

University of Rio Grande Financial Aid Department Return of Title IV Funds

How Withdrawing Affects Financial Aid

Students receiving Federal Student Aid are expected to complete courses during the semester or pay period for which the funds are awarded. When students discontinue attendance either officially or unofficially the student may no longer be eligible for the full amount of Title IV funds awarded during the term or pay period. Instead, a school is required to determine the earned and unearned portions of Title IV aid as of the date the student ceased attendance. A pro-rated schedule is used to determine the amount of Title IV funds the student has earned based on attendance at the time of withdrawal.

The return of funds to the federal government is required of the unearned portion of Federal Student Aid. If the student has earned 60% of their Federal Student Aid 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 to be returned.

An example would be a student who withdraws in the fourth week of a 16-week term, would have earned 25% of their Federal Student Aid. In addition, 75% of the unearned funds would be returned to the federal government.

Since financial aid is earned based on attendance, students who never begin attendance will have their aid cancelled.

How the Withdrawal Date is Determined

The Return of Title IV fund process begins when the student officially or unofficially withdraws from all courses. The date of withdrawal is determined by the date the student began the official withdrawal process, including the date the student notified URG they wish to withdraw. If a student ceases attendance without notifying URG, this is considered an unofficial withdraw and the withdrawal date will be the midpoint of the semester or the last date of academic activity as documented by the instructor.

The Difference Between Earned and Unearned

URG is not required to take attendance by an outside entity. Therefore, the FAO evaluates the grades earned by the student at the end of the academic period to determine if a student has unofficially withdrawn. In order to return Title IV funds in a reasonable period of time, the FAO will determine the withdrawal date for a student who withdrew without providing notification within 30 calendar days of the end of the payment period.

If a student earns a passing grade in one or more of his or her classes, the student is considered to have completed the course and completed the payment period. Grades considered as passing include: A, B, C, D, and S. A grade of I (Incomplete) indicates the instructor considered the student as still attending and working on the subject matter. A grade of F or U indicates the instructor considered the student as attending but failing to grasp the subject matter. A Return of Title IV Funds is not required.

A student is considered to have unofficially withdrawn if the student began attendance, did not officially withdraw, and earns all NF grades for the payment period. Return of Title IV funds is required for students showing a status of 100% unofficial withdrawal (all courses attempted have NF grades).

URG has developed a final grading system to determine whether a student who failed to earn a passing grade in his or her classes completed the period. The official grading policy 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 by stopping attendance. ☐ A grade of “F” (failing) indicates the student attended the class but failed to achieve the course objectives. If a student receives all “F’s”, the FAO considers the student to have earned the “F” and to be attending classes throughout the term. Therefore, no calculation of Return of Title IV funds is processed. A grade of “I” (Incomplete) indicates the student attended the class. However, the student is being allowed additional time to complete coursework. The instructor changes the temporary “I” grade to an official grade when work is complete. If a student receives all “I’s”, the FAO considers the student to have attended throughout the term. Therefore, no calculation of Return of Title IV funds is processed. A grade of “NF” (student stopped attending) indicates the student did not officially withdraw from the course, but failed to participate in course activities through the end of the period.

If a student receives all “NF” grades for a term, the student will be considered an “unofficial” withdrawal. After grades are posted, the student will be notified that they are being considered as an “unofficial” withdrawal.

Students will be notified if they owe a repayment due to an unofficial withdrawal within 30 days of the date the determination of the withdrawal is made. Students will be billed for the amount that they owe to the Title IV programs, as well as any amount due to the university, as a result of Title IV funds that were returned that would have been used to cover university charges.

The amount of Title IV aid earned is determined by multiplying the total Title IV aid (other than FWS) for which the student qualified by the percentage of time during the term that a student was enrolled. ☐ If less aid was disbursed than was earned, the student may submit a request to receive a late disbursement for the difference. If more aid was disbursed than was earned, the amount of Title IV aid that must be returned (i.e. not earned) is determined by subtracting the earned amount from the amount actually disbursed.

Earned = Number of Days Completed / Total Days in Payment Period

Unearned Percent = 100% - Earned Percent

The repayment calculation is performed utilizing the federal government’s repayment worksheet see link below for access to the federal worksheet:

<https://ifap.ed.gov/aidworksheets/attachments/2010IASGCreditHourFinal.pdf>

Order of Return to Federal Aid Programs

The amount of Federal Aid that a student must repay is determined via the Federal Formula for Return of Title IV funds (Section 484B of the Higher Education Act). This law also specifies the order in which funds are to be returned to the financial aid programs from which they were awarded, starting with loan programs within 45 days in the following order.

- Federal Direct Unsubsidized Loan
- Federal Direct Subsidized Loan
- Federal Perkins Loan
- Federal Direct Parent Loan for Undergraduate Students (PLUS)
- Federal Pell Grant
- Federal Supplemental Educational Opportunity Grant (FSEOG)
- Federal TEACH Grant

Student Responsibility of Repayment

The responsibility for returning unearned Title IV aid is shared between the university and the student. It is allocated according to the portion of disbursed aid that could have been used to cover university charges, and the portion that could have been disbursed directly to the student once those charges were covered. URG will distribute the unearned aid back to the Title IV programs, as specified by law. If a student totally withdraws or stops attending all classes before completing more than 60% of the term, a portion of the total federal aid received, excluding Federal Work-Study earnings, may need to be repaid immediately.

Post-Withdrawal Disbursement

If a student earns more financial aid at the time of their withdraw, than the amount already disbursed to the student account, this is called a post-withdraw disbursement. If a student is eligible for a post-withdrawal disbursement, they have 14 days from the date of the notice to request the disbursement. Post Withdrawal disbursements may take 4-6 weeks to process.

Post- Withdrawal Disbursement of Federal Grant Funds

URG will automatically credit the student's account with the Pell Grant and FSEOG late disbursement for current institutional charges. Excess funds will be disbursed within 45 days of the date the institution determined the student withdrew.

Post-Withdrawal Disbursement of Federal Direct Loan Funds

When a student's Federal Student Aid includes Federal Direct Student Loans with a post-withdrawal disbursement, URG must obtain written permission from the student or parent (PLUS) before it can be disbursed. The borrower will be notified within 30 days of the time the student withdrew of the opportunity to accept all or part of the post-withdrawal disbursement. The borrower will have 14 days from the date of the notification to respond. The loan(s) will be applied to the student's semester charges on the student's account and may pay up to the allowable charges. Any overage the disbursement causes will be paid directly to the student or parent through a mailed check.