

# Withdrawals and the Return of Title IV Funds

*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 it 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.

### Important

#### Early Implementation

On November 1, 2007, the Department published regulations that modified the treatment of Title IV funds in a Return calculation.

Section 482(c) of the HEA requires that regulations affecting programs under Title IV of the HEA be published in final form by November 1 prior to the start of the award year (July 1) to which they apply. That section also permits the Secretary to designate any regulation as one that an entity subject to the regulation may choose to implement earlier and the conditions under which the entity may do so.

The Secretary has used the authority to designate all of the regulations published as part of the aforementioned federal register for early implementation at the discretion of each school, lender, guaranty agency, or servicer, as appropriate.

This volume of the Handbook is intended to provide guidance for the 2008-2009 award year (beginning July 1, 2008), however, you may implement any changes made in the new regulations now.

**If you choose to implement the changes in 34 CFR 668.22 before July 1, 2008 you must use the PWD Tracking Sheet found at the end of this chapter.**

## 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 software 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 software.

Your school's SAIG Destination Point Administrator (DPA) can enroll the selected staff members via the SAIG Enrollment Web site 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 software

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 Web site 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 Web site

**<http://www.fafsa.ed.gov/FOTWWebApp/faa/faa.jsp>**

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.

An institution should provide sufficient information for a student or prospective student to be able to determine the financial consequences of withdrawing, and how to officially withdraw. A student should be able to estimate how much federal student aid he or she will earn if the student withdraws, and how much he or she may have to return. In addition, because the Return provisions do not affect institutional refund policies, the school must provide the student with information on both the federal student aid requirements and the school's refund requirements and explain the interaction between the two. A school should include some discussion of how it might adjust a student's charges to take into account any Return of Title IV funds that the school may be required to make. Finally, a student or prospective student should be informed that Federal Student Aid may not cover all unpaid institutional charges due to the institution upon the student's withdrawal.

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.

#### **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.

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#### **If a student never begins attendance**

34 CFR 668.21,  
34 CFR 682.604(d)(3) and (4), and  
34 CFR 685.303(b)(3).

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#### **Withdrawals and verification**

DCL-GEN-04-03

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.

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.

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*

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.

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, FSEOG, 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*.

### 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.

#### Verification and the 30-day deadline

If an institution is unable to meet the requirement to offer any amount of a post-withdrawal disbursement that is not credited to a student’s account to the student (or parent for a PLUS loan) within 30 days from the date of the institution’s determination that the student withdrew, once verification is complete the institution 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.

An institution must make any post-withdrawal disbursement that results from the subsequent Return calculation as soon as possible but no later than the applicable 180-day late disbursement deadline.

#### 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, 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.

### 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.

#### Maximum Timeframe or LOA

When calculating the maximum time frame 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.

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 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 a 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 a 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 Case Management 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 a 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*

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.

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#### **Institutional charges**

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

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#### **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).

### When to prorate charges

When a school chooses to calculate the treatment of Title IV, HEA program assistance on a payment period basis for a non-term 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.

The institutional charges incurred by the student for the payment period when a student is charged for a period that is longer than the payment period, in general, 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 non-term 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.

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### Prorating charges

34 CFR 668.22(g)(3)

### 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.

### 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 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.

The following educational expenses must be considered institutional charges –

- all charges for tuition, fees, and room and board (if contracted with the school) (**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.**); 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 ( $\$500 \times .80$ ). 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.

#### **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.

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.

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**

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

#### **Date of determination that a student has withdrawn**

34 CFR 668.22(l)(3)

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.

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.

### 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 time frame for completing a Return calculation.

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.

### 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

### 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.

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 time frame 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.

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**Date by which funds must be returned**

34 CFR 668.22(j)

## 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

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.

#### 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.

#### Period of enrollment

34 CFR 668.22(l)(2)

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).

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,
- 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*.

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### Funds to include in a Return calculation

34 CFR 668.22(a)(2)

**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 time frame 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 Maximum Loan Period**

34 CFR 682.603(g)(2)(i) and  
34 CFR 685.301(a)(10)(ii)(A)

**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 Nonterm 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.

### **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.

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 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 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 non-term 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 completed 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.

## 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 web site 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.

### Requesting Administrative Relief by Email

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

**[fsa.administrative.relief@ed.gov](mailto: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.

### *Reentry after 180 days, transfer into a new program at the same institution, or transfer to a new institution*

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#### **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.

