



## **Withdrawals and Return of Title IV Funds**

It is the policy of Columbia Gorge Community College to determine the amount of earned and unearned portions of Title IV aid as of the date the student ceases attendance in accordance with federal regulations and the Return of Title IV Funds process as dictated in Volume 5 of the Student Aid Handbook. This policy applies to all students receiving Title IV funds who do a complete withdrawal on or before the 60% date of each term. For students who completely withdraw after the 60% date, CGCC will still need to determine if they're eligible for a post-withdrawal disbursement according to federal regulations and the Student Aid Handbook.

### **Title IV Refunds**

Federal regulations require the college to have a fair and equitable refund policy for students receiving financial aid who officially or unofficially withdraw from all classes. See CGCC's Refund Policy available at <http://cgcc.edu/financial-aid/resources> for more information. 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/or financial aid staff to help them with decisions about withdrawing.

### **Financial Consequences of Withdrawing or Not Passing Classes**

Federal regulations assume that students earn financial aid over the course of a term by attending and participating in classes. Students cannot earn all of the funds unless they maintain attendance and class participation for more than 60% of the term. This calculation counts all calendar days including the first and last day of each term, weekends and holidays. If the student completely withdraws from all classes, receives all W, NP, F, I or Audit grades before 60% point in the term, the student may have to repay any unearned financial aid funds that were already disbursed.

In general, federal regulations assume that students "earn" federal financial aid in direct proportion to the percentage of the term they complete. If students completely withdraw during a term, the College calculates, according to a federally-mandated formula, the portion of the total scheduled financial assistance earned, and therefore entitled to receive, up to the time of withdrawal. If the student or college receives more assistance than is earned, the unearned excess funds must be returned to the US Department of Education. On the other hand, if less financial assistance is received than the amount earned, additional funds may first be applied toward outstanding institutional charges and any excess paid to the student.

The portion of the Federal student aid the student is entitled to receive is calculated on a percentage basis by comparing the total number of days in the term to the number of days completed before withdrawing. For example, if 30% of the term is completed, the student earns 30% of the assistance scheduled to be received.

If a withdrawal occurs after the 60% date, the student will have earned all of the financial aid received and no Return of Title IV funds will be required.

If the student completely withdraws, earned aid will be calculated based on the percentage of the term completed, resulting in possible repayment of any unearned aid. Students are encouraged to search for resources to assist them in completing even one class, such as free tutoring to all students for math, science and writing and the PASS (Promoting Access to Student Success) Program.

**Example – for illustration purposes only**

Joe Jones received the following financial aid:

|  |                   |
|--|-------------------|
| Federal Pell Grant                     | \$1,333.00        |
| Federal SEOG                           | \$ 100.00         |
| Sub Federal Direct Loan (net)          | \$ 636.32         |
| Unsubsidized Federal Direct Loan (net) | <u>\$ 731.38</u>  |
| Total                                  | \$2,800.70        |
| Less Tuition, Fees & Books             | <u>-\$ 637.00</u> |
| Joe's Refund Check                     | \$2,163.70        |

Joe totally withdrew on the 24<sup>th</sup> day of a 77 day term, or 31.2%. Federal law states that he received or would have been eligible to receive:

|                      |                   |
|----------------------|-------------------|
| Aid Disbursed (100%) | \$2,800.70        |
| Aid Earned (31.2%)   | <u>-\$ 873.82</u> |
| Unearned Aid (68.8%) | \$1,926.88        |

CGCC and Joe share the responsibility of returning unearned aid to federal programs. According to federal policy, CGCC's institutional share is determined by multiplying the total charges (\$637.00) by the unearned percentage (68.8%); in this case, \$438.26. In this example, CGCC will return this amount to Joe's lender (Dept of Education) to reduce his Unsubsidized Federal Direct Loan balance owed. The amount paid by CGCC, will be added to Joe's account balance due to the college. Joe is then responsible for the remaining balance due to Dept of Education, calculated as:

|                              |                   |
|------------------------------|-------------------|
| Unearned Aid                 | \$1,926.88        |
| CGCC's Share (Pre-pay)       | <u>-\$ 438.26</u> |
| Joe's Unearned Share (Repay) | \$1,488.62        |

The initial amount of unearned aid due from the student is \$1,488.62 but Joe's portion is calculated as:

|                       |                   |
|-----------------------|-------------------|
| Total Loans Disbursed | \$1,367.70        |
| CGCC's Share          | <u>-\$ 438.26</u> |
| Joe's Share to Return | \$ 929.44         |

Joe's repayment obligation for grant funds is calculated by taking his total unearned share, subtracting his share to return ( $\$1,488.62 - 929.44 = \mathbf{\$559.18}$ ) then multiplying total grants received by half which is the grant protection allowance ( $\$1,433 \times .50 = \mathbf{\$716.50}$ ). Since the grant protection allowance is more than Joe's share to return, Joe does not owe a grant refund.

The repayment allocation back to federal programs for Joe's student portion (\$1,488.62) is as follows:

|  |          |
|--|----------|
| Unsubsidized Federal Direct Loans                        | \$731.38 |
| Subsidized Federal Direct Loans                          | \$636.32 |
| Pell Grants ( <i>after Protection Allowance</i> )        | \$ 0.00  |
| <i>(CGCC's Share = \$438.26, Joe's Share = \$929.44)</i> |          |

Federal policy allows Joe to repay student Return to Title IV loan funds in accordance with the terms of the Master Promissory Note that he signed.

Unearned financial aid will be applied and returned in the following order:

1. Federal Direct Unsubsidized Stafford Loan\*
2. Federal Direct Subsidized Stafford Loan\*
3. Federal Pell Grant\*\*
4. Federal Supplemental Educational Opportunity Grant\*\*
5. Iraq Afghanistan Service Grant\*\*
6. Other (excluding Federal Work Study)

\*Student repayment according to the terms and conditions of the promissory note

\*\*No more than 50% of the amount received by the student

In most cases, financial aid students who completely withdraw are considered not to have made satisfactory academic progress toward program completion. A complete withdrawal will place the student in Disqualification status (if previously Good Standing or Probation status). The student will be placed on Probation if they appeal their Disqualification and their appeal is approved. If the Warning term's financial aid is for the same school year and is sufficient to cover that term's charges in addition to the repayment, CGCC may allow the repayment to be taken out of the Warning term's financial aid and may allow the student to register.

The student will be notified in writing showing that portion of unearned aid the school will refund from institutional costs and that portion they will be responsible to repay.

The student will have 30 days from the date of the bill from CGCC to pay the full amount owed or make payment arrangements with the Business Office. If the student fails to pay the amount shown, or make arrangements for a payment plan, but do not make the payments as scheduled, the balance will be turned over to collections.

For more information about the Return to Title IV Funds Policy, contact the CGCC Financial Aid Office.

### **Withdrawal Date**

The date the student officially withdraws from all credit courses, which may be different than last date of attendance.

### **Unofficial Withdrawal**

When the student stops attending without officially withdrawing and receives a "W", "F", "NP" or "I" grade. At the end of each term, Financial Aid staff review last date of attendance records for students who did not officially withdraw. If this date is earlier than the official withdrawal date, it will be used in the Return of Title IV funds calculation.

### **Withdrawal Process**

To withdraw from one or more classes, go to the CGCC homepage at <http://cgcc.edu/mycgcc>, login to your account and select "Drop or Withdraw Class(es)".