

Federal Refund Policy

*Please Note: This information is subject to change due to pending federal regulations.

All students receiving financial assistance who formally withdraw or who stop attending classes and receive grades of W and/or WF are subject to regulations regarding the return of funds to the aid program.

The refund date is determined by the withdrawal date.

Federal refunds are made in the following order:

1. Unsubsidized Direct Loan
2. Subsidized Direct Loan
3. Parent Plus Loan
4. Pell Grant
5. Supplemental Educational Opportunity Grant (SEOG)
6. Other Title IV Programs

Note: Refunds for students receiving the HOPE scholarship with no federal aid are distributed to the HOPE scholarship program. Students receiving both the HOPE scholarship and federal aid may owe a refund of federal funds and HOPE scholarship funds.

The student must return unearned aid for which he/she is responsible by repaying funds to the applicable aid program (s).

The federal Return of Funds policy uses the following steps:

Step 1 – Determine the Student’s Title IV Aid for the term.

Step 2 – Determine the Percentage of the Title IV Aid earned.

Step 3 – Determine the Amount of Title IV Aid earned by the student.

Step 4 – Determine the Total Title IV Aid to be returned.

Step 5 – Determine the Amount of Unearned Title IV Aid Due from the School

Step 6 – Determine the Amount of Unearned Title IV Aid Due from the Student.

Refund Example: The following example of a refund calculation is based on a commuting student paying \$756 in tuition and fees.

The student received \$887 in a Pell Grant (Title IV) for the term. The student received no other aid. The student withdrew on the 8th day of a 111-day term.

Step 1 - Amount of Student's Title IV Aid for the term=\$887.00

Step 2 - Percentage of Title IV Aid Earned/Unearned:
8 Days Completed/111 Days in Term = 7.2% Earned.

Step 3 - Amount of Title IV Aid Earned by the Student:
 $\$887 \times 7.2\% = \63.86

Step 4 - Title IV Aid to be returned:
 $\$887.00 - \$63.86 = \$823.14$

Step 5 - Return of Funds by the School:
 $\$756.00$ Tuition and Fees \times 92.8% Unearned Funds = $\$701.57$
The school returns this to the Pell Grant Program.

Step 6 - Return of Unearned Title IV Aid from the Student:
 $\$823.14$ Title IV Aid to be Returned - $\$701.57$
Returned by the School = $\$121.57$.

– Amount for Student to return to the Pell Grant Program would be indicated on the Return to Title IV application and the amount for student to return to the HOPE Scholarship program would be indicated on the HOPE refund calculation.

Any funds owed by the institution will be returned to either the U.S. Department of Education (Title IV funds) or the Georgia Student Finance Commission (HOPE funding).

The following section addresses the legal collection process for reclaiming Title IV and/or Georgia HOPE funds owed by the student:

A SCHOOL'S RESPONSIBILITIES IN THE RETURN OF FUNDS BY THE STUDENT (Title IV funding).

A school has responsibilities that continue beyond completing the Return calculation and returning the funds for which it is responsible. Here we discuss the institution's participation in the return of funds by the student.

Grant overpayments

The applicable regulations limit the amount of grant funds a student must repay to one-half of the grant funds the student received or could have received during the applicable period. Moreover, repayment terms for students who owe Title IV grant overpayments were established to ensure that students who could not immediately repay their debt in full had the opportunity to continue their eligibility for Title IV funds. Students who owe overpayments as a result of withdrawals initially will retain their eligibility for Title IV funds for a maximum of 45 days from the earlier of:

- ◆◆ the date the school sends the student notice of the overpayment, or
- ◆◆ the date the school was required to notify the student of the overpayment.

Within 30 days of determining that a student who withdrew must repay all or part of a Title IV grant, a school must notify the student that he or she must repay the overpayment or make satisfactory arrangements to repay it. In its notification, a school must inform the student of the following:

1. The student owes an overpayment of Title IV funds.
2. The student's eligibility for additional Title IV funds will end if the student fails to take positive action by the 45th day following the date the school sent or was required to send notification to the student.
3. There are three positive actions a student can take to extend his or her eligibility for Title IV funds beyond 45 days:
 - a) The student may repay the overpayment in full to the school.
 - b) The student may sign a repayment agreement with the school.

