



Return of Federal Title IV Funds Policy

Purpose

Federal statute requires a recalculation of aid eligibility when a recipient of financial aid withdraws from Montana Technological University.

The purposes and intent of this policy are to provide guidance as to how Montana Technological University will calculate the amount of Federal Title IV funds to be returned for a student who has withdrawn from all classes, inform interested parties of the methods and procedures used to calculate the amount, provide a fair and equitable policy, and provide a policy that conforms to federal regulations and the intent of those regulations.

This policy governs the return of Federal Title IV funds disbursed for a student who completely withdraws from a term, payment period, or period of enrollment. It does not apply to a student who has dropped some classes but remains enrolled in other classes at or through Montana Tech that are applicable to their program. A student is considered to have withdrawn from a period of enrollment or payment period if they do not complete all the days in the period of enrollment or payment period that they were scheduled to complete. It can also apply to students who unofficially withdraw as indicated by an end of semester GPA of 0.0. This applies whether or not the period includes modules, and for any program format. The general assumption is that a student earns aid based on the period of time he or she remained enrolled.

The Process – General

1. The student meets with the Director of Student Success to discuss withdrawal and to fill out a withdrawal form (<https://www.mtech.edu/academics/services/enrollment/forms/complete-withdrawal-form-acc.pdf>). The Director of Student Success guides the student to meet with a Financial Aid Administrator and obtain the appropriate signature.
2. The Financial Aid Administrator provides the student with a verbal explanation of the calculation of the Return of Title IV funds and provides them the following information:
 - We will complete a calculation to determine how much of the financial aid disbursed to you was actually earned. The Financial Aid Office will update your financial aid offer in Banner to reflect the aid for which the student remains eligible. This transaction will be posted to your account and be reported to the Common Origination & Disbursement site of the U.S. Department of Education to reflect the correct disbursement.
 - The amount that is unearned will be returned by the Business Office to the proper Federal Student Aid fund within 45 days after the withdrawal process is complete.
 - You will be notified of the results of the calculation in a letter sent to the address indicated in the Banner system as a permanent home address. This notification will include the results of the Return of Title IV calculation and will be sent within 14 days from the date of the calculation.

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- You will receive a termination letter for not meeting satisfactory academic progress and will need to appeal if you plan to attend Montana Tech in future semesters. The appeal will be reviewed by a committee to determine if you can receive financial aid at Montana Tech again.
- If you have received a Federal loan, you will also need to complete exit counseling at studentaid.gov.
- You may owe the amount of unearned financial aid to the Business Services Office. If so, the Business Services Office will notify you of the amount.

If you have any questions, contact anyone in Financial Aid at 406-496-4223 or financialaid@mtech.edu.

3. Then the student obtains a signature from Business Services and the completed form is given to Enrollment Services.
4. The Financial Aid Office prepares the Return of Title IV information by printing off the bill from Business Services and using the COD Return of Title Funds Calculator. The calculation is reviewed by Business Services and they notify Financial Aid of the amount to return from each type of financial aid the student received.
5. The Financial Aid Office will update the student's financial aid offer in Banner to reflect the aid for which the student remains eligible and update COD to reflect the correct disbursement. The Business Office is responsible for returning the Federal funds to their original source within 45 days of the date of the student's withdrawal. The student must repay his/her share either by (1) paying loans in accordance with the terms and conditions of the promissory note or (2) repaying grants directly to the Department of Education or under a payment arrangement through the University.

Note: In addition to calculating a return of Federal Title IV funds for students who notify Montana Tech of withdrawal, the University must also make the calculation for students who do not "officially" withdraw. Return of Title IV Calculations are based on the official and the unofficial last date of attendance as determined by the school. The Financial Aid Office reviews final semester grades to determine students with all "F" grades. If the "F" grade is not earned by completing the semester shown as the last date of academically related attendance, the student is considered to have withdrawn. To facilitate the process, faculty instructors are required to indicate last date of attendance for all students awarded an "F" grade. Federal aid is adjusted based on Federal Title IV Return of Funds Calculations.

