



## Return of Title IV Funds Policy

Effective July 1, 2021

### Policy Statement

Bemidji State University policy on the return of Title IV Funds states that financial aid recipients, who withdraw officially or unofficially, are subject to federal rules for any federal aid not earned. Title IV funds are awarded to the student under the assumption that the student will attend school for the entire period for which the aid is awarded. When a student withdraws, or is withdrawn due to ceasing attendance/participation, the student may no longer be eligible for the full amount of Title IV funds that were originally scheduled to be received.

### Withdrawal Date Determination

For R2T4 purposes, the withdrawal date is used for determining the amount of aid a student has earned. The withdrawal date determination varies depending on the type of withdrawal (official or unofficial). An Official Withdrawal is initiated by the student in eServices and occurs when a student has successfully removed themselves from all courses. Grades for these courses will be recorded with a grade of "W" and the last transaction date stored is the Official Withdrawal date. An Unofficial Withdrawal occurs when a student ceases attendance and/or stops participating in all courses and fails to complete the Official Withdrawal process as noted. An Unofficial Withdrawal is assigned a grade of "F" with a last date of attendance that is not the last day of the term. This grade is initiated by faculty based on the student's last day of academic related activity. If the last date of attendance cannot be determined, the mid-point (50%) of the semester would be used. If a student attends more than 60% of the period of enrollment, the student is considered to have earned 100% of the federal funds received.

### Withdrawal Exemptions for Students Enrolled in Modules

Effective July 1, 2021

- Withdrawal Exemptions for programs offered in modules:
  - The student completes all the requirements for graduation in their program of study;
  - A student is not considered to have withdrawn if the student successfully completes one module or a combination of modules, that includes 49% or more of the number of days in the payment period (excluding scheduled breaks of five or more consecutive days and all days between modules);
  - A student is not considered to have withdrawn if the student successfully completes coursework equal to or greater than the coursework required for the institution's definition of half-time student under [34 CFR 668.2\(b\)](#) for the payment period

The withdrawal exemptions apply to both undergraduate and graduate students as long as the student and program meet the underlying exemption criteria.



## Calculation of Earned Aid vs Unearned Aid

The calculation of Title IV funds unearned has no relationship to the student's incurred institutional charges and the R2T4 regulations do not dictate an institutional refund policy. The percentage of earned aid is determined by dividing the number of completed calendar days by the number of calendar days in the semester, including weekends and holidays and excluding any scheduled breaks longer than five days. BSU has 45 calendar days from the date that it has been determined that the student withdrew to return all unearned funds for which it is responsible. BSU is required to notify the student if they owe a repayment via written notice.

Per [federal regulations](#) if the student receives less Title IV aid than the amount earned, the school must offer a disbursement of the earned aid that was not received (post-withdrawal disbursement). If the student receives more Title IV aid than the amount earned, the school, the student, or both must return the unearned funds in the specified order.

*Disclosure:* The statute specifies that a student is responsible for all unearned Title IV aid that the school is not required to return. The initial amount of unearned Title IV aid due from the student (or parent, for Direct PLUS Loan funds) is determined by subtracting the amount returned by the school from the total amount of unearned Title IV funds to be returned ([FSA Handbook Step 7 – page 10](#)).

**Repayment of Student Loans:** The student loans that remain outstanding consist of the loans disbursed to the student minus any loans the school repaid. These outstanding loans are repaid by the student according to the terms of the student's promissory note(s) ([FSA Handbook Step 8 – page 11](#))

The student's portion of Title IV Grants funds are figured and repaid. The amount by which the original overpayment exceeds 50% of the total Title IV grant funds disbursed or could have been disbursed to the student for the semester. If the amount is less than \$50.00, the student is not responsible for returning funds to the Title IV grant programs ([FSA Handbook Step 9 – page 11](#)).

*Actual Sample Standard Term Withdrawal Case:* Student received \$701 Federal Direct Subsidized Loan and attended 25.5% of the enrollment period. After performing the R2T4 calculation, the student was required to repay \$522 of the total \$701 received. A student may contact the Business Office ([BusinessOffice@Bemidjistate.edu](mailto:BusinessOffice@Bemidjistate.edu)) to receive an estimation of the required financial aid repayment, if any.

As per Federal Regulations, financial aid will be returned by BSU in this order:

- 1.) Federal Unsubsidized Direct Loans
- 2.) Federal Subsidized Direct Loans
- 3.) Federal Direct PLUS Loans (Parent or Graduate)
- 4.) Federal Pell Grant for which a return of Title IV funds is required
- 5.) Iraq and Afghanistan Service Grant (IASG) for which a return of Title IV funds is required
- 6.) Federal Supplemental Educational Opportunity Grant (SEOG)
- 7.) Federal Teacher Education Assistance for College and Higher Education (TEACH)



## 8.) Other Title IV assistance

### **Non-Federal Funds:**

Repayments to state aid programs and non-state aid programs will be calculated on a proportional basis using the institutional refund policy. To calculate the minimum refund due to the Minnesota State Grant, SELF Loan program, and other State aid programs, the OHE Refund Calculation Worksheet will be utilized.

### **Post Withdrawal Disbursement (PWD)**

[2023-24 Federal Student Aid Handbook, Volume 5, Chapter 2, Part 2](#), page 1 and 34 C.F.R §668.22 (a)(5) and (6); 34 C.F.R. §668.164(j), (h).

A student may be owed a disbursement of Title IV funds after the withdrawal date if the conditions for PWD are met according to the code of federal regulations (as referenced above). A PWD, whether credited to the students account or disbursed to the student or parent directly, will be made from available grant funds before available loan funds. If a student is selected for verification, documents required for verification need to be received no later than 120 days after the student's last date of attendance. Once processed, a new R2T4 calculation would be completed.

#### PWD Timeframes:

- A PWD of grant funds will be disbursed within 45 days of the date of BSU's withdrawal date determination.
- A PWD of loan funds will be offered to the student within 30 days of the date of the school's determination that the student has withdrawn. BSU will provide a 14-day response period to the student to accept or decline funds. Written permission from the student is required before loan funds can be disbursed. The disbursement of requested funds must be made within 180 days of the withdrawal date determination.

### **Treatment of a Title IV Credit Balance When a Student Withdraws**

In most cases, the cash management regulations require a school to refund a Title IV credit balance to a student within 14 days. However, when a student withdraws with an outstanding Title IV credit balance, a school is first required to perform an R2T4 calculation to determine, among other things, whether adjustments to the credit balance will occur. The credit balance will be disbursed as soon as possible and no later than 14 days after the R2T4 calculation. In the event BSU cannot locate the student (or parent) to whom a title IV credit balance must be paid, the BSU Business Office will determine what programs constitute the refund and will notify the Financial Aid office of any unclaimed credit balances that need to be returned to Title IV programs.



Title IV Funds are student financial aid funding provided through Title IV of the Higher Education Act of 1965, as amended in 1998, (Title IV, and HEA program). These acts establish general rules that apply to federal student financial assistance programs. *For purposes of Return of Title IV Funds*, these programs include: Pell, IASG, FSEOG, and TEACH Grants, as well as Federal Direct Loans and Federal Direct PLUS Loans.

### **Supporting References**

[Federal Student Aid Handbook; Volume 5](#)