

# Return to Title IV Policy

## Refund Policy

The refund policy was established by the Oklahoma State Regents for Higher Education for all students except Title IV recipients.

Changes in schedules and complete withdrawals from the institution during the first ten days of classes in the fall and spring semesters or during the first five days of a summer term will result in full charges for courses added and full credit for courses dropped. No refunds will be made after the add/drop period for that session except as stipulated for Title IV recipients. For the purpose of the Return to Title IV Policy, a Title IV recipient is a student who received or could have received funds from the following programs: Pell Grant, Academic Competitiveness Grant (ACG), National SMART Grant, SEOG, Perkins loan or FFEL loan (Subsidized and Unsubsidized Stafford and PLUS loans).

## Withdrawal - Return of Title IV Funds

Federal regulations stipulate that students who withdraw from all classes may only keep the financial aid that they have “earned” up to the time of withdrawal. Title IV funds (except Federal Work Study) that were disbursed in excess of the earned amount must be returned by the institution and/or the student to the federal government. The student could owe aid funds to East Central University, the government, or both.

During the first 60 percent of the semester, a student earns Title IV funds in direct proportion to the length of time he or she remains enrolled. The percentage of time during the semester that the student remains enrolled is equal to the percentage of Title IV funds that may be disbursed for that semester. A student who remains enrolled beyond the 60 percent point in the semester earns all aid for that semester.

The percentage of the semester that the student remained enrolled is derived by dividing the number of calendar days, including weekends, the student attended by the number of calendar days, including weekends, in the semester. Breaks of at least five days are excluded from both the numerator and the denominator.

For example: Fall 2009 begins on August 17, 2009 and ends on December 15, 2009. The semester is 121 days long and has no breaks of at least five days. If a student withdraws on September 28, 2009, the student has remained enrolled for 43 days.  $43 \text{ divided by } 121 = .36$ . If the student received a \$2000 Pell Grant and a \$1000 loan, then the student would have earned  $\$3000 \times .36 = 1080$ .  $\$3000 \text{ minus } \$1080 = \$1920$ . East Central University would have to refund \$1920 to the federal government and the student would owe East Central University \$1920.

## **Student Withdrawals/Dropping Classes**

When a student changes their enrollment status he or she must come to the Financial Aid Office to obtain a signature on their drop/add or withdrawal card. At this time, Financial Aid Office staff should counsel the student as follows:

If the student is dropping to less than full-time status:

- Make a copy of the drop card
- Explain satisfactory academic progress guidelines
- Conduct exit interview if the student is a Stafford Loan borrower and the student is dropping below half-time status (6 hours for undergraduates and 4 hours for graduates)
- Notify the lender if the student is a Stafford Loan borrower and the student is dropping below half-time status

2. If the student is completing a total withdrawal from the university:

- Make a copy of the withdrawal card
- Explain satisfactory academic progress guidelines
- Conduct exit interview if student is a Stafford Loan borrower
- Notify the lender if the student is a Stafford Loan borrower
- Begin the Return to Title IV Funds calculation process

Before signing the Withdrawal Card, the Financial Aid Staff member should:

1. Ensure that “Withdrawal” or “Cancellation” is circled, whichever is appropriate.
2. Complete the “Term” section
3. Ensure that the Student’s name and social security number information is complete.
4. Ensure that the Advisor has signed the card unless it is prior to the start of classes or the student is a graduate student.
5. Circle the “Yes” response if the student is a Title IV recipient and the aid is posted on the packaging screen. Then take a copy of the card and forward it to the appropriate Counselor along with the student’s file. Definition of financial aid: PELL, SEOG, ACF1, ACF2, ACS1, ACS2, SMJ1, SMJ2, SMS1, SMS2, UPRK, GPRK, SUB1, SUB2, SUB3, SUB4, SUB5, GSB1, GSB2, GSB3, GSB4, GSB5, US1, US2, US3, US4, US5, GUS1, GUS2, GUS3, GUS4, GUS5, PLS, PLU1, PLU2, PLU3, PLU4, or PLU5.
6. Circle the “No” response if the student is not a Title IV Recipient. This means that no federal financial aid is listed on the packaging screen for the student.

