



## Return of Federal Title IV Funds

The Higher Education Act, as reauthorization and signed into law on October 7, 1998, established the Return of Title IV Funds Policy. The Return of Title IV policy applies to any student who receives federal financial aid, has enrolled in classes, and subsequently withdraws or is reported as an “unofficial withdrawal” (all F’s, No Participation) during or after the quarter, and applies to all periods of enrollment.

### Complete Withdrawal

#### How Does a Complete Withdrawal Affect Federal Student Aid?

Circumstances may require a student to withdraw from all classes. The federal government requires a return of Title IV federal aid that was received if the student withdrew on or before completing 60% of the quarter. Federal funds, for the purposes of this federal regulation, include Pell Grant, Supplemental Educational Opportunity Grant, Unsubsidized Direct Loans, Subsidized Direct Loans, and Parent PLUS Loans. The formula used in this federal “return of funds” calculation divides the aid received into earned aid and unearned aid.

Before withdrawing or ceasing academic participation, the student should be aware of the proper procedure for withdrawing from classes and the consequences of either withdrawing or stopping participation. Official withdrawal is always the responsibility of the student and questions regarding withdrawal should be addressed to their Academic Advisor, Student Services Office, and Registrar’s Office.

**Complete Withdrawal:** Official withdrawal from Humphreys University by the student. The current withdrawal policy can be found in current General University Catalog under “Withdrawal from Courses”.

**No Passing Grades:** A student is considered to have unofficially withdrawn for Title IV Federal Student Aid purposes when the student receives all failing grades due to stopping participation in all courses before the last scheduled day of academic activity.

**Student Fails to Begin Academic Participation:** If a student receives financial aid, but never begins academic participation, the Student Services Office will return all disbursed funds to the respective federal and/or state aid programs.

### How is Federal Student Aid Earned Calculated?

The Return of Title IV calculation is a federal formula used to determine the portion of federal grants and loans a student is entitled to receive by comparing the total number of days in the given quarter to the number of days completed before the student withdrew, up to the end of the 60% point of the quarter. Return of Title IV funds is no longer required after the 60% point. However, if a student withdraws prior to the 60% point, the school, or the student, or both may be required to return some, or all the federal funds awarded to the student for the quarter, if the Return of Title IV calculation determines any unearned aid. The unearned 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” found at <https://ifap.ed.gov/sites/default/files/attachments/2019-07/CreditHourWorksheets2017.pdf>

#### For example:

If a student completes 30% of the quarter, he/she has earned 30% of the aid originally received. This means that 70% of the aid received is considered to be unearned and must be returned to the appropriate grant and/or loan programs. If a student does not receive all the aid earned, the student may be due a post-withdrawal disbursement. If a student withdraws from Humphreys University after 60% of completing the quarter, he or she has earned all (100%) aid received.

## Withdrawing Prior to Completing 60% of the Quarter

In compliance with federal regulations, Humphreys University will perform the calculation within 30 days of the student's withdrawal and funds will be returned to the appropriate federal aid program within 45 days of the withdrawal date. An evaluation will be done to determine if aid was eligible to be disbursed but had not disbursed as of the withdrawal date. If the student meets the federal criteria for a post withdrawal disbursement, the student will be notified of their eligibility within 30 days of determining the student's date of withdrawal. If the eligibility is for grant disbursement, the funds will be disbursed within 45 days of determining the student's date of withdrawal. If the eligibility is for a loan, the student will be notified in the same timeframe, but they must also reply to the Student Services Office if they wish to accept the post withdrawal loan. A post withdrawal disbursement of any funds would first be used toward any outstanding charges before any funds are processed as an aid refund.

Unless the student completes 60% of the term in which federal aid was disbursed, Humphreys University or the student will be required to return all, or part of the federal student aid disbursed. This applies to students who officially (including medical), or unofficially withdraw. In accordance with the Higher Education Amendments of 1998, which established the Return of Title IV Funds Policy, Humphreys University is required to recalculate earned and unearned portions of Title IV funds if the student:

1. Completely withdrawals, or
2. Stops attending before completing the quarter (unofficial withdrawal), or
3. Fails to begin academic participation.

**Important:** Humphreys University's tuition refund policy is separate from the federal requirement to repay unearned aid. Tuition refunds have no bearing on the amount that must be returned to federal aid programs.

