post-withdrawal disbursement not credited to student's account. • Explain that student or parent may accept all or part of the disbursement. • Advise student or parent that no Post-withdrawal disbursement of Title IV loan funds will be made unless school receives response within the time-frame established by the school.
School	**Response (written or electronic) to late request for Post-withdrawal disbursement (that school chooses not to make).**	Outcome of request.
School	**Repayment Agreement.**	• Terms permitting student to repay overpayment while maintaining eligibility for Title IV funds. • Repayment in full within 2 years of date school determined student withdrew.

Treatment Of Title IV Funds When A Student Withdraws From A Credit-Hour Program

Student's Name _____ **Social Security Number** _____

Date form completed ___ / ___ / ___ **Date of school's determination that 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).
When calculating percentages, round to three decimal places. (For example, .4486 = .449, or 44.9%)

STEP 1: Student's Title IV Aid Information

Title IV Grant Programs	Amount Disbursed	Amount that Could Have Been Disbursed
1. Pell Grant		
2. Academic Competitiveness Grant		
3. National SMART Grant		
4. FSEOG		
5. TEACH Grant		
6. Iraq Afghanistan Service Grant		
	A. Subtotal	C. Subtotal

Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed
7. Unsubsidized FFEL/Direct Stafford Loan		
8. Subsidized FFEL/Direct Stafford Loan		
9. Perkins Loan		
10. FFEL/Direct PLUS (Graduate Student)		
11. FFEL/Direct PLUS (Parent)		
	B. Subtotal	D. Subtotal

E. Total Title IV aid disbursed for the period.

A. + B. = E. $.

F. Total Title IV grant aid disbursed and that could have been disbursed for the period.

A. + C. = F. $.

G. Total Title IV aid disbursed and that could have been disbursed for the period.

A. + B. + C. + D. = G. $.

STEP 2: Percentage of Title IV Aid Earned

Start date	Scheduled end date	Date of withdrawal
___ / ___ / ___	___ / ___ / ___	___ / ___ / ___

A school that is not required to take attendance may, for a student who withdraws without notification, enter 50% in Box H and proceed to Step 3. Or, the school may enter the last date of attendance at an academically related activity for the "withdrawal date," and proceed with the calculation as instructed. For a student who officially withdraws, enter the withdrawal date.

H. Percentage of payment period or period of enrollment completed

Divide the calendar days completed in the period by the total calendar days in the period (excluding scheduled breaks of five days or more **AND** days that the student was on an approved leave of absence).

Completed days ÷ Total days = . %

- If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.
- If this percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3.

H. . %

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

Multiply the percentage of Title IV aid earned (Box H) by the Total Title IV aid disbursed and that could have been disbursed for the period (Box G).

Box H % X Box G = I. $.

STEP 4: Title IV Aid to be Disbursed or Returned

- *If the amount in Box I is greater than the amount in Box E, go to Item J (Post-withdrawal disbursement).*
- *If the amount in Box I is less than the amount in Box E, go to Title IV aid to be returned (Item K).*
- *If the amounts in Box I and Box E are equal, **STOP.** No further action is necessary.*

J. Post-withdrawal disbursement

From the Amount of Title IV aid earned by the student (Box I) subtract the Total Title IV aid disbursed for the period (Box E). This is the amount of the post-withdrawal disbursement.

Box I – Box E = J. $.

Stop here, and enter the amount in "J" in Box 1 on Page 3 (Post-withdrawal disbursement tracking sheet).

Step 4 continued ▶

You should use this form when the withdrawal date is on or after 7/1/2010

Student's Name _____ **Social Security Number** _____

STEP 4: Aid to be Disbursed or Returned CONTINUED

K. Title IV aid to be returned

From the Total Title IV aid disbursed for the period (Box E) subtract the amount of Title IV aid earned by the student (Box I). This is the amount of Title IV aid that must be returned.

_____ (Box E) – _____ (Box I) = K.$ _____ .

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

L. Institutional charges for the period

Tuition	
Room	
Board	
Other	
Other	
Other	

Total Institutional Charges *(Add all the charges together)* = L.$ _____ .

M. Percentage of unearned Title IV aid

100% – _____ % (Box H) = M. _____ . %

N. Amount of unearned charges

Multiply institutional charges for the period (Box L) by the percentage of unearned Title IV aid (Box M).

_____ (Box L) x _____ % (Box M) = N.$ _____ .

O. Amount for school to return

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

STEP 6: Return of Funds by the School

The school must return the unearned aid for which the school is responsible (Box O) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.

Title IV Programs	Amount for School to Return
1. Unsubsidized FFEL/Direct Stafford Loan	
2. Subsidized FFEL/Direct Stafford Loan	
3. Perkins Loan	
4. FFEL/Direct PLUS (Graduate Student)	
5. FFEL/Direct PLUS (Parent)	

Total loans the school must return = P.$ _____ .

6. Pell Grant	
7. Academic Competitiveness Grant	
8. National SMART Grant	
9. FSEOG	
10. TEACH Grant	
11. Iraq Afghanistan Service Grant	

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

From the amount of Title IV aid to be returned (Box K) subtract the Amount for the school to return (Box O).

_____ (Box K) – _____ (Box O) = Q. _____ .

▶ *If Box Q is ≤ zero, **STOP**. If greater than zero, go to Step 8*

STEP 8: Repayment of the Student's loans

From the Net loans disbursed to the student (Box B) subtract the Total loans the school must return (Box P) to find the amount of Title IV loans the student is still responsible for repaying (Box R).

These loans consist of loans the student has earned, or unearned loan funds the school is not responsible for repaying. They are repaid to the loan holders according to the terms of the borrower's promissory note.

_____ (Box B) – _____ (Box P) = R.$ _____ .

▶ *If Box Q is less than or equal to Box R, **STOP**. The only action a school must take is to notify the holders of the loans of the student's withdrawal date.*

▶ *If Box Q is greater than Box R, proceed to Step 9.*

STEP 9: Grant Funds to be Returned

S. Initial amount of Title IV grants for student to return

From the initial amount of unearned Title IV aid due from the student (Box Q) subtract the amount of loans to be repaid by the student (Box R) .

_____ (Box Q) – _____ (Box R) = S.$ _____ .

T. Amount of Title IV grant protection

Multiply the total of Title IV grant aid that was disbursed and that could have been disbursed for the period (Box F) by 50%.

_____ (Box F) x 50% = T. $ _____ .

U. Title IV grant funds for student to return

From the Initial amount of Title IV grants for student to return (Box S) subtract the Amount of Title IV grant protection (Box T).

_____ (Box S) – _____ (Box T) = U.$ _____ .

▶ *If Box U is less than or equal to zero, **STOP**. If not, go to Step 10.*

STEP 10: Return of Grant Funds by the Student

Except as noted below, the student must return the unearned grant funds for which he or she is responsible (Box U). The grant funds returned by the student are applied in order as indicated, up to the amount disbursed from that grant program minus any grant funds the school is responsible for returning to that program in Step 6.

Note that the student is not responsible for returning funds to any program to which the student owes $50.00 or less.

Title IV Grant Programs	Amount To Return
1. Pell Grant	
2. Academic Competitiveness Grant	
3. National SMART Grant	
4. FSEOG	
5. TEACH Grant	
6. Iraq Afghanistan Service Grant	

POST-WITHDRAWAL DISBURSEMENT TRACKING SHEET

Student's Name _____ Social Security Number _____

Date of school's determination that student withdrew ___ / ___ / ___

I. Amount of Post-withdrawal Disbursement (PWD)

Amount from "Box J" of the Treatment of Title IV Funds When a Student Withdraws worksheet **Box 1** $ _____ .

II. Outstanding Charges For Educationally Related Expenses Remaining On Student's Account

Total Outstanding Charges Scheduled to be Paid from PWD
(*Note: Prior-year charges cannot exceed $200.*) **Box 2** $ _____ .

III. Post-withdrawal Disbursement Offered Directly to Student and/or Parent

From the total Post-withdrawal Disbursement due (Box 1), subtract the Post-withdrawal Disbursement to be credited to the student's account (Box 2) . This is the amount you must make to the student (grant) or offer to the student or parent (Loan) as a Direct Disbursement.

$ _____ . (**Box 1**) — $ _____ . (**Box 2**) = **Box 3** $ _____ .

IV. Allocation of Post-withdrawal Disbursement

Type of Aid	Loan Amount School Seeks to Credit to Account	Loan Amount Authorized to Credit to Account	Title IV Aid Credited to Account	Loan Amount Offered as Direct Disbursement	Loan Amount Accepted as Direct Disbursement	Title IV Aid Disbursed Directly to Student
Pell Grant	N/A	N/A		N/A	N/A	
ACG	N/A	N/A		N/A	N/A	
National SMART Grant	N/A	N/A		N/A	N/A	
FSEOG	N/A	N/A		N/A	N/A	
TEACH Grant	N/A	N/A		N/A	N/A	
Iraq Afghanistan Svc. Grant	N/A	N/A		N/A	N/A	
Perkins						
Subsidized FFEL / Direct						
Unsubsidized FFEL / Direct						
FFEL / Direct Grad Plus						
FFEL / Direct Parent Plus						
Totals						

V. Authorizations and Notifications

Post-withdrawal disbursement loan notification sent to student and/or parent on ___ / ___ / ___

Deadline for student and/or parent to respond ___ / ___ / ___

☐ Response received from student and/or parent on ___ / ___ / ___ ☐ Response not received

☐ School does not accept late response

VI. Date Funds Sent

Date Direct Disbursement mailed or transferred Grant ___ / ___ / ___ Loan ___ / ___ / ___

You should use this form when the withdrawal date is on or after 7/1/2010

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 school's determination that 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).
When calculating percentages, round to three decimal places. (For example, .4486 = .449, or 44.9%)

STEP 1: Student's Title IV Aid Information

Title IV Grant Programs	Amount Disbursed	Amount that Could Have Been Disbursed
1. Pell Grant		
2. Academic Competitiveness Grant		
3. National SMART Grant		
4. FSEOG		
5. TEACH Grant		
6. Iraq Afghanistan Service Grant		
	A. Subtotal	C. Subtotal

Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed
7. Unsubsidized FFEL/Direct Stafford Loan		
8. Subsidized FFEL/Direct Stafford Loan		
9. Perkins Loan		
10. FFEL/Direct PLUS (Graduate Student)		
11. FFEL/Direct PLUS (Parent)		
	B. Subtotal	D. Subtotal

E. Total Title IV aid disbursed for the period.

A. _____
+ B. _____
= E. $ _____ .

F. Total Title IV grant aid disbursed and that could have been disbursed for the period.

A. _____
+ C. _____
= F. $ _____ .

G. Total Title IV aid disbursed and that could have been disbursed for the period.

A. _____
B. _____
C. _____
+ D. _____
= G. $ _____ .

STEP 2: Percentage of Title IV Aid Earned

Withdrawal date ___ / ___ / ___

H. Determine the percentage of the period completed:
Divide the clock hours scheduled to have been completed as of the withdrawal date in the period by the total clock hours in the period.

_____ (Hours scheduled to complete) ÷ _____ (Total hours in period) = _____ %

- If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.
- If this percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3.

H. _____ %

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

Multiply the percentage of Title IV aid earned (Box H) by the Total Title IV aid disbursed and that could have been disbursed for the period (Box G).

