

## Return of Title IV Funds

The Office of Financial Aid 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. The federal Title IV financial aid programs must be recalculated in these situations prior to completing 60% of a payment period or term. The Office of Financial Aid recommends that students planning to drop all of their classes contact the Office of Financial Aid for advisement before withdrawing from their courses.

If a student leaves the institution prior to completing 60% of a payment period or term, the Office of Financial Aid 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 or term completed = the number of days completed up to the withdrawal date divided by the total days in the payment period or term. (Any break of five days or more is not counted as part of the days in the term.) This percentage is also the percentage of earned aid.*

Touro University will determine the amount of Title IV aid that was disbursed together with the amount of aid that could have been disbursed. In coordination with the academic calendar, the Office of Financial Aid (OFA) establishes the term calendar to determine the number of calendar days the student completed. This time period is assessed from the first day of the payment period to the day the student withdrew. Our software will calculate the number of days completed by the total calendar days in the semester/term. This calculation is known as the percentage of aid earned at 60%, less the aid that could have been disbursed and this is the amount of unearned aid returned by the institution and/or student.

If the student did not attend the course(s) or unofficially withdraw, Touro University will calculate the R2T4 at the midpoint (50%) of the payment period for which Title IV assistance was disbursed.

If a student withdrew within the 60% period and Touro University disburses eligible funds, the student may still be eligible for Title IV funds. The Banner software will determine whether the student is eligible for a post-withdrawal disbursement.

### **Official Notification Provided**

In a case when the student provides official notification of his/her intent to withdraw, Touro will use the date of notification as follows:

- In the event that a student begins Touro's withdrawal process, \* the date the student begins the process is the date of withdrawal.
- In the event that a student sends written notification of intent to withdraw, the date Touro receives the written notice is the date of withdrawal.
- In the event that a student makes an oral notification to the Office of the Registrar, which is Touro's designated office for beginning the withdrawal process, the date will be documented by this office. The date of withdrawal will be recorded as of the date of oral notification, unless there is subsequent written notification, in which case the date that Touro receives the written notification may be the withdrawal date.

\*To begin the withdrawal process, the student contacts the Office of the Registrar to obtain the appropriate withdrawal form. If the student both begins the withdrawal process and provides a

notification to Touro, the earlier of the two dates will be used as the withdrawal date.

### **Official Notification Not Provided**

In a case when the student does not provide official notification of his/her intent to withdraw, Touro may use the midpoint of the payment period as the date of withdrawal, with the following exception:

- When an official notification was not provided by the student because of circumstances beyond his/her control (i.e., illness, accident, grievous personal loss, or other circumstances), the date of the onset of such circumstances will serve as the withdrawal date as determined by the Office of the Registrar.

### **Post-Withdrawal Disbursements**

If the total amount of the Title IV grant and/or loan assistance earned by the student is more than the amount that was disbursed to the student as of the withdrawal date, the difference between the two amounts will be treated as a post-withdrawal disbursement. In the event of outstanding charges on the student's account, Touro will credit his/her account for all or part of the amount of the post-withdrawal disbursement, up to the amount of allowable charges.

If Direct Loan funds are used to credit the student's account, Touro will notify the student (or parent for a PLUS Loan) and provide the student (or parent) with the opportunity to cancel all or a portion of the loan(s).

Any amount of a post-withdrawal disbursement that is comprised of loan funds and has not been credited to a student's account will be offered to the student (or parent for a PLUS Loan) within 30 days of the date the college determined the student's withdrawal. Any earned grant funds that the student is eligible to receive due to a post-withdrawal disbursement will be provided within 45 days of the date of determination. Students will be notified of such disbursements in writing. The notification will include:

- Identification of the type and amount of the Title IV funds that make up the post-withdrawal disbursement (not to include any amounts that have been applied to the student's account);
- Explanation that the student (or parent for a PLUS loan) may accept or decline some or all of the post-withdrawal disbursement (that which has not been applied to the student's account); and
- Advisement that Touro is not required to make a post-withdrawal disbursement if the student (or parent for a PLUS Loan) does not respond within 14 days of the date that Touro sent the notification.

