

FEDERAL FINANCIAL AID RECIPIENTS: RETURN OF FEDERAL TITLE IV FINANCIAL AID

When an eligible federal Title IV financial aid student withdraws (officially or unofficially) from all classes before 60% of the semester is complete during an enrollment period in which attendance has begun, federal regulations require Oakland University to determine the amount of financial aid earned. A student is only eligible to retain the percent of Title IV aid earned that is equal to the percentage of the enrollment period that was completed by the student. The unearned Title IV aid must then be returned to the appropriate federal aid program(s) which may result in the student owing financial aid funds to the University, the federal government, or both. If more than 60% of the enrollment period has been completed by the student, none of the Title IV aid needs to be returned.

Federal Title IV financial aid funds include: Federal SEOG, Federal Pell Grant, Academic Competitiveness Grant (ACG), National Science and Mathematics Access to Retain Talent (SMART) Grant, Federal Perkins Loan, and Federal Direct Subsidized, Direct Unsubsidized and Direct PLUS (Parent or Graduate) Loans.

The following steps determine the amount of federal Title IV financial aid a student has earned up to the time of withdrawal and the amount that is unearned and needs to be returned:

- 1. Calculate the percent of the enrollment period completed by the student.** Divide the number of calendar days the student attended* by the number of calendar days in the enrollment period (less any scheduled breaks of 5 days or more). If the calculated percent exceeds 60%, the student has earned all Title IV aid for the enrollment period.
- 2. Calculate the amount of earned Title IV aid.** Multiply the percent of the enrollment period completed by the total Title IV aid disbursed or could have disbursed according to late disbursement rules.
- 3. Calculate the amount of unearned Title IV aid.** Subtract the amount of earned Title IV aid from the total amount of federal aid disbursed. The difference must be returned to the appropriate Title IV program by the University or by the student.

* If a student who began attendance and has not officially withdrawn fails to earn a passing grade in at least one course during the enrollment period, grade reports from the class professor will verify the last date of attendance. If a professor does not have a record of class attendance, the midpoint of the semester will be used to calculate the percent of the enrollment period.

Oakland University notifies students with details of their earned and unearned federal Title IV financial aid. Students are provided with instructions related to repaying the funds to the University or to the federal government. In some instances a late disbursement of earned Title IV aid can be made to the student.

Funds returned (by the University and/or the student or parent) must be allocated in the following order:

1. Federal Unsubsidized Direct Loan
2. Federal Subsidized Direct Loan
3. Federal Perkins Loan
4. Federal Direct PLUS Graduate Loan
5. Federal Direct PLUS (Parent) Loan
6. Federal Pell Grant
7. Academic Competitiveness Grant (ACG)
8. National Science and Mathematics Access to Retain Talent Grant (SMART)
9. Federal Supplemental Educational Opportunity Grant (SEOG)

Unearned loan funds owed to the federal government are repaid according to the terms of the loan promissory note. Grant funds are owed directly to the federal government. The student is required to repay only 50% of the grant overpayment. If the student does not repay a federal grant, the student is not eligible for federal Title IV funds at any school until the overpayment is paid. The student may also owe funds to Oakland University.

Official withdrawal procedures are available on the Office of the Registrar web site at www.oakland.edu/registrar.

Withdrawing from classes may impact the receipt of future financial aid. Students should be familiar with the Financial Aid Satisfactory Academic Progress Policy which is available on the Financial Aid website at www.oakland.edu/financialaid.

Students are strongly encouraged to contact the OU Financial Aid Office prior to withdrawing from classes to obtain information on the effects of withdrawing. Many times a withdrawal requires a student to refund Oakland University and/or the federal government a large portion of the financial aid that had been disbursed. Examples of the federal financial aid refund policy are available in the Financial Aid Office.

Example of a return of federal Title IV financial aid funds calculation:

\$2,026	Institutional charges
\$1,000	Federal Subsidized Direct Loan
<u>800</u>	Federal Pell Grant
\$1,800	Total Federal Title IV aid disbursed

<u>-\$2,026</u>	Institutional charges
\$ 226	Institutional charges owed and paid by the student

Student withdrew on 38th day of 107 day enrollment period

$38/107 = 35.5\%$ Percent earned
 $100\% - 35.5\% = 64.5\%$ Percent unearned

Amount of Title IV aid unearned = $\$1,800 \times 64.5\% = \$1,161.00$. **This aid must be taken away from the student's account.**

Adjustment to financial aid on the student account

\$1,000	returned to the Federal Subsidized Direct Loan program by OU
\$ 161	returned to the Federal Pell Grant program by OU

End result of withdrawing

\$1,161 unearned aid that was reversed off of the student account; student owes this amount to OU and will be billed; a hold will be placed on the student record preventing future registration, graduation and transcripts.