

Federal and State Aid Refund Procedures

Return of Title IV Funds Procedure

Note: This procedure is separate and apart from the State Refund Policy for tuition and fees.

State refund Policy: <http://supportservices.gtcc.edu/refund-policy/>.

The Return of Title IV Funds procedure shall apply to all students who withdraw, drop out or are expelled from Guilford Technical Community College (GTCC), and receive financial aid from Title IV funds. The term "Title IV Funds" refers to the Federal financial aid programs authorized under the Higher Education Act of 1965 (as amended) and includes the following programs:

- Federal Pell Grants
- Federal SEOG
- Federal Direct Loan programs (subsidized and unsubsidized)
- Federal Direct Parent PLUS loans

Students who withdraw from all classes prior to completing more than 60% of an enrollment term will have their eligibility for aid recalculated based on the percent of the term completed. For example, a student who withdraws completing only 30% of the term will have "earned" only 30% of any Title IV aid received. The remaining 70% must be returned by the school and/or the student. GTCC encourages you to read this procedure carefully. **If you are thinking about withdrawing from all classes PRIOR to completing 60% of the semester, you should contact the GTCC Financial Aid Office to see how your withdrawal will affect your financial aid. It can negatively affect your overall academic progress AND it will create a debt to GTCC, the Department of Education or both that you are responsible for paying!** Once you have completed more than 60% of the enrollment term, you earn all the assistance that you were scheduled to receive for that period.

Withdrawal Date

As GTCC is an institution that does not require attendance keeping for all courses, a student's withdrawal date is:

1. the date the student began the institution's withdrawal process (as described in the GTCC Catalog) or officially notified the institution of intent to withdraw; or
2. the midpoint of the period for a student who leaves without notifying the institution; or the student's last date of attendance at a documented academically-related activity, if available (see *"Unofficial Withdrawal Procedure for Federal Student Aid Purposes Only"* below).

Refunds due on all institutional charges, including tuition and fees, will be calculated using the state refund procedure published in the GTCC Catalog.

Calculating the Return of Title IV Refund

Title IV aid is earned in a prorated manner on a per diem basis up to and including the 60% point in the semester. The percentage of Title IV aid earned shall be calculated by dividing the number of days completed by the student by the total number of days in the semester/term. The percent of term completed shall be the percentage of Title IV aid earned by the student.

Number of days completed by student

Total number of days in term*

*The total number of calendar days in a term of enrollment shall exclude any scheduled breaks of more than five days.

If you withdraw from all coursework on or before the 60% of the period, GTCC is required to return a portion of your financial aid that is unearned. The amount of aid that the College will return to the Federal aid programs is the lesser of -

- the total amount of unearned Title IV assistance to be returned; or
- an amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of the Title IV grant or loan assistance that has not been earned by the student.

As a result of this calculation, Federal funds may not cover all unpaid school charges due to GTCC upon your withdrawal. Any debt created by GTCC returning a portion of your aid to the Federal programs is due and payable by you. Unpaid debts to GTCC will prevent you from receiving an official academic transcript and prevent you from registering for more coursework at GTCC until the debt is paid in full.

If you did not receive all of the funds that you earned, you may be due a Post-withdrawal disbursement. If your Post-withdrawal disbursement includes loan funds, you must give your permission before we can disburse them. You may choose to decline some or all of the loan funds so that you don't incur additional debt. GTCC will automatically use all or a portion of your Post-withdrawal disbursement of grant funds for tuition, fees, and other institutional charges. We need your permission to use the Post-withdrawal grant disbursement for all other school charges. If you do not give your permission, you will be offered the funds. However, it may be in your best interest to allow GTCC to keep the funds to reduce your debt at the school.

There may be some Title IV funds that you were scheduled to receive that cannot be disbursed to you once you withdraw because of other eligibility requirements. For example, if you are a first-time, first-year undergraduate student and you have not completed the first 30 days of your program before you withdraw, you will not receive any Direct Loan funds that you would have received had you remained enrolled past the 30th day.

Returning Funds to the Department of Education

Unearned Title IV aid shall be returned to the following programs in the following order:

1. Federal Unsubsidized Stafford Loan
2. Federal Subsidized Stafford Loan
3. Federal Parent PLUS Loan
4. Federal Pell Grant
5. Federal SEOG
6. Other Title IV grant programs

Any loan funds that you must return, you (or your parent for a PLUS Loan) repay in accordance with the terms of the promissory note. That is, you make scheduled payments to the holder of the loan over a period of time.

Any amount of unearned grant funds that you must return is called an overpayment. The maximum amount of a grant overpayment that you must repay is half of the grant funds you received or were scheduled to receive. You do not have to repay a grant overpayment if the original amount of the overpayment is \$50 or less. You must make arrangements with your school or the Department of Education to return the unearned grant funds.

Unofficial Withdrawal Procedure for Federal Student Aid Purposes Only

A student who stops attending class or leaves GTCC without following the official procedures for withdrawal from a course or from GTCC is subject to receiving a grade of "F" posted on his/her record for each course in question.

Failure to complete courses may also have a significant impact on a student's financial aid status. When a student receives all F's, or U's, or a combination of these grades for a semester, he or she may be defined as 'unofficially withdrawn' for Title IV purposes. At the end of each term, if a last date of attendance cannot be determined, the student is assumed to have attended 50% of the enrollment period and the Return of Title IV calculation will be based on this length of attendance. Unofficially withdrawn students will be billed for resulting institutional charges and repayments of Federal Student Aid.

