

Return of Funds Policy for Title IV Aid Recipients Who Withdraw

The Financial Aid Office is required by federal statute to recalculate federal financial aid eligibility for students who withdraw, drop out, are dismissed, or take a leave of absence prior to completing 60% of a payment period or term. The federal Title IV financial aid programs must be recalculated in these situations.

If a student leaves the institution prior to completing 60% of a payment period or term, the financial aid office recalculates eligibility for Title IV funds. Recalculation 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.

Funds are returned to the appropriate federal program based on the percentage of unearned aid using the following formula:

Aid to be returned = (100% of the aid that could be disbursed minus the percentage of earned aid) multiplied by the total amount of aid that could have been disbursed during the payment period or term.

If a student earned less aid than disbursed, the institution would be required to return a portion of the funds and the student would be required to return a portion of the funds. Keep in mind that when Title IV funds are returned, the student borrower may owe a debit balance to the institution.

If a student earned more aid than disbursed to him/her, the institution would owe the student a post-withdrawal disbursement, which must be paid within 120 days of the student's withdrawal.

The institution must return the amount of Title IV funds for which it is responsible no later than 45 days after the date of the determination of the date of the student's withdrawal.

Refunds are allocated in the following order:

- **Unsubsidized Federal Stafford Loans**
- **Subsidized Federal Stafford Loans**
- **Unsubsidized Direct Stafford Loans (other than PLUS loans)**
- **Subsidized Direct Stafford Loans**
- **Federal Perkins Loans**
- **Federal Direct PLUS Graduate Loans**
- **Federal Direct PLUS Parent Loans**
- **Federal Pell Grants for which a Return of funds is required**
- **Academic Competitiveness Grants for which a Return of funds is required**
- **National SMART Grant for which a Return of funds is required**

- **FSEOG(Federal Supplemental Educational Opportunity Grants)** for which a Return of funds is required
- Other assistance under this Title for which a Return of funds is required (e.g., LEAP)

Example of a Title IV return of funds calculation for Title IV recipient for Fall Term 2006

Total Institutional Charges (Tuition, room, board, etc.)= \$4,278

Loans	\$1,294
Grants	<u>\$2,025</u>
Total Title IV aid	<u>\$3,319</u>

Student withdrew on the 27th day of a 108-day enrollment

Percentage earned $27/108 = 25\%$

Percent Unearned $100\% - 25\% = 75\%$

Amount of unearned Title IV aid $\$3,319 \times 75\% = \$2,489$

ODU is responsible for returning the lesser of unearned Title IV aid (\$2,489) or unearned institutional charges ($\$4,278 \times 75\% = \$3,208.50$).

Loans	\$1,294
Grants	<u>\$1,195</u>
Total	<u>\$2,489</u>

The example shown above does not reflect every student refund situation that may exist. Questions regarding the Return of Title IV Funds Policy for students who withdraw should be addressed to financial aid counselors at <http://www.odu.edu/af/finaid/directory/index.shtml>.

The University reserves the right to amend Title IV Return of Funds Policy at any time in order to comply with Federal regulations.

A copy of the Return to Title IV Policy is also available in the Financial Aid Office.