

# Procedure Manual



<b>Title: Student Financial Services - Return of Title IV Funds</b>	<b>Number: A6Hx2-5.11B</b>
<b>Policy Number: 6Hx2-5.11</b>	<b>Page: 1 of 6</b>

## RETURN OF TITLE IV FUNDS (34 CFR 668.22)

### Background and Information

This procedure governs all Title IV aid programs, except Federal Work Study. Title IV aid programs include: Federal Pell Grant, Federal Supplemental Education Opportunity Grant (FSEOG), and Federal Direct Loans. This procedure explains how federal student aid (FSA) funds are handled when a recipient of those funds ceases to be enrolled in Title IV eligible courses (100% withdrawal) prior to the end of a payment period (term) or period of enrollment (session or module). A student could maintain enrollment in non-Title IV eligible courses; however, a Return of Title IV funds is necessary if a student ceases enrollment courses for which that student is eligible to receive Title IV aid.

### Description

Title IV funds are awarded to a student under the assumption that the student will attend school for the entire period for which the assistance is awarded. When a student withdraws from all Title IV eligible courses within the payment period or period of enrollment, the student may no longer be eligible for the full amount of Title IV funds that the student was originally scheduled to receive. If a recipient of Title IV grant or loan funds withdraws from a school after beginning attendance, the amount of Title IV grant or loan assistance by the student must be determined.

In general, the law assumes that a student “earns” federal financial aid awards directly in proportion to the number of days of the term attended. If a student completely withdraws, officially or unofficially, up through the 60% mark; or fails to earn a passing grade from school during a term, due to non-attendance, the school must calculate the portion of the total scheduled financial assistance earned. After the 60% mark, a student has earned 100% of the Title IV funds he or she was scheduled to receive during the period; however, a calculation must still be performed to determine if the student is eligible for a post-withdrawal disbursement (PWD).

If the amount disbursed to the student is greater than the amount the student earned, the unearned funds must be returned. If the amount disbursed to the student is less than the amount the student earned, and for which the student is otherwise eligible, he or she is eligible to receive a post withdrawal disbursement of the earned aid that was not received.

A school must return any funds due to student withdrawal, and disburse the post-withdrawal disbursement of funds that are not credited to the student’s account, as soon as possible; but no later than 45 days after the date of the school’s determination that the student withdrew.

### Definitions of Withdrawal:

Student withdrawals, for individual courses, are governed by College Policy 6Hx2-5.36: Cancellations, Withdrawals, and Refunds.

<b>Recommending Officer’s Signature</b> <i>Marielena DeSanctis Ph.D.</i>	<b>Date:</b> 1/27/2015	<b>President’s Signature</b> <i>J. David Anthony J.</i>	<b>Date:</b> 1/27/2015
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# Procedure Manual



<b>Title: Student Financial Services - Return of Title IV Funds</b>	<b>Number: A6Hx2-5.11B</b>
<b>Policy Number: 6Hx2-5.11</b>	<b>Page: 2 of 6</b>

A student is considered to have withdrawn from a payment period or period of enrollment if:

- In the case of a program measured in credit hours, the student does not complete all the days in the payment period or period of enrollment that the student was scheduled to complete;
- In the case of a program that is measured in clock hours, the student does not complete all of the clock hours and weeks of instructional time in the payment period or period of enrollment that the student was scheduled to complete;
- For a student in a non-term or nonstandard-term program, the student is not scheduled to begin another course within a payment period or period of enrollment for more than 45 calendar days after the end of the module the student ceased attending, unless the student is on an approved leave of absence, as defined later in this procedure.

A student's schedule sometimes includes courses the student is taking for credit and for which he or she may receive Title IV funds and courses for which the student may not be eligible to receive Title IV funds (e.g., courses not included in the student's program of study). If a student ceases attendance (drops or withdraws) from all of his or her Title IV eligible courses in a payment period or period of enrollment, the student is considered a withdrawal for Title IV purposes.

