



Return of Title IV Funds

[updated April 2021]

NOTE TO ALL FEDERAL FINANCIAL AID RECIPIENTS

If you received taxpayer supported financial aid authorized by Title IV legislation and administered by the Federal Department of Education, an official or unofficial withdrawal will affect your current financial aid, your future financial aid eligibility, and potentially your personal finances. Colby Community College strongly encourages students to read and understand the policies below prior to making a final decision about withdrawing from classes.

How a Withdrawal from Class or School Affects Financial Aid

Federal financial aid is disbursed under the assumption that the student will attend for the entire period of time for which the student was awarded the funds. When a student withdraws from all courses for any reason – including medical withdrawals – that student may no longer be eligible for the full amount of financial aid funds that were awarded.

Federal law (34 CFR 668.22) requires schools to calculate how much financial aid a student has earned if that student:

- Completely and officially withdraws;
- Stops participating in classes before completing a semester; or
- Does not complete all modules the student was scheduled to attend (modules are classes that do not span an entire semester).

The federally required calculation is based on the idea that students earn financial aid in proportion to the amount of time in which they were enrolled. For example, a student who withdraws in the second week of class has earned less than someone who withdraws in the fifth week of class. Once a student has completed 60% of the enrollment period, the student is considered to have earned all of the financial aid they were awarded and will not have to return any funds.

Because of this calculation, Colby Community College students who receive disbursements of their financial aid and do not complete their classes during an enrollment period could be held responsible for repaying a portion of the aid they received. Students who do not begin attendance must repay all financial aid that was disbursed for the term.

IMPORTANT: Courses processed as withdrawals (A "W" recorded on official transcript) remain fully billable at 100% of course tuition and applicable fees. Colby Community College's tuition/fee cancellation policy is separate from the federal regulations on repayment of unearned aid. It is possible that financial aid will not cover a student's balance following the return of funds calculation – even after the tuition and fees cancellation policy has been applied.

How “Earned” Financial Aid is Calculated

Institutions are required to determine the amount of Title IV financial aid that was “earned” by a withdrawing student. This calculation must be completed within 30 days

of the date the school determines that the student has withdrawn. The school is required to return any unearned funds within 45 days. The calculation is completed by the Office of Financial Aid. The following formula is used to determine the percentage of “unearned” financial aid that must be returned to the federal government:

Semester or Module(s) minus the Percent of Semester/Module(s) completed equals Unearned Aid.

In summary, if a student has completed 25% of the payment period in which they were enrolled, they are considered to have “earned” 25% of the financial aid they were originally scheduled to receive. That means that 75% of the disbursed aid is considered to be “unearned” and must be returned to the federal government. The total number of days used in the calculation will exclude any scheduled breaks of five or more days.

IMPORTANT - MODULES: The rules surrounding withdrawal and modules are slightly different. Students enrolled in modules are held accountable for attending the number of days in the modules in which they are enrolled. For example, if the student enrolls in modules one and three within a semester, only the days in modules one and three will be considered when calculating the percentage of the semester completed. The timing of a dropped class in the modular programs is also important. If a student drops courses in a later module while still enrolled in a current module within a semester, the

student is not considered to be withdrawn. However, a recalculation of financial aid eligibility based on the change in enrollment status (full-time, three-quarter time, half-time) may still be required.

If a student ceases enrollment in a current module but plans to attend a later module within the same semester, the student must notify the financial aid office in writing of their plans to attend the later module to avoid being considered a withdrawal for the purposes of this calculation. If written notification is not received within required timeframes, the student is considered to have withdrawn, and the return of funds calculation is completed. If, however, the student does continue to attend in a later module within the same semester, even if they failed to notify the Office of Financial Aid that they would, prior calculations due to non-communication are reversed.

Types of Drops and Withdrawals

In financial aid, definitions are important. When students cease enrollment in a class, the way that they cease enrollment is important for the purposes of calculating earned aid. The following definitions are employed:

Drop: A student is considered to be “dropped” from classes when they cease enrollment in the class during the drop/add period of each session during an academic term. This period is typically 5-7 days from the start of the session. A “dropped” student is still considered to have attempted the class for the purposes of the return of funds calculation. Students may also be dropped by instructors

for non-attendance during the certification period for each session. Research will be conducted on the student's participation in dropped classes to determine eligibility for any aid that was disbursed to the student or that was in preparation for disbursement.

