

## **SECTION 12: RETURN OF TITLE IV FUNDS**

### *Process Overview & Applicability*

In performing any refund and repayment calculation for a student who withdraws from the college, IWU first must determine the student's costs and categorize them as either (1) institutional charges used in calculating refunds or (2) non-institutional charges (such as off-campus rent, living expenses, transportation, and the cost of group health insurance) used in calculating repayments. IWU will also attempt to identify the last date of attendance for a return calculation for federal aid and the date the student completed the withdraw process for an institutional return calculation.

Generally, institutional charges are for educational purposes and are charged directly to the student's account. However, because not all institutional charges may be used in refund calculations, institutional charges must be further categorized as either "unallowable" or "allowable." Along with tuition, which is always an institutional charge, allowable charges may include course fees, room and board, and books and/or supplies purchased at the Campus Store with a Campus Store voucher. Should specific programs of study at the college require students to purchase specific supplies and equipment from IWU, the college will publish the cost of those items and, upon a student's withdrawal from the college, will determine if the cost of this equipment may be excluded from the refund calculation. IWU follows federal guidelines in categorizing costs as institutional vs. non-institutional, allowable vs. unallowable, and/or as includable vs. excludable.

Any balance remaining on the student's account after being credited with the applicable refund and/or financial aid funds is due and payable by the student. Unpaid balances will impact a student's eligibility to be readmitted to the college and to have requests for official academic transcripts processed.

Policies

Refunds of allowable institutional charges and repayments of funds disbursed to cover non-institutional charges will be calculated in accordance with federal regulations and according to the particular status of the individual student, as follows:

A return of Title IV calculation must be made if a student withdraws from all of their classes on or before the 60% point in time of the enrollment period for which the student was charged. Withdraw is taken to mean the student voluntarily (or involuntary for medical or other reasons) chooses to stop attending in the classes enrolled. Since IWU has neither applicable state nor accrediting agency refund policies to consider in determining which calculation provides the largest refund, allowable institutional charges are refunded to Title IV programs based on the Return of Title IV Refund percentage of the enrollment period that remains. State aid is only returned or refunded as part of the return process if the state aid would exceed the adjusted tuition charge once the calculation is performed. Otherwise, IWU will prioritize and keep 100% of all processed state aid up to the semester's budget amount where possible. A separate calculation is done for determining a student's eligibility for institutional aid based on when they submitted the withdraw documentation. The CPS system online assists with calculating the following steps.

- (a) Determine the Title IV Refund percentage of the enrollment period that remains by dividing the remaining weeks in the period for which the student is enrolled/charged by the number of weeks in the enrollment period.
- (b) Calculate unpaid charges by subtracting from the total allowable institutional charges the total aid paid to institutional costs and the scheduled cash payments from the student
- (c) *Repayment Calculation*- should a repayment calculation result in an overpayment to the student, the student's account will be charged accordingly within 45 days of the determined withdrawal date, and the repayment owed will be distributed as follows:
  1. Federal Perkins Loan Program
  2. Federal Pell Grant
  3. Federal ACG
  4. Federal SMART Grant
  5. Federal SEOG

6. Other private or institutional sources of aid

**12.1 Note:** In the event that a student does owe an overpayment of Title IV funds, IWU will be responsible for notifying the student. Furthermore, immediately upon discovery of the overpayment, IWU will flag the student's record to indicate that the student is ineligible for further Title IV funds until the overpayment has been repaid.

***Procedures***

**Identifying withdrawn students can be done in two ways:**

1. Official Withdraw – The student obtains a Withdrawal Form from the Dean of Students
2. Unofficial Withdraw – The student ceases attending classes.

If in the case of an Official Withdrawal, the date of determination is the date that the form is received by a school official or the date that the school was first informed of the student's intent to withdraw. Students are asked to provide their last date of attendance.

If in the case of an Unofficial Withdrawal, the date of determination will be the date when the professor certifies the last date of attendance for the student. The last date of attendance is assessed by contacting the professors for the last date of attendance. If the last date of attendance cannot be determined, 50% is used for the return calculation.

**12.2 Withdrawal Date**

Policies

Under each refund calculation, withdrawal from the university--official or unofficial--refers to a student's failure to complete the period of enrollment for which he or she was charged.

An "official" withdrawal occurs when the student notifies the university of his/her intent to withdraw and he/she completes the withdrawal process/form (obtained in the Office of the Dean of Students) or stops attending classes. An "unofficial" withdrawal occurs when the university discovers that the student has ceased to be enrolled (i.e., is no longer attending classes) and the student did not initiate/complete the withdrawal process.

In addition, students who are expelled or who take unapproved leaves of absences are considered to have withdrawn from the university. Currently, IWU does offer a Leave of Absence option for students looking to cease attendance in courses due to medical complications or academic performance. Furthermore, IWU reserves the right to request a student's withdrawal.

Regardless of the circumstances of withdrawal from the university, a withdraw can be initiated by:

- a. A withdrawal form, initiated either by the student or by the university, is filled out and documents the last date of class attendance (either as advised by the student or as determined by the university through contact with the student's professors)
- b. The date of withdrawal is considered to be the last date of class attendance. In the case of an "unofficial" withdrawal, the university will determine the date of withdrawal within the earlier of 45 days of the end of the enrollment period, the end of the academic year, or end of the program
- c. The date of withdrawal is the date used to calculate any applicable institutional refund and/or repayment. While the last date of attendance will be used for the federal return calculation.

Under all circumstances of withdrawal from the university, the student forfeits his or her rights and privileges as a student, including the use of IWU's facilities. Therefore, upon withdrawal from the college, a student living in campus housing is required to move out of campus housing immediately.

