

Return of Federal Title IV Funds

The Higher Education Amendments of 1998 (HEA98) represent a major shift in the return of Title IV Federal Financial Aid when a student withdraws from the university. The policy governs all federal grant and loan programs (Pell, SEOG, Stafford Loans, Perkins and PLUS loans), but does not include the Federal Work-Study program.

In general, the law assumes that a student “earns” **approved (verified)** federal financial aid awards in proportion to the number of days in the term prior to the student’s complete withdrawal. If a student completely withdraws from school, stops attending without notification or does not earn any credit during a term, the school must calculate (according to a specific formula) the portion of the total financial assistance that the student has earned and entitled to retain up to the time of withdrawal or last attendance. If a student receives (or the university receives on the student’s behalf) more assistance than what was earned, the unearned funds must be returned to the Department of Education. If a student’s institutional charges are less than the amount earned, the student will receive a refund for any excess funds.

The portion of the federal grants and loans that the student is entitled to receive is calculated on a percentage basis by comparing the total number of days the student was scheduled to attend during the semester to the number of days that the student completed before he/she withdrew or stopped attending. The policy governs the earned and unearned portions of the student’s Federal Title IV Financial Aid only. It determines how much, if any, the student and/or the school may need to return. This policy does not affect the student’s institutional charges or refund of those charges. The university’s withdrawal policy will be used to determine the reduction, if any, in the student’s tuition and fee or room and board charges. The student is responsible for paying any outstanding charges to the university.

If it is determined that funds must be returned to Title IV programs, funds will be returned in the following order: Unsubsidized Loan, Subsidized Loan, Parent PLUS Loan, Pell Grant, Federal Supplemental Education Opportunity Grant (FSEOG), Teach Grant, and Iraq and Afghanistan Service Grant.

The student’s official withdrawal date is dependent on the type of notification and withdrawal. The date will be determined from one of the following as authorized by the Department of Education:

- The date the student notified the institution of his or her intent to withdraw or
- The date the student began the university’s withdrawal process or
- The student’s last day of attendance at an academically-related activity as documented by the university

If the student received less Federal Student Aid than the amount earned, the university will disburse the earned aid that was not received as a post-withdrawal disbursement; however, if it is determined that the university must return to the Title IV programs monies in excess of any tuition and fees or room and board, the student will be responsible for those monies and/or any outstanding charges owed to the university.

Any grant funds that the student is required to return to the federal programs are considered an overpayment. The student must either repay the amount in full to the university within 45 days of notification of the overpayment or make satisfactory payment arrangements with the Business Office.

This policy does not affect the student’s institutional charges or refund of those charges. The university’s drop and withdrawal policy will be used to determine the reduction, if any, for student tuition and fees. Tuition and fees refunds are in compliance with Title 3 of the Texas Constitution and Statutes, Sec. 54.006. The refund will be returned to the student only if the student **did not** receive financial aid assistance from any Federal Title IV and/or state programs. In the cases where the student received assistance from these programs, but did not earn all or part of the aid, the funds will be returned to the programs in the following order: Unsubsidized Loan, Subsidized Loan, PLUS loan, Pell Grant, FSEOG Grant, Texas Public Educational Grant (RPEG and NPEG), Undergraduate Tuition Grant (UGTGM), and TEXAS Grant.