

## RETURN OF TITLE IV FUNDS POLICY

Federal regulations require Title IV financial aid funds (Unsubsidized Stafford Loan, Subsidized Stafford Loan, PLUS, Pell Grant, SEOG) to be awarded under the assumption that students will attend the institution for the entire period in which federal assistance was awarded.

### **Financial Consequences of Withdrawing or Not Passing Classes**

When a student withdraws from all classes for any reason, including medical withdrawals, they may no longer be eligible for the full amount of Title IV funds that they were originally scheduled to receive. Federal regulations indicate that a student earns their financial aid in proportion to the amount of time in which they are enrolled. A pro-rated schedule is used to determine the amount of federal student aid funds they have earned at the time of the withdrawal. Once 60% of the semester is completed, a student is considered to have earned all of their financial aid and will not be required to return any funds.

Federal law requires schools to calculate how much federal financial aid a student has earned if that student:

- Completely withdraws, or
- Stops attending before completing the term, or
- Does not complete all modules (classes which are not scheduled for the entire semester or payment period for which they have registered at the time those modules began), or
- Receives all non-passing grades for all classes in the term (F-Fail, W-Withdraw, I-Incomplete)

Based on this calculation, students who receive federal financial aid and do not complete their classes during a term could be responsible to repay a portion of the aid they received. Students who do not begin attendance must repay all financial aid disbursed for the term.

### **Types of Withdrawals**

For financial aid purposes there are two types of withdrawals:

- **Official** – Withdrawals are initiated by the student, with the intent to withdraw from all classes in the term by either providing notice to their Student Success Coach electronically or in person.
- **Unofficial** – federal financial aid regulations consider a student to be an unofficial withdrawal if the student receives all F grades or a combination of F and W grades for the term.

### **Determination of the Withdrawal Date**

The withdrawal date used in the student's federal financial aid return calculation is the date the student withdrew from the final class as indicated on the student's record. If a student stops attending classes without notifying Southwest Tech, the withdrawal date will be the last date of educational related activity determined by Southwest Tech.

### **Withdrawing prior to completing 60% of a term**

Unless a student completes 60% of the term in which federal aid was disbursed, the student will be required to return all or part of the financial aid disbursed in the term. This applies to students who have officially or unofficially withdrawn.

## Determining Aid Earned

Students who receive federal financial aid must “earn” the aid they receive by staying enrolled in classes. The amount of federal financial aid assistance the student earns is on a pro-rated basis. Students who withdraw or do not complete all registered classes during the semester may be required to return some of the financial aid they were awarded. **Once 60% of the semester is completed, a student is considered to have earned all of his/her financial aid and will not be required to return any federal funds.**

Per federal regulations, Southwest Tech is required to determine the percentage of Title IV aid “earned” by the student and to return the unearned portion to the appropriate aid programs.

- For example, if a student completes 20% of the semester before completely withdrawing, 80% of federal financial aid must be returned to the aid programs.
- If a student stays through 50% of the semester, 50% of federal financial aid must be returned.

The following formula is used to determine the percentage of unearned aid that has to be returned to the federal government:

- The **percent earned** is equal to the number of calendar days completed up to the withdrawal date, divided by the total calendar days in the payment period (less any scheduled breaks that are at least 5 days long)
- The **payment period** for most students is the entire semester. However, for students enrolled in modules (courses which are not scheduled for the entire semester or term), the payment period only includes those days for the module(s) in which the student is registered.
- The **percent unearned** is equal to 100 percent minus the percent earned

## Post-Withdrawal Disbursement

If a student withdraws before receiving a financial aid disbursement, under certain circumstances, the student may be eligible for a post-withdrawal disbursement. The Financial Aid Office will contact the student (or parent in the case of a PLUS Loan), to request permission to disburse the funds. If the signed authorization is not received in the timeframe indicated on the letter sent to the student, the funds will be cancelled.

## Return of Title IV Federal Financial Aid

Regulations require schools to perform calculations within 30 days from the date the school determines a student’s complete withdrawal. The school must return the funds within 45 days of the calculation.

Once the amount of unearned federal aid is calculated, the Southwest Tech repayment responsibility is the lesser of that amount or the amount of unearned institutional charges. The school satisfies its responsibility by repaying funds in the student's package in the following order:

1. Unsubsidized Direct Stafford Loan
2. Subsidized Direct Stafford Loan
3. Direct PLUS (Parent) Loan
4. Federal Pell Grant
5. Federal Supplemental Education Opportunity Grant (SEOG)
6. Other Title IV Grant Funds

Keep in mind that when Title IV funds are returned, the student borrower may owe a balance to the institution and/or the U.S. Department of Education. If a student fails to repay grant funds, s/he may be ineligible for future federal financial aid. If the student does not pay the funds due to Southwest Tech, a hold is placed on the student’s account. This means the student will not be permitted to register for classes or receive transcripts until the balance is paid.