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 non-term-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).

#### Pell Grant scheduled award

When paying Pell funds to a student who has received Pell disbursements for the current award year at another institution, the receiving institution, if necessary, must adjust the student's grant to ensure that the Pell funds received by the student for the award year do not exceed the student's scheduled award. (For more information, see *Calculating a Pell award when a student who owes an overpayment returns*, in "Volume 5 – Overawards, Overpayments and Withdrawal Calculations" and "Volume 3 – Calculating Awards and Packaging.")

#### Guarantee agency cooperation

Since the period of attendance for which School 1 previously certified the transfer student's loan might have included the dates for which School 2 is attempting to certify a loan, some guarantee agencies might require clarification from one or both schools before they will certify a new loan.

## **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.
4. 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 no greater than the balance (if any) remaining on the previous loan. A school may certify/originate a loan for the balance of the loan and the balance of the original loan period 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.

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.
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).

### Loan Principles, continued

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 would be ineligible for a new loan until the loan period 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, with a defined academic year of 900 hours and 30 weeks of instructional time. For students who enter at the beginning of the program, there would be four payment periods as follows:

1. the first 450 hours of the first academic year;
2. the next 450 hours of the first academic year;
3. the first 300 hours of the 600 hours remaining in the program; and
4. the final 300 hours of the 600 hours remaining in the program.

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 from the 1,500 hours in the student's program, and determine that the student needs to complete 1,200 hours 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 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 comprising the first half of an academic year;
2. the next 450 hours in the academic year following the student's transfer; and
3. the 300 hours remaining in the program (since this balance is one-half of an academic year or less).

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, 2003, 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, 2004, 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).

When the financial aid officer (FAO) at MEI examined David's 2003-2004 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 \$4,050 during the balance of the award year. In addition, the FAO used the 600 hours remaining in David's program to establish the appropriate payment periods (per 34 CFR 668.4(b)) of 300 clock hours each.

The aid officer performed the required multiplication and determined that David could receive as much as \$2,025 ( $.50 \times \$4,050 = \$2,025$ ) if he remained enrolled at MEI for the balance of the year.

During the first payment period, David received \$1,350

$\$4050 \times 300$  (hours in the period)  $\div$   $900$  (hours in the academic year) = \$1,350 in Pell funds. However, in the second payment period, David could only receive funds until his total Pell at EIA reached \$2,025 (his total for the year reached \$4,050). Therefore, for the second payment period at MEI, David could only receive \$675 ( $\$2,025 - \$1,350 = \$675$ ).

On February 5, 2004, 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 \$1,313 in loan funds (from his first-year loan of \$2,625) 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 — \$1,312. 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 instruction in the academic year.



## Clarification

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

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.

*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.

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**Conditions for late disbursement**

34 CFR 668.164(g)(2)

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**Limitations on making a late disbursement**

34 CFR 668.164(g)(4)

**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).

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.

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, 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, 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 its 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**

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## 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

## Treatment of inadvertent overpayments

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 time frame 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)).

**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.

**Important**

## 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**

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.

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#### **Withdrawal date at schools required to take attendance**

34 CFR 668.22(b)

## 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.

### *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.

#### *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.

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.

#### *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.**

#### **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**

34 CFR 668.22(c)

#### **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)

#### **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.

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***

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.

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 Web site, 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.

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### **Otherwise provides official notification**

34 CFR 668.22(c)(5)

#### **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.

### When a student triggers both dates

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.

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.

### When a student triggers both dates

34 CFR 668.22(c)(2)(ii)

#### 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.

**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.

**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.

**Time frame for the determination**

34 CFR 668.22(j)(2)

**All other withdrawals**

34 CFR 668.22(c)(1)(iii)

### ***Time frame 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.

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.

#### **When a student fails to earn a passing grade**

DCL GEN-04-03, February 2004

#### **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

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.

### Last date of attendance at an academically related activity

34 CFR 668.22(c)(3)

#### 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.

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**Withdrawals after rescission of official notification**

34 CFR 668.22(c)(2)(i)

**Withdrawals after rescission of official notification**

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**

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**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 of Pell 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

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*

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.)

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.

