



Policy: Withdrawal & Refund of Title IV Funds Policy

Effective: April 6, 2023

Policy Type: Administrative

Responsible Department: Financial Aid

Withdrawal Policy: Students who plan to withdraw from Grace College should meet with the financial aid office, the registrar, and student affairs to (1) understand the possible financial aid, academic, or other implications before making the decision to withdraw and (2) determine the withdrawal procedures.

1.0 Federal Aid Refund Policy-both Undergraduate and Graduate:

The Financial Aid Office is required by federal law to determine how much financial aid was earned by students who withdraw, drop out, or are dismissed prior to completing 60% of a payment period or semester. For a student who withdraws after the 60% point-in-time, there are no unearned funds.

- 1.1 The calculation is based on the percentage of earned aid using the following Federal Return of Title IV funds formula:
Percentage of payment period or term completed = the number of days completed up to the withdrawal date divided by the total days in the payment period or term. (Any break of five days or more is not counted as part of the days in the term.) This percentage is also the percentage of earned aid.
- 1.2 Funds are returned to the appropriate federal program based on the percentage of unearned aid using the following formula:
Aid to be returned = (100% of the aid that could be disbursed minus the percentage of earned aid) multiplied by the total amount of aid that could have been disbursed during the payment period or term.)
- 1.3 If a student earned less aid than was disbursed, the institution would be required to return a portion of the funds and the student would be required to return a portion of the funds. Keep in mind that when Title IV funds are returned, the student borrower may owe a balance to the institution.
- 1.4 The institution must return the amount of Title IV funds for which it is responsible no later than 45 days after the date of the determination of the date of the student's withdrawal.
- 1.5 Undergraduate Refunds are allocated in the following order:
 1. Unsubsidized Federal Direct Loan
 2. Subsidized Federal Direct Loan
 3. Federal Perkins Loan
 4. Federal Direct PLUS loan
 5. Federal Pell Grant
 6. Federal Supplemental Educational Opportunity Grant (FSEOG)
 7. Federal Iraq Afghanistan Service Grant (IASG)
- 1.6 Graduate refunds are allocated in the following order:
 1. Unsubsidized Stafford Loan
 2. Federal Direct Grad PLUS loan

2.0 Undergraduate Indiana state aid

Students must be enrolled for four weeks before any of the state aid has been earned. If a student withdraws during weeks one through four, no state aid may be kept and will have to



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be returned to the state of Indiana. After week four, all state aid may be kept towards tuition charges since tuition isn't refunded after the fourth week.

3.0 **Undergraduate Institutional aid**

During the first four weeks of the semester, a student "earns" institutional aid in proportion to the length of time he/she remains enrolled. The student will earn the same percentage of institutional aid as he/she is charged for tuition. If a student withdraws after the fourth week, he/she will receive no refund of tuition charges and thus will have "earned" all institutional aid for that semester.

4.0 **Determining Withdrawal Date**

An official withdrawal date is determined by the date the student notifies the office of Student Affairs of the intent to withdraw. An official withdrawal form will need to be signed by several offices on campus. A Return of Title IV funds calculation will be made within 45 days of an official withdrawal.

4.1 An unofficial withdrawal is determined by the last date of attendance or the last date of participation in a class as determined by faculty.

5.0 **Post-Withdrawal Disbursement**

If federal aid has been earned by the student but not disbursed prior to withdrawal, the student is entitled to a post-withdrawal disbursement. If a post-withdrawal disbursement includes loan funds, Grace College will get the student's permission to disburse the loans to the student's account before disbursement. Students will be emailed to request permission and the email will be used as written request to disburse or not disburse the funds. Grant funds may automatically be disbursed to the student's account, unless the student requests in writing that the grants not be disbursed.

5.1 The requirements for Title IV program funds to be returned are separate from any refund policy in affect. Therefore, students may owe a balance on their student account after the Title IV aid has been removed and returned to the Department of Education.

6.0 **Military Students Utilizing Tuition Assistance (TA) Funds**

Grace College complies with these requirements for the return of TA funds:

6.1 Return any TA Program funds directly to the Military Service, not to the Service member.

6.2 Up to the start date, return all (100 percent) TA funds to the appropriate Military Service when the Service member does not:

6.2.1 Begin attendance at the institution; or

6.2.2 Start a course, regardless of whether the student starts other courses.

6.3 Return any TA funds paid for a course that is cancelled by the educational institution.



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- 6.4 Have an institutional policy that returns any unearned TA funds on a proportional basis through at least the 60 percent portion of the period for which the funds were provided. TA funds are earned proportionally during an enrollment period, with unearned funds returned based upon when a student stops attending. In instances when a Service member stops attending due to a military service obligation, the educational institution will work with the affected Service member to identify solutions that will not result in a student debt for the returned portion.

Please see Military Withdrawals Policy on the Academics Policies webpage:

<https://www.grace.edu/academics/student-resources/student-right-know/academic-policy-manual/>

Revision Process and History

- All revisions to the policy must be approved by the Provost Council.

| Date | Description of Revision |
|-------------|---|
| 04-10-2023 | Transferred policy to new policy template |
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