

## Chapter Nineteen

### Refunds/Repayments

Reviewed 6/7/2018

Federal regulations require Title IV financial aid funds to be awarded under the assumption that a student will attend the institution for the entire period in which federal assistance was awarded. When a student withdraws from all courses for any reason, including medical withdrawals, he/she may no longer be eligible for the full amount of Title IV funds that he/she was originally scheduled to receive. The return of funds is based upon the premise that students earn their financial aid in proportion to the amount of time in which they are enrolled. A pro-rated schedule is used to determine the amount of federal student aid funds he/she will have earned at the time of the withdrawal. Thus, a student who withdraws in the second week of classes has earned less of his/her financial aid than a student who withdraws in the seventh week. Once 60% of the semester is completed, a student is considered to have earned all of his/her financial aid and will not be required to return any funds.

Federal law requires schools to calculate how much federal financial aid a student has earned if that student completely withdraws, or stops attending before completing the semester.

Based on this calculation, students who receive federal financial aid and do not complete their classes during a semester or term could be responsible for repaying a portion of the aid they received. Students who do not begin attendance must repay all financial aid disbursed for the term.

The following policies will help you to understand that a withdrawal potentially affects students academically as well as financially. We encourage students to read all the information below prior to making a final decision.

#### **19.1 How earned aid is calculated.**

Students who receive federal financial aid must “earn” the aid they receive by staying enrolled in classes. The amount of federal financial aid assistance the student earns is on a pro-rated basis. Students who withdraw or do not complete all registered classes during the semester may be required to return some of the financial aid they were awarded.

Institutions are required to determine the percentage of Title IV aid “earned” by the student and to return the unearned portion to the appropriate aid programs. Regulations require schools to perform calculations within 30 days from the date the school determines a student’s complete withdrawal. The school must return the funds within 45 days of the calculation. The R2T4 calculation process and return of funds is completed by the Office of Financial Aid (OFA).

For example, if a student completes 30 percent of the payment period, they earn 30 percent of the aid they were originally scheduled to receive. This means that 70 percent of the scheduled awards remain “unearned” and must be returned to the federal government. Once 60% of the semester is completed, a student is considered to have earned all of his/her financial aid and will not be required to return any federal funds.

The following formula is used to determine the percentage of unearned aid that has to be returned to the federal government:

- The **percent earned** is equal to the number of calendar days completed up to the withdrawal date, divided by the total calendar days in the payment period (less any scheduled breaks that are at least 5 days long).
- The **payment period** for students is the entire semester.
- The **percent unearned** is equal to 100 percent minus the percent earned.

## 19.2 Institutional Refund Policy for Traditional Students

When a student withdraws, who is a non-financial aid recipient, on or after the first day of class during a semester, Tennessee Tech University will refund tuition to the student's account according to the chart listed below.

<u>Notification Dates</u>	<u>Refund Rate (excludes deposit)</u>
First Term - August 15	100%
Second Term - January 15	100%
Last day of drop/add period	75%
14 calendar days after drop/add period	25%

The refund policy reflects the standards of the school's accrediting agency and State law.

Room charges are 100% refundable up August 15 (fall) or January 15 (spring). After that time, room charges are non-refundable. Meal charges are made on a per-day basis and are prorated for the direct daily meal costs incurred.

The date used to calculate the refund is determined as follows:

1. In the case of a student who officially withdraws, the date of the withdrawal
2. In the case of a student who unofficially withdraws, the date of withdrawal is the last day the student attended class or the date of 50% of enrollment. We will use the 25% of enrollment if we can not determine the date the student withdrew from classes. The Registrar's Office is responsible for determining and documenting the last day of attendance.
3. In the case of a student who is expelled, the withdrawal date is the date of expulsion.