### ***Official Withdrawal:***

Official withdrawals are described as student-initiated withdrawals in which the student accesses the student information system and initiates the withdrawal electronically; or communicates in writing or verbally, to the College Registrar, their intent to withdraw. Students can begin the withdrawal process by following any of the described methods in the college catalog and College Policy 6Hx2-5.36: Cancellations, Withdrawals, and Refunds.

### ***Unofficial Withdrawal:***

Unofficial withdrawals from a course may be assigned by a faculty member, in accordance with the attendance policy in the published syllabus, for student non-attendance. Faculty members that withdraw a student for non-attendance are required to enter the last date of academically related activity (LDA) via the College's electronic grading system; and this serves as official documentation of the LDA utilized in the calculation of earned/unearned aid.

Academically related activities include, but are not limited to:

- Physical presence in the regularly scheduled class period;
- Submitting an academic assignment;
- Taking an exam, completing an interactive tutorial, or participating in computer-assisted instruction;
- Attending a study group that was assigned by the instructor of record;
- Participating in an online discussion about academic matters; and

<b>Recommending Officer's Signature</b> <i>Marielena DeSanctis Ph.D.</i>	<b>Date:</b> 1/27/2015	<b>President's Signature</b> <i>J. David Anthony J.</i>	<b>Date:</b> 1/27/2015
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# Procedure Manual



<b>Title: Student Financial Services - Return of Title IV Funds</b>	<b>Number: A6Hx2-5.11B</b>
<b>Policy Number: 6Hx2-5.11</b>	<b>Page: 3 of 6</b>

- Initiating contact with the instructor of record to ask a question about the academic subject studied in the course.

Academically related activities do not include activities where a student may be present at the College, but not academically engaged in the course, such as:

- Logging into an online class without active participation in an academic manner;
- Attending an extra-curricular activity; or
- Participating in academic counseling or advisement.

## Earned vs. Unearned F

Assigning final grades are the responsibility of each faculty member, and each grade is archived in College Records. For the purposes of calculating a student's eligibility to retain or receive Title IV funds, grades of A-D shall be considered a successful completion of the course, and passing grades. Students who receive a passing grade will be treated as having completed their course as of the last day of the class within the specific session. The College's Grade and Appeals policy 6Hx2-4.19 governs all policies for grade points awarded for passing and failing grades.

When a faculty member assigns a grade of "F" or "U", the electronic grading system will prompt and require the faculty to enter a last date of academic related activity (LDA). Students will have been considered to have completed 100% of the course, an "earned 'F'", if the LDA entered by the faculty corresponds to the last day of the class in the specific session. A last date of academic related activity (LDA) that is prior to the last date of the course, associated with an assigned "F" or "U", will be considered an "unearned 'F'". Students receiving an "unearned 'F'" will be treated as having unofficially withdrawn from the course as of the LDA entered by faculty.

## Modules

As of July 1, 2011, a student is considered a withdrawal for Title IV purposes if the student ceases attendance at any point prior to completing the payment period or period of enrollment, unless the school obtains written confirmation from the student at the time of the withdrawal that he or she will attend a module that begins later in the same payment period or period of enrollment. If the school receives a written confirmation of future attendance; but the student does not return, the student is considered to have withdrawn from the payment period or period of enrollment as of the date the student initially ceased enrollment. Institutions must identify students who cease to complete attendance before the period of enrollment for a module.

In order to provide ample time to ensure unearned aid is returned, Broward College will require that students provide this written confirmation within 14 days of the date the institution determined the student withdrew. Without confirmation of future attendance, the college must assume a student who has ceased attendance is a withdrawal and initiate the Return of Title IV Funds process.