_____ % (Box H) x _____ (Box G) = I. $ _____ .

STEP 4: Title IV Aid to be Disbursed or Returned

- *If the amount in Box I is greater than the amount in Box E, go to Item J (Post-withdrawal disbursement).*
- *If the amount in Box I is less than the amount in Box E, go to Title IV aid to be returned (Item K).*
- *If the amounts in Box I and Box E are equal, **STOP**. No further action is necessary.*

J. Post-withdrawal disbursement
From the Amount of Title IV aid earned by the student (Box I) subtract the Total Title IV aid disbursed for the period (Box E). This is the amount of the post-withdrawal disbursement.

_____ (Box I) – _____ (Box E) = J. $ _____ .

If there's an entry for "J," **Stop here**, and enter the amount in Box 1 on Page 3 (Post-withdrawal disbursement tracking sheet).

K. Title IV aid to be returned
From the Total Title IV aid disbursed for the period (Box E) subtract the Amount of Title IV aid earned by the student (Box I) . This is the amount of Title IV aid that must be returned.

_____ (Box E) – _____ (Box I) = K. $ _____ .

You should use this form when the withdrawal date is on or after 7/1/2010

Student's Name _____ **Social Security Number** _____

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

L. Institutional charges for the period

Tuition	
Room	
Board	
Other	
Other	
Other	

Total Institutional Charges (Add all the charges together) = L.$.

M. Percentage of unearned Title IV aid

100% – ____ % (Box H) = M. . %

N. Amount of unearned charges

Multiply institutional charges for the period (Box L) by the Percentage of unearned Title IV aid (Box M).

____ (Box L) x ____ % (Box M) = N.$.

O. Amount for school to return

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

O.$.

STEP 6: Return of Funds by the School

The school must return the unearned aid for which the school is responsible (Box O) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.

Title IV Programs	Amount for School to Return
1. Unsubsidized FFEL/Direct Stafford Loan	
2. Subsidized FFEL/Direct Stafford Loan	
3. Perkins Loan	
4. FFEL/Direct PLUS (Graduate Student)	
5. FFEL/Direct PLUS (Parent)	
Total loans the school must return	P.$.
6. Pell Grant	
7. Academic Competitiveness Grant	
8. National SMART Grant	
9. FSEOG	
10. TEACH Grant	
11. Iraq Afghanistan Service Grant	

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

From the amount of Title IV aid to be returned (Box K) subtract the Amount for the school to return (Box O).

____ (Box K) – ____ (Box O) = Q.$

▶ *If Box Q is ≤ zero, **STOP**. If greater than zero, go to Step 8.*

STEP 8: Repayment of the Student's loans

From the Net loans disbursed to the student (Box B) subtract the Total loans the school must return (Box P) to find the amount of Title IV loans the student is still responsible for repaying (Box R).

These loans consist of loans the student has earned, or unearned loan funds the school is not responsible for repaying. They are repaid to the loan holders according to the terms of the borrower's promissory note.

____ (Box B) – ____ (Box P) = R.$

▶ *If Box Q is less than or equal to Box R, **STOP.*** The only action a school must take is to notify the holders of the loans of the student's withdrawal date.

▶ *If Box Q is greater than Box R, proceed to Step 9.*

STEP 9: Grant Funds to be Returned

S. Initial amount of Title IV grants for student to return

From the Initial amount of unearned Title IV aid due from the student (Box Q) subtract the amount of loans to be repaid by the student (Box R) .

____ (Box Q) – ____ (Box R) = S. .

T. Amount of Title IV grant protection

Multiply the total of Title IV grant aid that was disbursed and that could have been disbursed for the period (Box F) by 50%.

____ (Box F) x 50% = T. .

U. Title IV grant funds for student to return

From the Initial amount of Title IV grants for student to return (Box S) subtract the Amount of Title IV grant protection (Box T).

____ (Box S) – ____ (Box T) = U. .

▶ *If Box U is less than or equal to zero, **STOP**. If not, go to Step 10.*

STEP 10: Return of Grant Funds by the Student

Except as noted below, the student must return the unearned grant funds for which he or she is responsible (Box U). The grant funds returned by the student are applied in order as indicated, up to the amount disbursed from that grant program minus any grant funds the school is responsible for returning to that program in Step 6.

Note that the student is not responsible for returning funds to any program to which the student owes $50.00 or less.

Title IV Grant Programs	Amount To Return
1. Pell Grant	
2. Academic Competitiveness Grant	
3. National SMART Grant	
4. FSEOG	
5. TEACH Grant	
6. Iraq Afghanistan Service Grant	

POST-WITHDRAWAL DISBURSEMENT TRACKING SHEET

Student's Name _____ Social Security Number _____

Date of school's determination that student withdrew ___ / ___ / ___

I. Amount of Post-withdrawal Disbursement (PWD)

Amount from "Box J" of the Treatment of Title IV Funds When a Student Withdraws worksheet **Box 1** $ _____ .

II. Outstanding Charges For Educationally Related Expenses Remaining On Student's Account

Total Outstanding Charges Scheduled to be Paid from PWD
(*Note: Prior-year charges cannot exceed $200.*) **Box 2** $ _____ .

III. Post-withdrawal Disbursement Offered Directly to Student and/or Parent

From the total Post-withdrawal Disbursement due (Box 1), subtract the Post-withdrawal Disbursement to be credited to the student's account (Box 2) . This is the amount you must make to the student (grant) or offer to the student or parent (Loan) as a Direct Disbursement.

$ _____ . (Box 1) — $ _____ . (Box 2) = **Box 3** $ _____ .

IV. Allocation of Post-withdrawal Disbursement

Type of Aid	Loan Amount School Seeks to Credit to Account	Loan Amount Authorized to Credit to Account	Title IV Aid Credited to Account	Loan Amount Offered as Direct Disbursement	Loan Amount Accepted as Direct Disbursement	Title IV Aid Disbursed Directly to Student
Pell Grant	N/A	N/A		N/A	N/A	
ACG	N/A	N/A		N/A	N/A	
National SMART Grant	N/A	N/A		N/A	N/A	
FSEOG	N/A	N/A		N/A	N/A	
TEACH Grant	N/A	N/A		N/A	N/A	
Iraq Afghanistan Svc. Grant	N/A	N/A		N/A	N/A	
Perkins						
Subsidized FFEL / Direct						
Unsubsidized FFEL / Direct						
FFEL / Direct Grad Plus						
FFEL / Direct Parent Plus						
Totals						

V. Authorizations and Notifications

Post-withdrawal disbursement loan notification sent to student and/or parent on ___ / ___ / ___

Deadline for student and/or parent to respond ___ / ___ / ___

☐ Response received from student and/or parent on ___ / ___ / ___ ☐ Response not received

☐ School does not accept late response

VI. Date Funds Sent

Date Direct Disbursement mailed or transferred Grant ___ / ___ / ___ Loan ___ / ___ / ___

You should use this form when the withdrawal date is on or after 7/1/2010

Information Required when Referring Student Overpayments to Debt Resolution Services

Student Information

Name (Last, First, MI): _____ Address: _____

Telephone Number: _____ _____

Social Security Number: _____ Date of Birth: _____

If the overpayment includes an Academic Competitiveness, National Smart Grant, or TEACH Grant, enter the Award Identifier (**ID**) used when the award was created in COD.

ACG Award ID: _____ National Smart Grant Award ID: _____

TEACH Award ID: _____

Parent/Spouse Information

Name (Last, First, MI): _____ Address: _____

Telephone Number: _____ _____

School Information

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

Reporting School's Pell ID Number: _____ Attending School's Pell ID Number: _____

If your school does not have a Pell ID, Enter your OPE ID: _____

Name of Contact: _____ Telephone Number: _____

Disbursements and Repayments

	Pell Grant	ACG or National Smart Grant (Specify)	Iraq Afghanistan Service Grant	FSEOG [1]	TEACH Grant
Award year in which overpayment was disbursed:					
Total grant disbursed:					
Dates of disbursement: **(Must match NSLDS overpayment record)**					
Overpayment amount owed by student *					
Total grant repaid by student to school, if any:					
Date of last payment to school, if any:					
				[1]	

[1] If using individual or aggregate matching, report federal share only. Otherwise report total FSEOG.

* If the overpayment is the result of a withdrawal, provide the date of the withdrawal [/ /]

If the overpayment is **not** the result of a withdrawal, please provide a brief explanation of the reason for the overpayment.

_____

_____

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

(903) 454-5398 ⇐ FAX

You may use this form when the withdrawal date is on or after 7/01/2010

Returning Funds on FFEL Loans Purchased/Serviced by the Department and Direct Loans

The Department has implemented programs through which it purchases Federal Family Education Loan (FFEL) Program loans from FFEL loan holders. When these purchases occur, the Department becomes the owner and servicer of the loans. Both the prior FFEL loan holder and the Department correspond with an affected borrower upon purchase of a loan.

Important

Together with your check for the funds you are returning, you must include, **on school letterhead**, the following information:

1. The borrower's name,
2. The borrower's social security number,
3. The loan's unique CommonLine ID,
4. The type of loan (subsidized, unsubsidized, PLUS, etc.),
5. The period for which the loan was certified,
6. The scheduled & actual date of the disbursement,
7. The amount of the disbursement,
8. The amount being returned,
9. The reason the funds are being returned (cancellation, overpayment, withdrawal, or failed to begin class),
10. The school OPEID, and
11. The name and phone number of the school official returning the funds.

There are several avenues available to schools that need to return funds on loans that have been purchased by the Department. The first is through the lender that originated the student's loan. Many organizations offer a service to their schools where you can use their website to return the funds and then the originator/lender will forward the payments to the appropriate Department servicer. Explore this option first. A second method is to access NSLDS directly and determine which of several servicer managing FFEL loans purchased by and Direct Loans originated by the Department is servicing the loans for which you are returning funds. You can then forward the funds directly to the servicer yourself.

Once your in NSLDS, select "**Aid**," then identify the student and select "**Loan History**." Under Loan History, the current loan will be listed at the top. Use the field "**Servicer**" to identify the organization to which you will be returning funds.

Contact Information for Loan Servicers

Servicer Name:	**SALLIE MAE**
NSLDS Name:	DEPT OF ED/SALLIE MAE
Servicer Code:	700578
GA Code:	578
Payment Address:*	Department of Education P.O. Box 740351 Atlanta, GA 30374-0351
Correspondence Address:*	Sallie Mae PO Box 59008 Panama City, FL 32412-9008
Website:	www.opennet.salliemae.com
Phone:	888-272-4665
Email:	CollegeServ@salliemae.com

*If a school prefers to utilize ACH or Auto-debit for a return funding method and/or an electronic data transmission (e.g., web/CTSF), please contact the phone number or email address provided for details.

Important

This information is for school use only.

Servicer Name:	**Student Loan Servicing Center (ACS)**
NSLDS Name:	DEPT OF ED/ACS
Servicer Code:	700577
GA Code:	577
Payments and Correspondence Address:	U.S. Department of Education P.O. Box 7063 Utica, NY 13504-7063
Website:	www.ed-servicing.com
Phone:	866-938-4750
Email:	emailsupport@ed-servicing.com

Important

This information is for school use only.

