Refunds for a Student Receiving Federal Title IV Financial Assistance

Students receiving Federal Title IV Financial Assistance who formally or informally withdraw from school are subject to Federal Return of Title IV Aid regulations as specified in the Higher Education Amendment of 1998. The calculation determines the aid earned by the student based on the days enrolled for the semester in relation to the total days in the semester. The aid considered not to be “earned” must be returned to the federal programs in the following order: Unsubsidized Federal Direct Stafford loans, Subsidized Federal Direct Stafford loans, Federal Perkins loans, Federal Direct PLUS loans received on behalf of the student, Federal Pell Grant, Teach Grant and Federal Supplemental Educational Opportunity Grant. Receipt of Federal Title IV Aid in excess of aid earned may be subject to repayment by the student if the student has withdrawn from school. The Office of Student Accounts notifies the student if a repayment is due. Failure to repay could result in loss of future Title IV Aid eligibility.

Example: Student received Title IV aid as follows: $1,274.00 in Subsidized Federal Direct Stafford Loan and $782.00 in Pell Grant. The student had $844.00 in Institutional Charges. Student withdrew on day 25 of a semester having 112 days. The student has earned 22.3% (25 days divided by 112 days) of the Title IV aid which equals $458.49 (Loan of $1,274.00 plus grant of $782.00 times 22.3%). The student has unearned aid of $1,597.51 (Total aid received of $2,056.00 minus aid earned of $458.49) that must be returned to the federal programs. The Institution must return $656.00 ($844.00 Institutional charges times 77.7% unearned aid); all of this will be returned to the Subsidized Federal Direct Stafford Loan. The remaining $941.51 (unearned aid of $1,597.51 minus amount Institution returned of $656.00) must be returned by the student. The student must repay $618.00 ($1,274.00 received in loan minus $656.00 returned to loan by Institution) to the Subsidized Federal Direct Stafford Loan in accordance with the terms of the loan. The student must return $162.00 (remaining unearned aid of $941.51 minus $618.00 returned to loan fund by student equals $323.51 multiplied by 50% (students are required to return 50% of unearned grant funds)) to the Pell Grant Program.¹

¹ Copies of the complete refund policy for Federal financial assistance are available from the Office of Student Accounts located on the first floor of Deal Hall.