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## **RETURN OF TITLE IV FEDERAL STUDENT AID**

**\*This refund policy is in addition to the Institutional Refund Policy\***  
Federal Financial Aid Refunds - Return of Title IV Calculation

A student recipient of Federal Title IV funds who withdraws from DSDT may be subject to a Return of Title IV Calculation to determine the percentage of funds required to be returned to the federal government. The Title IV programs that are covered by this law are Federal Pell Grants, Iraq, and Afghanistan Service Grants, TEACH Grants, Federal Supplemental Educational Opportunity Grants (FSEOGs), Direct Loans and Direct Plus Loans.

The Return of Title IV calculation is a federally mandated formula to determine how much federal funding was “earned” up to the time of withdrawal.

The amount of assistance that you have earned is determined on a pro rata basis. For example, if you complete 30% of your payment period, you earn 30% of the assistance you were originally scheduled to receive. Once you have completed more than 60% of the payment period of enrollment, you earn all the assistance that you were scheduled to receive for that period. You will not be subject to returns of your *Title IV* aid if you meet one of the following exemptions:

- You complete all of the requirements for graduation;
- You successfully complete a class or multiple classes that comprise at least 49 percent of the days in the term (in a program offered in modules); or
- You successfully complete a class or multiple classes that comprise at least half-time enrollment (in a program offered in modules).

Though your aid is posted to your account at the start of each period, you earn the funds as you complete the period. For the determination of and calculation of aid earned, and unearned, only scheduled hours are used to determine the percentage of the period completed by a student withdrawing from their clock hour program. The scheduled clock hours used for a student are those established by the school prior to the student’s beginning class date for the payment period or period of enrollment. The hours are established in accordance with any requirements of the state or the institution’s accrediting agency. These hours are consistent with the published materials describing the institution’s programs. If you received (or your school received on your behalf) less assistance than the amount that you earned, you may be eligible to receive those additional funds in the form of a post-withdraw disbursement. If you receive more assistance than you earned, the excess funds must be returned by the school and/or you.

The federal formula is applicable to an eligible student receiving federal aid when that student withdraws at any point during the payment period. If a student did not start or begin attendance at the school, the R2T4 formula does not apply.

A statement of intent to resume attendance later can be submitted by the student in the same payment period or period of enrollment (written confirmation) close to the date that the student ceases attendance at any point prior to completing the payment period or period of enrollment and before the school is required to return *Title IV* funds, offer any post-withdrawal disbursement of loan funds, or take any other action under the R2T4 requirements

Date student will resume attendance is **no later than 60 calendar days after the student ceased attendance**

The amount to be returned to the federal government will be written in a notification to a borrower when

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a school pays a refund or return of Direct Loan funds to the Department on behalf of the student at the time the Direct loan funds are returned or refunded to the Department and will be calculated based on if you officially withdraw or unofficially withdraw as follows:

### **Official Withdrawal**

Occurs when a student contacts Student Services and/or respective School Director the student begins the school's withdrawal process, or the student otherwise provides official notification to the school of intent to withdraw. The withdrawal date is the date the student begins the school's withdrawal process, or the date that the student otherwise provides notification (If both circumstances occur, use the **earlier** withdrawal date). The date of determination is the student's withdrawal date or the date of notification, whichever is **later**. Student Services and/or respective School Director must then begin the withdrawal process.

### **Unofficial Withdrawal**

Occurs when a student leaves the school without notice and/or when he/she is not meeting satisfactory academic progress. A student's withdrawal date is their last date of physical attendance or if it is a non-attendance taking the date that the school determines is related to the circumstance beyond the student's control, or the midpoint of the payment period or period of enrollment, as applicable. Their date of determination is 14 days after they cease attendance or the date that the school becomes aware that the student has ceased attendance. Aid received prior to the determination date is aid that could have been disbursed. **Determining withdrawal date** for student who withdraws without providing notification is 30 days after the end of the earlier of the:

- Payment or enrollment period
- Academic year in which student withdrew
- Educational program from which student withdrew

### **Leave of Absence Related Withdrawal**

If student does not return from an approved leave of absence, or the student takes an unapproved leave of absence, the date that the student began the leave of absence or their last date of attendance for attendance taking programs, is the student withdrawal date. The date of determination is earlier of the dates of the end of the leave of absence or the date the student notifies the school they will not be returning to that school (In the case of an unapproved absence, the date that the student began the leave of absence).