Servicer Name:	**FedLoan Servicing (PHEAA)**
NSLDS Name:	DEPT OF ED/FED LOAN SERVICING (PHEAA)
Servicer Code:	700579
GA Code:	579
Payment Address: (*see Website for form*)	U.S. Department of Education School Payments FedLoan Servicing (PHEAA) P.O. Box 530264 Atlanta, GA 30353-0264
Correspondence Address:	Federal Loan Servicing Attn: Education Services Group PO Box 69184 Harrisburg, PA 17106-9184
Website:	myfedloan.org
Phone:	800-655-3813
Fax:	717-720-1628
Email:	schoolsupport@myfedloan.org

Servicer Name:	**Great Lakes Educational Loan Services**
NSLDS Name:	DEPT OF ED/GREAT LAKES
Servicer Code:	700581
GA Code:	581
Payment Address:	U.S. Department of Education P.O. Box 740199 Atlanta, GA 30374-0199
Correspondence Address:	115 1st Avenue SW Aberdeen, SD 57401
Phone:	888-686-6919
Email:	clientservices@glhec.org

Address for NELNET Overnight Delivery

Bank of America
c/o U.S. Department of Education
Lockbox 530232
Atlanta, GA 30337

Please see Website for form that must accompany overnight deliveries.

Servicer:	**NELNET**
NSLDS Name:	DEPT OF ED/NELNET
Servicer Code:	700580
GA Code:	580
Payments Address:	U.S. Department of Education Nelnet School Service Center PO Box 530232 Atlanta, Georgia 30353-0232
Correspondence Address:	PO Box 82596 Lincoln, NE 68501-2596
Website:	www.nelnet.com
Phone:	866-463-5638
Email:	ssc@nelnet.net

Direct Loans
William D. Ford Federal Direct Loan Program

Direct Loan Refunds of Cash

1. Enter the information below. Missing information may prevent your check (or checks) from being processed correctly.

School Name: _____Direct Loan Code or OPE ID: _____

Name/Title: _____ Telephone #: _____

E-mail Address: _____ Servicer (if applicable): _____

Check Date: _____ Check #: _____ Amount: _____

2. Check (✔) the award year for which you are returning <u>Direct Loan Refunds of Cash</u>. If you are returning funds for more than one award year, you must enclose a separate transmittal sheet and a separate check for each award year.

2010/2011 _____
2009/2010 _____
2008/2009 _____
2007/2008 _____
2006/2007 _____
2005/2006 _____
OTHER _____

3. Sign and date below.

Contact's Signature: _____ Date: _____

4. Mail completed transmittal sheet(s) and <u>Direct Loan Refunds of Cash</u> check(s) to:

Regular Mail/No Signature Required	Overnight Address/Requiring Signature
U.S. Department of Education Attention: Direct Loan Refunds of Cash P.O. Box 9001 Niagara Falls, NY 14302	U.S. Department of Education Attention: Direct Loan Refunds of Cash 2429 Military Rd, Suite 200 Niagara Falls, NY 14304 (Phone number for tracking form only: 716/284-2225)

Revised July 2010

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: Penny Jones

Calculating the return of Title IV funds for a student attending a two-year community college (semester) who is receiving Title IV grants and loans (partially disbursed), and is due a Post-withdrawal disbursement.

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.

Case Study 3: Richard Sherman

When a student receiving Title IV grants and loans at a school that uses the aggregate method for matching the school's FSEOG Federal allocation withdraws unofficially.

Case Study 4: Harry Springer

When a student 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 withdraws unofficially.

Case Study 5: Jordan Aire

When a student 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 withdraws unofficially.

Case Study 6: Bob White

When a student receiving Title IV grants and loans at a school that utilizes a non-term course structure, measures academic progress in credit hours, and performs its Return calculations on a payment period basis, officially withdraws, reenters within 180 days, and withdraws again.

CASE STUDY 1: PENNY JONES

Calculating the return of Title IV funds for a student attending a two-year community college (semester) who is receiving Title IV grants and loans (partially disbursed), and is due a Post-withdrawal Disbursement.

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
- provide the information a school must maintain in its files when a student is eligible for a Post-withdrawal Disbursement, and complete a Post-withdrawal 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/Program	2 semesters 32 weeks
Period	16 weeks 110 calendar days
Period Start Date	August 23
Institutionally Scheduled Break	None
Required to Take Attendance	No

Student Profile

Penny Jones is a first-year student in Virginia. 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
Direct Subsidized Loan	$	0.00
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 the completed forms in 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 Pell Grant disbursement, but not her Direct Loan.

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.

Solution

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 described 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 = $1,750.00

D = $ 1,750.00

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 = $1,000.00.

Pell Grant $ 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.

Box G. Both the disbursed Pell (Box A) and undisbursed Direct Loan (Box D) are included Box G. Total Title IV aid disbursed plus Title IV aid that could have been disbursed = $2,750.

Pell Grant (Box A)	$ 1,000.00
Direct Subsidized Loan (Box D)	$ 1,750.00
Total Title IV aid disbursed plus could have been disbursed (Box G)	$ 2,750.00

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 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 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.

  Note: Days in a period are counted as follows.

  1. the first day of the payment period is the first scheduled day of academically related activity;
  2. the last day of the payment period is the last scheduled day of academically related activity;
  3. the school must count the date of withdrawal as a date of attendance.

- 52 days ÷ 110 days = .4727, rounded to .473, or 47.3%. Percentage of payment period completed = 47.3%.

Because this percentage is less than 60%, the Percentage of Title IV aid earned, 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) X $2,750.00 (Total Title IV aid disbursed plus Title IV aid that could have been disbursed from Box G) = $1,300.75. Amount of Title IV aid earned by the student (Box I) = $1,300.75.

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 (item E), Penny is due a Post-withdrawal disbursement. $1,300.75 (Box I) – $1,000.00 (Box E) = $300.75. Post-withdrawal disbursement (Box J) = $300.75.

If a Post-withdrawal disbursement is due the student, you stop here on the worksheet. 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 FAO performed the Return calculation on October 15 and determined that Penny was eligible for a Post-withdrawal disbursement of $300.75 (STEP 4, Box J).

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 wanted 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 $300.75;
- 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 $200.75; 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, that 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 $300.75 in Subsidized Direct Loan funds through GAPS, credited the $300.75 to Penny's account, took $100 for unpaid charges, and sent Penny a check for the credit balance of $200.75. (Note that the school could have drawn down the funds, credited the student's account with $100, and sent the student the balance of $200.75, 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 FAO placed a record of all the aforementioned in Penny's permanent financial aid file.

1 The regulations now 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.

Treatment Of Title IV Funds When A Student Withdraws From A Credit-Hour Program

Student's Name Penny Jones

Social Security Number Example 1

Date form completed 10 / 15 /

Date of school's determination that student withdrew 10 / 13 /

Period used for calculation (check one) [X] **Payment period** [ ] **Period of enrollment**

Monetary amounts should be in dollars and cents (rounded to the nearest penny).
When calculating percentages, round to three decimal places. (For example, .4486 = .449, or 44.9%)

STEP 1: Student's Title IV Aid Information

Title IV Grant Programs	Amount Disbursed	Amount that Could Have Been Disbursed
1. Pell Grant	1,000.00	
2. Academic Competitiveness Grant		
3. National SMART Grant		
4. FSEOG		
	A. 1,000.00 Subtotal	C. 0.00 Subtotal

Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed
6. Unsubsidized FFEL/Direct Stafford Loan		
7. Subsidized FFEL/Direct Stafford Loan		1750.00
8. Perkins Loan		
9. FFEL/Direct PLUS (Graduate Student)		
10. FFEL/Direct PLUS (Parent)		
	B. 0.00 Subtotal	D. 1,750.00 Subtotal

E. Total Title IV aid disbursed for the payment period or period of enrollment.

A. 1,000.00
+ B. 0.00
= E. $ 1,000.00

F. Total of Title IV grant aid disbursed + could have been disbursed for the payment period or period of enrollment.

A. 1,000.00
+ C. 0.00
= F. $ 1,000.00

G. Total of Title IV aid disbursed + could have been disbursed for the payment period or period of enrollment.

A. 1,000.00
B. 0.00
C. 0.00
+ D. 1,750.00
= G. $ 2,750.00

STEP 2: Percentage of Title IV Aid Earned

Start date	Scheduled end date	Date of withdrawal
08 / 23 /	12 / 14 /	10 / 13 /

A school that is not required to take attendance may, for a student who withdraws without notification, enter 50% in Box H and proceed to Step 3. Or, the school may enter the last date of attendance at an academically related activity for the "withdrawal date," and proceed with the calculation as instructed. For a student who officially withdraws, enter the withdrawal date.

H. Percentage of payment period or period of 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 (excluding scheduled breaks of five days or more AND days that the student was on an approved leave of absence).

52 (Completed days) ÷ 110 (Total days) = 47.3 %

- If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.
- If this percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3.

H. 47.3 %

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

Multiply the percentage of Title IV aid earned (Box H) times the total of the Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment (Box G).

47.3 % (Box H) X 2,750 (Box G) = I. $ 1,300.75

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

- *If the amount in Box I is greater than the amount in Box E, go to Post-withdrawal disbursement (Item J).*
- *If the amount in Box I is less than the amount in Box E, go to Title IV aid to be returned (Item K).*
- *If the amounts in Box I and Box E are equal,* ***STOP.*** *No further action is necessary.*

J. Post-withdrawal disbursement

Subtract Total Title IV aid disbursed for the payment period or period of enrollment (Box E) from the amount of Title IV aid earned (Box I). This is the amount of Post-withdrawal disbursement due. **Stop here**, and enter the amount in Box 1 on page 3, the Post-withdrawal disbursement tracking sheet.

1,300.75 (Box I) − 1,000.00 (Box E) = J. $ 300.75

Step 4 continued ▶

You may use this form when the withdrawal date is on or after 7/01/2006

Post-withdrawal DISBURSEMENT TRACKING SHEET

Student's Name: Penny Jones

Social Security Number: Example 1

Date of school's determination that student withdrew: 10 / 13 /

I. Amount of Post-withdrawal Disbursement (PWD)

Amount from "Box J" of the Treatment of Title IV Funds When a Student Withdraws worksheet **Box 1** $ 300.75

II. Outstanding Charges For Educationally Related Expenses Remaining On Student's Account

Total Outstanding Charges Scheduled to be Paid from PWD **Box 2** $ 100.00

III. Post-withdrawal Disbursement Offered Directly to Student and/or Parent

Subtract the Post-withdrawal Disbursement to be credited to the student's account (Box 2) from the total Post-withdrawal Disbursement due (Box 1). This is the amount you must offer to the student and/or parent as a Direct Disbursement.