### Percentage of payment period or period of enrollment completed

34 CFR (f)

#### Scheduled breaks

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

#### 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.

#### 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.

### **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.

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#### **Credit-hour programs**

34 CFR 668.22(f)(1)(i)

#### ***Credit-hour programs***

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***

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:

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

DCL GEN-04-03, February 2004

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

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 non-term 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.

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, 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).

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

#### **Example 2, 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 3, 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.

### 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.

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:

#### Clock-hour programs

34 CFR. 668.22(f)(ii)

##### Using portions of a clock hour

If an institution tracks the completion of clock hours in portions of an hour, it might be able to use portions of an hour to determine the percentage of Title IV aid earned when a student withdraws.

An institution that tracks the completion of clock hours in portions of an hour (for example, in 15-minute intervals) may use those portions of an hour to determine the percentage of Title IV aid earned when a student withdraws **if the institution counts attended portions of an hour toward completion of the program for all students in the program.** If an institution counts only whole hours with no credit for partially completed hours toward completion of the program, only whole hours may be used in the Return calculation.

**number of clock hours the student was scheduled to complete in the period**

**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. On November 1, 2007, the Department published regulations that modified how a school must calculate the Return of Title IV Aid when the school has used one payment period for disbursing Title IV grant funds and another payment period for disbursing FFEL and Direct Loan funds (FR Vol. 72, No. 211, Part III). 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 non-standard 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:

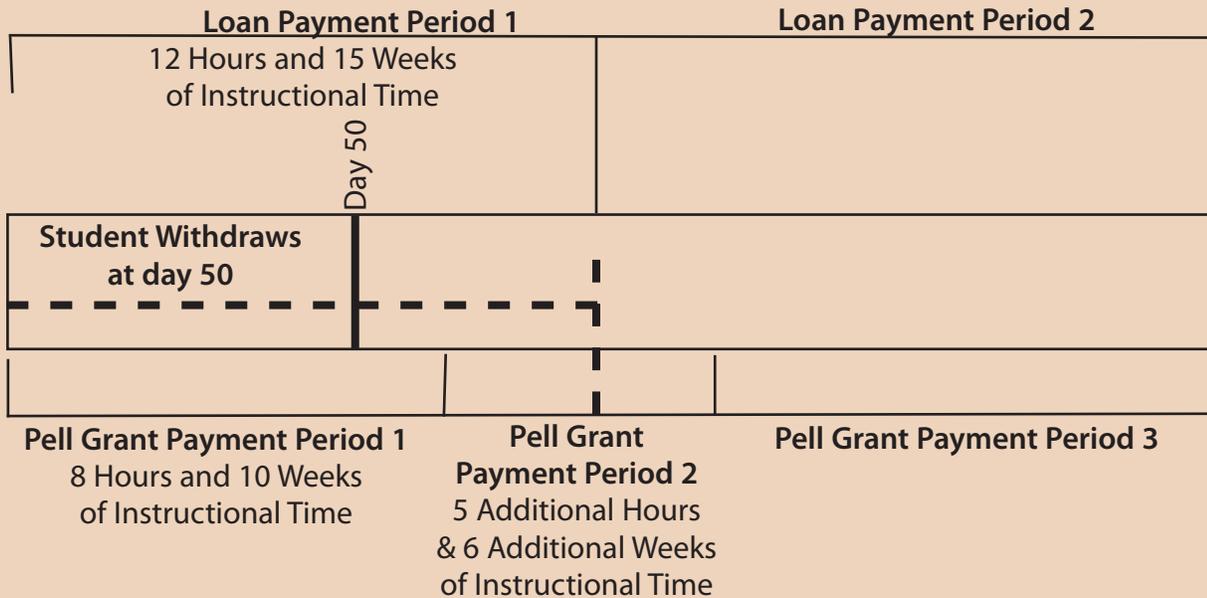
PP1 at day 1

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.**

On November 1, 2007, the Department published regulations that removed the requirement that a school obtain confirmation from a student before making a post-withdrawal disbursement of Title IV grant funds (FR Vol. 72, No. 211, Part III). 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. 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.)

## 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 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

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.



### Time frame for post-withdrawal disbursement of grant funds

34 CFR 668.22(a)(5)(ii)(B)(i)

### Time frame for notification of eligibility for post-withdrawal disbursement of loan funds

34 CFR 668.22(a)(5)(ii)(B)(ii)

### 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.

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**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**

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 time frame, 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 time frame, or the student declines the funds, the school would return any earned funds that the school was holding to the Title IV programs.