## 19.3 Steps in Title IV Refund Policy for Aid Recipients

### ***Step 1: Student's Title IV information***

OFA will determine:

A. The total amount of Title IV aid disbursed for the semester in which the student withdrew. A student's Title IV aid is counted as aid disbursed in the calculation if it has been applied to the student's account on or before the date the student withdrew.

B. The total amount of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the semester in which the student withdrew.

***Step 2: Percentage of Title IV aid earned***

OFA will calculate the percentage of Title IV aid earned as follows:

The number of calendar days completed by the student divided by the total number of calendar days in the semester in which the student withdrew. *The total number of calendar days in a semester shall exclude any scheduled breaks of more than five days.*

*Days Attended ÷ Days in Enrollment Period = Percentage Completed*

***If the calculated percentage completed exceeds 60%, then the student has “earned” all the Title IV aid for the enrollment period.***

***Step 3: Amount of Title IV aid earned by the student***

OFA will calculate the amount of Title IV aid earned as follows:

The percentage of Title IV aid earned (Step 2) multiplied by the total amount of Title IV aid disbursed or that could have been disbursed for the term in which the student withdrew (Step 1-A).

*Total Aid Disbursed x Percentage Completed = Earned Aid*

***Step 4: Amount of Title IV aid to be disbursed or returned***

- If the aid already disbursed equals the earned aid, no further action is required.
- If the aid already disbursed is greater than the earned aid, the difference must be returned to the appropriate  
Title IV aid  
program.
- Total Disbursed Aid – Earned Aid = Unearned Aid to be Returned*
- If the aid already disbursed is less than the earned aid, then OFA will calculate a post-withdrawal disbursement.

#### **19.4 Types of withdrawals**

For financial aid purposes there are two types of withdrawals: Complete and Unofficial.

**Complete** Official withdrawal from Tennessee Tech by the student. The current academic year's policy for a Complete Withdrawal can be found in General Catalog.

**Unofficial** Federal financial aid regulations consider a student to be an unofficial withdrawal if the student receives all fail (E/F) grades or a combination of all fail (E/F) and withdraw (W) grades for the term.

#### **19.5 Determination of the withdrawal date**

The withdrawal date used in the return calculation of a student's federal financial aid is the actual date indicated on the official drop form. If a student stops attending classes without notifying TTU, the withdrawal date will be the midpoint of the semester or the last date of academic activity determined by TTU. Additional documentation supporting the last date of academic activity may be provided by the student if they verify a later date of attendance than determined by TTU.

#### **19.6 Withdrawing prior to completing 60 percent of a term**

Unless a student completes 60 percent of the term in which federal aid was disbursed, the student will be required to return all or part of the financial aid disbursed in the term. This applies to students who have officially (including medical), or unofficially withdrawn.

If your college has a different start and end date for the payment period, contact the financial aid representative at your college for the 60 percent completion date.

#### **19.7 When a student fails to begin attendance**

If a student receives financial aid, but never attends classes, the OFA must return all disbursed funds to the respective federal and institutional aid programs.

#### **19.8 When a student fails to earn a passing grade in any class**

If the student has not completely withdrawn but has failed to earn a passing grade in at least one class for the term, federal regulations require the school to determine whether the student established eligibility for financial aid. Eligibility is based on if the student attended at least one class or participated in any TTU academic-related activity. All disbursed funds must be returned

to the respective federal and institutional aid programs if the student cannot prove that he/she began attendance. For more information regarding this topic see the section Students who receive all failing grades at the end of the term.

### **19.9 Students who receive all failing grades at the end of the term**

Financial aid is awarded under the assumption that the student will attend Tennessee Tech for the entire term for which federal assistance was disbursed. When the student has failed to earn a passing grade in at least one class for the term, federal regulations require the school to determine whether the student established eligibility for funds disbursed by attending at least one class or participating in any TTU academic-related activity. If the school cannot verify that the student attended TTU, all financial aid must be repaid to the federal and institutional programs. The student's bursar account will be charged and the student will be responsible for any balance due.