$ 300.75 (Box 1) − $ 100.00 (Box 2) = **Box 3** $ 200.75

IV. Allocation of Post-withdrawal Disbursement

Type of Aid	Grant Aid Credited to Account	Loan Amount School Seeks to Credit to Account	Loan Amount Authorized to Credit to Account	Amount of Aid Offered as Direct Disbursement	Amount of Aid Accepted as Direct Disbursement
Unsubsidized FFEL/Direct	N/A				
Subsidized FFEL/Direct	N/A	$100.00	$100.00	$200.75	$200.75
Perkins	N/A				
FFEL/Direct Grad Plus	N/A				
FFEL/Direct Parent Plus	N/A				
Pell Grant		N/A	N/A		
ACG		N/A	N/A		
National SMART Grant		N/A	N/A		
FSEOG		N/A	N/A		
Totals					

V. Authorizations and Notifications

Post-withdrawal disbursement notification sent to student and/or parent on 10 / 20 /

Deadline for student and/or parent to respond 11 / 13 /

☒ Response received from student and/or parent on 11 / 13 /

☐ Response not received

☐ School does not accept late response

VI. Date Funds Sent

Date Direct Disbursement mailed or transferred 11 / 15 /

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; and
- 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
Period:	16 weeks 110 calendar days
Period Start Date:	January 8
Period End Date:	May 4
Institutionally Scheduled Break:	Yes, 7 days
Taking Attendance Required:	No
Method for Matching FSEOG:	Fund-specific

Student Profile

Bob Ellison is a first-time freshman at WCCC. Charges to his account are as follows:

Tuition and Fees:	$	1,000.00/16 week semester
School Authorized to Credit Account for Other Charges:		Yes (all charges)

Bob's financial aid package includes the following annual awards:

Pell Grant	$	2,050.00
ACG	$	750.00
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 advise it that he was withdrawing from WCCC, begin WCCC's formal withdrawal process (11 calendar days into the semester), and 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	$ 1,025.00
ACG	$ 375.00
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.
   - 11 days ÷ 110 days = .100. Percentage of payment period completed = 10.0%.

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

STEP 3: Amount of Title IV Aid Earned by Student

Box I. Multiply 10.0% (% of Title IV aid earned from Box H) X $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.

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 item 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 (no rounding needed). 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 ($1,025.00) 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 (Box O) from the total amount of Title IV aid that is to be returned $2,340.00 (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 X .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 Federal Pell Grant disbursed to the student $1,025.00. Remaining unearned Pell Grant balance = $1,025.00 – $900.00 = $125.00.
- Subtract the Remaining unearned Pell Grant balance of $125.00 from the $140.00 in Title IV grants for the student to return. ACG for student to return = $140.00 – $125.00 = $15.00.

* Because the $15.00 to be returned to the ACG program is $50.00 or less, it is considered a *de minimis* amount. Therefore, the school is not required to return it to the ACG program, report it to NSLDS, or refer it to ED collections.

Treatment Of Title IV Funds When A Student Withdraws From A Credit-Hour Program

Student's Name: Bob Ellison

Social Security Number: Example 2

Date form completed:

Date of school's determination that student withdrew: 1/18/

Period used for calculation (check one): [X] Payment period [ ] Period of enrollment

Monetary amounts should be in dollars and cents (rounded to the nearest penny).
When calculating percentages, round to three decimal places. (For example, .4486 = .449, or 44.9%)

STEP 1: Student's Title IV Aid Information

Title IV Grant Programs	Amount Disbursed	Amount that Could Have Been Disbursed
1. Pell Grant	1,025.00	
2. Academic Competitiveness Grant	375.00	
3. National SMART Grant		
4. FSEOG	1,200.00	
	A. 2,600.00 (Subtotal)	C. 00.00 (Subtotal)

Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed
6. Unsubsidized FFEL/Direct Stafford Loan		
7. Subsidized FFEL/Direct Stafford Loan		
8. Perkins Loan		
9. FFEL/Direct PLUS (Graduate Student)		
10. FFEL/Direct PLUS (Parent)		
	B. 00.00 (Subtotal)	D. 00.00 (Subtotal)

E. Total Title IV aid disbursed for the payment period or period of enrollment.

A. 2,600.00
+ B. 00.00
= E. $ 2,600.00

F. Total of Title IV grant aid disbursed + could have been disbursed for the payment period or period of enrollment.

A. 2,600.00
+ C. 00.00
= F. $ 2,600.00

G. Total of Title IV aid disbursed + could have been disbursed for the payment period or period of enrollment.

A.
B. 00.00
C. 00.00
+ D. 00.00
= G. $ 2,600.00

STEP 2: Percentage of Title IV Aid Earned

Start date	Scheduled end date	Date of withdrawal
1 / 08 /	5 / 04 /	1 / 18 /

A school that is not required to take attendance may, for a student who withdraws without notification, enter 50% in Box H and proceed to Step 3. Or, the school may enter the last date of attendance at an academically related activity for the "withdrawal date," and proceed with the calculation as instructed. For a student who officially withdraws, enter the withdrawal date.

H. Percentage of payment period or period of 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 (excluding scheduled breaks of five days or more AND days that the student was on an approved leave of absence).

11 (Completed days) ÷ 110 (Total days) = 10 . 0 %

- If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.
- If this percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3.

H. 10 . 0 %

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

Multiply the percentage of Title IV aid earned (Box H) times the total of the Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment (Box G).

10.0 % (Box H) X 2,600.00 (Box G) = I. $ 260 . 00

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

- *If the amount in Box I is greater than the amount in Box E, go to Post-withdrawal disbursement (Item J).*
- *If the amount in Box I is less than the amount in Box E, go to Title IV aid to be returned (Item K).*
- *If the amounts in Box I and Box E are equal,* ***STOP.*** *No further action is necessary.*

J. Post-withdrawal disbursement

Subtract Total Title IV aid disbursed for the payment period or period of enrollment (Box E) from the amount of Title IV aid earned (Box I). This is the amount of Post-withdrawal disbursement due. **Stop here**, and enter the amount in Box 1 on page 3, the Post-withdrawal disbursement tracking sheet.

Box I – Box E = J. $ NA .

Step 4 continued ▶

You may use this form when the withdrawal date was on or after 7/01/2006

Student's Name	Bob Ellison	Social Security Number	Example 2

STEP 4: Aid to be Disbursed or Returned CONTINUED

K. Title IV aid to be returned

Subtract the amount of Title IV aid earned (Box I) from the Total Title IV aid disbursed for the payment period or period of enrollment (Box E). This is the amount of Title IV aid that must be returned.

2,600.00 (Box E) − 260.00 (Box I) = **K.$** 2,340.00

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

L. Institutional charges for the payment period or period of enrollment

Tuition	1,000.00
Room	
Board	
Other	
Other	
Other	

Total Institutional Charges *(Add all the charges together)* = **L.$** 1,000.00

M. Percentage of unearned Title IV aid

100% − 10.0 % (Box H) = **M.** 90.0 %

N. Amount of unearned charges

Multiply institutional charges for the payment period or period of enrollment (Box L) times the percentage of unearned Title IV aid (Box M).

1,000.00 (Box L) X 90.0 % (Box M) = **N.$** 900.00

O. Amount for school to return

Compare the amount of Title IV aid to be returned (Box K) to amount of unearned charges (Box N), and enter the lesser amount. **O.$** 900.00

STEP 6: Return of Funds by the School

The school must return the unearned aid for which the school is responsible (Box O) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.

Title IV Programs	Amount for School to Return
1. Unsubsidized FFEL/Direct Stafford Loan	
2. Subsidized FFEL/Direct Stafford Loan	
3. Perkins Loan	
4. FFEL/Direct PLUS (Graduate Student)	
5. FFEL/Direct PLUS (Parent)	
Total loans the school must return	**P.$** 0.00
6. Pell Grant	900.00
7. Academic Competitiveness Grant	
8. National SMART Grant	
9. FSEOG	

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

Subtract the amount of Title IV aid due from the school (Box O) from the amount of Title IV aid to be returned (Box K).

2,340.00 (Box K) − 900.00 (Box O) = **Q.$** 1,440.00

STEP 8: Repayment of the Student's loans

Subtract the Total loans the school must return (Box P) from the Net loans disbursed to the student (Box B) to find the amount of Title IV loans the student is still responsible for repaying (Box R).

These outstanding loans consist either of loan funds the student has earned, or unearned loan funds that the school is not responsible for repaying, or both; and they are repaid to the loan holders according to the terms of the borrower's promissory note.

0.00 (Box B) − 0.00 (Box P) = **R.$** 0.00

▶ *If Box Q is less than or equal to Box R,* ***STOP.*** *The only action a school must take is to notify the holders of the loans of the student's withdrawal date.*

▶ If Box Q is greater than Box R, proceed to Step 9.

STEP 9: Grant Funds to be Returned

S. Initial amount of Title IV grants for student to return

Subtract the amount of loans to be repaid by the student (Box R) from the initial amount of unearned Title IV aid due from the student (Box Q).

1,440.00 (Box Q) − 0.00 (Box R) = **S.$** 1,440.00

T. Amount of Title IV 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 (Box F) by 50%.

2,600.00 (Box F) X **50%** = **T.$** 1,300.00

U. Title IV grant funds for student to return

Subtract the protected amount of Title IV grants (Box T) from the initial amount of Title IV grants for student to return (Box S).

1,440.00 (Box S) − 1,300.00 (Box T) = **U.$** 140.00

STEP 10: Return of Grant Funds by the Student

Except as noted below, the student must return the unearned grant funds for which he or she is responsible (Box U). The grant funds returned by the student are applied to the following sources in the order indicated, up to the total amount disbursed from that grant program minus any grant funds the school is responsible for returning to that program in Step 6.

Note that the student is not responsible for returning funds to any program to which the student owes $50.00 or less.

Title IV Grant Programs	Amount To Return
1. Pell Grant	125.00
2. Academic Competitiveness Grant	15.00*
3. National SMART Grant	
4. FSEOG	

CASE STUDY 3: RICHARD SHERMAN

When a student receiving Title IV grants and loans at a school that uses the Aggregate method for matching the school's FSEOG federal allocation withdraws unofficially.

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
Period	15 weeks 100 calendar days
Period Start Date	September 1
Institutionally Scheduled Break	None
Required to Take Attendance	No
Method for Matching FSEOG	Aggregate

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

School Authorized to Credit Account for Other Charges: Yes (all charges)

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

Pell Grant	$	4,000.00
National SMART Grant	$	4,000.00
State Grant	$	1,000.00
FSEOG (Federal Portion)	$	1,500.00
Net Unsubsidized Stafford Loan	$	3,860.00

All of Richard's financial aid for the first semester (i.e., 1/2 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 The 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 The 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 The 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	$	2,000.00
National SMART Grant	$	2,000.00
State Grant	$	500.00
FSEOG	$	750.00
Unsubsidized Stafford	$	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 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.

STEP 1: Student's Title IV Aid Information

Box A. Because The ULSU uses the Aggregate method for matching the school's FSEOG federal allocation, the state grant funds that make up the match are excluded from the Return calculation.

Title IV grant aid disbursed –

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

Box B. Net Title IV loans disbursed,
Unsubsidized FFEL/Direct Stafford = $ 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 The ULSU 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 20[1]
4. Percentage of payment period completed
   - Number of calendar days completed = 50[2]
   - Number of calendar days in the payment period = 100
   - 50 days ÷ 100 days = 0.5000. Percentage of payment period completed = 50.0%

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

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

Box I. 50.0% (Percentage of Title IV aid earned from Box H) X $6,680.00 (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 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.

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

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

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 (no rounding needed). 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 an Unsubsidized FFEL Stafford loan disbursement of $1,930.00. Since $1,930.00 is less than the $3,250.00 (Box O) the school must return, the school must return the entire $1,930.00. Box P = $1,930.00.

After the school returns $1,930.00 to the Title IV loan programs, $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.