## Percentage of Title IV Aid Earned

<b>Recommending Officer's Signature</b> <i>Marielena DeSanctis Ph.D.</i>	<b>Date:</b> 1/27/2015	<b>President's Signature</b> <i>J. David Anthony J.</i>	<b>Date:</b> 1/27/2015
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# Procedure Manual



<b>Title: Student Financial Services - Return of Title IV Funds</b>	<b>Number: A6Hx2-5.11B</b>
<b>Policy Number: 6Hx2-5.11</b>	<b>Page: 4 of 6</b>

Once a student's withdrawal date is determined, the College will calculate the percentage of the payment period or period of enrollment completed. The percentage of the payment period or period of enrollment completed represents the percentage of aid earned by the student (except if that percentage is more than 60%, the student is considered to have earned 100% of the Title IV aid). This percentage is determined differently for students who withdraw from credit-hour programs and students who withdraw from clock-hour programs. Institutional scheduled breaks of five (5) or more consecutive calendar days are excluded from the Return calculation. Therefore, a student who withdraws at the end of the break is not given credit for earning funds during the scheduled break.

### Hierarchy of Returning Title IV Funds:

Unearned funds must be returned in the following order:

- Unsubsidized Direct Federal Loans
- Subsidized Direct Federal Loans
- Federal Direct Plus Loans
- Federal Pell Grants for which a return is required
- Federal Supplemental Educational Opportunity Grants (FSEOG) for which a return is required
- Other grants or loan assistance authorized by Title IV of the Higher Education Amendments

### Post Withdrawal Disbursements

Students who are eligible for a grant post withdrawal disbursement will be awarded aid based on the amount calculated by the Return of Title IV tool on FAA Access to CPS online. Grant aid due for disbursement will be applied to outstanding student account balances first, and any outstanding credit balances will be returned to the student in accordance with the College's Accounting for and Disbursing Student Financial Aid Funds Policy 6Hx2-6.27. Any Title IV credit balance must be allocated first to repay any grant overpayment owed by the student as a result of the current withdrawal.

Students who are deemed eligible for a loan post withdrawal disbursement will be notified of their eligibility via email using all available email addresses on file at the time the Return of Title IV calculation is completed. Responses from students indicating their acceptance of a post withdrawal disbursement of a loan fund must be received in writing by the college within 14 days of the initial notification. When documentation is received from a student indicating their acceptance of a post withdrawal disbursement of loan funds, the scheduled disbursement will be adjusted to the approved amount and disbursed. Any outstanding credit balances will be returned to the student in accordance with the College's Accounting for and Disbursing Student Financial Aid Funds Policy 6Hx2-6.27. Any Title IV credit balance must be allocated first to repay any grant overpayment owed by the student as a result of the current withdrawal.

### Could Have Been Disbursed

<b>Recommending Officer's Signature</b> <i>Marielena DeSanctis Ph.D.</i>	<b>Date:</b> 1/27/2015	<b>President's Signature</b> <i>J. David Anthony J.</i>	<b>Date:</b> 1/27/2015
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## Procedure Manual



<b>Title: Student Financial Services - Return of Title IV Funds</b>	<b>Number: A6Hx2-5.11B</b>
<b>Policy Number: 6Hx2-5.11</b>	<b>Page: 5 of 6</b>

In addition to aid disbursed, aid that could have been disbursed is also used in the calculation. There are two principles that govern the treatment of disbursements of Title IV funds in Return calculations. The first principle provides that, for purposes of determining earned Title IV aid, generally, so long as the conditions for late disbursements in 34 CFR 668.164(g)(2) **were met prior to the date the student became ineligible**, any undisbursed Title IV aid for the period for which the return calculation is performed is counted as aid that could have been disbursed (regardless of whether the institution was prohibited from making the disbursement on or before the day the student withdrew because of the limitations in 34 CFR 668.164(g)(4) or elsewhere). Any undisbursed Title IV aid for the period that the school uses as the basis for the Return calculation is counted as aid that could have been disbursed as long as the following conditions were met before the date the student became ineligible:

- for all programs, the Department of Education processed a Student Aid Report (SAR) or Institutional Student Information Record (ISIR) with an official Expected Family Contribution (EFC) for the student;
- for an FSEOG award, the institution made the award to the student; or
- for a Direct Loan, the institution originated the loan

In all Title IV loan programs, a promissory note must be signed for a loan to be included as “aid that could have been disbursed” in a return calculation.