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.

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### **Deadline for responding to an offer of a post-withdrawal disbursement of loan funds**

34 CFR 668.22(a)(5)(ii)(A)(5)

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 **funds 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 GAPS);

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.

**Title IV aid to be returned**

34 CFR 668.22(a)(2)

**Step 5: Amount of unearned Title IV aid due from the school**

34 CFR 668.22(g)

**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.

**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.

**Part 2 – Title IV aid to be returned**

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**

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.

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**

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/Vol. 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.

## **Reminder**

#### **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.

### **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.

### **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.)

## 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.

### *Time frame 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)

### **Time frame 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.

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**Simultaneous notification of student**

34 CFR 682.607(a)(2)



**Reminder**

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 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 an **original** grant overpayment of \$50 or less for grant overpayments resulting from the student's withdrawal. As a result, an **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 ED's Borrower 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**

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

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.*

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### **Initial amount due from student**

34 CFR 668.22(h)

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### **Return of funds by the student**

34 CFR 668.22(h)(3)(i) and (ii)

## A SCHOOL'S RESPONSIBILITIES IN THE RETURN OF FUNDS BY THE STUDENT

### *Grant Overpayments*

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#### **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 Borrower 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.

#### **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**

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.

### **Student overpayments of \$50 or less**

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#### **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 Borrower Services.



### **Reminder**

**These *de minimis* 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:

1. from the Overpayment History Page, selecting the overpayment by clicking on the blue number icon;
2. on the Overpayment Display Page, verifying that this is the overpayment you want to delete, and then clicking the Delete Button;
3. on the Overpayments Delete Confirmation page, clicking 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:** Borrower 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 Borrower 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, ACG, National SMART Grant, and TEACH Grant Programs**

For reductions and payments to awards in the 2008-2009 award year and forward, all 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, 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 (not the student) must return.

**Note:** If a school receives a payment for a current-year overpayment that has not been referred to Borrower Services, the school should NOT send the payment to Borrower Services.

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

### **Reminder**

#### **Returning funds to the Department**

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

Only in exceptional circumstances (and **never for a current Pell, 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 GAPS.

Contact the e-payments Help Desk 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 GAPS lockbox address for Pell, 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.

## Important

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 GAPS. 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.

### **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 GAPS following the same procedures the school follows when making other GAPS refunds/returns.

**Only in exceptional circumstances** should a school return funds due as a result of compliance with 34 CFR 668.22 by sending a check instead of using the electronic refund function in GAPS.

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 reductions to awards/disbursements either through the software they use for Pell transactions or by using the COD Web site at

<https://cod.ed.gov>

**NSLDS**

DCL-GEN-98-14 July 1998

**The Email address for NSLDS  
Customer Service is –**

**NSLDS@vangent.com**

### **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 Borrower 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 Borrower Services.

**Important:** Borrower 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, Borrower 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 **the 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.**

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 Borrower 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 Borrower Services. **So that Borrower Services will have time to receive and record an overpayment before a student contacts Borrower Services, a school should tell a student to wait 10 days before contacting Borrower 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 Borrower Services by calling 800-621-3115 or by writing Borrower Services at the following address:

U.S. Department of Education  
Borrower Services – Default Resolution  
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 Borrower 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 Web site. A school sends referrals to Borrower 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 Borrower Services before Borrower Services has received and recorded the student's overpayment, Borrower Services will examine the student's record in the NSLDS. If a school has reported the overpayment to NSLDS correctly, Borrower 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 Borrower Services before a school has reported the student's overpayment to the NSLDS, Borrower 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, immediately the school must 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/Borrower Services:

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

If a school is referring to Borrower 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 “Transfer” as the initial source and “Overpayment” as the 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 Borrower Services has accepted a referred student overpayment, Borrower 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 2008-2009 award year, on its Overpayment Referral, schools must continue to provide their School’s Pell Identification Number. During the 2008-2009 award year, schools should not enter their Routing Identifier.

### 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.

### REMINDER

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



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

## Important



## 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 Borrower 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 Borrower 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 Borrower 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 Borrower 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. 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 Borrower 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 Borrower 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 Borrower 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 overpayment, make the appropriate entry in the COD system (for a phase-in participant — a negative disbursement, for a full participant — the replacement value); and
3. send a letter or fax to Borrower 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 Borrower Services system and NSLDS.