Remember, you must notify the holder of Richard's loan that he has withdrawn from school.

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%. $4,750 X 50.0% = $2,375.00.

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 — $2375.00 = $0.00[1].

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

Treatment Of Title IV Funds When A Student Withdraws From A Credit-Hour Program

Student's Name Richard Sherman **Social Security Number** Example 3

Date form completed **Date of school's determination that student withdrew** 12/16/

Period used for calculation (check one) [X] **Payment period** [ ] **Period of enrollment**

Monetary amounts should be in dollars and cents (rounded to the nearest penny).
When calculating percentages, round to three decimal places. (For example, .4486 = .449, or 44.9%)

STEP 1: Student's Title IV Aid Information

Title IV Grant Programs	Amount Disbursed	Amount that Could Have Been Disbursed
1. Pell Grant	2,000.00	
2. Academic Competitiveness Grant		
3. National SMART Grant	2,000.00	
4. FSEOG	750.00	
	A. 4,750.00 Subtotal	C. 0.00 Subtotal

Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed
5. Unsubsidized FFEL/Direct Stafford Loan	1,930.00	
6. Subsidized FFEL/Direct Stafford Loan		
7. Perkins Loan		
8. FFEL/Direct PLUS (Graduate Student)		
9. FFEL/Direct PLUS (Parent)		
	B. 1,930.00 Subtotal	D. 0.00 Subtotal

E. Total Title IV aid disbursed for the payment period or period of enrollment.

A. 4,750.00
+ B. 1,930.00
= E. $ 6,680.00

F. Total of Title IV grant aid disbursed + could have been disbursed for the payment period or period of enrollment.

A. 4,750.00
+ C. 0.00
= F. $ 4,750.00

G. Total of Title IV aid disbursed + could have been disbursed for the payment period or period of enrollment.

A. 4,750.00
B. 1,930.00
C. 0.00
+ D. 0.00
= G. $ 6,680.00

STEP 2: Percentage of Title IV Aid Earned

Start date	Scheduled end date	Date of withdrawal
09 / 01 /	12 / 09 /	10 / 20 /

A school that is not required to take attendance may, for a student who withdraws without notification, enter 50% in Box H and proceed to Step 3. Or, the school may enter the last date of attendance at an academically related activity for the "withdrawal date," and proceed with the calculation as instructed. For a student who officially withdraws, enter the withdrawal date.

H. Percentage of payment period or period of 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 (excluding scheduled breaks of five days or more AND days that the student was on an approved leave of absence).

50 (Completed days) ÷ 100 (Total days) = 50.0 %

- If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.
- If this percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3.

H. 50.0 %

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

Multiply the percentage of Title IV aid earned (Box H) times the total of the Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment (Box G).

50.0 % (Box H) X 6,680.00 (Box G) = I. $ 3,340.00

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

- *If the amount in Box I is greater than the amount in Box E, go to Post-withdrawal disbursement (Item J).*
- *If the amount in Box I is less than the amount in Box E, go to Title IV aid to be returned (Item K).*
- *If the amounts in Box I and Box E are equal,* ***STOP.*** *No further action is necessary.*

J. Post-withdrawal disbursement

Subtract Total Title IV aid disbursed for the payment period or period of enrollment (Box E) from the amount of Title IV aid earned (Box I). This is the amount of Post-withdrawal disbursement due. **Stop here**, and enter the amount in Box 1 on page 3, the Post-withdrawal disbursement tracking sheet.

Box I – Box E = J. $ NA

Step 4 continued ▶

You may use this form when the withdrawal date was after 7/01/2006

Student's Name	Richard Sherman	Social Security Number	Example 3

STEP 4: Aid to be Disbursed or Returned CONTINUED

K. Title IV aid to be returned

Subtract the amount of Title IV aid earned (Box I) from the Total Title IV aid disbursed for the payment period or period of enrollment (Box E). This is the amount of Title IV aid that must be returned.

6,680.00 (Box E) − 3,340.00 (Box I) = **K.$** 3,340.00

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

L. Institutional charges for the payment period or period of enrollment

Tuition	4,000.00
Room	1,000.00
Board	1,000.00
(Books) Other	500.00
Other	
Other	

Total Institutional Charges *(Add all the charges together)* = **L.$** 6,500.00

M. Percentage of unearned Title IV aid

100% − 50.0 % (Box H) = **M.** 50.0 %

N. Amount of unearned charges

Multiply institutional charges for the payment period or period of enrollment (Box L) times the percentage of unearned Title IV aid (Box M).

6,500.00 (Box L) X 50.0 % (Box M) = **N.$** 3,250.00

O. Amount for school to return

Compare the amount of Title IV aid to be returned (Box K) to amount of unearned charges (Box N), and enter the lesser amount. **O.$** 3,250.00

STEP 6: Return of Funds by the School

The school must return the unearned aid for which the school is responsible (Box O) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.

Title IV Programs	Amount for School to Return
1. Unsubsidized FFEL/Direct Stafford Loan	1,930.00
2. Subsidized FFEL/Direct Stafford Loan	
3. Perkins Loan	
4. FFEL/Direct PLUS (Graduate Student)	
5. FFEL/Direct PLUS (Parent)	

Total loans the school must return **P.$** 1,930.00

6. Pell Grant	1,320.00
7. Academic Competitiveness Grant	
8. National SMART Grant	
9. FSEOG	

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

Subtract the amount of Title IV aid due from the school (Box O) from the amount of Title IV aid to be returned (Box K).

3,340.00 (Box K) − 3,250.00 (Box O) = **Q.$** 90.00

STEP 8: Repayment of the Student's loans

Subtract the Total loans the school must return (Box P) from the Net loans disbursed to the student (Box B) to find the amount of Title IV loans the student is still responsible for repaying (Box R).

These outstanding loans consist either of loan funds the student has earned, or unearned loan funds that the school is not responsible for repaying, or both; and they are repaid to the loan holders according to the terms of the borrower's promissory note.

1,930.00 (Box B) − 1,930.00 (Box P) = **R.$** 0.00

▶ *If Box Q is less than or equal to Box R,* ***STOP.*** *The only action a school must take is to notify the holders of the loans of the student's withdrawal date.*

▶ If Box Q is greater than Box R, proceed to Step 9.

STEP 9: Grant Funds to be Returned

S. Initial amount of Title IV grants for student to return

Subtract the amount of loans to be repaid by the student (Box R) from the initial amount of unearned Title IV aid due from the student (Box Q).

90.00 (Box Q) − 0.00 (Box R) = **S.$** 90.00

T. Amount of Title IV 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 (Box F) by 50%.

4,750.00 (Box F) X **50%** = **T.$** 2,375.00

U. Title IV grant funds for student to return

Subtract the protected amount of Title IV grants (Box T) from the initial amount of Title IV grants for student to return (Box S).

90.00 (Box S) − 2,375.00 (Box T) = **U.$** NA

STEP 10: Return of Grant Funds by the Student

Except as noted below, the student must return the unearned grant funds for which he or she is responsible (Box U). The grant funds returned by the student are applied to the following sources in the order indicated, up to the total amount disbursed from that grant program minus any grant funds the school is responsible for returning to that program in Step 6.

Note that the student is not responsible for returning funds to any program to which the student owes $50.00 or less.

Title IV Grant Programs	Amount To Return
1. Pell Grant	
2. Academic Competitiveness Grant	
3. National SMART Grant	
4. FSEOG	

CASE STUDY 4: HARRY SPRINGER

When a student 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, withdraws unofficially.

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 hours/30 weeks
Payment Period	450 hours
Period Start Date	January 8
Period End Date	August 3
Institutionally Scheduled Break	None
Required to Take Attendance	Yes
Period used in Return calculation	Period of Enrollment

Student Profile

Harry Springer enrolled at QTS for a 30-week program of study period consisting of 900 clock hours offered over 30 weeks. 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
Net Subsidized Stafford Loan	$	3,860.00

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
Subsidized Stafford Loan	$	1,930.00

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 the program notified the 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 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.

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

Pell Grant	$	2,000.00
Subsidized Stafford Loan	$	1,930.00

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 –

Unsubsidized FFEL/Direct Stafford	$	1,930.00
B. =	$	1,930.00

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 Return calculation, the $1,930.00 in Subsidized Stafford 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 grants that could have been disbursed.

D. = $ 1,930.00

Box E. Total Title IV aid disbursed for the period of enrollment = A + B = 2,000.00 + 1,930.00 = $ 3,930.00.

Box F. Total Title IV grant aid disbursed and could have been disbursed for the period of enrollment = A + C = 2,000.00 + 2,000.00 = $ 4,000.00.

Box G. Total Title IV aid disbursed and could have been disbursed for the period of enrollment = A + B + C + D = 2,000.00 + 1,930.00 + 2,000.00 + 1,930.00 = $ 7,860.00.

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 withdrawal = January 17.

Box H. Percentage of payment period completed

Under the Higher Education Reconciliation Act of 2005 (HERA), 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 Harry was scheduled to complete on January 17 = 45.
- Number of clock hours in the period of enrollment = 900.
- 45 clock hours ÷ 900 clock hours = 0.050.

Percentage of period of enrollment completed = 5.0%.

Because this percentage is less than 60%, the Percentage of Title IV aid earned, 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) X $7,860.00 (Total of the Title IV aid disbursed and could have been disbursed for the period of enrollment from Box G) = $393.00. Amount of Title IV aid earned by the student = $393.00.

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.

$3,930.00 (Box E) – $393.00 (Box I) = $3,537.00. Title IV Aid to be returned = $3,537.00.

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

Box L. Institutional charges for the period of enrollment = $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%. Percentage of Title IV aid unearned = 95.0%.

Box N. Calculate the amount of unearned charges. $8,500.00 (institutional charges from Box L) X 95% (% of Title IV aid unearned from Box M) = $8,075.00 (no rounding needed). 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 =	$	3,537.00
Box N =	$	8,075.00

Amount of unearned Title IV aid due from the school = $3,537.00.

STEP 6: Return of Funds by the School

Box P. The only Title IV loan disbursement Richard received was a Subsidized FFEL Stafford loan disbursement of $1,930.00. Since $1,930.00 is less than the $3,537.00 (Box O) the amount the school must return, the school must return the entire $1,930.00 to the FFEL program.

Box P =	$	1,930.00

After the school returns $1,930.00 to the FFEL program, the balance to be returned by the school is $1,607.00 ($3,537.00 (from Box O) – $1,930.00 (from Box P). Harry received $2,000.00 in Pell Grant funds, so the school returns the $1,607.00 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 ($3,537.00 from Box O) from the total amount of Title IV aid that is to be returned ($3,537.00 from Box K) to find the Initial amount of Title IV aid Due from the Student. $3,537.00 – $3,537.00 = $0.00.

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.

Since the amount from Box Q ($0.00) is equal to (or less than) the amount from Box R ($0.00), the calculation ends here.

Remember, you must notify the holder of Harry's loan that he has withdrawn from school.