Official Withdrawal: A student who follows the instructions and clearly states their intent to withdraw via the official procedures for withdrawal from the college is considered to have officially withdrawn. The instructions for how to officially withdraw from the institution are located on the college website: <https://www.colbycc.edu/student/financial-aid/refund-policy/index.html>

Unofficial Withdrawal: Students who remain enrolled in a class but at some point cease participation resulting in a grade of "F" are potential risks for unofficial withdrawal. If a student receives either an F in *all classes* in which they are enrolled for a semester, that student is considered to be an unofficial withdrawal.

IMPORTANT: Unofficially withdrawn students are typically discovered at the end of the semester during the satisfactory academic progress review. If it is determined that the student has withdrawn and the return of funds calculation is required, it is possible that financial aid will be returned for the semester that has already completed. A determination that a student failed to participate in any class could also result in an adjustment of the student's enrollment status and federal financial aid based on that enrollment status.

What is Considered the Date of Withdrawal?

For students who officially withdraw from the college, the day of withdrawal is the date that the student engaged in the withdrawal process. For students who drop all courses in a module or semester, the day of withdrawal is the day the courses were dropped. For students who unofficially withdraw from a module or session, the day of withdrawal is either the last day the student participated in the class (in the case where participation records exist) or the mid-point of the semester (in the case where participation records do not exist).

When Is All Aid Considered "Earned"?

Students are considered to have earned all financial aid when they have completed 60% of the days they were scheduled to attend. Percentage of days completed is calculated using the following formula:

- The number of Days Attended divided by the Days in Semester or Module equals Percentage of Semester Completed.
- If the calculated percentage completed equals or exceeds 60%, the student is considered to have "earned" Title IV aid for the enrollment period.

IMPORTANT: "For the purposes of this calculation, "days" is considered to be "calendar days." For example, a 7-day week includes Saturday and Sunday – even if classes are not normally held during that time. Note that scheduled

breaks of five or more days are excluded from both the number of days attended and the days in a semester or module.

What Happens When a Student Fails to Begin Attendance?

If a student receives financial aid but never attends classes, the Office of Financial Aid must return all disbursed aid to the respective federal and institutional aid programs.

Definition of Class Participation

Participation in class is necessary to be considered eligible for the receipt of federal, Title IV funds. Participation at Colby Community College is defined as, but not limited to:

- Completion of exams or quizzes.
- Completion of an academic assignment or project.
- Class attendance.
- Participation in an online or in-class discussion about academic matters.
- Contact with a faculty member to ask a question about the academic subject being studied.
- Attendance at a study group that is mandatory for the class and where attendance is taken.

Participation is not:

- Student's self-certification of attendance or participation.
- Living in Colby Community College housing or having a Colby Community College meal plan.
- Logging into class to view class materials.
- Receiving academic counseling or advising.

Student Notification of Results of Calculation

Upon completion of the Return of Title IV Funds calculation, students will receive notification indicating the amount of aid that will be returned. Colby Community College will return the required funds on the student's behalf to the appropriate federal and institutional aid program(s) by charging the student's account. Students will be able to view the return and any resulting account balance on their TrojanWeb Self-Service account immediately after the return of funds has been processed. The student is responsible for all charges and overpayments resulting from a Return of Title IV calculation.

Which Funds are Subject to the Return of Funds Calculation?

The following federal funds are subject to the refund calculation if it is

determined that the student did not complete 60% of the days they were scheduled to attend. The following is the order the federal funds would be returned:

- Federal Direct Loans: Unsubsidized and Subsidized
- Federal Direct Parent PLUS Loans
- Federal Pell Grant
- Federal Supplemental Educational Opportunity Grant (FSEOG)

Effects of Withdrawal to Direct Loan Grace Periods

Any time a student is considered to be enrolled less than half-time, that student's loan grace period begins. In the case of withdrawal, the grace period begins on the day the student withdraws from the institution. If the student is not enrolled elsewhere at least half-time before the grace period has expired, the loans will go into repayment. The student must contact their loan servicer to make payment arrangements. Loans must be repaid by the borrower as outlined in the terms of the borrower's promissory note. The student should contact the servicer if they have questions regarding their grace period or repayment status. Repayment status can be examined at any time by logging into studentaid.gov.