**The fax numbers 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, FSEOG; ACG, National SMART Grant, or TEACH Grant; and
6. the disbursement date the institution used to create the overpayment record in NSLDS.

### 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."

### ***Corrections or recalls of referred overpayments***

If you determine that a student who you have referred to Borrower 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 Borrower Services at –

(319) 665-7646

**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.

### ***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, Borrower 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 Borrower Services.

<b>Withdrawal Dates for a School That Is Not Required to Take Attendance</b>			
<b>Withdrawal Type</b>	<b>Circumstance</b>	<b>Student's Withdrawal Date<sup>1</sup></b>	<b>Date of the Institution's Determination that the Student has Withdrawn</b>
<b>Official Notification</b>	<p>The student begins the school's withdrawal process, or</p> <p>The student otherwise provides official notification to the school of intent to withdraw.</p>	<p>The date the student begins the school's withdrawal process, or</p> <p>The date that the student otherwise provides the notification.</p> <p>(If both circumstances occur, use the <b>earlier</b> withdrawal date.)</p>	<p>The student's withdrawal date, or the date of notification, whichever is <b>later</b>.</p>
<b>Official Notification Not Provided</b>	<p>Official notification not provided by the student because of circumstances beyond the student's control.</p> <p>All other instances where student withdraws without providing official notification.</p>	<p>The date that the school determines is related to the circumstance beyond the student's control.</p> <p>The midpoint of the payment period or period of enrollment, as applicable.</p>	<p>The date that the school becomes aware that the student has ceased attendance.<sup>2</sup></p>
<b>Leave of Absence Related</b>	<p>The student does not return from an approved leave of absence, or</p> <p>The student takes an unapproved leave of absence.</p>	<p>The date that the student began the leave of absence.</p>	<p>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.</p> <p>(In the case of an unapproved absence, the date that the student began the leave of absence.)</p>
<b>Withdrawal After Rescission of Official Notification</b>	<p>The student withdraws after rescinding a previous official notification of withdrawal.</p>	<p>The student's original withdrawal date from the previous official notification.</p>	<p>The date the school becomes aware that the student did not, or will not, complete the payment period or period of enrollment.</p>

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, 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 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](http://www.studentaid.ed.gov).

Return of Title IV Funds Requirements and Deadlines		
Party Responsible	Requirement	Deadline
School	<b>Determining withdrawal date</b> for student who withdraws without providing notification	30 days after the end of the earlier of: <ul style="list-style-type: none"> <li>• Payment or enrollment period</li> <li>• Academic year in which student withdrew</li> <li>• Educational program from which student withdrew</li> </ul>
School	<b>Return of unearned Title IV funds</b>	As soon as possible, but no later than 45 days after date school determined student withdrew
School	<b>Post-withdrawal disbursement to student's account for:</b> 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	<b>Written notification providing student (or parent) providing opportunity to accept all/part of a loan</b> , for post-withdrawal disbursements of loan funds (Perkins, FFEL, Direct Loan, or PLUS) to student's account	Within 30 days of disbursement of loan funds, in accordance with requirements for notifications and authorizations 34 CFR 668.22(a)(4)(i)(B)
School	<b>Written notification of student's eligibility for post-withdrawal disbursement in excess of outstanding current (educationally related) charges</b>	Within 30 days of date school determined student withdrew
School	<b>Post-withdrawal disbursement to student</b> 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	<b>Notification to student (or parent) of outcome of late request for a post-withdrawal disbursement to student</b> (request received by school after the specified period and school chooses not to make disbursement)	Not specified, but as soon as possible
School	<b>Notification to student of grant overpayment</b>	Within 30 days of date school determined student withdrew
School	<b>Referral of student to Collections</b> , 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)	<b>Submit response instructing school to make post-withdrawal disbursement</b>	Within specified number of days school allows for response
Student	<b>Return of unearned Title IV funds</b>	Loans - according to terms of the loan Grants - within 45 days of earlier of date school sent, or was required to send notice