### **Withdrawal After Rescission of Official Notification**

Occurs when the student withdraws after rescinding a previous official notification of withdrawal. The student's withdrawal date is the student's original withdrawal date from the previous official notification. The date of determination is the date the school becomes aware that the student did not, or will not, complete the payment period or period of enrollment or last date of attendance for attendance taking programs.

### **Earned Title IV Funds**

Earned Title IV funds are funds used to cover educational costs according to the scheduled clock hours and instructional weeks the student was at before withdrawing. The amount of funds earned is directly proportional to the number of clock hours scheduled to have been completed during the payment period as of the student's withdrawal date. DSST is a clock-hour program, and the percentage of the period completed is determined by dividing the number of hours the student was scheduled to complete by the number of hours in the payment period.

\*If the resulting percentage is greater than 60% a student is considered to have earned all aid. \*

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### **Unearned Title IV Funds**

Unearned Title IV funds are the amount of grant and loan assistance awarded under Title IV that have not been earned by the student and must be returned to their respective programs. The percentage used to determine the return of federal student aid funds is equal to the number of scheduled hours at the date DSDT determines the withdraw divided by the number of scheduled hours in the payment period. The resulting percentage is then used along with your school costs and total federal funds that you received (funds that were disbursed directly to your student account at DSDT and possibly refunded to you) or that you were eligible to receive, to determine the amount of aid that you can keep. There are some Title IV funds that you were scheduled to receive that cannot be disbursed to you once you withdraw because of other eligibility requirements. For example, if you are a first-time, first-year undergraduate student and you have not yet completed the first 30 days of your program before you withdraw, you will not receive any Direct Loan funds that you would have received had you remained enrolled past the 30th day. The return of unearned Title IV funds must be as soon as possible but no later than 45 days after date school determined student withdrew.

### **Post-Withdrawal Disbursement**

If a student receives less Title IV funds than the amount earned, the school will offer the student a disbursement of the earned aid that was not received at the time of their withdrawal which is called a post- withdrawal disbursement. DSDT will automatically use all or a portion of your post-withdraw disbursement of grant funds for tuition and fees. However, DSDT will ask for permission to use your post-withdraw disbursement of grant funds for all other institutional charges. If the post-withdrawal disbursement includes any federal loan funds, DSDT must get the student's permission before it can disburse the loan. Students may choose to decline some or all the loan funds so that she/he does not incur additional debt. There are some Title IV funds that you were scheduled to receive that cannot be disbursed to you once you withdraw because of other eligibility requirements. For example, if you are a first-time, first-year undergraduate student and you have not completed the first 30 days of your program before you withdraw, you will not receive any Direct Loan funds that you would have received had you remained enrolled past the 30th day. If you receive (or your school or parent receive on your behalf ) excess Title IV program funds that must be returned, your school must return a portion of the excess funds equal to the lesser of:

- your institutional charges multiplied by the unearned percentage of your funds, or
- the entire amount of excess funds

A notice will be sent out to the student and the student must submit a response instructing school to make post-withdrawal disbursement. The signed original document must be returned to DSDT within 14 days.

For any amount of a post-withdrawal grant disbursement not credited to the student's account to cover allowable charges, the school must make the disbursement as soon as possible from the date school determined student withdrew (1) loans as soon as possible but no later than 180 days (2) grants as soon as possible but no later than 45 days (no confirmation from the student is required for grants).

Notifications to student or parent of outcome of late request for a post-withdrawal disbursement to student (request received by school after the specified period and school chooses not to make disbursement)- as soon as possible

If you, your parent, or DSDT receives on your behalf excess Title IV program funds that must be returned, DSDT must return a portion of the excess funds equal to the lesser of: Your institutional charges multiplied by the unearned percentage of your funds, or the entire amount of excess funds. DSDT must

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return this amount of your Title IV program funds. If DSDT is not required to return all of the excess funds, you may be required to return the remaining amount. Funds that are returned to the federal government are used to reduce your outstanding balances of your Title IV program funds.

