

# Return of Funds and Repayment

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## Return of Funds

1. **Return of Title IV Aid** - The Higher Education Amendments of 1998 established the concept that financial aid must be earned through class attendance. When you totally withdraw from all classes, the Student Financial Aid Office must calculate the amount of financial aid you have earned prior to withdrawing. Any Title IV aid received in excess of the earned amount is considered unearned. Unearned aid must be returned back to the respective Federal Aid program(s).
2. **Return of Aid Programs** - Unearned aid amounts are to be returned to Title IV financial aid programs: Federal Direct Student Loan Programs (unsubsidized then subsidized); Federal Perkins Loan Program; Federal Direct PLUS loans; Federal Pell Grant Program; Federal SEOG Program; any other programs funded by Title IV including the Tennessee Student Assistance Program; other federal, state, private or institutional aid programs. Any amount remaining after the applicable programs have been fully repaid is returned to the student. A 100% refund to all aid programs will be given in the event of student death.
3. **Earned Aid** - A student has not earned 100% of their financial aid until he/she has attended more than 60% of the term. If a financial aid recipient totally withdraws on or before the 60% point of the term, there is a portion of the aid that has not been earned. The percentage of earned aid is determined by taking the number of days attended divided by the total number of days in the term. For example,

|   |                                                   |            |
|---|---------------------------------------------------|------------|
|   | <b>Days Student Attended Prior to Withdrawing</b> | <b>37</b>  |
| ÷ | <b>Total Days in Semester</b>                     | <b>100</b> |
|   | <b>Percentage of Earned Aid</b>                   | <b>37%</b> |

4. **Unearned Aid** - The percentage of unearned aid is calculated by subtracting the earned percentage from 100%. Using the previous example,

|   |                                   |             |
|---|-----------------------------------|-------------|
|   | <b>100% Aid Percentage</b>        | <b>100%</b> |
| - | <b>Percentage of Earned Aid</b>   | <b>37%</b>  |
|   | <b>Percentage of Unearned Aid</b> | <b>63%</b>  |

5. **Return of Unearned Aid Amount** - Once the earned and unearned aid percentages are determined, the next step is to calculate the dollar amount of total unearned aid that must be returned. The Return of Unearned Aid Amount is determined by multiplying the unearned aid percentage by the total of all Title IV aid disbursed or eligible to be disbursed. Continuing with the previous example, the unearned aid percentage of 63% would be multiplied by the students total aid disbursed. Continuing with our example,

|   |                                   |                  |
|---|-----------------------------------|------------------|
|   | <b>Percentage of Unearned Aid</b> | <b>63%</b>       |
| x | <b>Total Aid Received</b>         | <b>\$2345.00</b> |
|   | <b>Unearned Aid Amount</b>        | <b>\$1477.35</b> |

6. **Return of Fees** - The unearned aid portion is repaid by both the student and the school. The school can use any fee adjustment refund generated by the withdrawal to pay the portion it owes back. However, depending on the time of withdrawal, the student may also be responsible for repaying a portion of his/her fees that had been previously paid by the financial aid. In almost every instance, the fee refund will be less than the total Return of Unearned Aid amount. As a result, when a student withdraws, a balance will be created for the difference between the fee refund and the Return of Unearned Aid Amount. The student is responsible for

paying this balance. Keeping with our example, let's say that after completing 37 days of the term, the student is not eligible for a fee refund per the Business Office published calendar. This means none of the student's fees are credited to a student's account, which will not affect the student's portion of aid owed back to the University.

|   |                              |                          |
|---|------------------------------|--------------------------|
|   | <b>Unearned Aid Amount</b>   | <b>\$1477.35</b>         |
| - | <b>Fee Refund</b>            | <b>\$ 0.00 (example)</b> |
|   | <b>Difference on Account</b> | <b>\$1477.35</b>         |

*The difference on account is the portion the student must repay.*

7. **Post-Withdrawal Disbursements** - If a student totally withdraws from a trimester and receives less federal student aid than the amount earned, then the student may be eligible for a post-withdrawal disbursement. The student must have met all of the conditions for a late disbursement prior to withdrawing. Grant funds will automatically be applied towards outstanding charges created by the withdrawal. Loan funds will not be applied until written confirmation is received from the borrower. If no confirmation is received, the loan is canceled.
8. **Non-Title IV Aid** - Refunds applicable to non-Title IV funds will be distributed to the respective aid accounts in the same proportion as the aid awarded.
9. **Dropping All Classes** - To avoid financial penalties and aid adjustments, make sure you drop all classes prior to the beginning of the trimester. If you drop all courses prior to the start of a trimester, you will not be considered a student for that trimester, and thus, not entitled to receive any form of financial aid. Your aid will be canceled and returned to the appropriate programs. If you drop all your classes close to the beginning for the trimester and your aid has already been applied to your account, you will be required to repay the entire amount of aid disbursed to you. Once the trimester starts on the first day, you have begun to earn aid and a Return of Title IV Aid calculation must be completed.
10. **Failing Classes** - If you withdraw from or fail all of your classes in a trimester, you may be subject to a Return of Title IV Aid calculation. If you have "earned" at least one of your F's (i.e. attended class until the end of the trimester and received an F for poor performance), then no calculation is required. However, if you received all F's because you stopped attending at some point in the trimester, then a calculation is required based on the last date of attendance. If a last date of attendance cannot be determined, the 50% point of the trimester will be used as the withdrawal date. An account balance will be created if the college is required to return financial aid.
11. **Future Aid Eligibility** - Withdrawing may affect your eligibility to receive financial aid in subsequent terms. Upon withdrawal, you should notify the Student Financial Aid Office when you plan to return so we can make necessary adjustments to your financial aid award. Students should also review the [Satisfactory Academic Progress](#) requirements.

## Repayment

**Repayment** - When a student receives financial aid and one of the following situations occur: (a) the student is issued an award that is not honored by the fund agency involved; (b) the student receives an overpayment due to non-eligibility or administrative error.