Upon receipt of a timely response from the student or parent, Touro will disburse funds in the manner specified in the response. Distribution will occur within 180 days of the date of determination of the student's withdrawal date. If no response is received from the student or parent, Touro will not disburse any of the funds. Touro maintains the right to decide whether or not to make a post-withdrawal disbursement in the event that the student (or parent for a PLUS Loan) responds after 14 days of the date that notification was sent to them. If Touro decides not to make this post-withdrawal disbursement, it will inform the student (or parent) in writing. In the case of a post-withdrawal disbursement, grant funds will be disbursed prior to loan funds. Any student in overpayment of tuition will receive a refund. All refunds are issued within 14 days of the credit balance posted to their student account.

### **Unofficial Withdrawals**

If a student does not officially withdraw from all classes but fails to earn a passing grade in at least one course, federal aid regulations require that we assume the student has “unofficially withdrawn,” unless it can be documented that the student completed the enrollment period. Unofficial withdrawals require a Title IV refund calculation at the midpoint of the enrollment period unless a last date of attendance is confirmed. The reduction of federal aid may create a balance due to the institution that must be repaid.

### **Title IV Refund Process**

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

*Aid to be returned = (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 would 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 180 days of the student's withdrawal. The Institution must return the amount of Title IV funds for which it is responsible no later than 45 days after the date of the determination of the date of the student's withdrawal.

### **Refunds are allocated in the following order:**

- Unsubsidized Direct Stafford Loans
- Subsidized Direct Stafford Loans
- Direct PLUS Loans
- Federal Pell Grants for which a Return of Funds is required
- FSEOG
- All other Federal Grants for which a Return of Funds is required

### **Overpayment Process**

A Pell overpayment occurs any time the student receives a payment that's greater than the amount for which the student is eligible. Most overpayments are due to one of the following:

- **Student error**, such as failing to report the spouse's income on the application, or failing to report attendance and financial aid received at a previous college/university.
- **Touro University error**, for instance, when a student's award is taken incorrectly from the Payment Schedule, or when Touro University pays a student who isn't making satisfactory progress.
- Required recalculations, such as when a student never begins attending class or does not begin attending all of his or her classes, or withdraws from Touro University after receiving a disbursement for living expenses. (See “Recalculations,” earlier in this chapter, and Chapter 6 of the *FSA Handbook: Institutional Eligibility and Participation [Volume 2]*.)
- Optional payments, for instance, when Touro University makes an interim disbursement to a

student selected for verification, but the student never completes verification. No matter what the reason for the overpayment, it must be repaid. If the overpayment is the result of a Touro University error or an optional payment, Touro University should repay the Federal Pell Grant account whether or not it succeeds in collecting the overpayment from the student. Note that Touro University can't reduce a student's Pell award from the current award year to eliminate a Pell overpayment from a prior year.

### **Liability for Overpayment Cite**

*34 CFR 690.79(a)* — **Recalculations and Overpayments** previous award year. For example, if a student received an overpayment in 2016-17, Touro University can't reduce any portion of the student's 2016-17 Pell award to eliminate the overpayment. Chapter 8 of the *FSA Handbook: Student Eligibility* (Volume 1) has a more detailed and comprehensive discussion of overpayments.

### **Reporting Overpayments COD**

If Touro University collects or repays an overpayment for the current award year, it reports the decrease in the student's award to COD using its normal reporting. Touro University can also use COD to report a decreased award after the general disbursement record submission deadline.

### **Overpayments due to Touro University error or interim disbursement**

Touro University is liable for overpayments that result from its error, such as an incorrect award calculation or an award that was made in spite of conflicting information. Touro University is also responsible for any interim aid disbursements that were made before verification was complete, if verification ultimately showed that the student was ineligible. (See the *Application and Verification Guide*.) **If the overpayment was the result of Touro University's error and we can't eliminate the overpayment in the same award year, we repay the overpayment. The student then does not owe an overpayment (to USDE but to the institution) and may receive FSA funds.** If the overpayment is the result of an *interim disbursement*, Touro University can also continue to pay FSA funds to the student if the student repays the overpayment in full or makes repayment arrangements that Touro University deem satisfactory. If the student won't repay the overpayment, Touro University will repay the overpayment from Touro University's funds within 60 days following the student's last day of enrollment or by the last day of the award year, whichever comes first. Again, once Touro University satisfies the overpayment, the student regains eligibility.

