

**TEXAS A&M UNIVERSITY-TEXARKANA  
OFFICE OF FINANCIAL AID**

**Return of Title IV Funds – TAMU-T Procedures**

**BACKGROUND**

The 1992 reauthorization of the Higher Education Act of 1965 imposed a federally mandated refund policy on colleges and universities for students who receive Title IV financial aid. Institutions were required to use various refund calculations to determine the amount that the institution earned while the student was in attendance. The calculations varied according to the student's status, first-time student or continuing student. There was considerable confusion in the financial aid community with regard to the amount that the institution would be eligible to retain and that a student would be required to "repay" if he or she withdrew from a semester. The 1998 reauthorization of the Higher Education Act of 1965 simplified this calculation by replacing the current calculations with a single pro rata formula. It also shifted the focus from institution to the student. The student is only eligible for the amount that is earned at the time he or she ceases attendance. It no longer has a relationship to the student's institutional charges.

**REFERENCES**

Section 484B of the Higher Education Act of 1965, as amended, (Title IV, HEA) and 34CFR 668.22

**PROCEDURES**

This policy applies to students who are recipients of financial aid assistance who withdraw from a semester or are expelled from Texas A&M University-Texarkana. At the point of withdrawal, the amount the student earned must be determined, measured in calendar days. Scheduled breaks of five consecutive days or longer, i.e. Spring break, are excluded from both the numerator and denominator in the calculation, but weekend days are included. If the amount disbursed to the student is greater than the amount the student earned, the unearned funds must be returned to the financial aid programs. If the amount disbursed to the student is less than the amount the student earned, the amount is considered to be post-withdrawal disbursement. Post-withdrawal eligibility can be used to credit outstanding charges on the student's tuition account.

There are several basic steps in calculating the financial aid that a student earned or did not earn.

- Determine the date the student withdrew and the percentage of the payment period the student attended.
- Identify the type of financial aid the student was awarded (amount paid and unpaid).
- Calculate the amount of financial aid earned by the student.
- Compare the amount earned and the amount disbursed to determine the unearned amount.
- If the amount the student earned is greater than the amount disbursed, the student is entitled to the disbursement.
- If the amount the student earned is less than the amount disbursed, the overpayment of financial aid must be returned to the appropriate financial aid program.
- Return of funds by the institution and/or student.

The following procedures should be followed when the Office of Financial Aid receives notification that a student, who is receiving financial aid, has withdrawn from the University:

1. **Verification of Attendance:** A weekly roster will be generated by the Office of Financial Aid from the SCT/SIS system to identify students who have withdrawn from the semester.

**Official Withdrawal:** TAMU-T will apply the official withdrawal date as recorded by the Admissions Office in determining the return of funds due by the student and/or institution. TAMU-T will consider the student's official withdrawal date to be the date the student submits his/her written withdrawal request to the Admissions Office.

**Unofficial Withdrawal:** TAMU-T Financial Aid Office will contact the student's instructors to verify that the student "attended" his/her course/s. If the instructor/s cannot verify the student attended at least 3 semester hours, (or 6 semester hours if student received a Federal Student Loan), the student must return all financial aid funds. If the instructor/s can verify the student did attend at least 3 semester hours (6 semester hours, if student received a Federal Student Loan), the Financial Aid Office will apply the 50% point of the semester to be the withdrawal date. If TAMU-T determines that a student did not begin the institution's withdrawal process or otherwise provide official notification (including notice from an individual acting on the student's behalf) to TAMU-T of his/her intent to withdraw because of illness, accident, grievous personal loss, or other such circumstances beyond the student's control, TAMU-T may assign a withdrawal date that is related to that circumstance.

If the TAMU-T Financial Aid Office discovers at the end of the term that the student received all non-passing grades, the TAMU-T Financial Aid Office will contact the student's instructor/s to determine if the student attended each of his/her courses (and obtain a last date of attendance, if available). If the instructor/s can verify the student did attend at least 3 semester hours (6 semester hours, if student received a Federal Student Loan), the Financial Aid Office will apply the 50% point of the semester to be the withdrawal date. If the instructor/s cannot verify the student's attendance in at least 3 semester hours (6 semester hours, if student received a Federal Student Loan), the student must return all financial aid funds.

- 2. Calculation:** TAMU-T will use the Return of Financial Aid-Refund Policy Worksheet (attached), or SCT's software program, to determine the amount the student and/or institution must refund to the appropriate program. The Financial Aid Office and Business Office will work cooperatively to verify the accuracy of each refund calculation.

**Institution's return of funds:** Once the institution's portion of the return of funds has been calculated, the Financial Aid Office will reduce the student's original financial award and return the funds within 30 days to the appropriate program/s in the order specified below. If this creates a "charge" on the student's account in the Business Office, the student will be responsible for paying the debt to the Business Office immediately. The student will not be allowed to register, receive an official transcript, and/or receive future financial aid until the debt to TAMU-T has been paid in full.

**Student's return of funds:** Once the student's portion of the return of funds has been calculated, the Financial Aid Office will notify the student of the amount he/she must repay. The student may select one of the following repayment options:

- 1) The student may pay TAMU-T the full amount of his/her debt, and TAMU-T will return the funds to the appropriate programs,

**OR**

- 2) The student may contact the Department of Education to establish a repayment plan.

The student will remain eligible for Title IV funds for 45 days from the date the institution sends a notice to the student of the overpayment. To continue eligibility past 45 days, the student must pay the overpayment in full to TAMU-T or make satisfactory arrangements to repay with the Department of Education. On the 46<sup>th</sup> day, the institution will report the student's overpayment to the Department of Education, and if the student must return federal loan funds, the student's lender will be notified of the amount owed by the student. The student is responsible for repayment of any loan debt to his/her lender.

- 3. Return of Unearned Funds:** Unearned funds must be returned in the following order: Unsubsidized Federal Stafford Loan, Subsidized Federal Stafford Loan, Federal PLUS & Grad PLUS loans, Federal Pell Grant, Federal SEOG, SMART, and other grant, scholarship, or loan assistance. If there is a return for a state fund, the Business Office will be responsible for the return of these funds. If there is a return for a loan fund, that was originally received by EFT, the Financial Aid Office will be responsible for the return of these funds. If the loan funds were originally received by "paper check" from the lender, the Business Office will be responsible for return of these funds to the lender.
- 4. Post-Withdrawal Funds:** If the amount disbursed to the student is less than the amount the student earned, the amount is considered to be post-withdrawal disbursement. Post-withdrawal eligibility can be used to credit outstanding charges on the student's tuition account. TAMU-T has 30 days, from the date

of the institution's determination that the student withdrew, to offer any amount of the post-withdrawal disbursement to the student, (or parent for PLUS loans). The student (or parent) may accept or decline some or all of the post-withdrawal disbursement that is not credited to the student's account. The student or parent must respond within 14 days of the date that the institution sends the notification to be eligible to receive the post-withdrawal disbursement. If the post-withdrawal disbursement is accepted, TAMU-T must make payment within 90 days of the date of the institution's determination that the student withdrew. If the student (or parent) does not respond to the institution's notice, no portion of the post-withdrawal disbursement that is not credited to the student's account may be disbursed. (refundpolicy2.4/21/00)