Students are usually unable to rescind their decision to withdraw if they have already discontinued classes and moved out of the dorm facilities. All withdraws are considered final. All students seeking to re-enroll at IWU will need to speak with the Registrar's Office concerning re-admit requirements and applications.

## Procedures

If information regarding leaves of absence is not included here, you may wish to cross-reference other subsections of your manual or the policies and procedures of other offices that describe the institution's LOA policy, how that policy is communicated to each student, and how a student granted a LOA is tracked.

The last date of attendance is entered by the student on the withdraw form for official withdraws (unofficial withdraws require date confirmation from the student's professors). The withdraw policy is communicated to each student on an individual basis as they come in for withdraw counseling. Students informed that there may be a return of their funds based on the last date of attendance.

## *Formula Calculation*

### Policies

The Assistant/Associate Director performs the Federal Return of Title IV Refund calculation using the USDOE's system located on CPS at: <https://fafsa.ed.gov/FOTWebApp/faa/faq.jsp>. The payment period is used as part of the R2T4 calculation. The calculation is triggered by determining the official or unofficial withdrawal as described above.

Refunds to financial aid programs will be made within 45 days of the date the school determines that the student has (un)officially withdrawn, expelled, or takes an unapproved leave of absence. Furthermore, refunds will be redistributed in the following order:

1. Unsubsidized Federal Stafford Loans
2. Subsidized Federal Stafford Loans
3. Federal Perkins Loans
4. Federal PLUS/Grad PLUS Loans
5. Federal Pell Grants
6. Federal Academic Competitiveness Grant
7. National SMART Grants (if required)
8. Federal Supplemental Ed. Opportunity Grant
9. Other private or institutional sources of aid

For IWU, Institutional Charges are defined as all charges that are directly related to the attendance of classes. These items are tuition, other direct fees applied to billing account, room, board, etc...

For IWU, Non-institutional Charges are defined as all charges for special fees, books, etc...

### **12.3 Procedures**

Information on students who have withdrawn is sent to the Financial Aid Office from the Dean of Students. This ensures that all students are reported correctly. This information is used in conjunction with the information stored in Banner to perform the calculations of the return.

Unless a student subject to verification and has provided all required verification documents in time for the school to meet the Return deadlines, the school includes aid as Aid Disbursed or Aid That Could Have Been Disbursed in the Return calculation only those Title IV Funds subject to verification.

Once the calculation has been performed it is filed away. An email to the Business Office is sent to inform them of the percent of the semester that was completed. If any adjustment in the tuition needs to occur, they will adjust it at that time.

## **Post-Withdrawal Disbursements**

### ***Policies***

If the student receives less Federal Student Aid than the amount earned, IWU will offer a disbursement of the earned aid that was not received. This is called “Post-Withdrawal Disbursement.”

Students with Title IV loans and parents with PLUS Loans will be notified in writing, prior to making any post-withdrawal disbursement of loan funds. If the student or parent would like to accept the disbursement of such funds, the letter will request that they return the letter signifying that they accept the loan amount.

The Assistant/Associate Director is responsible for notifying the student or parent of the availability of a post-withdrawal disbursement and track the notification/authorization to make disbursement via “Comments” on the Banner.

### **12.4 Procedures**

IWU may disburse Title IV grant funds without permission up to the amount of outstanding charges due the institution. A student/parent is notified in writing of eligibility/availability for a post-withdrawal disbursement of loans. All post-withdraw loan funds must be accepted or declined by signing and returning the authorization letter within a specified time frame (typically 14 business days).

The post-withdrawal authorization letter will include the source, type, and amount of loan funds they would like to accept for disbursement. Should the post-withdrawal disbursement include a PLUS loan, the parent may not receive a direct disbursement of funds that the institution wishes to credit to the student account and IWU will obtain permission to credit loan funds to a student’s account to cover unpaid institutional charges. Students and parents are discouraged from obtaining the post-withdrawal loan disbursement to keep their debt down or to cancel the loan. This notification will be sent ASAP but no later than 30 calendar days after the determination that the student withdrew.

The Assistant/Associate Director monitors R2T4 post-withdrawal disbursements and places all notes on the “Comments” section/screen of the student record in the Banner system. Revisions to the student award package may be made and the R2T4 calculation processed as indicated above. The Assistant/Associate Director will not request Title IV funds for a post-withdrawal disbursement until it is determined that the disbursement can be made within three business days.

## **Returning Unearned Funds**

### ***Policies***

As stated above the Assistant/Associate Director will calculate the institutional and student shares of unearned aid using the USED OE system.

Returning Unearned Funds will be distributed in the following order:

1. Unsubsidized Federal Stafford Loans
2. Subsidized Federal Stafford Loans
3. Federal Perkins Loans
4. Federal PLUS/Grad PLUS Loans
5. Federal Pell Grants
6. Federal Academic Competitiveness Grant
7. National SMART Grants (if required)
8. Federal Supplemental Ed. Opportunity Grant
9. Other private or institutional sources of aid

## **12.5 Procedures**

Upon determining a Title IV repayment exists the Assistant/Associate Director may:

- Notify students they may owe a Title IV grant repayment.
- Inform students they owe a debt to the university as a result of the Title IV grant repayment.
- Return the school's portion of unearned funds
- May report any overpayment to the National Student Loan Data System (NSLDS) if the student has neither repaid nor made satisfactory repayment arrangements.

## **Overaward Resolution**

### Policies

IWU may return funds on behalf of a student who owes an overaward and consider the returned funds as the student's debt to the institution. The institution may enter into a repayment agreement with the student. The consequences of owing an overpayment may impact the student's eligibility for future Title IV aid, continued enrollment in the university until the debt is paid, or referred to collections.

- Per the HERA amendments, 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 aid should the student return to school, and the student will not be reported as an overpayment on NSLDS.