

Isothermal Community College Office of Financial Aid

Return to Title IV Refunds

Treatment of Federal Student Aid When a Student Withdraws

Federal financial aid is awarded to a student under the agreement that the student will attend school for the entire period for which the assistance is awarded. For example, if the student is given aid for the fall semester, it is assumed the student will attend school from the beginning of the fall semester through the end of the fall semester. Federal financial aid regulations specify how Isothermal Community College (ICC) must determine the amount of Federal Student Aid (FSA) assistance a student has earned if they do not complete the term. The FSA programs that are covered by this law are, but not limited to: Federal Pell Grants, Stafford Loans, PLUS Loans, Federal Supplemental Educational Opportunity Grants (FSEOG), Federal Academic Competitiveness Grant (ACG), and Federal Perkins Loans. Please note that ICC does not participate in all of these programs.

When a student withdraws from all classes during a semester the amount of FSA program assistance the student has earned up to that point is determined by a specific formula known as Return to Title IV. If the student received (or the student's school or the student's parent received on the student's behalf) less assistance than the amount the student earned, the student may be able to receive those additional funds. If the student received more assistance than the student earned, the excess funds must be returned by the school and/or the student.

The amount of assistance the student has earned is determined on a pro-rata basis. For example, if the student completed 30 percent of the semester, the student earned 30 percent of the assistance they were originally scheduled to receive. Once the student has completed more than 60 percent of the semester, they are considered to have earned all the assistance awarded.

If the student did not receive all of the funds they earned, a post-withdrawal disbursement may be due. The school may automatically use all or a portion of the student's post-withdrawal disbursement for tuition, fees, and room and board charges. For all other school charges, the school needs the student's permission to use the post-withdrawal disbursement. If the student does not give permission, which some schools ask for upon enrollment, the student will be offered the funds. However, it may be in the student's best interest to allow the school to keep the funds to reduce their debt at the school.

If the student receives (or the student's school or the student's parent receive on their behalf) excess FSA program funds that must be returned, the school must return a portion of the excess equal to the lesser of

1. your institutional charges multiplied by the unearned percentage of your funds, or
2. the entire amount of excess funds.

The school must return this amount even if it didn't keep this amount of your FSA program funds. If the school is not required to return all of the excess funds, the student must return the remaining amount. Any amount of unearned grant funds that must be returned is called an overpayment. The amount of a grant overpayment that the student must repay is half of the unearned amount. The student must make arrangements with the school or the Department of Education to return the unearned grant funds.

The requirements for FSA program funds when a student withdraws are separate from any refund policy the school may have. Therefore, the student may still owe funds to the school to cover unpaid institutional charges. The school may also charge the student for any FSA program funds that the school was required to return. If the student does not know what the school's refund policy is, they may ask for a copy. The school can also provide you with the requirements and procedures for officially withdrawing from school.

If a student has questions about their FSA program funds, they may call the Federal Student Aid Information Center at 1-800-4-FED-AID (1-800-433-3243). The Center accepts calls from 8 a.m. to midnight (EST), seven days a week. TTY users may call 1-800-730-8913. Information is also available on the U.S. Department of Education's "Financial Aid for Students Home Page" at www.studentaid.ed.gov.