

REPAYMENT OF UNEARNED FINANCIAL AID—RETURN OF TITLE IV FUNDS

Federal Pell Grants, Federal Supplemental Educational Opportunity Grants (FSEOG), Federal PLUS loans, and Federal Subsidized and Unsubsidized Direct Loans are subject to the Return of Title IV (R2T4) funds calculation. If a student receives federal financial aid and completely withdraws from all classes within the first 60% of the term, stops attending all classes without notification, has a break in attendance during the semester, or does not attend a future part of term which they were scheduled to attend, a pro-rated portion of the student's financial aid may need to be repaid.

The student will be billed by EFSC for the amount of aid that must be repaid to the federal student aid programs by EFSC. A failure to pay this outstanding balance will result in a hold on the student's account and prevent future registration and other transactions. Additionally, the student may have to return funds to the Department of Education.

A failure by the student to repay any grant overpayments to the Department of Education will result in ineligibility to receive federal student aid at any institution.

Aid is returned in the following order: Unsubsidized Direct Stafford Loan, Subsidized Direct Stafford Loan, Direct Parent PLUS Loan, Pell Grant, Supplemental Educational Opportunity Grant (SEOG) and Iraq/Afghanistan Service Grant.

Below is an **example of the R2T4** calculation:
 A student received the following aid:

Amount	Aid
\$627.00	Federal Direct Unsubsidized Loan
\$1,732.00	Federal Direct Stafford Loan
\$2,181.00	Pell Grant
\$4,540.00	Total Title IV Aid Received

The student attended 25 days of a semester totaling 112 calendar days. The student completed 22.3% of the payment period ($25/112 = 22.3\%$) and has earned 22.3% of his/her Title IV aid, or \$1,012.

The student did not earn 77.7% of the aid, or \$3,528. This unearned aid must be returned to the federal programs. Both EFSC and the student are responsible for returning funds.

The institutional return is calculated first. The student's total institutional charges, including tuition, fees, and books purchased using a book voucher, total \$1,041. The institution's required return is \$809, or 77.7% of the institutional charges. EFSC returns the full Unsubsidized Loan of \$627 and \$182 of the Subsidized Loan. This creates a billing balance to EFSC of \$809. Failure to pay this balance will result in a hold on the student's EFSC account and prevent future registration and other transactions.

Next the amount of the student's return is calculated. The initial amount of unearned Title IV aid due from the student is \$2,719. It is the difference

between the unearned aid (\$3,258) and the school's required return (\$809).

- First the amount of the loans returned by the school are subtracted from the total loans disbursed ($\$2,359 - \$809 = \$1,550$) to determine the repayment of the student's loans. The student must repay the \$1,550 of loans according to the regular loan repayment schedule.
- Next the grant funds to be returned by the student are calculated. The difference between the initial amount of unearned Title IV aid due from the student minus the repayment of the loans is the initial amount of Title IV grants for the student to return ($\$2,719 - \$1,169 = \$1,169$). Students receive a grant protection of 50%, so the amount of Pell grant disbursement is multiplied by 50% ($\$2,181 \times 50\% = \$1,090$). Finally, the grant funds for the student to return is the difference between the initial grant funds for the student to return and the amount of Title IV grant protection ($\$1,169 - \$1,090 = \$79$). In this case the student must repay \$79 of Pell Grant.

The student has 45 days to repay the Pell Grant or make payment arrangements. If the student fails to repay or make payment arrangements, the student will be referred to the Department of Education and lose eligibility for additional Title IV funds at any institution, not just EFSC.