## **Determining the Withdrawal Date**

East Central University must document a student’s withdrawal date and maintain this documentation. Students are required to withdraw in writing and submit that notification to the Office of Admissions and Records. If a student provides this official notification to ECU of his/her intent to withdraw, the determination that the student withdrew is the same as the

student's withdrawal date. As instructors administratively withdraw students for non-attendance, the institution assumes students who receive all F's have earned them. A student receiving Title IV funds who drops out without notifying the institution is considered to have withdrawn at the midpoint of the semester, unless the institution can document a later date. In these cases, the return of Title IV funds calculation will use 50 percent as the unearned percentage to determine the amount of federal funds that must be returned by the institution and the student. Leaves of absence are not permitted.

The date of withdrawal is used for the following:

A school must offer any amount of a post-withdrawal disbursement that is not credited to the student's account within thirty days of this date.

1. 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 disburse the funds within 180 days of this date.
2. Within thirty days of this date, a school must notify a student if a grant overpayment is due;
3. A school that is collecting an overpayment must require repayment of the full amount of the overpayment within two years of this date.
4. The school must return the amount of Title IV funds for which it is responsible no later than thirty days after this date.
5. The amount of aid disbursed as of this date is used to determine the amount of unearned aid that must be returned.

### **Title IV Aid to be Returned**

The responsibility to return "unearned" aid is shared by East Central University and the student in proportion to the aid each is assumed to possess. The institution share is the lesser of:

1. The total amount of unearned aid; or
2. Institutional charges multiplied by the percentage of aid that was unearned

Institutional charges are charges for which the student is responsible and were initially assessed by the institution for the payment period or period of enrollment. These charges may not be reduced, even if other sources of aid were actually used to pay a student's institutional charges.

### **Order of Return of Title IV Funds**

A school must return Title IV funds to the programs from which the student received aid in the following order, up to the net amount disbursed from each source:

- Unsubsidized Federal Stafford Loan
- Subsidized Federal Stafford Loans
- Perkins Loans
- Federal PLUS loans
- Federal PELL Grants
- Academic Competitiveness Grants
- National SMART Grants
- Federal SEOG Grants

### **Return of Funds by the Student**

The student is obligated to return funds to the Title IV fund from which it was received and in the same order that is required for schools. The student returns the net amount disbursed from each source after subtracting the amount the school must return to that source. A student is only responsible for repaying grant funds disbursed to the student if the original overpayment amount exceeds 50 percent of the total grant funds disbursed. The student (or parent, if a Federal PLUS Loan) returns funds to the loan programs in accordance with the terms of the loan. 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 repayments as a result of withdrawals generally will retain their eligibility for Title IV funds for a maximum of forty-five days from the earlier of the date the school sends the student notice of the overpayment; or the date the school was required to notify the student of the overpayment.

There are three positive actions a student can take to extend his or her eligibility for Title IV funds beyond forty-five 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.

- c. The student may sign a repayment agreement with the Department of Education.

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.

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 Borrower Services for collection.

The student should contact the school to discuss his or her options.

## **Institutional Operations**

Using the Department of Education's Return of Title IV Funds on the Web, the Financial Aid Office calculates the percentage of unearned aid and determines the amounts that the school and/or the student is responsible for returning to the appropriate Title IV source(s). The Bursar Office is responsible for NSLDS reporting on grant overpayments.

The Bursar Office is also responsible for returning the institution's portion of Title IV funds to the appropriate source(s) and collecting PELL and SEOG overpayments from the student. Collection efforts include referring accounts to the Department of Education. The Bursar Office must also notify the Financial Aid Office of grant repayments.