

## Policy FA1.03: Withdrawal and Return to Title IV Funds

Oversight	Information
Policy Type	Financial Aid
Policy Owners	Director of Financial Aid
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Procedure Effective Date	July 1, 2011

### Policy

Federal regulations require Title IV federal financial aid funds to be awarded under the assumption that a student will attend the institution for the entire period in which federal aid was awarded. If the recipient of Title IV funds withdraws from the school after beginning attendance, the amount of Title IV grant or loan funds earned by the student must be determined. If the amount disbursed is greater than the amount the student earned, unearned funds must be returned.

The amount of Title IV funds earned by a student is based on the amount of time the student attended the University and the courses attempted and completed during the semester and has no relationship to the University's charges that the student incurred.

Federal law requires schools to calculate how much federal aid a student has earned if that student:

- Completely withdraws, or
- Stops attending before completing the semester, or
- Does not complete all modules. Modules are courses which are less than an entire semester in length for which the student was scheduled to attend at the point of withdrawal.

American Sentinel College's courses are Modules as they are 8 weeks in length.

American Sentinel College is not required to take attendance, however there must be a census date established to be able to disburse Title IV funds. It is important to note that a student begins earning Title IV funds on his or her first day of attendance. Therefore, even if a student withdraws before the census date, the school must perform a Return of Title IV Funds calculation using the number of days the student attended as the numerator and total calendar days in the period as the denominator.

If a student received a Title IV Pell grant, this must be recalculated if necessary, prior to the Return of Title IV funds calculation being completed. The order to return Title IV funds must

always be in the best interest of the student therefore, loan funds should be returned in the following order: Unsubsidized Direct Loan first, then Subsidized Loans, then Direct PLUS Loans.

### **Official notification of withdrawal**

Official notification to the school occurs when a student notifies an office designated by the school of his or her intent to withdraw. Official notification from the student is any official notification that is provided in writing or orally to a designated campus official or office. The responsibility for documenting oral notifications is the schools. The school may request, but not require, the student to confirm his or her oral notification in writing.

### **Unofficial withdrawals**

There are two categories of unofficial withdrawals. First, if the school determines that a student did not begin the withdrawal process or otherwise notify the school of the intent to withdraw due to illness, accident, grievous personal loss, or other circumstance beyond the student's control, the withdrawal date is the date the school determines that the student ceased attendance because of the applicable event.

The second category of unofficial withdrawals encompasses all other withdrawals where official notification is not provided to the school. This could be when the student does not begin attendance in a subsequent semester, or just fails to complete courses. A school may not know that the student has dropped out (unofficially withdrawn) until the school checks its records at the end of an academic period. However, to ensure that Title IV funds are returned within a reasonable period, a school must determine the withdrawal date within 30 calendar days from the earlier of:

1. the end of the payment period
2. the end of the academic year, or
3. the end of the student's educational program.

### **Guidelines**

- HEA, Section 4848
- 34 CFR 668.22

### **Procedure**

For all programs offered in modules, a student is 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. This written confirmation must be obtained even if the student is registered for future modules.



If a school obtains a written confirmation of future attendance but the student does not return as scheduled, the student is considered to have withdrawn from the payment period or period of enrollment. The student's withdrawal date would equal the last date of attendance and the total number of calendar days in the payment period or period of enrollment would be the total number of calendar days for the courses the student was registered that would have applied if the student had not provided written confirmation of future attendance.

If a student drops all future classes in a payment period or period of enrollment on the same day the student completes a module, the student is not considered a withdrawal. For example, if a student who is enrolled in modules one and three of a three-module semester drops all classes in module three on the last day of module one, the student is not considered to have withdrawn and no Return of Title IV Funds calculation is required. However, the student's eligibility for Title IV aid must be recalculated based on a revised cost of attendance and enrollment status.

### **How to determine whether a student in a program offered in modules has withdrawn.**

Schools can determine whether a student enrolled in modules is a withdrawal by asking the following questions:

1. After beginning attendance in the payment period or period of enrollment, did the student cease to attend or fail to begin attendance in a course he or she was scheduled to attend? If the answer is no, this is not a withdrawal. If the answer is yes, go to question 2.
2. When the student ceased to attend or failed to begin attendance in a course he or she was scheduled to attend, was the student still attending any other courses? If the answer is yes, this is not a withdrawal; however other regulatory provisions concerning recalculation may apply. If the answer is no, go to question 3.
3. Did the student confirm attendance in a course in a module beginning later in the period? If the answer is yes, this is not a withdrawal, unless the student does not return. If the answer is no, this is a withdrawal and the Return of Title IV Funds requirements apply.

### **The Return of Title IV Funds:**

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

The Financial Aid Office will determine the amount of Title IV aid disbursed (if any) for the period of enrollment the student withdrew. Aid is counted as aid disbursed in the calculation if it has been applied to the student's account on or before the school's determined withdrawal date.

The total amount of aid disbursed, plus the aid that could have been disbursed (if any) for the period of enrollment in which the student withdrew.



**Step 2: Percentage of Federal Aid Earned**

The Financial Aid Office will calculate the percentage of aid earned as follows: The number of calendar days completed by the student divided by the total number of calendar days in the period of enrollment in which the student withdrew.

**Step 3: Amount of Federal Aid Earned by Student**

The Financial Aid Office will calculate the amount of federal aid earned as follows: The percentage of federal aid earned (step 2) multiplied by the total amount of federal aid disbursed or that could have been disbursed for the period of enrollment in which the student withdrew (step 1).

**Step 4: Amount of Federal Aid to be Disbursed or Returned**

If the aid already disbursed equals the aid earned, no further action is required.

If the aid already disbursed is greater than the earned aid, the difference must be returned to the appropriate federal aid program. This means that a balance may be created on the student's account. The student will be responsible for paying this balance.

If the aid already disbursed is less than the earned aid, Financial Aid will calculate a post-withdrawal disbursement and offer the available aid to the student. A post-withdrawal disbursement of federal grant aid does not require acceptance from the student. If a post-withdrawal disbursement contains loan funding, the student must provide written notification of acceptance of the loan funds within 14 calendar days. The student may also elect to decline these loan funds as to not incur debt. The student will be notified of any additional disbursements via email. The school must pay the post-withdrawal disbursement to the student as soon as possible but no later than 180 days from the date the school determined the student withdrew, and no later than 45 days for grants.

The institution is required to perform the Return to Title IV calculation no later than 30 days after the withdrawal date and return the Title IV funds for which it is responsible to later than 45 days after the Date of the Determination of the student's withdrawal.

Once the calculation is complete, the Financial Aid Office will notify Student Accounts of any required return of Title IV funds or of any post-withdrawal disbursements that are due.

Student Accounts will then perform a refund calculation based on American Sentinel College refund policy and process any return of Title IV Funds and any refunds that are due, within 30 days of the determined date of withdrawal noted in the student information system by the Registrar.

## **Related Documents/References**

- Student Handbook
- Federal Student Aid Handbook

## **Definitions**

- None

## **Revision History**

- 07/01/2011 Financial Aid
- 04/26/2019 Financial Aid
- May 7, 2020: Updated policy format for accessibility guidelines - AHB
- 3/1/2021-Updated branding for Post University - AHB