Return of Title IV Funds Example

The following example illustrates how the federal Return of Title IV Funds policy would affect a student who withdraws from classes at GTCC:

A student is attending Fall Semester full-time, which is 112 calendar days in length. Classes are scheduled for the entire semester. The student withdraws from classes on the 28th day of the semester.

The student's financial aid and charges are:

Federal Pell grant	\$2,775.00
Federal Direct Subsidized Stafford Loan	<u>+2,750.00</u>
Total Financial Aid awarded	\$5,525.00
Tuition and fees (institutional charges)	(\$1,144)
Financial aid refund disbursed to student after tuition and fees are paid	\$4,381.00

Student withdraws from classes on the 28th day of the semester, which is the Monday of the fifth week.

Percentage of federal financial aid earned

Completed days	28
Total days in payment period	<u>÷112</u>
=Percentage of aid earned	25%

Amount of federal financial aid earned

Percentage of aid earned	25%
Total Financial Aid awarded	<u>x\$5,525.00</u>
Aid earned based on completion	\$1,381.25

Amount of federal aid to be returned

Total Financial Aid awarded	\$5,525.00
Aid earned based on completion	<u>- \$1,381.25</u>
Financial aid to be returned	\$4,143.75

Of the \$4,143.75 that needs to be returned to the Department of Education:

College returns (student repays GTCC)	\$ 858.00
Student's portion	\$3,285.75

To determine the amount the College must return, compare the following amounts: (1) The total amount of unearned aid is \$4,143.75. (2) The institutional charges of \$1,144, multiplied by the unearned percentage of 75%, is \$858.00. The College must return the lesser of these two, which is \$858.00. The remainder is the student's portion.



Funds are returned to loan programs first and then grant programs.

**The College would return \$858.00 to the Federal Direct Subsidized Stafford Loan program, creating a balance on the student's GTCC account. The student is responsible for paying their GTCC balance of \$858.00.

The student's portion to return is calculated as \$3,285.75. The student's remaining loan for the semester is applied towards this amount first. Because the College returned \$858.00, the student's loan for the semester has been reduced to \$1,892.00, which the student repays to the U.S. Department of Education in accordance with the terms of the Master Promissory Note (by beginning payments six months after graduation or dropping below six credit hours.)

The remaining balance of \$1,393.75 is from the Federal Pell Grant program. The actual amount which the student must return to the U.S. Department of Education for the grant programs is reduced by 50% of the original grant amount ($\$2775 \times 50\% = \$1,387.50$). The amount remaining after this Title IV grant protection is applied is \$6.25. The student is not responsible for returning funds to the grant programs that are under \$50.00. Therefore, the student in this example would not be required to return any funds to the Federal Pell Grant program.

Student portion to be returned

Student portion	\$2,958.00
Loan returned during repayment	- 1,892.00
Student still needs to return	\$1,393.75
50% Title IV grant protection	- 1,387.50
Grant amount remaining	\$ 6.25

Return of Funds Policy for State Grant Programs Procedure

(This policy is effective for academic terms that commence after July 1, 2012)

Calculation

GTCC is required to complete a withdrawal worksheet provided by the North Carolina State Education Assistance Authority to calculate the amount of funds it must return when a student withdraws on or before the 35% point of the term. In completing the worksheet, "last date of attendance" is determined consistent with Title IV regulations for return of Title IV funds. Any debt to GTCC created by this withdrawal calculation is due and payable by you.

1. Official Withdrawal
 - a. Institutional Charges: If you are entitled to a refund of tuition and fees, the state grant funds must be returned before issuing you any funds.
 - b. Non-institutional expenses: If you withdraw on or before the 35% point of the term, GTCC shall use the state grant withdrawal worksheet and prorate the amount of State funds disbursed for non-institutional expenses and return State funds.
 - i. Any credit balance created by State funds and awaiting disbursement must be returned to the State grant program rather than be released to you.
 - ii. GTCC is not required to return any funds for non-institutional expenses when you officially withdraw after the 35% point of the term.

2. Unofficial withdrawal or no earned academic credit
 - a. If you do not officially withdraw from a term, GTCC shall determine and document the last date of attendance consistent with regulations for the return of Title IV funds;
 - i. GTCC will use the State-provided worksheet to calculate any required return of State funds; the worksheet will calculate using the same method identified for an official withdrawal.
 - b. If GTCC cannot document the last date of attendance, it shall:
 - i. Use the worksheet to calculate any required return of State funds, noting that the last date of attendance cannot be determined.
 - ii. The worksheet will calculate the refund using the 10% point in the semester as of the date of withdrawal if GTCC indicates that the last date of attendance or academic activity could not be established.
 - c. In all cases where you earn no academic credit for a term, GTCC must determine whether you completed the term. If GTCC determines that the student did not withdraw, but instead completed the courses and earned no academic credit, GTCC is not required to return State funds. If GTCC determines that the student unofficially withdrew, GTCC must use the worksheet to determine if any funds must be returned to State grants. Future disbursements of State aid are subject to Federal Title IV satisfactory academic progress determinations by GTCC.

Order of Return of State Funds for Withdrawal

The return of State funds required by this policy will be applied in the following order up to the maximum amount of funds disbursed from each program:

1. Education Lottery Scholarship Program (NCELS);
2. Community College Grant (NCCCCG);
3. North Carolina National Guard Tuition Assistance Program