

## THE 'RETURN OF TITLE IV FUNDS' POLICY

The Federal "Return of Title IV Funds" legislation requires that when a student completely withdraws on or before completing 60% of the semester, the amount of financial aid (federal grants and loans) earned must be calculated. The school and/or student may then be required to return some of the federal funds awarded to the student. The percentage of Title IV aid to be returned is equal to the number of calendar days remaining in the semester divided by the total number of calendar days in the semester. If a student received more aid than was earned, the excess funds must be returned.

For example, if a student completes 30% of the semester before completely withdrawing, the student has earned 30% of the aid package awarded to them. If excess funds must be returned, St. Clair County Community College will return the lesser of either:

1. The student's tuition/fees charges multiplied by the unearned percentage, or
2. The entire amount of the excess funds.

The student is responsible to return any remaining excess funds. Any loan funds must be repaid in accordance with the terms of the student's promissory note, making payments to the holder of the loan over a period of time.

If the student is responsible for returning grant funds, the law provides that they are only required to return 50% of the full amount that is determined to be the student's responsibility. Any amount required to be returned is referred to as a "grant overpayment" and the student must make arrangements with SC4 to return the funds.

All students requesting a complete withdrawal of classes prior to the 60% date in the semester are encouraged to visit the Financial Aid Office prior to completely withdrawing. Students must also be aware that if funds are released because of a credit balance on the student's account, then the student may be required to repay some of the federal grants if they withdraw. For example, a student is awarded a Pell Grant of \$1500. The cost of their tuition and fees is \$500; therefore the student is entitled to a refund check of \$1000.

$$\text{\$1500 Pell} - \text{\$500 tuition/fees} = \text{\$1000 refund check}$$

If the student decides to completely withdraw at the half point of the semester, they would only be entitled to 50% of the Pell Grant. This means that \$750 instead of \$1500 of the student's Pell Grant should have been credited to their account. The federal government would require the student to pay back half of the actual earned award, \$375. SC4 would also be required to pay back 50% of the tuition and fees, \$250, which was paid by the Pell Grant. Therefore, the student would also owe the College an additional \$250 for tuition. The total student loss for not completing the semester would be \$625.

$$\text{\$375 Pell Grant} + \text{\$250 Tuition/Fees} = \text{\$625 MUST be repaid to SC4/Federal Government}$$

Upon complete withdrawal prior to the 60% point in the semester, students will be notified regarding the amount of aid they are required to repay to either SC4 and/or the federal government. Worksheets used to determine the Return of Title IV aid are available upon request in the Financial Aid Office.

Funds must be returned to the following federal programs in the following order:

1. Unsubsidized Direct Loans
2. Subsidized Direct Loans
3. Direct PLUS
4. Federal Pell Grant
5. Federal Supplemental Education Opportunity Grant (FSEOG)
6. Other Title IV programs

**\*\*\*Students should always consult the Office of Financial Aid prior to any drop or withdrawal from classes made during any semester, especially for the Summer semester.**