The second principle provides that a student can never receive as a post-withdrawal disbursement any funds for a disbursement that the institution was prohibited from making on or before the date the student withdrew. Therefore, although the following potential disbursement can be counted as “aid that could have been disbursed” (if intended for the period for which the Return calculation is being performed), the College is prohibited from disbursing:

- for non-standard term credit-hour programs where the terms are not substantially equal in length, credit-hour non-term programs, and clock-hour programs, a second disbursement of Direct Loan funds where the student has not reached the later of the calendar midpoint of the loan period or the date that the student completes half of the academic coursework or clock hours (as applicable) in the loan period (34 CFR 685.301 (b)(5), or (6));
- a second or subsequent disbursement of Direct loan funds unless the student has graduated or successfully completed the loan period (34 CFR 668.164 (g)(4)(ii));
- a disbursement of Direct Loan funds for which the borrower has not signed a promissory note;
- for clock-hour or credit-hour non-term programs, a disbursement of Federal Pell Grant, Iraq and Afghanistan Service Grant, TEACH Grant or, for a subsequent payment period when the student has not completed the earlier payment period for which the student has already been paid (34 CFR 690.75 (a)(3) and 34 CFR 691.75 (a)(3) & (4));
- a disbursement of a Direct Loan to a first-year, first-time borrower who withdraws before the 30<sup>th</sup> day of the student’s program of study (34 CFR 668.164 (g)(4)(iii)) (except when this delay does not apply because of low default rates);

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<b>Policy Number: 6Hx2-5.11</b>	<b>Page:</b> 6 of 6

- a disbursement of a Federal Pell Grant, Iraq and Afghanistan Service Grant, TEACH Grant or, to a student for whom the College did not have a valid SAR/ISIR by the deadline established by the Department of Education (34 CFR 668.164 (g)(4)(iv)) annually in the public deadline notice, and
- a first disbursement of a Direct Loan (i.e., the first disbursement of a Direct Loan in a loan period) to a student enrolled in a modular program who has withdrawn before beginning attendance in enough courses to establish a half-time enrollment status.
  - If the total enrolled hours for the entire term (payment period) were at least half time at the time of disbursement, and frozen hours were less than half time (hours enrolled after add/drop), then the student will not be allowed to include pending loan disbursements as aid that could have been disbursed.
  - If the total enrolled hours for the entire term (payment period) were at least half time at the time of disbursement, and frozen hours were at least half time, then the student will be allowed to include pending loan disbursements as aid that could have been disbursed.

## Overpayments

After completing a R2T4 calculation, students may need to return grant aid that has already been disbursed and refunded to a student. In the event a R2T4 calculation identifies that Federal Grant Awards need to be returned, this will be designated as a federal grant overpayment.

The student will have 45 days to pay the unearned balance. That amount must be repaid in full, or satisfactory arrangements must be made, with either the College or the Department of Education. These arrangements must be completed within 45 days of the College's notification to the student of the overpayment status. In the event a student does not comply within 45 days, the College is required to report the student's overpayment status to the Department of Education. If the return of unearned federal assistance causes any portion of tuition and fees to become uncovered, the College will bill the student for the new balance due.

Students who are referred to the Department of Education, and subsequently satisfy the overpayment, must submit a satisfaction letter, provided by the Department of Education, to Student Financial Services. Failure to do so will prevent future awards. Students who have made payment arrangements (or have made at least six consecutive payments) must submit a letter that verifies compliance with the payment arrangements each term since students are awarded on a term-by-term basis.

Students with overpayment balances of \$51.00 or more are referred to the Department of Education on the 46<sup>th</sup> day after the notification of overpayment.

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