

# Return of Title IV Funds

The law specifies how New River 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.**

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 Office of the Registrar. 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 New River is unable to determine the last date of attendance, we will use the 50% point of the term as the withdrawal date.

For students that cease attendance and do not complete the official withdrawal process, the college must determine the last date of attendance and do a refund calculation if the date is during the refund period. If a student who began attendance and has not officially withdrawn fails to earn a passing grade in at least one course, the college is required to assume, for Title IV purposes, that the student has unofficially withdrawn and the last date of attendance must be determined and a refund calculation completed if the date is during the refund period.

Students will contact the Office of the Registrar to officially withdraw from school. The office of the Registrar will give the student a Request for Withdrawal Form and explain the process to them. The

student will complete the form and obtain the required signatures before returning the form to the Office of the Registrar for processing.

If the student received more Title IV aid than the amount earned, the school, the student, or both must return the unearned funds. The amount of federal student aid to be returned is determined by subtracting the amount of earned Title IV aid from the amount of Title IV aid that was actually disbursed to the student. New River will return unearned aid no later than 45 days after the date the school becomes aware the student is no longer enrolled. New River will notify the student if he/she is required to return grant funds. A student who fails to return grant aid as instructed is considered to be in overpayment, and becomes ineligible for any additional Title IV aid at any school until that amount is repaid or satisfactory repayment arrangements are made. Loan funds are returned by the student according to normal loan repayment terms. Unearned Title IV aid must be returned in the following order: 1) Unsubsidized Stafford Loans 2) Subsidized Stafford Loans 3) PLUS Loans 4) Federal Pell Grants and 5) FSEOG. If the student received less Title IV aid than the amount earned, New River will offer a disbursement of the earned aid that was not received if the student is eligible. This is called a post withdrawal disbursement. If the post withdrawal disbursement includes loan funds, the school must get borrower permission before it can be disbursed. The borrower may choose to decline some or all of the loan funds to avoid incurring additional debt. New River will automatically use all or a portion of a student's post withdrawal disbursement of grant funds for tuition and fees. New River needs the student's permission to use the post withdrawal grant disbursement for all other school charges. If the student does not give permission, he/she will be offered the funds. However, it may be in the student's best interest to allow the school to keep the funds to reduce any debt owed the school. Student and parent loan borrowers will be notified if New River returns funds to the lender. Student borrowers are required to complete exit loan counseling concerning repayment options, debt management strategies, avoiding default, etc.