Treatment Of Title IV Funds When A Student Withdraws From A Clock-Hour Program

Student's Name Harry Springer **Social Security Number** Example 4

Date form completed / / **Date of school's determination that student withdrew** 1 / 26 /

Period used for calculation (check one) ☐ **Payment period** ☒ **Period of enrollment**

Monetary amounts should be in dollars and cents (rounded to the nearest penny).
When calculating percentages, round to three decimal places. (For example, .4486 = .449, or 44.9%)

STEP 1: Student's Title IV Aid Information

Title IV Grant Programs	Amount Disbursed	Amount that Could Have Been Disbursed
1. Pell Grant	$2,000.00	$2,000.00
2. Academic Competitiveness Grant		
3. National SMART Grant		
4. FSEOG		
	A. $2,000.00 Subtotal	C. $2,000.00 Subtotal

Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed
5. Unsubsidized FFEL/Direct Stafford Loan	$1,930.00	$1,930.00
6. Subsidized FFEL/Direct Stafford Loan		
7. Perkins Loan		
8. FFEL/Direct PLUS (Graduate Student)		
9. FFEL/Direct PLUS (Parent)		
	B. $1,930.00 Subtotal	D. $1,930.00 Subtotal

E. Total Title IV aid disbursed for the payment period or period of enrollment.

A. $2,000.00
+ B. $1,930.00
= E.$ $3,930.00

F. Total of Title IV grant aid disbursed + could have been disbursed for the payment period or period of enrollment.

A. $2,000.00
+ C. $2,000.00
= F.$ $4,000.00

G. Total of Title IV aid disbursed + could have been disbursed for the payment period or period of enrollment.

A. $2,000.00
B. $1,930.00
C. $2,000.00
+ D. $1,930.00
= G.$ $7,860.00

STEP 2: Percentage of Title IV Aid Earned

Withdrawal date 1 / 17 /

H. Determine the percentage of payment period or period of enrollment completed:
Divide the clock hours scheduled to have been completed as of the withdrawal date in the payment period or period of enrollment by the total clock hours in the payment period or period of enrollment.

45 (Hours scheduled to complete) ÷ 900 (Total hours in period) = 5.00 %

- If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.
- If this percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3.

H. 5.00 %

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

Multiply the percentage of Title IV aid earned (Box H) times the total of the Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment (Box G).

5.00 % (Box H) X $7,860.00 (Box G) = I.$ $393.00

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

- *If the amount in Box I is greater than the amount in Box E, go to Post-withdrawal disbursement (Item J).*
- *If the amount in Box I is less than the amount in Box E, go to Title IV aid to be returned (Item K).*
- *If the amounts in Box I and Box E are equal, **STOP**. No further action is necessary.*

J. Post-withdrawal disbursement
Subtract Total Title IV aid disbursed for the payment period or period of enrollment (Box E) from the amount of Title IV aid earned (Box I). This is the amount of Post-withdrawal disbursement due. **Stop here**, and enter the amount in Box 1 on Page 3 (Post-withdrawal disbursement tracking sheet).

(Box I) − (Box E) = J.$ NA

K. Title IV aid to be returned
Subtract the amount of Title IV aid earned (Box I) from the Total Title IV aid disbursed for the payment period or period of enrollment (Box E). This is the amount of Title IV aid that must be returned.

$3,930.00 (Box E) − $393.00 (Box I) = K.$ $3,537.00

You may use this form when the withdrawal date was on or after 7/01/2006

Student's Name Harry Springer **Social Security Number** Example 4

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

L. Institutional charges for the payment period or period of enrollment

Tuition	$8,000.00
Room	
Board	
Books & Supplies	$500.00
Other	
Other	

Total Institutional Charges *(Add all the charges together)* = **L.$** $8,500.00

M. Percentage of unearned Title IV aid

100% – 5.00 % (Box H) = **M.** 95.00 %

N. Amount of unearned charges

Multiply institutional charges for the payment period or period of enrollment (Box L) times the percentage of unearned Title IV aid (Box M).

$8,500.00 (Box L) x 95.00 % (Box M) = **N.$** $8,075.00

O. Amount for school to return

Compare the amount of Title IV aid to be returned (Box K) to amount of unearned charges (Box N), and enter the lesser amount. **O.$** $3,537.00

STEP 6: Return of Funds by the School

The school must return the unearned aid for which the school is responsible (Box O) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.

Title IV Programs	Amount for School to Return
1. Unsubsidized FFEL/Direct Stafford Loan	$1,930.00
2. Subsidized FFEL/Direct Stafford Loan	
3. Perkins Loan	
4. FFEL/Direct PLUS (Graduate Student)	
5. FFEL/Direct PLUS (Parent)	

Total loans the school must return = **P.$** $1,930.00

6. Pell Grant	$1,607.00
7. Academic Competitiveness Grant	
8. National SMART Grant	
9. FSEOG	

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

Subtract the amount of Title IV aid due from the school (Box O) from the amount of Title IV aid to be returned (Box K).

$3,537.00 (Box K) – $3,537.00 (Box O) = **Q.$** $0.00

STEP 8: Repayment of the Student's loans

Subtract the Total loans the school must return (Box P) from the Net loans disbursed to the student (Box B) to find the amount of Title IV loans the student is still responsible for repaying (Box R).

These outstanding loans consist either of loan funds the student has earned, or unearned loan funds that the school is not responsible for repaying, or both; and they are repaid to the loan holders according to the terms of the borrower's promissory note.

$1,930.00 (Box B) – $1,930.00 (Box P) = **R.$** $0.00

▶ *If Box Q is less than or equal to Box R,* ***STOP.*** The only action a school must take is to notify the holders of the loans of the student's withdrawal date.

▶ *If Box Q is greater than Box R, proceed to Step 9.*

STEP 9: Grant Funds to be Returned

S. Initial amount of Title IV grants for student to return

Subtract the amount of loans to be repaid by the student (Box R) from the initial amount of unearned Title IV aid due from the student (Box Q).

(Box Q) – (Box R) = **S.**

T. Amount of Title IV 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 (Box F) by 50%.

(Box F) x 50% = **T.**

U. Title IV grant funds for student to return

Subtract the protected amount of Title IV grants (Box T) from the initial amount of Title IV grants for student to return (Box S).

(Box S) – (Box T) = **U.**

STEP 10: Return of Grant Funds by the Student

Except as noted below, the student must return the unearned grant funds for which he or she is responsible (Box U). The grant funds returned by the student are applied to the following sources in the order indicated, up to the total amount disbursed from that grant program minus any grant funds the school is responsible for returning to that program in Step 6.

Note that the student is not responsible for returning funds to any program to which the student owes $50.00 or less.

Title IV Grant Programs	Amount To Return
1. Pell Grant	
2. Academic Competitiveness Grant	
3. National SMART Grant	
4. FSEOG	

CASE STUDY 5: JORDAN AIRE

When a student 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, withdraws unofficially.

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; 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 hours/30 weeks
Payment Period	450 hours
Period Start Date	April 2
Period End Date	October 26
Institutionally Scheduled Break	None
Required to Take Attendance	Yes
Period used in Return calculation	Payment Period

Student Profile

Jordan Aire enrolled at LETS for a 30-week program of study period consisting of 900 clock hours offered over 30 weeks. The first payment period is 450 clock hours. Charges to Jordan's account are as follows:

Tuition and fees	$	9,000.00/30 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)

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

Pell Grant	$	4,000.00
Net Subsidized Stafford Loan	$	3,860.00

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 2, Jordan received the following disbursements to his student account:

Pell Grant	$	2,000.00
Subsidized Stafford Loan	$	1,930.00

On May 3 the Retention Specialist at LETS is informed by the director of Jordan's program that since April 21, 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 11 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 of the date of the institution's determination that Jordan withdrew (May 4).

Solution

Jordan's withdrawal date is his last day of attendance at an academically related activity as determined from the school's attendance records, April 20.

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

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

Pell Grant	$	2,000.00
Subsidized Stafford Loan	$	1,930.00

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 –

Unsubsidized FFEL/Direct Stafford =	$	1,930.00
B. =	$	1,930.00

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 + 1,930.00 = $ 3,930.00.

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 + 1,930.00 + 0.00 + 0.00 = $3,930.00.

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 2.
2. Payment Period end date = October 26.
3. Date of withdrawal = April 20.

Box H. Percentage of payment period completed

Under the Higher Education Reconciliation Act of 2005 (HERA), 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 on April 20 = 90
- Number of clock hours in the payment period = 450
- 90 clock hours ÷ 450 clock hours = 0.20.

Percentage of payment period completed = 20.0%

Because this percentage is less than 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% (Percentage of Title IV aid earned from Box H) X $3,930.00 (Total of the Title IV aid disbursed and could have been disbursed for the payment period or period of enrollment from Box G) = $786.00. Amount of Title IV aid earned by the student = $786.00.

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.

$3,930.00 (Box E) – $786.00 (Box I) = $3,144.00. Title IV Aid to be returned = $3,144.00.

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

Box L. A school that charges by the period of enrollment but performs its Return calculation on a payment period basis before entering data in STEP 5, Part L, of the Return calculation, 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. Because LETS provides students with their books and supplies on the first day of class, and retains 100% of those fees in, addition to the tuition charged for the first payment period, LETS must include 100% of the cost of those books and supplies in its institutional charges for the first payment period.

Institutional charges for the payment period = $5,000.00.

Tuition and fees	$	4,500.00
Books & Supplies	$	500.00

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%.

Box N. Calculate the amount of unearned charges. $5,000.00 (institutional charges from Box L) X 80% (% of Title IV aid unearned from Box M) = $4,000.00 (no rounding needed). Amount of unearned institutional charges = $4,000.00.

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 =	$	3,144.00
Box N =	$	4,000.00

Amount of unearned Title IV aid due from the school = $3,144.00.

STEP 6: Return of Funds by the School

Box P. Jordan received a Subsidized FFEL Stafford loan disbursement of $1,930.00. Since $1,930.00 is less than the $3,144.00 (Box O) the school must return, the school must return $1,930.00 to the lender. Box P = $1,930.00.

After the school returns $1,930.00 to the Title IV loan programs, the balance to be returned by the school is $1,214.00 ($3,144.00 (from Box O) – $1,930 (from Box P)). Jordan received $2,000.00 in Pell Grant funds, so the school returns $1,214.00 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 ($3,144.00 from Box O) from the total amount of Title IV aid that is to be returned ($3,144.00 from Box K) to find the Initial amount of Title IV aid Due from the Student. $3,144.00 – $3,144.00 = $0.00.

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.

Since the amount from Box Q ($0.00) is equal to (or less than) the amount from Box R ($0.00), the calculation ends here.

Remember, you must notify the holder of Jordan's loan that he has withdrawn from school.