When the student has a combination of fail and withdraw grades for the term, approximately 50% of the financial aid must be repaid. The student's bursar account will be charged, and the student will be responsible for any balance due.

If the student can prove to have participated in a TTU class or academic-related activity past the 60% date, the student will not be required to return any disbursed financial aid. The student's bursar account will be updated and the student will be responsible for any other charges that may have been applied to their account.

Students who are able to verify attendance beyond TTU'S records may submit supporting documentation to OFA. The student must submit supporting documentation within 30 days from the last date of the term. Recalculations for aid eligibility will not be performed for documentation received after that date.

#### ***Repayment calculation process***

Once grades are posted for the student who receives all failing grades, OFA will return all unearned aid back to the federal and institutional programs and the student's bursar account will be charged. OFA will email a notification of the adjustment(s) of aid to the student's campus email address. The student's bursar account will be updated, and the student will be responsible for any balance due. A statement reflecting these charges will be sent to the student by the Bursar's Office.

**19.10 Definition of an academic related activity**

Examples of Tennessee Tech academic-related activities include but are not limited to physically attending a class where there is an opportunity for direct interaction between the instructor and students.

***Proof of participation:***

- Exams or quizzes
- Tutorials
- Computer-assisted instruction
- Completion of an academic assignment, paper or project
- Participating in an online discussion about academic matters
- Initiating contact with a faculty member to ask a question about the academic subject studied in the course
- TTU required study group where attendance is taken

***Documentation not acceptable as proof of participation:***

- Student's self-certification of attendance that is not supported by school documentation
- Verification of Enrollment form issued by the Registrar's Office
- Living in TTU housing
- Participating in the school's meal plan
- Participating in academic counseling or advising

**19.12 Repayment calculation of unearned aid as a result of a withdrawal**

As a result of a withdrawal, students who received federal funds will be required to repay "unearned" aid. The repayment calculation is performed utilizing the federal government's repayment worksheet: "[Treatment of Title IV Funds When a Student Withdraws from a Credit-Hour Program](#)"

The amount of the assistance earned is determined on a pro-rated basis. For example, if a student completed 30% of the term, they have earned 30% of the assistance they were originally scheduled to receive. Once a student has completed more than 60% of the term, the student earns all the assistance they were scheduled to receive for the term.

**19.13 Student notification of repayment**

A notification email notifying the student of a change in their aid summary will be emailed to the student's permanent address referring them to their Eagle Online account. TTU will return funds on the student's behalf to the appropriate federal and institutional aid program(s) and subsequently will bill the student's bursar account. A statement reflecting these charges will be sent to the student. The student is responsible for all charges and overpayments resulting from a Return of Title IV calculation.

**19.14 Repayment to federal and institutional aid programs**

Federal regulations and Institutional policy require that the following aid programs be subject to the repayment calculation if the student did not attend 60% of the term:

- Federal Direct Loans: Unsubsidized and Subsidized
- Federal Perkins Loans
- Federal Direct Grad PLUS Loans
- Federal Direct Parent PLUS Loans
- Federal Pell Grant
- Academic Competitiveness Grant (*not available for 2011-2012 academic year and forward*)
- National SMART Grant (*not available for 2011-2012 academic year and forward*)
- Federal Supplemental Educational Opportunity Grant (FSEOG)
- TEACH Grant
- Institutional Grants and Scholarships

**19.15 Overpayment of federal grant funds**

Federal regulations provide that 50% of the unearned amount of all federal grants is protected by the federal calculation (see steps 9 and 10 of the federal government's repayment worksheet). Any grant amount subject to repayment will be billed to the student's bursar account as an overpayment. Upon receipt of payment from the student, TTU will return the funds to the appropriate grant program(s).



**19.16 Additional loan information to consider when withdrawing**

The federal repayment calculation also has additional loan amounts that the student and parent may be responsible to return directly to the U.S. Department of Education (see step 8 of the federal government's repayment worksheet).