The Details

Earned aid – During the first 60% of the period, a student "earns" Federal Title IV funds in direct proportion to the length of time he or she remains enrolled. That is, the percentage of time during the period that the student remained enrolled is the percentage of disburseable aid for that period that the student earned. A student who remains enrolled beyond the 60% point earns all aid for the period. Note that institutional refund policies play no role in determining the amount of Federal Title IV funds to be retained or returned. Also, aid is "disburseable" if the student could have received it at the point of withdrawal. The institution will disburse any funds that result in an existing credit balance on a student's account after the Return of Title IV Calculations has been completed. These funds will be sent to the student as soon as possible, but no later than 14 days after the date of the calculation (i.e. the date the Return of Title IV Calculations was performed.)

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Unearned aid – The amount of disbursed Title IV aid that exceeds the amount of Title IV aid earned under the required formula. Unearned Federal Title IV funds, other than Federal Work Study, must be returned.

Percentage of period enrolled – The number of days the student remained enrolled divided by the number of days in the period. Calendar days are used, but breaks of at least five days are excluded from both the numerator and denominator. The number of days used to determine the enrolled percentage normally includes weekends; however, scheduled breaks are measured from the first day of the break to the next day that classes are held.

Repayment of unearned aid – The responsibility to repay unearned aid is shared by the institution and the student in proportion to the aid each is assumed to possess. The institution's share is the lesser of: • The total amount of unearned aid; or • Institutional charges multiplied by the percentage of aid that was unearned. The formula assumes that Federal Title IV funds are directly disbursed to a student only after all institutional charges have been covered, and that Title IV funds are the first resource applied to institutional charges. Institutional charges comprise the amounts that had been assessed prior to the student's withdrawal, not a reduced amount that might result from an institution's refund policy. The student's share is the difference between the total unearned amount and the institution's share. The institution's share is allocated among Title IV programs, in an order specified by Federal statute, before the student's share:

- Unsubsidized Direct Loans
- Subsidized Direct Loans
- Direct PLUS Loans
- Federal Pell Grants
- Iraq and Afghanistan Service Grants
- FSEOG Grants
- TEACH Grants

After the student's share is fully allocated among the Title IV programs, any amount owed to a grant program is reduced by half. Students return their share of unearned aid attributable to a loan under the terms and conditions of the promissory note.

Timeframe for Returning Funds

The institution must return its share of unearned Federal Title IV funds no later than 30 days after it determines that the student withdrew.

The student must repay his or her share either by (1) paying loans in accordance with the terms and conditions of the promissory notes or (2) repaying grants directly to the Department of Education or under a payment arrangement through the College or the Department of Education.

Late Disbursements

A student who earned more aid than was disbursed prior to withdrawal is owed a late disbursement or a post-withdrawal disbursement. Only the difference between earned aid and aid already disbursed may be late disbursed. Thus, conditions under which unearned aid must be returned and conditions under which a late disbursement is required are mutually exclusive.



Any post-withdrawal disbursement due must meet the current required conditions for late disbursements. A school is required to make (or offer as appropriate) post-withdrawal disbursements. A post-withdrawal disbursement involving grants must be made within 45 days and loans must be offered to the student or parent, in the case of a PLUS loan, within 30 days of the date the institution determines that the student withdrew, allowing the student or parent at least 14 days to respond. The amount of a post-withdrawal disbursement is determined by following the requirements for calculating earned Title IV aid and has no relationship to incurred educational costs. A post-withdrawal disbursement, whether credited to the student's account or disbursed to the student directly, must be made from available grant funds before available loan funds. Available grant or loan funds refer to Title IV program assistance that could have been disbursed to the student but was not disbursed as of the date of the institution's determination that the student withdrew. A school must obtain confirmation in writing from a student before making any disbursement of loan funds from a post-withdrawal disbursement. A school is permitted to credit a student's account with the post-withdrawal disbursement of Title IV grant funds without the student's permission for current charges for tuition and fees up to the amount of outstanding charges.

The institution may credit late disbursements towards unpaid institutional charges. Authorizations for current year charges remain valid for late disbursements; authorizations for prior year charges become invalid. Any portion of a late disbursement not credited to the student's account must be offered as a cash disbursement to the student. If there is a credit balance remaining on the student account, a check will be mailed to the mailing address on file within 45 days of the date the institution determines the student withdrew.