Treatment Of Title IV Funds When A Student Withdraws From A Clock-Hour Program

Student's Name Jordan Aire **Social Security Number** Example 5

Date form completed / / **Date of school's determination that student withdrew** 5 / 04 /

Period used for calculation (check one) [X] **Payment period** [ ] **Period of enrollment**

Monetary amounts should be in dollars and cents (rounded to the nearest penny).
When calculating percentages, round to three decimal places. (For example, .4486 = .449, or 44.9%)

STEP 1: Student's Title IV Aid Information

Title IV Grant Programs	Amount Disbursed	Amount that Could Have Been Disbursed
1. Pell Grant	$2,000.00	$0.00
2. Academic Competitiveness Grant		
3. National SMART Grant		
4. FSEOG		
	A. $2,000.00 Subtotal	**C.** $.00 Subtotal

Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed
5. Unsubsidized FFEL/Direct Stafford Loan	$1,930.00	$0.00
6. Subsidized FFEL/Direct Stafford Loan		
7. Perkins Loan		
8. FFEL/Direct PLUS (Graduate Student)		
9. FFEL/Direct PLUS (Parent)		
	B. $1,930.00 Subtotal	**D.** $0.00 Subtotal

E. Total Title IV aid disbursed for the payment period or period of enrollment.

A. $2,000.00
\+ **B.** $1,930.00
= **E.$** $3,930.00

F. Total of Title IV grant aid disbursed + could have been disbursed for the payment period or period of enrollment.

A. $2,000.00
\+ **C.** $ 0.00
= **F.$** $2,000.00

G. Total of Title IV aid disbursed + could have been disbursed for the payment period or period of enrollment.

A. $2,000.00
B. $1,930.00
C. $0.00
\+ **D.** $0.00
= **G.$** $3,930.00

STEP 2: Percentage of Title IV Aid Earned

Withdrawal date 4 / 20 /

H. Determine the percentage of payment period or period of enrollment completed:
Divide the clock hours scheduled to have been completed as of the withdrawal date in the payment period or period of enrollment by the total clock hours in the payment period or period of enrollment.

90 (Hours scheduled to complete) ÷ 450 (Total hours in period) = 20.00 %

- If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.
- If this percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3.

H. 20.00 %

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

Multiply the percentage of Title IV aid earned (Box H) times the total of the Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment (Box G).

20.00% (Box H) x $3,930.00 (Box G) = **I.$** $786.00

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

- *If the amount in Box I is greater than the amount in Box E, go to Post-withdrawal disbursement (Item J).*
- *If the amount in Box I is less than the amount in Box E, go to Title IV aid to be returned (Item K).*
- *If the amounts in Box I and Box E are equal, **STOP**. No further action is necessary.*

J. Post-withdrawal disbursement
Subtract Total Title IV aid disbursed for the payment period or period of enrollment (Box E) from the amount of Title IV aid earned (Box I). This is the amount of Post-withdrawal disbursement due. **Stop here**, and enter the amount in Box 1 on Page 3 (Post-withdrawal disbursement tracking sheet).

(Box I) − (Box E) = **J.$** NA

K. Title IV aid to be returned
Subtract the amount of Title IV aid earned (Box I) from the Total Title IV aid disbursed for the payment period or period of enrollment (Box E). This is the amount of Title IV aid that must be returned.

$3,930.00 (Box E) − $786.00 (Box I) = **K.$** $3,144.00

You may use this form when the withdrawal date was on or after 7/01/2006

Student's Name Jordan Aire **Social Security Number** Example 5

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

L. Institutional charges for the payment period or period of enrollment

Tuition	$4,500.00
Room	
Board	
Books & Supplies	$500.00
Other	
Other	

Total Institutional Charges *(Add all the charges together)* = **L.$** $5,000.00

M. Percentage of unearned Title IV aid

100% – 20.00 % (Box H) = **M.** 80.00 %

N. Amount of unearned charges

Multiply institutional charges for the payment period or period of enrollment (Box L) times the percentage of unearned Title IV aid (Box M).

$5,000.00 (Box L) x 80.00 % (Box M) = **N.$** $4,000.00

O. Amount for school to return

Compare the amount of Title IV aid to be returned (Box K) to amount of unearned charges (Box N), and enter the lesser amount. **O.$** $3,144.00

STEP 6: Return of Funds by the School

The school must return the unearned aid for which the school is responsible (Box O) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.

Title IV Programs	Amount for School to Return
1. Unsubsidized FFEL/Direct Stafford Loan	$1,930.00
2. Subsidized FFEL/Direct Stafford Loan	
3. Perkins Loan	
4. FFEL/Direct PLUS (Graduate Student)	
5. FFEL/Direct PLUS (Parent)	

Total loans the school must return = **P.$** $1,930.00

6. Pell Grant	$1,214.00
7. Academic Competitiveness Grant	
8. National SMART Grant	
9. FSEOG	

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

Subtract the amount of Title IV aid due from the school (Box O) from the amount of Title IV aid to be returned (Box K).

$3,144.00 (Box K) – $3,144.00 (Box O) = **Q.$** $0.00

STEP 8: Repayment of the Student's loans

Subtract the Total loans the school must return (Box P) from the Net loans disbursed to the student (Box B) to find the amount of Title IV loans the student is still responsible for repaying (Box R).

These outstanding loans consist either of loan funds the student has earned, or unearned loan funds that the school is not responsible for repaying, or both; and they are repaid to the loan holders according to the terms of the borrower's promissory note.

$1,930.00 (Box B) – $1,930.00 (Box P) = **R.$** $0.00

▶ *If Box Q is less than or equal to Box R,* ***STOP.*** The only action a school must take is to notify the holders of the loans of the student's withdrawal date.

▶ *If Box Q is greater than Box R, proceed to Step 9.*

STEP 9: Grant Funds to be Returned

S. Initial amount of Title IV grants for student to return

Subtract the amount of loans to be repaid by the student (Box R) from the initial amount of unearned Title IV aid due from the student (Box Q).

(Box Q) – (Box R) = **S.** .

T. Amount of Title IV 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 (Box F) by 50%.

(Box F) x 50% = **T.** .

U. Title IV grant funds for student to return

Subtract the protected amount of Title IV grants (Box T) from the initial amount of Title IV grants for student to return (Box S).

(Box S) – (Box T) = **U.** .

STEP 10: Return of Grant Funds by the Student

Except as noted below, the student must return the unearned grant funds for which he or she is responsible (Box U). The grant funds returned by the student are applied to the following sources in the order indicated, up to the total amount disbursed from that grant program minus any grant funds the school is responsible for returning to that program in Step 6.

Note that the student is not responsible for returning funds to any program to which the student owes $50.00 or less.

Title IV Grant Programs	Amount To Return
1. Pell Grant	
2. Academic Competitiveness Grant	
3. National SMART Grant	
4. FSEOG	

CASE STUDY 6: BOB WHITE

When a student receiving Title IV grants and loans at a school that utilizes a non-term modular course structure, measures academic progress in credit hours, and performs its Return calculations on a payment period basis, officially withdraws, reenters within 180 days, and withdraws again.

Learning Objectives

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

- determine the total number of days the student was in attendance over multiple periods of attendance;
- determine the total number of days in the payment period for the multiple periods of attendance;
- 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; and
- determine the amount to be offered to the student or returned.

School Profile

University of Huachuca (UH) is a non-residential postsecondary institution that utilizes a non-term modular course structure and measures academic progress in credit hours.

Academic Year/ Period of Enrollment	24 credits/ 32 weeks
Payment Period	12 credit hours 4 modules (each of 4 weeks duration) 16 weeks
Period Start Date	January 8
Period End Date	April 27
Institutionally Scheduled Break	None
Required to Take Attendance	No
Period used in Return calculation	Payment Period

School Profile, continued

Scheduled starting and ending dates for modules within the calendar year. At each starting point all modules are offered.

Start	End	Start	End
January 8	February 2	February 5	March 2
March 5	March 30	April 2	April 27
April 30	May 25	May 28	June 22
June 25	July 20	July 23	August 17
August 20	September 14	September 17	October 12
October 15	November 9	November 12	December 7

Student Profile

Bob White is a third-year student enrolled at UH for 12 credits offered in four three-credit modules. UH anticipates that Bob, as do most of the students at UH, will complete each of the modules in four weeks, and the period in 16 weeks. Charges to Bob's account for the payment period are as follows:

Tuition and fees	$	6,000.00/12 credits
Room	$	non-residential program
Board	$	non-residential program

School Authorized to Credit Account for Other Charges: Yes (all charges)

Bob's financial aid package included the following **annual** awards:

Pell Grant	$	4,050.00
Net Unsubsidized Stafford Loan	$	4,860.00
Net Subsidized Stafford Loan	$	5,460.00

All of Bob's financial aid for the first payment period (one-half his annual awards) was disbursed on the first day of classes.

Discussion

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

Pell Grant	$	2,025.00
Unsubsidized Stafford Loan	$	2,430.00
Subsidized Stafford Loan	$	2,730.00

On January 19, Bob came to the financial aid office and informed you that he is withdrawing from school thereby beginning the school's formal withdrawal process.

Because Bob failed to begin attendance in all of the classes on which his Pell Grant was based, before performing the required Return calculation UH must to recalculate Bob's Pell based on his enrollment in just the one module he began – three credits. After eliminating the living expenses and tuition associated with the period of non-attendance, UH determined that based on the costs associated with the three credits Bob began that he was eligible for an annual award of $1,550 and an award for the period of $775. UH returned the difference of $1,250 ($2,025 – $775) to the Pell Grant program.

Note : **If Bob had received Campus-Based aid, the school would also have had to recalculate his COA, eliminating the costs attributable to the modules that he did not begin attending, to see whether a reduction of the Campus-Based aid was necessa**ry.

UH performed a return calculation using January 19 as Bob's withdrawal date and $775 as the amount of Pell Grant disbursed, and determined that the school was responsible for returning all of the funds that Bob received from the subsidized and unsubsidized Stafford loan programs and $128.00 in Pell funds. UH also determined that Bob was not required to return any funds. On February 5, UH returned the funds for which it was responsible to the appropriate programs.

On March 5 Bob re-entered the program. Since this is within 180 days of his withdrawal date, Bob was considered to be in the same payment period so his Title IV eligibility is the same as before he left.

In order to ask the lender to redisburse his Stafford loans the school had to determine the new end for the payment period and the Bob's Borrower Based Academic Year (BBAY). Because the program is based on discrete modules, UH can easily identify the point at which Bob will have completed half the weeks **and** half the credits in the academic year. It is June 22. The end of the BBAY is October 12. Therefore, UH asked his lender to redisburse the subsidized and unsubsidized Stafford loans with a new scheduled date for the second disbursement of June 25 and a new end date for Bob's BBAY of October 12. Since the end of Bob's new BBAY was within one year of the beginning date of the period for which the loan was first certified (January 8), the lender agreed to and made the disbursement, and UH once again disbursed the Stafford loan funds to Bob's account. In addition, UH drew down and redisbursed the $128.00 in Pell funds that it previously returned.

Bob completed his first module as scheduled on March 30 and began his second module on April 2. On April 10, Bob came to the financial aid office and informed UH that he is once again withdrawing from school.

UH must determine the correct number of days to include as completed days and total days in the Return calculation and correctly calculate the amount to be returned or disbursed.

Solution

Once again, because Bob has failed to begin attendance in all of the classes on which his Pell Grant was based, before performing the required Return calculation you must recalculate Bob's Pell Grant based on his enrollment in just the two modules he began – six credits. This, time after eliminating the living expenses and tuition associated with the period of non-attendance, UH determined that Bob remained eligible for an annual award of $4,050 (an award for the period of $2,025). Therefore, UH included the following awards in the Return calculation.

Pell Grant	$	2,025.00
Unsubsidized Stafford Loan	$	2,430.00
Subsidized Stafford Loan	$	2,730.00

Bob's withdrawal date and the date of the institution's determination of Bob's withdrawal is the day he informed UH of his intent to withdraw – April 10.

