

Repayment of Federal Funds: Return of Title IV

If a student receives federal financial aid and stops attending or withdraws from all courses at or before 60 percent of the term is completed, the student will be required to repay all or a portion of the federal aid received, including aid used to pay for college expenses. If the student received a grade of F in all courses for any term, the student will be required to repay a portion of the federal aid received, based on last date of participation, unless an instructor certifies and documents that the student was participating in at least one class after the 60 percent point of the term or until the end of the term. A term may consist of one or more blocks or modules.

A federal formula dictates the amount of Title IV aid that must be returned to the federal government by the College and the student. This formula applies to a student who is receiving Title IV funds if that student withdraws from the College on or before the 60 percent point in time in the term. The percentage of Title IV aid to be returned is equal to the number of calendar days remaining in the term divided by the number of calendar days in the term. Scheduled breaks of five consecutive days or more are excluded from this calculation.

Return of Title IV Funds Policy Example

The following example illustrates how the federal Return of Title IV Funds policy would affect a student who withdraws from classes at Texas State Technical College Waco:

A student is attending Fall Semester full-time, which is 103 calendar days in length. Classes are scheduled for the entire semester. The student withdraws from classes on the 54th day of the semester.

The student's financial aid and charges are:

Federal Pell grant	\$1,850.00
Federal Direct Unsubsidized Loan	1,980.00
Federal Direct Subsidized Stafford Loan	<u>+1,155.00</u>
Total Financial Aid awarded	\$4,985.00
Tuition and fees (institutional charges)	(\$2,100.00)
Financial aid refund disbursed to student after tuition and fees are paid	\$2,885.00

Student withdraws from classes on the 54th day of the semester.

<u>Percentage of federal financial aid earned</u>		
Completed days	54	The student withdrew from classes on the 54 th day of the semester. This number is divided by the 103 days for which the student's classes were scheduled. The result is the percentage of aid earned.
Total days in payment period	÷ 103	
=Percentage of aid earned	52.4%	
<u>Amount of federal financial aid earned</u>		
Percentage of aid earned	54.2%	Multiply the percentage of aid earned by the total financial aid awarded to determine the amount of aid earned.
Total Financial Aid awarded	x \$4,985.00	
Aid earned based on completion	\$2,612.14	
<u>Amount of federal aid to be returned</u>		
Total Financial aid awarded	\$4,985.00	Subtract the amount of aid earned from the total financial aid awarded to determine the amount of financial aid that must be returned.
Aid earned based on completion	- \$2,372.86	
Financial Aid to be returned	\$2,372.86	
<u>Of the \$2,372.86 that needs to be returned to the Department of Education:</u>		
College returns (student repays TSTC)	\$ 999.60	To determine the amount the College must return, compare the following amounts: 1.) The total amount of unearned aid is \$2,372.86.) The institutional charges of \$2,100.00 multiplied by the unearned percentage of 47.6% is \$999.60. The College must return the lesser of these two, which is \$999.60. The remainder is the student's portion.
Student's portion	\$1,373.26	

The student's portion to return is calculated as \$2,372.86. The student's remaining loan for the semester is applied towards this amount first. Because the College returned \$999.60, the student's loan for the semester has been reduced to \$2,135.40, which the student repays to the U.S. Department of Education in accordance with the terms of the Master Promissory Note (by beginning payments six months after graduation or dropping below six credit hours.)

The remaining balance of -\$762.14 is from the Federal Pell Grant program. The actual amount which the student must return to the U.S. Department of Education for the grant programs is reduced by 50% of the original grant amount ($\$1850 \times 50\% = \925.00). In this example, the student would not owe any Federal Pell Grant program funds. If the student had owed Federal Pell Grant program funds, TSTC Waco would return this entire amount to the U.S. Department of Education for the grant programs – including the amount owed by the school and the amount (if any) owed by the student. The student is then responsible for repaying this amount to the College. We do not require the student to repay any funds to the Federal Pell Grant program and therefore do not report students who owe funds to NSLDS.

Student portion to be returned to Federal financial aid programs:

Student portion	\$ 1,373.26
Loan returned during repayment	2,135.40
Student still needs to return	<762.14>
50% Title IV grant protection	- 925.00
Grant amount remaining	\$<1,687.14>

All information is subject to change based on changes to federal law, regulation, or College policy and procedure. If changes are made, students must abide by the new policy.