*Important: Anytime a student is enrolled less than half-time the grace period begins. The student's grace period for loan repayments for Federal Direct Unsubsidized and Subsidized Loans will begin on the day of the withdrawal from the school. If the student is not enrolled half-time for more than 6 months, the loans will go into repayment. The student must contact the U.S. Department of Education (ED) or his/ her lender(s) to make payment arrangements. Loans must be repaid by the loan borrower (student/parent) as outlined in the terms of the borrower's promissory note. The student should contact the lender if he/she has questions regarding their grace period or repayment status.*

**19.17 School and student responsibility for return of unearned federal funds**

The student and the school are both responsible for returning unearned federal financial aid to the federal government. The student will be billed for any amount due as a result of the return of federal aid funds (R2T4) calculation.

Tennessee Tech will adhere to the following procedures when returning R2T4 funds:

- Financial Aid Assistant (FAA) will run the Banner report RPRTIVC in simulated mode and then notify the Director when the report has completed. In the absence of the FAA, the Associate Director will complete this step.
- The Director of Financial Aid will run the RPRTIVC report in update mode and print the output file. Once completed the two reports will be compared, ensuring all students on the simulation report are on the update report. \* One note ~ the update report will include those students that were offered federal aid but never accepted.
- After comparison, the Director will update the student records and return any funds identified as Institutional Required Return. Those funds will be fed to the student account via the ROAIMMP process.

- As an additional check to verify the correct return of funds, the list will be returned to the FAA to review RSIAREV and ensure that the funds required to be returned match what was actually returned and notify the Director if any adjustment, correction or omission was made. This additional step was implemented at the conclusion of the AY2015 Audit as a result of a compliance issue.

### **19.18 Repayment of unearned funds**

The Office of Financial Aid (OFA) will notify students if they owe federal funds back to the U.S. Department of Education (ED). Amounts that must be returned by the student will first be applied to federal loans. The student/parent will be permitted to repay loans based on the terms of the Master Promissory Note (MPN) which usually consists of scheduled payments to the holder of the loan over a period of time. Any grant overpayment the student has to return to the federal government must be repaid within 45 days after the student receives notification from OFA. If the grant overpayment cannot be paid in full, a repayment plan may be arranged with the U.S. Department of Education.

If a student does not repay the grant funds that are owed to the government within 45 days, the account will be turned over to the U.S. Department of Education (ED) as an overpayment of federal funds. Students who owe an overpayment of Title IV funds are ineligible for further disbursements from federal financial aid programs at any institution until the overpayment is paid in full or payment arrangements are made with the U.S. Department of Education.

If a student does not pay funds due to TTU to cover their Bursar balance, the student's records will be placed on financial hold. This means he/she will not be permitted to register for classes or receive transcripts until the balance is paid.

### **19.19 School and Student responsibilities in regard to the R2T4 policy & process**

#### ***Tennessee Tech's responsibilities in regard to the Return of Title IV funds***

1. Providing each student with the information given in this policy;
2. Identifying students affected by this policy and completing the Return of Title IV Funds (R2T4) calculation;
3. Informing the student of the result of the R2T4 calculation and any balance owed to TTU as a result of a required return of funds;
4. Returning any unearned Title IV aid that is due to the Title IV programs and, if applicable, notifying the borrower's holder of federal loan funds of the student's withdrawal date;
5. Notifying student and/or Plus borrower of eligibility for a Post-Withdraw Disbursement, if applicable.

#### ***Student's responsibilities in regard to the Return of Title IV funds***

1. Becoming familiar with the Return of Title IV Funds (R2T4) policy and how withdrawing from all courses effects eligibility for Title IV aid;
2. Resolving any outstanding balance owed to the UA resulting from a required return of unearned Title IV aid;
3. Resolving any repayment to the U.S. Department of Education as a result of an overpayment of Title IV grant funds.