STEP 1: Student's Title IV Aid Information

Box A. Title IV grant aid disbursed –

Pell Grant	$	2,050.00
A. =	$	2,050.00

Box B. Net Title IV loans disbursed –

Unsubsidized FFEL/Direct Stafford	$	2,430.00
Subsidized FFEL/Direct Stafford	$	2,730.00
B. =	$	5,160.00

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 or period of enrollment = A + B = 2,025.00 + 5,160.00 = $ 7,185.00.

Box F. Total Title IV grant aid disbursed and could have been disbursed for the payment period or period of enrollment = A + C = 2,025.00 + 0.00 = $ 2,025.00.

Box G. Total Title IV aid disbursed and could have been disbursed for the payment period or period of enrollment = A + B + C + D = 2,025.00 + 5,160.00 + 0.00 + 0.00 = $ 7,185.00.

STEP 2: Percentage of Title IV Aid Earned

Bob's withdrawal date was April 10.

When Bob initially withdrew on January 19, he had completed twelve days out of 110. When he returned on March 5, UH determined a new period end date of June 22. In order to determine the correct number of days of attendance and days in the period, UH must subtract the 44 days Bob was originally scheduled to attend but did not attend (starting with January 20 and ending on March 4) from the *Total days*.

Note : If you are using ED's Web based software you can enter January 20 and March 4 (44 days) as beginning an ending dates of a scheduled break so that the software will correctly reflect this period of non-enrollment.

1. Payment Period start date = January 8.
2. Payment Period end date = June 22.
3. Date of withdrawal = April 10.
4. Scheduled break (for software purposes) January 20 through March 4 (44 days).
5. Percentage of payment period completed –
   - Number of calendar days completed = 49 (12 days from his first enrollment plus 37 days from his second).
   - Number of calendar days in the payment period = January 8 through June 22 – 166 days minus the 44 days of non-attendance = 122 days.
   - 49 days ÷ 122 days = 0.4016. Percentage of payment period completed = 40.2%.

Box H. Because this percentage is less than 60%, the Percentage of Title IV aid earned = 40.2%.

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

Box I. 40.2% (Percentage of Title IV aid earned from Box H) X $7,185.00 (Total of the Title IV aid disbursed and could have been disbursed for the payment period or period of enrollment from Box G) = $2,888.37. Amount of Title IV aid earned by the student = $2,888.37.

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.

$7,185.00 (Box E) – $2,888.37 (Box I) = $4,296.63. Title IV Aid to be returned = $4,296.63.

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

Box L. The charges on Bob's account are the charges initially assessed for the payment period:

Tuition and fees	$	6,000.00

Box M. Subtract the percentage of Title IV earned from Box H (40.2%) from 100.0%. 100% – 40.2% = 59.8%. Percentage of Title IV aid unearned = 59.8%.

Box N. Calculate the amount of unearned charges. $6,000.00 (institutional charges from Box L) X 59.8% (% of Title IV aid unearned from Box M) = $3,588.00 (no rounding needed).

Amount of unearned institutional charges = $3,588.00.

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 =	$	4,296.63
Box N =	$	3,588.00

Amount of unearned Title IV aid due from the school = $3,588.00.

STEP 6: Return of Funds by the School

Box P. Bob received an Unsubsidized FFEL Stafford loan disbursement of $2,430.00. Since $2,430.00 is less than the $3,588.00 (Box O) the school must return, the school must return $2,430.00 to the lender of Bob's Unsubsidized Stafford loan. In addition, there is a balance of $1,158.00 (3,588 – 2,430) that the school must return. So, the school returns $1,158.00 to the lender of Bob's Subsidized Stafford loan. Box P = $2,430.00 + $1,158.00 = $3,588.00.

Box P =	$	3,588.00

The school must return any unearned funds within 45 days from the date of the institution's determination that Bob withdrew (April 10).

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 ($3,588.00 from Box O) from the total amount of Title IV aid that is to be returned ($4,296.63 from Box K) to find the Initial amount of Title IV aid Due from the Student. $4,296.63 – $3,588.00 = $708.63.

Box Q =	$	708.63

STEP 8: Repayment of the Student's Loans

Box R. Subtract the Total Loans the school must return ($3,588.00 from Box P) from the Net Loans Disbursed to the Student ($5,160.00 from Box B) to find the total of the loans the student must repay $5,160.00 – $3,588.00 = $1,572.00.

Since the amount from Box Q ($708.63) is equal to (or less than) the amount from Box R ($1,572.00), the calculation ends here.

Remember, you must notify the holder of Bob's loans that he has withdrawn from school.

Treatment Of Title IV Funds When A Student Withdraws From A Credit-Hour Program

Student's Name Bob White **Social Security Number** Case Study 6

Date form completed 4 / 15 / **Date of school's determination that student withdrew** 4 / 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).
When calculating percentages, round to three decimal places. (For example, .4486 = .449, or 44.9%)

STEP 1: Student's Title IV Aid Information

Title IV Grant Programs	Amount Disbursed	Amount that Could Have Been Disbursed
1. Pell Grant	$2,025.00	
2. Academic Competitiveness Grant		
3. National SMART Grant		
4. FSEOG		
	A. $2,025.00 Subtotal	**C.** $0.00 Subtotal

Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed
5. Unsubsidized FFEL/Direct Stafford Loan	$2,430.00	
6. Subsidized FFEL/Direct Stafford Loan	$2,730.00	
7. Perkins Loan		
8. FFEL/Direct PLUS (Graduate Student)		
9. FFEL/Direct PLUS (Parent)		
	B. $5,160.00 Subtotal	**D.** $0.00 Subtotal

E. Total Title IV aid disbursed for the payment period or period of enrollment.

A. $2,025.00
\+ **B.** $5,160.00
= **E. $** 7,185.00

F. Total of Title IV grant aid disbursed + could have been disbursed for the payment period or period of enrollment.

A. $2,025.00
\+ **C.** $0.00
= **F. $** $2,025.00

G. Total of Title IV aid disbursed + could have been disbursed for the payment period or period of enrollment.

A. $2,025.00
B. $5,160.00
C. $0.00
\+ **D.** $0.00
= **G. $** 7,185.00

STEP 2: Percentage of Title IV Aid Earned

Start date	Scheduled end date	Date of withdrawal
1 / 08 /	6 / 22 /	4 / 10 /

A school that is not required to take attendance may, for a student who withdraws without notification, enter 50% in Box H and proceed to Step 3. Or, the school may enter the last date of attendance at an academically related activity for the "withdrawal date," and proceed with the calculation as instructed. For a student who officially withdraws, enter the withdrawal date. *(less 44 days of non attendance)*

H. Percentage of payment period or period of 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 (excluding scheduled breaks of five days or more **AND** days that the student was on an approved leave of absence).

49 (Completed days) ÷ 122 (Total days) = 40.16 %

- If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.
- If this percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3.

H. 40.2 %

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

Multiply the percentage of Title IV aid earned (Box H) times the total of the Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment (Box G).

40.2 % (Box H) X 7,185.00 (Box G) = **I. $** 2,888.37

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

- *If the amount in Box I is greater than the amount in Box E, go to Post-withdrawal disbursement (Item J).*
- *If the amount in Box I is less than the amount in Box E, go to Title IV aid to be returned (Item K).*
- *If the amounts in Box I and Box E are equal,* ***STOP.*** *No further action is necessary.*

J. Post-withdrawal disbursement

Subtract Total Title IV aid disbursed for the payment period or period of enrollment (Box E) from the amount of Title IV aid earned (Box I). This is the amount of Post-withdrawal disbursement due.
Stop here, and enter the amount in Box 1 on Page 3 (Post-withdrawal disbursement tracking sheet).

[ ] (Box I) – [ ] (Box E) = **J. $** NA

Step 4 continued ▶

You may use this form when the withdrawal date was on or after 7/01/2006

Student's Name Bob White **Social Security Number** Case Study 6

STEP 4: Aid to be Disbursed or Returned CONTINUED

K. Title IV aid to be returned

Subtract the amount of Title IV aid earned (Box I) from the Total Title IV aid disbursed for the payment period or period of enrollment (Box E). This is the amount of Title IV aid that must be returned.

7,185.00 (Box E) – 2,888.37 (Box I) = **K.$** 4,296.63

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

L. Institutional charges for the payment period or period of enrollment

Tuition	$6,000.00
Room	
Board	
Other	
Other	
Other	

Total Institutional Charges *(Add all the charges together)* = **L.$** 6,000.00

M. Percentage of unearned Title IV aid

100% – 40.2% (Box H) = **M.** 59.8 %

N. Amount of unearned charges

Multiply institutional charges for the payment period or period of enrollment (Box L) times the percentage of unearned Title IV aid (Box M).

6,000.00 (Box L) X 59.8 % (Box M) = **N.$** 3,588.00

O. Amount for school to return

Compare the amount of Title IV aid to be returned (Box K) to amount of unearned charges (Box N), and enter the lesser amount. **O.$** 3,588.00

STEP 6: Return of Funds by the School

The school must return the unearned aid for which the school is responsible (Box O) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.

Title IV Programs	Amount for School to Return
1. Unsubsidized FFEL/Direct Stafford Loan	$2,430.00
2. Subsidized FFEL/Direct Stafford Loan	$1,158.00
3. Perkins Loan	
4. FFEL/Direct PLUS (Graduate Student)	
5. FFEL/Direct PLUS (Parent)	
Total loans the school must return	**P.$** 3,588.00
6. Pell Grant	
7. Academic Competitiveness Grant	
8. National SMART Grant	
9. FSEOG	

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

Subtract the amount of Title IV aid due from the school (Box O) from the amount of Title IV aid to be returned (Box K).

4,296.63 (Box K) – 3,588.00 (Box O) = **Q.$** 708.63

STEP 8: Repayment of the Student's loans

Subtract the Total loans the school must return (Box P) from the Net loans disbursed to the student (Box B) to find the amount of Title IV loans the student is still responsible for repaying (Box R).

These outstanding loans consist either of loan funds the student has earned, or unearned loan funds that the school is not responsible for repaying, or both; and they are repaid to the loan holders according to the terms of the borrower's promissory note.

$5,160.00 (Box B) – 3,588.00 (Box P) = **R.$** 1,572.

▶ *If Box Q is less than or equal to Box R, **STOP**. The only action a school must take is to notify the holders of the loans of the student's withdrawal date.*

▶ If Box Q is greater than Box R, proceed to Step 9.

STEP 9: Grant Funds to be Returned

S. Initial amount of Title IV grants for student to return

Subtract the amount of loans to be repaid by the student (Box R) from the initial amount of unearned Title IV aid due from the student (Box Q).

(Box Q) – (Box R) = **S.$** .

T. Amount of Title IV 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 (Box F) by 50%.

(Box F) X 50% = **T.$** .

U. Title IV grant funds for student to return

Subtract the protected amount of Title IV grants (Box T) from the initial amount of Title IV grants for student to return (Box S).

(Box S) – (Box T) = **U.$** .

STEP 10: Return of Grant Funds by the Student

Except as noted below, the student must return the unearned grant funds for which he or she is responsible (Box U). The grant funds returned by the student are applied to the following sources in the order indicated, up to the total amount disbursed from that grant program minus any grant funds the school is responsible for returning to that program in Step 6.

Note that the student is not responsible for returning funds to any program to which the student owes $50.00 or less.

Title IV Grant Programs	Amount To Return
1. Pell Grant	
2. Academic Competitiveness Grant	
3. National SMART Grant	
4. FSEOG	