How Institutional Aid is Affected by a Withdrawal

Institutional funds are cancelled using the same percentages as the cancellation schedule for tuition/fees. The cancellation of charges percentages can be found in the Tuition and Fees section of the Colby Community College catalog or on the website at <https://www.colbycc.edu/student/financial-aid/refund-policy/index.html>

Late Disbursement

There are times when federal financial aid is not disbursed until after the payment period for which the funds were intended has ended. In these cases, federal financial aid earned prior to completing the payment period may be disbursed through a late disbursement. A late disbursement will be offered to you — or your parent, in the case of a PLUS loan — if you were eligible to receive federal financial aid loan funds but did not receive them prior to completing the payment period. To be eligible for a late disbursement, you must meet one or more of the following conditions before completing the payment period:

- The U.S. Department of Education processed your FAFSA form with an official expected family contribution (EFC).
- A Direct Loan was originated for you.
- Federal Supplemental Educational Opportunity Grant (FSEOG) was awarded to you.

Late disbursements are prohibited if:

- It is a second or subsequent disbursement of loan funds unless you have graduated or successfully completed the payment period.
- You are a first-year, first-time borrower and withdraw prior to completing 30 days of your degree program.
- It is a disbursement of grant funds, and you did not have a valid FAFSA on file prior to the processing deadline.

If you are found to be eligible for a late disbursement of loan funds, the College will contact you prior to making any disbursements. This gives you the opportunity to accept or decline loans and to choose how funds will be applied.

If you are eligible, you will be sent a late disbursement letter. This letter must be completed and returned within 30 days for funds to be disbursed. If student loans are declined, or the late disbursement letter is not returned, funds will not be disbursed.

If you accept the loan, you can choose to borrow an amount to cover open charges or an additional amount, if eligible. Borrowing only for open charges will result in the disbursement of just enough loan funds to pay any balances due on your account.

Borrowing an additional amount of student loan will result in all funds being disbursed and any amount in excess of the account balance being sent to you as a refund.

Funds are disbursed according to the student's wishes.

Post Withdrawal Disbursement

When a student withdraws from the College, he or she generally becomes ineligible for future disbursements of federal financial aid. In some cases, however, funds earned prior to withdrawal can be offered to the student through a post-withdrawal disbursement (PWD).

A PWD is offered to you — or your parent in the case of a Parent PLUS loan — if, prior to withdrawing, you earned more federal financial aid than was disbursed. The amount earned is determined as part of the required federal Return of Title IV Funds calculation.

The conditions and limitations for a PWD are the same as those for a late disbursement, with some additions.

We are not able to make:

- Second or subsequent disbursements of Direct Loan funds unless you've successfully completed your loan period.
- A PWD of Pell funds for a subsequent payment period if you have not completed the earlier payment period.

The College is required to contact students eligible for a PWD prior to making any disbursements. You have the opportunity to accept or decline federal financial aid as part of a PWD.

We will contact you by letter, and that letter must be completed and returned within 14 days for federal financial aid to be processed.

If a loan is part of a PWD, you can choose to accept only an amount for the balance due to the College or, if eligible, to accept a larger amount that will result in excess funds being returned to you.

A PWD of federal grant funds for open charges only does not require your acceptance. The College is required, however, to obtain your permission to credit your account with federal grant funds in excess of open charges.

The College must disburse a PWD of federal financial aid loan funds within 180 days after the date of the College's determination of the withdrawal.

It is important to understand that accepting a PWD of student loan funds will increase your overall student loan debt that must be repaid under the terms of your Master Promissory Note. Additionally, accepting a PWD of grant funds will reduce the remaining amount of grant funds available to you should you continue your education.

Consequences of Non-Repayment

Overpayments of federal grant funds are serious and can affect an individual's ability to receive federal financial aid in the future. If grant funds are owed to the government and the student does not make arrangements for repaying the funds, the overpayment will be turned over to the Federal Department of Education (ED). Students who owe an overpayment of any Title IV funds are ineligible to receive further disbursements from Title IV programs until funds are paid in full, or payment arrangements are made with the Department of Education.

If a student fails to pay or make payment arrangements on their student account balance, the student's academic records will be placed on financial hold, and the student will not be permitted to register for future classes or receive transcripts until the balance is paid. Accounts that remain unpaid will be sent to collections. *[Revised March, 2016; April 2021]*