Financial aid returned by you, your parent, or DSDT must be allocated in the following order:

- Federal Unsubsidized Direct Loan
- Federal Subsidized Direct Loan
- Federal Direct Parent Loan (PLUS)
- Federal PELL Grant

The school must return this amount even if it didn't keep this amount of your Title IV program funds. If your school is not required to return all of the excess funds, you may be required to return the remaining amount. For any loan funds that you must return, you (or your parent for a Direct PLUS Loan) will repay the loan funds in accordance with the terms of the promissory note. That is, you will not be required to repay any loan funds immediately, but instead, you will make scheduled payments to the holder of the loan over a period of time.

\*It is also important to understand that accepting a post-withdrawal disbursement of student loan funds will increase a student's overall student loan debt that must be repaid under the terms of the Master Promissory Note. Additionally, accepting the disbursement of grant funds will reduce the remaining amount of grant funds available to the student should the student continue his/her education at a later time. \*

Post-withdrawal disbursement to student's account for: Outstanding current (allowable) charges (tuition and fees, contracted food and housing, etc.) Other allowable charges with student authorization (e.g. library fines, books, supplies, etc.) is required to be returned as soon as possible but no later than 180 days after the date school determined student withdrew, in accordance with requirements for disbursing Title IV funds, [34 CFR 668.164](#).

Written notification providing the student (or parent) the opportunity to accept all or part of a post-withdrawal disbursement of Title IV loan funds (Direct Loan, or Direct PLUS Loan) to the student's account is required to be within 30 days of the school's determination that the student withdrew.

Written notification of student's eligibility for a direct post-withdrawal disbursement of Title IV loan funds in excess of outstanding current (educationally related) charges is required to be within 30 days of the school's determination that the student withdrew.

## **Overpayment**

Any amount of unearned grant funds that you must return is called an overpayment. If a credit balance still exists on the student's account after the R2T4 and institutional refund calculations are done, that credit balance must be used to pay any grant overpayment that exists within 14 days from the date the R2T4 is performed. The maximum amount of a grant overpayment that you must repay is half of the grant funds you received or were scheduled to receive. You do not have to repay a grant overpayment if the original amount of the overpayment is \$50 or less. You must pay the overpayment in full or make arrangements with your school or the Department of Education to return the unearned grant funds. The requirements for Title IV program funds when you withdraw are separate from any refund policy DSDT has. Therefore, you may still owe funds to the school to cover unpaid institutional charges. DSDT may also charge you for any Title IV program funds that the school was required to return. A notification to the student of grant overpayment must be sent within 30 days of the date the school determined the

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student withdrew.

DSDT must refer to the Department/Default Resolution Group a student who:

- does not satisfy the requirements of a agreement with the school;
- fails to contact the school during the 45-day period;
- fails, during the 45-day period, to pay their overpayment in full or enter into a repayment arrangement; or
- fails to complete repayment in the two years allowed.

DSDT is never required to enter into a repayment agreement with a student; rather, DSDT will refer an overpayment to the Department at any time after the student has had the opportunity to pay off the overpayment in full to the school or indicate their intent to negotiate repayment arrangements with the Department's Default Resolution Group. However, if DSDT reports a student overpayment (for which a student has not negotiated repayment arrangements) to NSLDS before the 45- day period has elapsed, the student will appear to be ineligible for Title IV aid. Since students retain their eligibility for 45 days, DSDT will provide students with every opportunity to repay their debt or negotiate repayment arrangements before reporting it to NSLDS and referring it to the Default Resolution Group. A student can contact the Default Resolution Group by calling 1-800-621-3115, sending an email through [Send Email | Debt Resolution \(ed.gov\)](#), or by writing to the Default Resolution Group at the following address:

**Default Resolution Group**  
**U.S. Department of Education**  
**Default Resolution Group**  
**P.O. Box 5609**  
**Greenville, Texas 75403**

\_\_\_\_\_  
**Student signature**

\_\_\_\_\_  
**Date**