<b>Return of Title IV Funds Requirements for Notification</b>		
<b>Party Responsible</b>	<b>Notification</b>	<b>Requirements</b>
School	<b>Report of student to NSLDS</b> 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	<b>Consumer Information</b>	<ul style="list-style-type: none"> <li>• School's withdrawal policy</li> <li>• School's refund policy</li> <li>• Office(s) designated to receive official notifications of intent to withdraw</li> <li>• Requirements regarding return of Title IV funds</li> </ul>
School	<b>Written notification of student's eligibility for post-withdrawal disbursement of funds in excess of outstanding current educationally related charges</b>	<ul style="list-style-type: none"> <li>• Identify type and amount of Title IV funds that make up post-withdrawal disbursement not credited to student's account</li> <li>• Explain that student or parent may accept all or part of disbursement</li> <li>• Advise student or parent that no post-withdrawal disbursement will be made unless school receives response within the timeframe established by the school</li> </ul>
School	<b>Response (written or electronic) to late request for post-withdrawal disbursement (that school chooses not to make)</b>	Outcome of request
School	<b>Repayment Agreement</b>	<ul style="list-style-type: none"> <li>• Terms permitting student to repay overpayment while maintaining eligibility for Title IV funds</li> <li>• Repayment in full within 2 years of date school determined student withdrew</li> </ul>

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

Student's Name <input style="width: 90%;" type="text"/>	Social Security Number <input style="width: 90%;" type="text"/>
Date form completed <input style="width: 25%;" type="text"/> / <input style="width: 25%;" type="text"/> / <input style="width: 25%;" type="text"/>	Date of school's determination that student withdrew <input style="width: 25%;" type="text"/> / <input style="width: 25%;" type="text"/> / <input style="width: 25%;" type="text"/>
Period used for calculation (check one) <input type="checkbox"/> Payment period <input type="checkbox"/> 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	E. Total Title IV aid disbursed for the period.
1. Pell Grant	<input style="width: 100%; height: 100%;" type="text"/>	<input style="width: 100%; height: 100%;" type="text"/>	A. <input style="width: 100%;" type="text"/>
2. Academic Competitiveness Grant			+ B. <input style="width: 100%;" type="text"/>
3. National SMART Grant			= E. \$ <input style="width: 100%;" type="text"/>
4. FSEOG			
5. TEACH Grant			
<b>A.</b> <input style="width: 100%;" type="text"/>		<b>C.</b> <input style="width: 100%;" type="text"/>	
Subtotal		Subtotal	
Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed	F. Total Title IV grant aid disbursed and that could have been disbursed for the period.
6. Unsubsidized FFEL/Direct Stafford Loan	<input style="width: 100%; height: 100%;" type="text"/>	<input style="width: 100%; height: 100%;" type="text"/>	A. <input style="width: 100%;" type="text"/>
7. Subsidized FFEL/Direct Stafford Loan			+ B. <input style="width: 100%;" type="text"/>
8. Perkins Loan			= F. \$ <input style="width: 100%;" type="text"/>
9. FFEL/Direct PLUS (Graduate Student)			
10. FFEL/Direct PLUS (Parent)			
<b>B.</b> <input style="width: 100%;" type="text"/>		<b>D.</b> <input style="width: 100%;" type="text"/>	
Subtotal		Subtotal	
			G. Total Title IV aid disbursed and that could have been disbursed for the period.
			A. <input style="width: 100%;" type="text"/>
			B. <input style="width: 100%;" type="text"/>
			C. <input style="width: 100%;" type="text"/>
			+ D. <input style="width: 100%;" type="text"/>
			= G. \$ <input style="width: 100%;" type="text"/>

## STEP 2: Percentage of Title IV Aid Earned

<input style="width: 90%;" type="text"/> / <input style="width: 10%;" type="text"/> / <input style="width: 10%;" type="text"/>	<input style="width: 90%;" type="text"/> / <input style="width: 10%;" type="text"/> / <input style="width: 10%;" type="text"/>	<input style="width: 90%;" type="text"/> / <input style="width: 10%;" type="text"/> / <input style="width: 10%;" type="text"/>
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).

<input style="width: 90%;" type="text"/>	÷	<input style="width: 90%;" type="text"/>	=	<input style="width: 90%;" type="text"/> %
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).

<input style="width: 90%;" type="text"/> %	X	<input style="width: 90%;" type="text"/>	=	<b>I.</b> \$ <input style="width: 90%;" type="text"/>
Box H		Box G		

## 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 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

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.

