Return of Funds Policy

Federal Title IV Return of Funds Policy  (Federal Title IV Aid includes the federal Pell Grant, federal Supplemental Educational Opportunity Grant-FSEOG, federal Direct Loans –Subsidized and Unsubsidized and the federal PLUS Loan.)

Title IV funds are awarded to a student under the assumption that the student will attend school for the entire period for which the assistance is awarded. When a student withdraws or ceases attending, the student may no longer be eligible for the full amount of funds the student was originally scheduled to receive.

Students must start attending classes to establish any eligibility for the federal assistance. If a student fails to initiate attendance in some, or all, courses, their eligibility for federal assistance will be recalculated, excluding those courses, regardless of the students “enrollment status”. The student will be responsible for the return of all “over awarded” funds as a result of their never attending the course(s). Students who claim federal funds and never attend any class are subject to referral to the Office of Inspector General, Department of Education, for possible federal fraud investigation.

Federal law specifies how a school must determine the amount of federal financial aid a student has “earned” when the student officially withdraws or unofficially withdraws (drops out, quits attending or is dismissed) prior to completing more than 60% of a payment period. Once the student has completed more than 60% of the payment period, all federal financial assistance is considered earned.

The amount of federal assistance earned is determined on a pro-rata basis: The date used to calculate this percentage is the official withdrawal date, or for those who unofficially withdraw, it is either the mid-point of the term (50% return) or the last day the student participated in a documented, academically related activity.

To determine whether federal funds have been earned or must be returned, CC follows this procedure:

1. Determine the percentage of the term the student completed. This is calculated by dividing the number of calendar days (including weekends and excluding any scheduled breaks of at least 5 days) into the number of calendar days that the student was in attendance that term. The result is the percentage of time attended (percent earned).
2. Apply the percent of time attended to the total amount of federal aid the student was eligible to receive for the term. This is the student’s earned aid.
3. Subtract the amount of earned aid from the amount of aid actually disbursed to the student.
3.1 A positive remainder is the student’s **unearned aid** (the amount of federal aid funds that must be repaid).

3.2 A negative remainder is the student’s earned aid that may still be offered to the student through a **post withdraw disbursement**.

4. Determine the amount of unearned aid that must be returned.

**The school returns the lesser of:** Institutional charges **for** the term multiplied by the percent unearned (100% minus percent earned) **or** total Title IV aid disbursed (or could have been disbursed) multiplied by the percent unearned.

**The Student returns:** Any remaining unearned aid from the funds the student has received. Loan funds are repaid in accordance with the terms of the promissory note. That is, scheduled payments to the holder of the loan over a period of time. Any grant amount the student has to return is a grant overpayment and arrangements must be made with the school or the Department of Education to return the funds.

Recovered funds are returned in the following order:

*Unsubsidized Direct Loans
*Subsidized Direct Loans
*Federal Perkins Loans (CC does not participate in the Perkins loan program)
*Federal Direct PLUS Loans
*Federal Pell Grants - for which a return of funds is required
*Federal Supplemental Educational Opportunity Grants (FSEOG) - for which a return of funds is required
*Iraq and Afghanistan Service Grant – for which a return of funds is required.

**The Student may also have to pay:** Federal law requires that the calculation assume that federal aid was used first to pay for direct education costs. Consequently, a student may owe payment to the College for educational costs – even if the student received a scholarship or other assistance.

The school will perform the Return of Title IV funds calculations within 45 days of the determination that the student has withdrawn or ceased attending all classes. The school will make any refunds it is required to make, determine and make any post withdrawal disbursements for which the student might be eligible and notify the student of their repayment obligations to the college and the Department of Education.

**Institutional charges include:** Tuition and Fees and Housing charges if living on campus.