Withdrawal Date (Unofficial Withdrawal)

For students who withdraw without notifying the institution, the institution must determine the student's withdrawal date within 30 days after the expiration of the earlier date of the:

- Payment period or period of enrollment;
- Academic year in which the student withdrew; or
- Educational program from which the student withdrew.

The withdrawal date for unofficial withdrawals is the midpoint of the applicable period, except:

- If the student left without notification because of circumstances beyond his/her control, the institution may determine a withdrawal date related to the circumstances. The Director of Financial Aid is responsible for making this determination along with the Registrar and the Academic Dean.
- The institution may, at its option, use the student's last date of attendance at a documented "academically-related activity" in lieu of any other withdrawal date. "Academically-related activities" include activities confirmed by an employee of the institution, to include exams, tutorials, academic advisement, turning in a class assignment, and attending a study group assigned by the institution. Eating at institution-provided food services, and participating in off-campus study groups not assigned by the institution are not "academically-related activities."

Withdrawal Date (Official Withdrawal)

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The withdrawal date for official withdrawals (student notified the institution that he or she was withdrawing) is the date the student began the institution's withdrawal process or officially notified the institution of intent to withdraw, except the institution may, at its option, use the student's last date of attendance at a documented "academically-related activity" in lieu of any other withdrawal date. "Academically-related activities" include activities confirmed by an employee of the institution, to include exams, tutorials, academic advisement, turning in a class assignment, and attending a study group assigned by the institution. Eating at institution-provided food services, and participating in off-campus study groups not assigned by the institution are not "academically-related activities." The withdrawal date for a student who officially withdrew is the later of:

- The withdrawal; or
- The date of the student's notification to the institution.

For a student who unofficially withdrew (withdrew without notifying the institution), this date is the date that the institution becomes aware that the student ceased attendance.

The "date of institution's determination that a student withdrew" is used for the following purposes:

- It provides the dividing date between disbursed aid and late disbursements; and
- It starts the clock for the period of time within which the institution must return federal funds.

Below is an example of the Return of Title IV Funds calculation.

1. Establish the withdrawal date and calculate the percentage of aid the student may retain.
 - John withdraws on 9/08/2023.
 - 9/15/2023 is 26 days into the semester, which is 105 days long. Therefore, he has completed 25% of the semester.
 - This means that he may keep 25% of the aid awarded to him, however 75% must go back to the aid programs. (Once a student has completed 60% or more of the semester, no aid will need to be returned.)
2. Calculate the percentage of unearned aid.
 - John received \$3,668 in Title IV aid.
 - 75% of \$3,668 in financial aid must be returned: \$2,751.
3. Calculate the maximum percentage of aid based on cost that the school will have to return.
 - John's bill for the Fall of 2023 was \$2,276
 - 75% of the cost, \$2,276, is \$1,707.
4. Calculate the amount of aid the school must return.
 - The school then returns the lesser of \$1,707 (percentage of cost) or \$2,751 (percent of unearned financial aid) to the aid programs.



- The school returns \$1,707 as required by the federal calculation.
5. Aid the student must personally return.
- If any portion of the return is grant assistance John is personally responsible to pay back directly to the Department of Education, the school will initially return this on his behalf. It then becomes part of the bill that must be repaid to the school. Failure to pay the balance will result in reporting this to the Department of Education as an overpayment and ultimately owing the Department of Education directly for the grant funds owed by the student.
 - The balance of John's loan not paid by the school will go into repayment in accordance with the terms of the promissory note.

Note:

If a student's University charges are reduced as a result of withdrawal, and that withdrawal creates a credit balance on the student account, the funds reflected in that credit balance may be used to repay the federal financial aid programs or if the credit balance exists after all Title IV funds are returned, the student will be sent a check in the amount of the credit balance within 14 days of the Return of Title IV calculation. If the credit balance does not cover the amount due back to the aid programs, the student will be billed the difference. If the student owes back to any of the grant programs, the student has 30 days to make repayment to the University or be reported to the U.S. Department of Education as a student who owes an overpayment. Owing an overpayment to the U.S. Department of Education means that student will no longer be eligible for federal financial aid at any school until the overpayment is paid in full.