

PRESIDENTIAL POLICY CO-15 – 09/02

TO: University of West Florida Community
FROM: Dr. John C. Cavanaugh, President
SUBJECT: **Title IV Repayment of Unearned Tuition/Housing**

Policy/Purpose:

The Title IV Federal financial aid regulations require that for all students receiving Title IV Federal Financial Aid who withdraw during the first 60% of the academic term to return the pro-rata unearned Title IV funds as of the date of student withdrawal.

The regulations require the institution to calculate the unearned financial aid on the student side and the unearned charges paid to the institution (i.e. tuition and housing) paid from the Title IV financial aid funds. The regulations are extremely complicated in determining whether or not the student must repay unearned financial aid at the time of withdrawal versus the student being allowed to repay the unearned financial aid over the terms of the Federal Direct Student Loan promissory notes. The USOE has provided us on-line software which will enable us to make the calculations.

The bottom line is that a Title IV student will owe two types of debts resulting from their withdrawal during the first 60% of the term as follows:

The amount of the unearned Title IV student financial aid as of the date of withdrawal as follows:

1. A student who receives only Federal Direct Loans or a combination of Federal Direct Loans and other types of Title IV aid (i.e., Pell Grants, SEOG):
 - a. The student would not immediately owe back the amount of Title IV unearned aid as long as the Federal Direct Loan is in an amount that is equal to or greater than the amount owed. In this case, the student is allowed to repay the debt over the life and by the terms of their Direct Loan promissory note. In other words, the student does not have to make an immediate payment back to Title IV funds.
 - b. If the Direct Loan is not at least equal to the unearned aid, the student would then be required to immediately repay the balance of the unearned Title IV aid to the university, however, since it would most probably apply to the student's Pell or SEOG awards, only ½ of the remaining liability would have to be immediately paid back

by the student. Continued student aid eligibility would be blocked until that amount of the liability is repaid.

2. A student who receives only Pell Grants or SEOG grants:
The student would have to immediately repay $\frac{1}{2}$ of the amount of the unearned Title IV aid as of the date of withdrawal. Continued student aid eligibility would be blocked until repayment is made.
3. The student will also be responsible for repayment of the amount that the university is required to repay to the Title IV financial aid funds for the amounts of "unearned" student fees and housing charges which was paid from the Title IV financial aid funds. The pro-rata formula is applicable to the same 60% period for the university as it is for the student.

Repayment of unearned financial aid on the student side is in addition to repayment of the unearned tuition/fees and housing on the university side. Repayment to Title IV funds in either case must be accomplished within thirty (30) days of the withdrawal by the student.

4. The Financial Aid Trust Fund Rebate account (1004-595-54) will be used to repay the immediate repayment liability for unearned financial aid on both the student side and the unearned tuition/fees and housing on the university side. An invoice will then be issued to the student requiring the student to repay the university for the amount of unearned financial aid returned to the Title IV funds and the unearned tuition/fees and housing repaid on behalf of the student. An accounts receivable from the student equal to the amount paid on the student's behalf will be recorded. A financial hold will be placed on the student for the amount owed.
5. If the student is unable to immediately repay the liability, or at least be able to repay it before the beginning of the next academic term, the student will be allowed to repay the unearned financial aid from their subsequent term financial aid. This will remove the financial hold and allow the student to move forward and receive subsequent term Title IV financial aid awards. At the point of distribution of subsequent term financial aid awards, the amounts due in accounts receivable will automatically be deducted to satisfy the amount returned to Title IV funds. This would revolve the account from which Title IV funds were repaid by the university. This is allowed by Federal regulations as long as the deduction for unearned financial aid occurs in the same "award" year. This will prevent locking up the student which would result in a loss of FTE for the university. Student counseling should be done at this point to help reduce future term exposure.
6. If the student's subsequent term financial aid is insufficient to recover the amount required to be repaid to the Title IV funds, a combination of subsequent term financial aid deduction coupled with a satisfactory payment arrangement can be

made on a case by case basis to enable the student to remain enrolled and repay their obligation to the university over time.

7. Step 2 will work for students except when the student owes a liability resulting from withdrawal during the Summer semesters. The Federal regulations will allow us to apply only \$100 of a subsequent year's financial aid award to a prior award year's outstanding debts. An exception is present in the Federal regulations which requires the university to make a determination that by allowing the payment of an outstanding debt incurred in a prior award year, it does not jeopardize or prevent the student from being able to meet the current term financial obligations. If the remaining aid in a subsequent award year (i.e., using Fall term financial aid award to satisfy a prior Summer term debt) is not sufficient to insure that the student is able to take care of the current term's obligations, then the student would have to look to other avenues to repay the prior award year debt to remain eligible for any further disbursement of Title IV financial aid.