



Return of Title IV Funds Policy

Federal Financial Aid Due to Student Withdrawal

The Actors Conservatory is required by federal statute to recalculate federal financial aid eligibility for students who withdraw, drop out, are dismissed, or take a leave of absence prior to completing 60% of a payment period or term. The federal Title IV financial aid programs must be recalculated in these situations.

The amount of Title IV aid earned is based on the amount of time a student spent in academic attendance, and the total aid received; it has no relationship to the student's incurred charges. Because these requirements deal only with Title IV funds, the order of return of unearned funds do not include funds from sources other than the Title IV programs.

Title IV funds are awarded to the student under the assumption that he/she will attend school for the entire period for which the aid is awarded. When a student withdraws, he/she may no longer be eligible for the full amount of Title IV funds that were originally scheduled to be received. Therefore, the amount of Federal funds earned must be determined. If the amount disbursed is greater than the amount earned, unearned funds must be returned.

If a student leaves the institution prior to completing 60% of a payment period or term, the financial aid office recalculates eligibility for Title IV funds. Recalculation is based on the percentage of earned aid using the following Federal Return of Title IV funds formula:

- Percentage of payment period equals the number of hours scheduled up to the withdrawal date divided by the total hours in the payment period. This percentage is also the percentage of earned aid.

Funds are returned to the appropriate federal program based on the percentage of unearned aid using the following formula:

- Aid to be returned equals (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.

If a student earned less aid than was disbursed, the institution would be required to return a portion of the funds and the student may also 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 debit balance to the institution.

If a student earned more aid than was disbursed to him/her, the institution would owe the student a post-withdrawal disbursement which must be paid within 45 days of the student's withdrawal.

The institution must return the amount of Title IV funds for which it is responsible to the appropriate grant or loan program no later than 45 days after determination of the student's withdrawal date.

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The Date of Determination is the date that TAC determines the student has withdrawn from the program. For schools that are required to take attendance, the date of determination is no longer than 14 days after the Last Date of Attendance. The Withdrawal Date for TAC is the Last Date of Attendance (LDA).

The Calculation Formula:

Determine the amount of Title IV aid that was disbursed plus Title IV aid that could have been disbursed.

Calculate the percentage of Title IV aid earned:

- a) Divide the number of clock hours scheduled to be completed (from the first day of class until the last date of attendance) in the payment period as of the last date of attendance in the payment period by the total clock hours in the payment period.

HOURS SCHEDULED TO COMPLETE

TOTAL HOURS IN PERIOD = % EARNED (rounded to one significant digit to the right of the decimal point, ex.4493 = 44.9 %.)

- b) If this percentage is greater than 60%, the student earns 100%.
- c) If this percent is less than or equal to 60%, proceeds with calculation.

Percentage earned from (multiplied by) Total aid disbursed, or could have been disbursed = AMOUNT STUDENT EARNED.

Subtract the Title IV aid earned from the total disbursed = AMOUNT TO BE RETURNED.

100% minus percent earned = UNEARNED PERCENT

Unearned percent (multiplied by) total TAC charges for the period = AMOUNT DUE FROM TAC

If the percent of Title IV aid disbursed is greater than the percent unearned (multiplied by) TAC charges for the period, the amount disbursed will be used in place of the percent unearned.

If the percent unearned (multiplied by) TAC charges for the period are less than the amount due from the school, the student must return or repay one-half of the remaining unearned Federal Pell Grant.

The student is not required to return the overpayment if this amount is equal to or less than 50% of the total grant assistance that was disbursed /or could have been disbursed. The student is also not required to return an overpayment if the amount is \$50 or less.

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TAC will issue a grant overpayment notice to student within 30 days from the date the school's determination that student withdrew, giving student 45 days to either:

1. Repay the overpayment in full to SCHOOL NAME

OR

2. Sign a repayment agreement with the U.S. Department of Education.

The institution must return Title IV funds to the programs from which the student received aid during the payment period in the following order, up to the net amount disbursed from each source:

- Unsubsidized Direct Loans (other than Direct PLUS Loans)
- Subsidized Direct Loans
- Direct PLUS Loans
- Federal Pell Grants for which a return of Title IV funds is required
- Federal Supplemental Educational Opportunity Grant for which a return of Title IV funds is required