

Treatment of Title IV Aid When a Student Withdraws

The law specifies how the college must determine the amount of Title IV program assistance that students earn if they withdraw from school. The Title IV programs that are covered by this law are: Federal Pell Grants, Federal Student Loans, Federal Parent Loan for Undergraduate Students (PLUS), Federal Graduate PLUS Loan, Federal Supplemental Educational Opportunity Grants (FSEOGs), Federal Perkins Loans and, in some cases, certain state grant aid (LEAP/SLEAP), GEAR UP grants, and SSS Grants to students.

When students withdraw during their period of enrollment, the amount of Title IV program assistance that they have earned up to that point is determined by a specific formula. If students received (or the college or a parent received on their behalf) less assistance than the amount that they earned, the students may be able to receive those additional funds. If students received more assistance than they earned, the excess funds must be returned by the college and/or the students.

The amount of assistance that the student earned is determined on a pro rata basis. For example, if students completed 30% of their period of enrollment, they earn 30% of the assistance they were originally scheduled to receive. Once students have completed more than 60% of the period of enrollment, they earn all the assistance that they were scheduled to receive for that period.

Students who did not receive all of the funds they earned may be due a post-withdrawal disbursement. If the post-withdrawal disbursement includes loan funds, students may choose to decline the loan funds so they don't incur additional debt. The college may automatically use all or a portion of this post-withdrawal disbursement (including loan funds, if the student accepts them) for tuition, fees, and room and board charges (as contracted with the college); for other college charges, the college needs the student's permission to use the post-withdrawal disbursement. If a student does not give permission (which some colleges ask for when the student enrolls), the student will be offered the funds. However, it may be in a student's best interest to allow the college to keep the funds to reduce the student's debt at the college.

There are some Title IV funds that students are scheduled to receive that they cannot earn once they withdraw because of other eligibility requirements. For example, first-time, first-year undergraduate students who have not completed the first 30 days of their program before they withdraw will not earn any Direct Loan funds they would have received had they remained enrolled past the 30th day.

For students who receive (or the college or a parent receives on their behalf) excess Title IV program funds that must be returned, the college must return a portion of the excess equal to the lesser of

1. the student's institutional charges multiplied by the unearned percentage of their funds, or
2. the entire amount of excess funds.

The college must return this amount even if it didn't keep this amount of the student's Title IV program funds.

If the college is not required to return all of the excess funds, students must return the remaining amount. Any loan funds that students must return, students (or parent, for a Federal Parent PLUS Loan) repay in accordance with the terms of the promissory note. That is, students make scheduled payments to the holder of the loan over a period of time.

Any amount of unearned grant funds that students must return is called an overpayment. The amount of a grant overpayment that a student must repay is half of the unearned amount. Students must make arrangements with the college or the Department of Education to return the unearned grant funds.

The requirements for Title IV program funds when students withdraw are separate from any refund policy that the college may have. Therefore, students may still owe funds to the college to cover unpaid institutional charges. The college may also charge students for any Title IV program funds that the college was required to return.

For questions about Title IV program funds, 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 at www.studentaid.ed.gov.

The college will make available upon request examples of the application of our refund policies.