

## **NSCC's Return of Title IV Funds Policy**

*Financial Aid recipients are strongly encouraged to read and understand the withdrawal policy. Students are also encouraged to check with the Financial Aid Office before withdrawing to see the impact on their specific situation in regards to award changes, loss of future eligibility, or impact to their Satisfactory Academic Progress (SAP) standing.*

***Students with active or deferred federal student loans may use part of their grace period or be required to begin repayment any time that they drop below half-time enrollment.***

## **Withdrawing and Financial Aid**

Title IV aid is any federal aid that was awarded to you as a result of your completion of the Free Application for Federal Student Aid (FAFSA).

Title IV recipients who partially withdraw from classes through the official withdrawal process on or after the first day of class may be eligible for a maintenance fee/tuition refund based on NSCC's refund policy. Title IV recipients are allowed to receive such refunds except in cases when they totally withdraw (officially or unofficially) from classes. A student is considered to be an unofficial withdrawal when they have been reported as all "FA" grades or combination of "FA" and "W" grades for the term. As NSCC is not an attendance taking institution, the "FA" grade is determined by the instructor based on their attendance policy.

NSCC disburses funds after the census date (14<sup>th</sup> calendar day of classes) based on engagement. Instructors update engagement in the Banner Attendance module within Self-Service. If there are enrollment changes during the first 14 days, aid is adjusted accordingly. Students are responsible for any balance on their account created by the enrollment changes. Changes after the census date may or may not impact a student's aid. This must be reviewed on a case-by-case basis, depending on the type of aid a student is awarded.

If a student withdraws or is purged (dropped by the institution for non-payment or insufficient payment) during the 100% refund period (ends the day before classes begin), then all aid is cancelled and the student is refunded all tuition and fees. If a student withdraws or is purged prior to census and has engaged in one or more classes, then a post-withdrawal calculation is done (more information in the section about post-withdrawal disbursements in this policy).

If you have been awarded Title IV aid and subsequently withdraw completely on or before the 60% completion date for the semester, NSCC will be required to return a portion of your financial aid. This means that you may be required to return a portion of your financial aid. Students who withdraw after the 60% completion date of the semester are considered to have earned all of their disbursed aid.

Once you have withdrawn NSCC will calculate the amount of financial aid that you earned based on the percentage of the semester that you actually completed. For official withdrawals, NSCC will use the date you began the withdrawal process for your last registered class to calculate this

percentage. For unofficial withdrawals, we will use your latest last date of attendance (engagement) as reported by your instructor(s). All aid awarded above this “earned” amount will be returned on your behalf. The following example is reflective of a student who totally withdrew at the 40% point of the semester.

Institutional Charges:	\$700
Title IV aid for the Period:	\$3,000
*Amount of Title IV applied to account	\$700
Amount of Title IV refunded to student	\$2,300
Percentage Earned:	40%
Amount Earned:	\$1,200
Percentage Unearned:	60%
Amount Unearned:	\$1,800

*\*It is assumed that Title IV assistance paid the student’s account even when institutional charges were paid by cash or another non-Title IV source of assistance.*

Using this scenario, the college would be required to refund \$420 (60% of \$700) back to Title IV programs, first to loans and then to grants (as applicable). The student would be required to repay \$1,380 (60% of \$2,300) back to Title IV programs. This portion is referred to as a Federal Overpayment. The following qualifiers to the amount the student must repay should be noted. If the amount owed by the student could be applied to the remainder owed to loans disbursed during the period, the student would not be required to make immediate repayment but would follow the normal repayment process related to the loans. If the amount owed by the student is greater than the remainder owed to loans disbursed during the period, the student would be required to make repayment to federal grant programs. However, as related to federal grants, the student is only required to make payment of 50% owed to the federal grant programs. If, in this example, the entire \$3,000 of Title IV aid for the Period was through the Federal Pell Grant, the student would only be required to repay 50% of \$1,380 (\$690) to the Federal Pell Grant. Within 45 days of notice, the student must make full payment of the amount owed to federal grants. Otherwise, the college will report the overpayment to the Department of Education (ED) and the student will be required to make payment arrangements with ED before being eligible to receive future Title IV assistance at any school.

## **Post-Withdrawal Disbursements**

If it is determined that a withdrawn student is eligible for Federal Title IV financial aid funds that have not been disbursed, grant funds that the student is eligible for will be disbursed first. Federal grant aid that the student is eligible for will be credited to the student’s account for outstanding charges or refunded to the student as applicable. If it is determined that the student is eligible for a post-withdrawal disbursement of loans, NSCC will notify the student of his/her

eligibility for the loans. The student must respond within 14 days of the date of the letter as to whether they want all, part, or none of the loan(s). If the student fails to respond within 14 days, no loan disbursement will be made. Loans may only be offered if the student has a signed Master Promissory Note (MPN) and has done their Entrance Counseling for their loans (if required) prior to the withdrawal.

## **Cancellation of Aid**

Before calculating the amount of financial aid that must be cancelled, the following is taken into consideration:

- If a Master Promissory Note (MPN) for a Federal Loan has not been signed and submitted by the student prior to the withdrawal date, the loan(s) is automatically cancelled.
- If an Entrance Counseling has not been completed by the student prior to the withdrawal date, the Federal Loan is automatically cancelled.
- Students who have not completed verification are not eligible for financial aid and are not included under this policy.
- If it has been reported that a student has failed to engage in any of their classes (all “FN” grades), all aid will be cancelled.

## **Return of Funds**

Federal Title IV financial aid is returned in the order mandated by the U.S. Department of Education. No program can receive a refund if the student did not receive aid from that program. Return calculations will be performed within 30 days from the date the Financial Aid Office became aware a student totally withdrew from classes. Grant funds must be returned within 45 days after the date of withdrawal determination. Return of loans is returned (repaid) in accordance to the terms of the loan on the promissory note. The order aid is return is as follows:

1. Direct Unsubsidized Loan
2. Direct Subsidized Loans
3. Direct PLUS
4. Pell Grant
5. FSEOG