

## **Return of Title IV Refund Policy**

### **Return of Title IV Funds**

Withdrawing or stopping attendance may result in financial debt for the student and may also make the student ineligible for future financial aid, including loans. We strongly urge students to consult with an academic advisor and a financial aid counselor to help them with decisions about withdrawing.

Title IV funds are awarded to a student under the assumption that the student will attend school for the entire period for which the assistance is awarded. It is the policy of HGTC to determine the amount of earned and unearned portions of Title IV aid as of the date the student ceases attendance. During the first 60 percent of the enrollment period, a student "earns" Title IV funds in direct proportion to the length of time he or she remains enrolled. A student who remains enrolled beyond the 60 percent point earns all of his or her aid for the period. If earned aid exceeds disbursed aid, additional funds may be disbursed to the student in the form of a late disbursement. Additional disbursements are not permitted if the amount of earned aid is less than the total Title IV aid that was disbursed prior to the institution's determination that the student withdrew.

### **Repayment of Unearned Aid**

The responsibility to repay unearned aid is shared by the institution and the student in proportion to the aid each is assumed to possess. The institution's share is the lesser of the total amount of unearned aid or the institutional charges multiplied by the percentage of aid that was unearned. The student's share is the difference between the total unearned amount and the institution's share.

The institution's share is allocated among the Title IV programs, in an order specified by statute, before the student's share. After the student's share is fully allocated among the Title IV programs, students only owe grant overpayments if the overpayment exceeds 50% of the Title IV grant aid received. Students are not required to return grant overpayments of \$50 or less.

Refunds and repayments will be distributed to the appropriate Title IV, HEA programs in the following order:

1. Direct/Federal Unsubsidized Stafford Loan
2. Direct/Federal Subsidized Stafford Loan
3. Direct/Federal Plus Loan
4. Federal Pell Grant
5. Federal SEOG Grant
6. Other Title IV assistance
7. Other state, private or institutional aid
8. Student

### **Time Frame for Returning Funds**

The institution must return its share of unearned Title IV funds no later than 45 days after it determines that the student withdrew. Notification to the student will be sent stating what the institution will be returning and their obligations. Students return their share of unearned aid attributable to a loan under the terms and conditions of the promissory note. Students have 45 days once notified to resolve any grant overpayment by one of the following two ways: 1.) repay the overpayment in full to the institution; 2.) sign a repayment agreement with the institution.

If the overpayment is not satisfactorily resolved within 45 days, the student will lose financial aid eligibility at every institution of higher education in the United States. If a student refuses to make payment or payment arrangements on any Title IV program, HGTC is required by law to report the overpayment to the U.S. Department of Education. In the event of an overpayment, a hold will be placed on the student's records at HGTC, and their account will be turned over to a collection agency.

### **Post-withdrawal Disbursements of Aid**

A student who earned more aid than was disbursed prior to withdrawal could be due a post-withdrawal disbursement. Disbursements must be made from available grant funds before loans. HGTC may credit grant disbursements toward unpaid institutional charges for the current year charges only. HGTC will contact a withdrawn student prior to making a post-withdrawal disbursement of loan funds. HGTC will explain the student's obligation to repay the funds and confirm that the loan funds are still required by the student. Students will be encouraged to cancel the loan. HGTC will document the student's decision in their file. Any portion of a post-withdrawal disbursement not credited to the student's account will be offered (in writing or electronically) as a cash disbursement to the student within 30 days of the withdrawal date. The student has 14 calendar days to respond to the Financial Aid Office. HGTC will return the post-withdrawal disbursement to the Department of Education if no response is received from the student or parent (in the case of a Parent Plus Loan), or funds are declined by the student or parent, or response is not received within the 14-day time frame. An eligible student, who withdraws from HGTC prior to completing their file, should check with the Office of Financial Aid to determine if they would qualify for a Post-withdrawal Disbursement once the file is complete.

### **Determination of Withdrawal Date**

The withdrawal date is the date the student is officially withdrawn from all credit courses, which may be different than the last date of attendance. There are two types of withdrawals; a) course withdrawal due to excessive absences initiated by the instructor and b) course withdrawal initiated by the student. HGTC uses the last date of attendance to calculate the "earned" and "unearned" portion for the Title IV refund. If the last date of attendance cannot be determined then the HGTC uses the mid-point of the period.

For students who have all grades of F or combination of grades of F, WF and W, HGTC, as per federal regulations, will assume that the student has unofficially withdrawn; and a Return of Title IV funds will be calculated. If it can be determined that the F's were earned then the student will not have totally withdrawn.

### **HGTC Responsibilities**

1. Providing each student with HGTC's Return of Title IV Refund policy
2. Identifying students affected by this policy and completing the Return of Title IV Funds calculation owed to the University as a result of a return of funds
3. Returning any unearned Title IV aid that is due to the Title IV programs and, if applicable, notification of the withdrawal date for federal loan funds
4. Notifying student and/or Plus borrower of eligibility for a Post-Withdrawal Disbursement.

### **Student Responsibilities**

1. Become familiar with the Return of Title IV funds policy and how withdrawing from all his/her courses effects eligibility for current and future Title IV aid

- Resolving any outstanding balance owed to HGTC resulting from a required return of unearned Title IV aid

The refund requirements for Title IV funds when you withdraw are separate from HGTC's Tuition and Fee Refund Policy. Therefore, you may still owe funds to the school to cover unpaid institutional charges. HGTC will charge you for any Title IV funds that the school was required to return that did not qualify under HGTC's refund policy.