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

<input style="width: 90%;" type="text"/>	-	<input style="width: 90%;" type="text"/>	=	<b>J.</b> \$ <input style="width: 90%;" type="text"/>
Box I		Box E		

*Step 4 continued ▶*

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.

-  = **K.\$**

Box E                      Box I

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

**L. Institutional charges for the period**

Tuition	<input type="text"/>
Room	<input type="text"/>
Board	<input type="text"/>
Other	<input type="text"/>
Other	<input type="text"/>
Other	<input type="text"/>

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

**M. Percentage of unearned Title IV aid**

100% -  % = **M.**  %

Box H

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

X  % = **N.\$**

Box L                      Box M

**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	<input type="text"/>
2. Subsidized FFEL/Direct Stafford Loan	<input type="text"/>
3. Perkins Loan	<input type="text"/>
4. FFEL/Direct PLUS (Graduate Student)	<input type="text"/>
5. FFEL/Direct PLUS (Parent)	<input type="text"/>
<b>Total loans the school must return</b> <b>P.\$</b> <input type="text"/>	
6. Pell Grant	<input type="text"/>
7. Academic Competitiveness Grant	<input type="text"/>
8. National SMART Grant	<input type="text"/>
9. FSEOG	<input type="text"/>
10. TEACH Grant	<input type="text"/>

**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).

-  = **Q.**

Box K                      Box O

▶ 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 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.

-  = **R.\$**

Box B                      Box P

▶ 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).

-  = **S.\$**

Box Q                      Box R

**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%.

X **50%** = **T.\$**

Box F

**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).

-  = **U.\$**

Box S                      Box T

▶ 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 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	<input type="text"/>
2. Academic Competitiveness Grant	<input type="text"/>
3. National SMART Grant	<input type="text"/>
4. FSEOG	<input type="text"/>
5. TEACH Grant	<input type="text"/>



# 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	<input style="width: 100%; height: 30px;" type="text"/>	<input style="width: 100%; height: 30px;" type="text"/>	<b>E. Total Title IV aid disbursed for the period.</b> <input style="width: 100%; height: 20px;" type="text"/> <b>A.</b> + <input style="width: 100%; height: 20px;" type="text"/> <b>B.</b> = <input style="width: 100%; height: 20px;" type="text"/> <b>E. \$</b> .
2. Academic Competitiveness Grant	<input style="width: 100%; height: 30px;" type="text"/>	<input style="width: 100%; height: 30px;" type="text"/>	
3. National SMART Grant	<input style="width: 100%; height: 30px;" type="text"/>	<input style="width: 100%; height: 30px;" type="text"/>	
4. FSEOG	<input style="width: 100%; height: 30px;" type="text"/>	<input style="width: 100%; height: 30px;" type="text"/>	
5. TEACH Grant	<input style="width: 100%; height: 30px;" type="text"/>	<input style="width: 100%; height: 30px;" type="text"/>	
<b>A.</b> <input style="width: 100%; height: 20px;" type="text"/>		<b>C.</b> <input style="width: 100%; height: 20px;" type="text"/>	
Subtotal		Subtotal	
+ <input style="width: 100%; height: 20px;" type="text"/> <b>F. \$</b> .			
<b>F. Total Title IV grant aid disbursed and that could have been disbursed for the period.</b>			
+ <input style="width: 100%; height: 20px;" type="text"/> <b>C.</b>			
= <input style="width: 100%; height: 20px;" type="text"/> <b>F. \$</b> .			
<b>G. Total Title IV aid disbursed and that could have been disbursed for the period.</b>			
+ <input style="width: 100%; height: 20px;" type="text"/> <b>A.</b>			
+ <input style="width: 100%; height: 20px;" type="text"/> <b>B.</b>			
+ <input style="width: 100%; height: 20px;" type="text"/> <b>C.</b>			
+ <input style="width: 100%; height: 20px;" type="text"/> <b>D.</b>			
= <input style="width: 100%; height: 20px;" type="text"/> <b>G. \$</b> .			

Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed	
6. Unsubsidized FFEL/Direct Stafford Loan	<input style="width: 100%; height: 30px;" type="text"/>	<input style="width: 100%; height: 30px;" type="text"/>	
7. Subsidized FFEL/Direct Stafford Loan	<input style="width: 100%; height: 30px;" type="text"/>	<input style="width: 100%; height: 30px;" type="text"/>	
8. Perkins Loan	<input style="width: 100%; height: 30px;" type="text"/>	<input style="width: 100%; height: 30px;" type="text"/>	
9. FFEL/Direct PLUS (Graduate Student)	<input style="width: 100%; height: 30px;" type="text"/>	<input style="width: 100%; height: 30px;" type="text"/>	
10. FFEL/Direct PLUS (Parent)	<input style="width: 100%; height: 30px;" type="text"/>	<input style="width: 100%; height: 30px;" type="text"/>	
<b>B.</b> <input style="width: 100%; height: 20px;" type="text"/>		<b>D.</b> <input style="width: 100%; height: 20px;" type="text"/>	
Subtotal		Subtotal	

## 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).

% X  =  **I. \$** .

Box H                      Box G

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

-  =  **J. \$** .

Box I                      Box E

**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.

-  =  **K. \$** .

Box E                      Box I

Student's Name

Social Security Number

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

<b>L. Institutional charges for the period</b>	Tuition	<input type="text"/>
	Room	<input type="text"/>
	Board	<input type="text"/>
	Other	<input type="text"/>
	Other	<input type="text"/>

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

**M. Percentage of unearned Title IV aid**

100% -  % = **M.**  .  %  
Box H

**N. Amount of unearned charges**

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

**X**  % = **N.\$**  .  
Box L                      Box M

**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	<input type="text"/>
2. Subsidized FFEL/Direct Stafford Loan	<input type="text"/>
3. Perkins Loan	<input type="text"/>
4. FFEL/Direct PLUS (Graduate Student)	<input type="text"/>
5. FFEL/Direct PLUS (Parent)	<input type="text"/>

Total loans the school must return = **P.\$**  .

6. Pell Grant	<input type="text"/>
7. Academic Competitiveness Grant	<input type="text"/>
8. National SMART Grant	<input type="text"/>
9. FSEOG	<input type="text"/>
10. TEACH Grant	<input type="text"/>

**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).

-  = **Q.\$**  
Box K                      Box O

▶ 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 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.

-  = **R.\$**  
Box B                      Box P

- ▶ 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).

-  = **S.**  .  
Box Q                      Box R

**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%.

**X** **50%** = **T.**  .  
Box F

**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).

-  = **U.**  .  
Box S                      Box T

▶ 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 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	<input type="text"/>
2. Academic Competitiveness Grant	<input type="text"/>
3. National SMART Grant	<input type="text"/>
4. FSEOG	<input type="text"/>
5. TEACH Grant	<input type="text"/>

## POST-WITHDRAWAL DISBURSEMENT TRACKING SHEET

Student's Name	<input style="width: 90%;" type="text"/>	Social Security Number	<input style="width: 90%;" type="text"/>
Date of school's determination that student withdrew	<input style="width: 100%;" type="text"/>		

### 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 **Box 2**   
*(Note: Prior-year charges cannot exceed \$200.)*

### 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.

<input style="width: 100%;" type="text"/>	-	<input style="width: 100%;" type="text"/>	=	<b>Box 3</b>	<input style="width: 100%;" type="text"/>
Box 1		Box 2			

### 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	
Unsubsidized FFEL / Direct						
Subsidized FFEL / Direct						
Perkins						
FFEL / Direct Grad Plus						
FFEL / Direct Parent Plus						
<b>Totals</b>						

### 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

# Information Required when Referring Student Overpayments to Borrower Services – Collections

## 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	Academic Competitiveness Grant	National Smart Grant	FSEOG <sup>1</sup>	TEACH Grant
Award year in which overpayment was disbursed:	_____	_____	_____	_____	_____
Total grant disbursed:	_____	_____	_____	_____	_____
Dates of disbursement: <b>(Must match NSLDS overpayment record)</b>	_____	_____	_____	_____	_____
Overpayment amount owed by student *	_____	_____	_____	_____	_____
Total grant repaid by student to school, if any:	_____	_____	_____	_____	_____
Date of last payment to school, if any:	_____	_____	_____	_____	_____
<b>Total being referred for collection:</b>	_____	_____	_____	_____ <sup>1</sup>	_____

<sup>1</sup> 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  
(903) 454-5398 ⬅ FAX Greenville, Texas 75403

**You may use this form when the withdrawal date is on or after 11/01/2007**