Note: Two years is the maximum time a school may allow for repayment.

- c) The student may sign a repayment agreement with the Department. If the student takes no positive action during the 45- day period, the school should report the overpayment immediately to NSLDS on the NSLDS Professional Access Web site under the AID tab, "Overpayment List" menu option after the 45-day period has elapsed. (Because making this change in the NSLDS system is a simple process, we expect an institution will complete making the change within a few days of the end of the 45-day period.)
4. If the student fails to take one of the positive actions during the 45-day period, the student's overpayment immediately must be reported to the NSLDS and referred to the Debt Resolution Services for collection.
5. The student should contact the school to discuss his or her options.

Student overpayments of \$50 or less

A student does not have to repay a grant overpayment of \$50 or less for grant overpayments resulting from the student's withdrawal. As a result, a grant overpayment of \$50 or less will not make the student ineligible to receive Title IV, HEA program assistance should the student return to school. A school is not required to attempt recovery of that overpayment, report it to the Department's National Student Loan Data System (NSLDS), or refer it to Debt Resolution Services

These de minimis amounts are program specific. That is, if a Return calculation resulted in a student having to return \$150 in Pell funds and \$40 in FSEOG funds, the student would have to return the Pell funds, but the FSEOG funds would be considered *de minimis* and treated as described above.

This standard does not apply to remaining grant overpayment balances. That is, a student must repay a grant overpayment that has been reduced to \$50 or less because of payments made. An overpayment for which the original amount was more than \$50 that has a current balance of less than \$50 may not be written off.

HOPE Scholarship

210. Student Refunds

210.1. Calculation of Refunds.

a. If a student officially withdraws, drops out, drops hours, is expelled, or otherwise fails to complete a period of Enrollment, and is entitled to a refund, a portion of such refund may need to be returned to the HOPE fund. A student is ineligible for the HOPE Scholarship for coursework from which he or she totally withdrew, if such coursework does not appear on the student's academic transcript as a "withdrawal", or any other code or identification for such a withdrawal. If the Eligible Postsecondary Institution invoiced the Commission prior to a student's total withdrawal, then the institution must cancel the student's HOPE award for that term, through the SURFER system.

b. If applicable, the Eligible Postsecondary Institution must first apply the Federal Title IV Programs return of funds policy for any federal aid the student may have received. To determine the refund to HOPE, the institution must apply the institution's refund policy, which may or may not be identical to the Federal Title IV Programs return of funds policy, to the student's original HOPE award for Tuition.

c. The Eligible Postsecondary Institution must determine the amount of the refund due back to the HOPE program. The amount of the HOPE award not determined to be owed back to the HOPE program is retained by the institution to cover the institutions' cost for the portion of the school term that the student was enrolled.

1. The Eligible Postsecondary Institution must adjust the student's invoice in SURFER to the new award amount remaining after the refund is calculated within 45 days of the determination.

2. If the student only received HOPE funds, the Eligible Postsecondary Institution should return the funds determined to be owed to the HOPE program within 45 days of the refund determination. The Eligible Postsecondary Institution would then collect the refund amount from the student. However, the student should not be reported with a "refund due" status to the Commission since the funds have been repaid to the Commission.

3. If the student received a combination of Federal Title IV Programs funds and HOPE funds, the Eligible Postsecondary Institution may not have sufficient funds on hand from the student's

award disbursements to return to the Commission the refund owed to the HOPE program, after applying the Federal Title IV Programs return of funds policy. In this instance, the student is considered to have a “refund due” to the Commission and the institution must report the student to the Commission with a “refund due” status.

210.2. Collection of Refunds.

A student who owes a refund to the Commission should pay the Eligible Postsecondary Institution and the Eligible Postsecondary Institution should pay the Commission or, at its sole discretion, the Commission may require the student to pay the refund directly to the Commission. Nothing herein shall be deemed to prohibit the Commission or the Eligible Postsecondary Institution from using all available legal and equitable remedies to collect the refund, including, but not limited to, garnishment of pay, loss of professional license, loss of lottery winnings and offset of state tax refund.

Other Financial Aid Information is available on the Gordon State College web site at <http://www.gordonstate.edu/FinancialAid>.

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