



## Federal Return of Title IV Funds Policy

The law specifies how Eastern WV Community and Technical College must determine the amount of Title IV program assistance that a student earns if they withdraw from school. The Title IV programs covered by this law are: Federal Pell Grants, Direct Loans, PLUS Loans, and Federal Supplemental Educational Opportunity Grants (FSEOG).

The funds will be returned to the programs based on a concept of earned versus unearned aid. The "Return of Title IV Funds" rule assumes that a student earns their aid based on the period of time they were enrolled. The Financial Aid Office is required by federal statute to determine how much financial aid was earned by a student who withdraws, drops out, is dismissed, or takes a leave of absence prior to completing 60% of a term. For a student who withdraws after the 60% timeframe, there are no unearned funds. However, a school must still complete a Return calculation in order to determine whether the student is eligible for a post-withdrawal disbursement.

Unearned Title IV funds, other than Federal Work Study, must be returned. Unearned aid is the amount of disbursed aid that exceeds the amount of Title IV aid earned. During the first 60% of the enrollment period, a student earns Title IV funds in direct proportion to the length of time he or she remains enrolled and attending. A student who remains enrolled and attending beyond the 60% point earns all aid for that period. The calculation is based on the percentage of earned aid using the following Federal Return of Title IV funds formula:

**Percentage of payment period or term completed = the number of days completed up to the withdrawal date divided by the total days in the payment period or term. (Any break of five days or more is not counted as part of the days in the term.) This percentage is also the percentage of earned aid.**

The responsibility to pay unearned aid is shared by Eastern and the student. Eastern's share is the lesser of the total amount of unearned aid or the institutional charges multiplied by the percentage of aid that was unearned. The student's share is the difference between the total unearned amount and Eastern's share.

A student who earned more aid than was disbursed prior to withdrawal is owed a post-withdrawal disbursement which must be paid within 45 days for grants and loans must be offered within 30 days, allowing the student at least 14 days to respond to accept or decline funds.

For a student who officially withdraws, the date of determination that the student withdrew is the later of: the withdrawal date or the date of the student's notification to the Learner Support Services Department. For a student who did not provide notification of withdrawal, the date used will be the actual last date of attendance as provided by faculty. If EWVCTC is unable to determine the last date of attendance, we will use the 50% point of the term as the

withdrawal date.

Students will go to the Learner Support Services Department to officially withdraw from school.

A student who earned more aid than was disbursed prior to withdrawal is owed a post-withdrawal disbursement, which must be paid within 120 days of the student's withdrawal. Post-withdrawal disbursements must be made from available grants before loans. EWVCTC will credit post-withdrawal disbursements towards unpaid institutional charges. Any portion of a post-withdrawal disbursement not credited to the student's account will be offered to the student as a cash disbursement (or parent in case of a PLUS loan).

Post-withdrawal disbursements (PWD) must be made from available grants before loans. Eastern will credit post-withdrawal disbursements towards unpaid institutional charges. Any portion of a post-withdrawal disbursement not credited to the student's account will be offered to the student as a cash disbursement (or parent in case of a PLUS loan). Eastern will issue credit balances resulting from a PWD within the 14 day deadline.

Credit balances that occur on a student's account as a result of an R2T4 calculation will be refunded to the student within 14 days of the occurrence.

EWVCTC must return the amount of Title IV funds for which it is responsible, no later than 45 days after the determined date of the withdrawal. Funds are returned to the appropriate federal program based on the percentage of unearned aid.

The percentage of unearned aid is determined by subtracting the percentage of Title IV aid earned from 100%. The amount of aid to be returned is determined by multiplying the total amount of aid that could have been disbursed during the payment period or term by the percentage of unearned aid.

Refunds/returns are allocated in the following order:

- Unsubsidized Direct Loans
- Subsidized Direct Loans
- Direct PLUS Loans
- Federal Pell Grants
- Federal Supplemental Educational Opportunity Grants (FSEOG)
- Iraq and Afghanistan Service Grants

## **Overpayment Notifications and Timelines**

### **Student Notification**

1. Students will be notified within 30 days from the date of withdrawal if they are in grant overpayment.
2. Students will repay loans in accordance with the terms of their promissory note.

3. Students will receive exit counseling within 30 days of the date of determination of withdrawal or from the date of the unofficial withdrawal Date of Determination if they have a loan history.

The student has 45 calendar days to either repay the overpayment in full to the institution or notify Eastern that they wish to make repayment arrangements with the U.S. Department of Education.

- The 45 days starts from the day after the date of the initial letter notification.
- We send a letter to the student on the 46<sup>th</sup> day indicating that we have **reported** the overpayment to NSLDS and **referred** them to Debt Resolution Services unless they have repaid the institution in full or unless they notified us earlier that they want to make repayment arrangements with the U.S. Department of Education. The student should not make contact with Debt Resolution Services until 10 days from the date of referral.