

## Return To Title IV Refund Policy

### Process Overview

Federal regulations stipulate that students may forfeit a portion of their federal student financial assistance if they fail to complete the program of study in which they were enrolled. This policy affects students who:

- a) received or were eligible to receive federal student financial assistance authorized under Title IV of the Higher Education Act (HEA), i.e., Federal Pell Grants, Federal SEOG awards, or Federal Direct Student Loan (FDSL) program funds,  
  
and
- b) who withdrew or were terminated from the institution during the first 60% of any payment period or period of enrollment.

### Withdrawal Date

Carthage Technical Center considers a student withdrawn if the student officially provides notification to the Program/ Adult Coordinator or Financial Aid Office with the intent to withdraw. The date of withdrawal will be the date the student completed the last date of attendance (LDA). If a student does not officially withdraw from their program CTC will consider the date for calculating refunds as the unofficial withdrawal date of the student's last date of attendance (LDA). Unofficial withdrawal will be the end of the 5th day the student has been absent from their program and has not notified the school.

### Formula Calculation

For determining the earned and unearned portions of Title IV aid as of the date the student last date of attendance (LDA), CTC uses hours that were scheduled to be attended. Up through the 60% point in each payment period a pro rata 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 a student has earned 100% of the Title IV funds they were scheduled to receive during the period. For students who withdraw after the 60% point in time, there are no unearned funds.

Accordingly, a required calculation will be performed to determine if federal aid that has not been earned by the student has been disbursed, in which case the unearned portion must be returned to the U.S. Department of Education. or if federal aid that has been earned by the student has not yet been disbursed, in which case the student may be entitled to a post-withdrawal disbursement of earned federal aid. This calculation will be done before a tuition refund calculation is performed in accordance with the institution's refund policy and will result in a determination of the amount of unearned aid that must be returned to the USDE by the institution, as well as the amount to be returned by the student. The institution will notify the student upon completion of this calculation if the student has any responsibilities to repay any federal funds beyond the scope of the student's

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existing student loan repayment obligations. In many cases, any return of unearned Title IV funds will result in adverse financial consequences including the student owing tuition and fees to the institution that would otherwise have been paid with federal student aid.

### Example of Return of Unearned Funds Calculation

|  |                        |
|--|------------------------|
| <b>Payment Period Length</b>   | <b>450 Clock Hours</b> |
| <b>Title IV Federal Aid Awarded for Payment Period</b>               | <b>\$6,000.00</b>      |
| <b>Student's Scheduled Hours of Attendance as of Withdrawal Date</b> | <b>150 Clock Hours</b> |

In this brief example \$6,000 of federal financial aid was awarded to a student for a 450 hour period of training. The student withdrew from school after only 150 scheduled hours of attendance (example: the student was scheduled to attend 30 hours per week and withdrew at the end of the 5th week of enrollment). Accordingly, this student was enrolled for 33.3% (150/450) of the 450 hour payment period. Since the student was enrolled for only 33.3% of the payment period, only 33.3% of the federal aid was earned by the student. The remaining 66.7% of the aid that has not been earned must be returned to the U.S. Department of Education. In this case \$4,000 (66.7%) of the original aid awarded must be returned and only the \$2,000 (33.3%) of earned federal aid may be applied to the student's educational costs. A similar calculation is performed for all federal aid recipients who withdraw from school during the first 60% of the period of time for which monies were awarded. Once a student has been enrolled for more than 60% of the payment period, all of the federal aid that has been awarded for that period is considered to be fully earned.

### Post-Withdrawal Disbursements

When a R2T4 calculation reveals a student is entitled to post-withdrawal disbursement of Federal Pell Grant, the funds are automatically processed and posted to the students account. Any credit balances are returned to the student.

When post withdrawal funds include loan money, the student is given the opportunity to notify the Financial Aid Office in writing by email or letter to decline all or a portion of the funds. The student must notify the CTC in writing with their decision to either accept all or portion or decline the funds. A copy of the letter is stored in the student file. If the student never responds then the funds are not processed.

### Returning Unearned Funds

Unearned funds to be returned to the U.S. Department of Education by the institution, and any unearned grant funds owed by the student, must be repaid within 45 days of the date the institution determined that a student has withdrawn. Unearned, Title IV funds owed by the student to a federal loan program must be

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repaid in accordance with the repayment terms of the student's loan.

If a R2T4 calculation determines that unearned Title IV funds were disbursed to a student, CTC will return those funds to the applicable sources. Refunds or returns will be processed with 45 days of notification of student's withdrawal.

Refunds due shall be applied in the following order:

- Unsubsidized Direct Loan
- Subsidized Direct Loan
- Federal PLUS Loan
- Federal Pell Grant
- Other Federal, state, private, or institutional aid

The refund notification will inform the student of the refund amount, type of funding being refunded and refund date.