### **HGTC Tuition and Fee Refund Policy**

|   | <u>Tuition</u> | <u>Fees</u> |
|---|----------------|-------------|
| Before classes begin                                      | 100%           | 100%        |
| During Add/Drop   | 100%           | 100%        |
| Period after Add/Drop equal<br>to the length of Add/Drop* | 50%            | n/a         |

\*For all semesters including the ones that are shorter than full term the 50% refund period is equal to the same length of the Add/Drop period for that semester.

### **Example regarding the application of the Return of Title IV Funds policy (for illustration purposes only)**

- Sally Smith received the following financial aid:

|                            |                 |
|----------------------------|-----------------|
| Sub Federal Direct Loan    | \$ 1,742        |
| UnSub Federal Direct Loan  | \$ 1,635        |
| Federal Pell Grant         | \$ 1,388        |
| Federal SEOG               | <u>\$ 500</u>   |
| <b>Total Aid</b>           | <b>\$ 5,265</b> |
| Less Tuition, Fees & Books | -\$ 1,307       |
| Sally's Refund Check       | \$ 3,958        |

Sally's institutional charges are as follows:

|                             |               |
|-----------------------------|---------------|
| Tuition                     | \$ 786        |
| Fees                        | \$ 97         |
| Books                       | <u>\$ 424</u> |
| Total Institutional Charges | \$ 1,307      |

- Sally withdrew on the 10<sup>th</sup> day of an 89 day term, or 11.2%. Federal law states that she received or would have been eligible to receive:

|                         |                |
|-------------------------|----------------|
| Aid Disbursed (100%)    | \$ 5,265       |
| Less Aid Earned (11.2%) | <u>-\$ 590</u> |
| Unearned Aid (88.8%)    | \$ 4,675       |

- HGTC and Sally share the responsibility of returning the 88.8% of unearned aid to federal programs. According to federal policy, HGTC's institutional share is determined by multiplying the total charges (\$1,307) by the unearned percentage (88.8%); in this case, \$1,161. In this example, HGTC will return this amount to Sally's lender (Dept of Education) to reduce her Unsubsidized Federal Direct Loan balance owed. The amount paid by HGTC back to the lender will be added to Sally's account balance due to the College.

- Sally is then responsible for the remaining balance due to Dept of Education, calculated as:

|                                |                  |
|--------------------------------|------------------|
| Unearned Aid                   | \$ 4,675         |
| Less HGTC's Share              | <u>-\$ 1,161</u> |
| Sally's Unearned Share (Repay) | \$ 3,514         |

5. The initial amount of unearned aid due from student is \$3,514 but Sally's portion for loans and grants is calculated as:

**Loan Repayment**

|                                     |                  |
|-------------------------------------|------------------|
| Total Loans Disbursed               | \$ 3,377         |
| Less HGTC's Share                   | <u>-\$ 1,161</u> |
| <b>Sally's Loan Share to Return</b> | <b>\$ 2,216</b>  |

**Grant Repayment**

|                                      |                  |
|--------------------------------------|------------------|
| Sally's Unearned Share               | \$ 3,514         |
| Less Sally's Loan Repayment          | <u>-\$ 2,216</u> |
| Initial Grant Repayment              | \$ 1,298         |
| Total Grants Disbursed               | \$ 1,888         |
| 50% Protection Allowance             | <u>x .50</u>     |
| Amount Protected                     | \$ 944           |
| Initial Grant Repayment              | \$ 1,298         |
| Protected Grant Amount               | <u>-\$ 944</u>   |
| <b>Sally's Grant Share to Return</b> | <b>\$ 354</b>    |

Sally's repayment obligation for grant funds is calculated by taking her total unearned share, subtracting her share to return for loans (\$3,514 - \$2,216 = \$1,298) then multiplying total grants received by half which is the grant protection allowance (\$1,888 x .50 = \$944). Since the grant obligation is larger than the protected amount Sally owes a Pell repayment of the difference (\$354).

6. Repayment allocation back to federal programs for Sally's student portion ( 3,514) is as follows:

|   |               |
|---|---------------|
| Unsubsidized Federal Direct Loan                | \$ 1,635      |
| Subsidized Federal Direct Loan                  | \$ 581        |
| Federal Pell Grant (after protection allowance) | <u>\$ 354</u> |
|   | \$ 2,570      |

(HGTC's Share = \$1,161, Sally's Share = \$2,570)

Federal policy allows Sally to repay the loan portion of the Return to Title IV funds in accordance with the terms of the Master Promissory Note that she signed.

Sally will have to make arrangements to pay the \$354 grant portion. In addition Sally received a 50% refund according to HGTC institutional refund policy of \$393. This amount will be applied to the \$1,161 the school was obligated to return thus leaving a balance owing to HGTC of \$768.

### **Payment Arrangements and Payments**

Students will receive notification from the Student Accounts Office detailing what the student owes. Students have 45 days to make payment arrangements or pay in full to avoid being turned over to the U.S. Department of Education for collection.

Once satisfactory repayment arrangements have been made with the HGTC Student Accounts Office or the U.S. Department of Education, students are eligible to enroll in future semesters and receive additional federal funding and/or State funding (over payments affect eligibility for all state aid).

However, students may not register for HGTC classes or receive an official transcript until the Student Accounts Office debt has been paid in full. If a student wishes to make payment arrangements with the Student Accounts, he/she should contact the Student Accounts Office and a repayment arrangement contract will be mailed to the student. If a student is late on any payment, HGTC reserves the right to turn the student's account over to the U.S. Department of Education for collection.

Payment arrangements and payments should be made with HGTC's Student Account Office below:

**Horry-Georgetown Technical College  
Student Accounts Office  
PO Box 261966  
Conway, SC 29568  
(843) 349-5310**