## Unofficial Withdrawals

Within 30 days of the final date of final exams of each quarter, Humphreys University's Student Services Office will receive notification of students who have no passing grades and will consider those students to have unofficially withdrawn. Students are identified based on having received all F grades. Based on those grades, the quarter's federal Title IV financial aid will be recalculated to determine what portion of that aid was "earned" by the student. The Return of Title IV calculation will be performed (after the quarter has ended and grades are available) for students determined to have unofficially withdrawn, using the midpoint of the quarter as the withdrawal date, or the last date of attendance at an academically related activity. Based on these calculations, Humphreys University will return "unearned" federal assistance within 45 days after determining the student earned no passing grade. Students are not considered to have unofficially withdrawn if they have received all failing grades and their academic participation confirms course completion. Such students are not subject to the Return of Title IV Federal funds policy.

## Who returns the unearned federal student aid funds?

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Humphreys University will return any unearned portion of the Title IV funds to the appropriate federal grant and/or loan programs. Students will be notified of the amount of returned funds through email. Returned federal student aid funds made by Humphreys University will be charged to the student's Humphreys University financial account.

If grant funds must be returned, the law provides that the amount is reduced by 50%. Please note this reduction only applies to Title IV grants. Any grant return is considered a grant overpayment. The overpayment must be either repaid in full or establish satisfactory payment arrangements with either Humphreys University or the Department of Education, whichever applies, to repay the entire balance owed. In any case, if the Return of Title IV Funds return of unearned aid causes an outstanding balance, the student is responsible for the outstanding balance. Keep in mind that when Title IV funds are returned, the student borrower may owe a balance to the institution and/or the U.S. Department of Education. If a student fails to repay grant funds, the student may be ineligible for future Title IV aid.

If a return is due, Humphreys University will satisfy its institutional responsibility by repaying unearned aid funds to the following sources, in order, up to the total net amount disbursed from each source.

- Unsubsidized Stafford Loan
- Subsidized Stafford Loan
- Parent PLUS Loan
- Pell Grant
- FSEOG
- Other Title IV Grant Funds

### **Treatment of Title IV Credit Balances when a Student Withdraws**

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Title IV credit balances are issued to students within the 14-day delivery time frame. However, when a student withdraws with an outstanding Title IV credit balance, Humphreys University, is required to perform an R2T4 calculation to determine, among other things, whether adjustments to the credit balance will occur. For this reason, the existing 14-day payment requirement is placed on hold to determine the final Title IV credit balance. We are not required to obtain a student's or parent's authorization to hold a Title IV credit balance that existed prior to the return calculation (beyond the original 14-day deadline) while it determines the final amount of the credit balance.

To allow time to appropriately apply any credit balance after it has been recalculated, a new 14-day deadline is triggered when a R2T4 calculation is performed. The new 14-day deadline begins on the date the school performs the return calculation, not the date the school performs any calculations required by its institutional refund policy. Of course, to determine the correct Title IV credit balance, the school must consider both the results of the R2T4 calculation and any applicable refund policy. Title IV credit balances due to the student or parent that remain after the completion of the R2T4 calculation are issued via paper check within 14 days of the date the credit balance occurred.

### **Return of Other Aid than Federal Title IV Aid**

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A Cal Grant recipient's Cal Grant disbursement for any term may not exceed the original tuition charge or the Cal Grant need. If a Cal Grant award recipient withdraws, the Cal Grant award is subject to recalculation. Humphreys University's Tuition Refund Policy will determine the Cal Grant return to the California Student Aid Commission. As a result, if the student withdraws during the 50 percent tuition refund period in the third week of the quarter, the Cal Grant refund will be 50 percent of the Cal Grant award disbursed.

### **Special Notes**

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Students who do not follow the official withdrawal process and are identified as unofficial withdrawals will not be issued a tuition refund.

A student's record will be placed on Financial Lock if he or she fails to pay Humphreys University funds owed to the university as a result of the university returning unearned federal funds. Transcripts denoting conferral of a degree will not be released when there is an unpaid balance due and payable to the University.

Withdrawing from classes may have a negative impact on a student's satisfactory academic progress because it affects the Cumulative PACE/Completion Rate. When a student withdraws from a course, the credit is recorded as attempted but not completed.