### **Overpayments due to student error**

If a student's error or failure to report information caused the overpayment, the student is responsible for repaying the overpayment. If the overpayment can't be eliminated by adjusting a later disbursement in the award year, **the student can't receive additional FSA funds until he or she repays the overpayment in full or makes repayment arrangements that Touro University finds to be satisfactory.** If the student won't agree to repay, Touro University isn't liable for the overpayment, but should make a reasonable effort to contact the student and collect the overpayment. In the case of an FSEOG overpayment, Touro University should promptly attempt to recover the overpayment by sending a written notice to the student requesting payment in full. If the student is responsible for repaying the overpayment, Touro University may, if it chooses, make the repayment for the student (that is, Touro University can return to the FSA program accounts the amount overpaid to the student). When Touro University makes such a repayment on the student's behalf, the student is no longer considered to owe an overpayment.

Instead, the student owes an institutional debt that Touro University can collect according to its own procedures. Because the student doesn't owe an overpayment, he is eligible for FSA funds as long as all other eligibility criteria are met.

### **Reporting overpayments to NSLDS**

Touro University should report overpayments or changes to previously submitted information to NSLDS within 30 days of the date we learn of the overpayment or change. If the grant overpayment is the result of the student's withdrawal and a return to Title IV calculation, Touro University will contact the student within 30 days of the determination. Touro University will only report unresolved overpayments if they're due to student error; does not report overpayments that are a result of a Touro University error. Instead, as discussed previously, we will use Touro University funds to repay the overpayment.

Touro University uses the online NSLDS screens to report overpayments, which means that Touro University has Internet access to NSLDS. (Dear Partner Letter GEN-00-20 gives the most recent technical specifications.) For information on entering overpayment data, see chapter 3, section 4.2 in the NSLDS User Documentation. This publication is available on the IFAP website <<http://ifap.ed.gov>>. Once the overpayment is reported to NSLDS, the student's future output documents will show that he or she has an overpayment (see "NSLDS Match"). The Financial Aid History section of the SAR and ISIR will have information on the overpayment, including whether the student has made repayment arrangements.

### **Overpayments from previous award years**

If a student repays a Pell overpayment for a prior award year, Touro University should deposit the funds in its institutional federal funds or Pell account and report the decrease in the student's award to COD. The funds can then be used for current year disbursements.

### **Reporting and Referring Overpayments**

Touro University is required to report any unresolved overpayments to NSLDS within 30 days of learning of the overpayment. Touro University will notify the Department's Debt Collection Service (DCS) if it doesn't establish a satisfactory repayment arrangement with the student. Touro University can choose to refer all Pell overpayments to the DCS or it can repay overpayments for its students and establish its own satisfactory repayment arrangement with the students. If Touro University is unable to eliminate an overpayment that isn't Touro University's fault, Touro University will refer the student's case to DCS for collection.

### **Treatment of Overpayments**

An overpayment is created whenever the student receives FSA funds that exceed his or her eligibility. Over awards are one cause of overpayments; overpayments can also be caused by misreported FAFSA information, miscalculated costs or EFC, payments to an ineligible student, or payments in excess of grant or loan maximums.

If a student receives a Pell overpayment, usually because of misreporting on the FAFSA, he or she can continue to receive FSA funds if the overpayment can be eliminated by reducing the subsequent Pell payments for the same award year. If the overpayment is created by a combination of an accurate Pell award and aid from other programs, the other aid awards would be adjusted,

not the Pell Grant.

A student who receives an overpayment through the FSEOG, LEAP, or Perkins Loan program can continue to receive FSA funds if the overpayment can be eliminated by adjusting subsequent financial aid payments (other than Pell) within the same award year. If additional resources (not to exceed \$300) become available to the student after Touro University has packaged his or her aid, Touro University does not have to adjust the student's campus-based aid awards. However, if the overpayment was the result of a Touro University error—for instance, Touro University was aware that the student had received an academic scholarship but neglected to count it in the student's aid package, the \$300 tolerance does not apply. Touro University will treat the full amount as an overpayment, as described below.

### ***Referring overpayment cases to DCS***

If we have tried but haven't succeeded in collecting a Pell or FSEOG that was not due to a Touro University error, Touro University will refer the overpayment to the Department's Debt Collection Service (DCS). To be referred to DCS, the amount of a Pell overpayment must be at least \$25 and the federal share of an FSEOG overpayment must be at least

\$25. (See the Volume 3: Pell Grants and the Campus-Based Programs volumes for more information.) Touro University will make this referral in addition to reporting the overpayment to NSLDS. If Touro University chooses not to refer such overpayment cases to DCS, Touro University is then liable for the overpayments and should repay the appropriate FSA program funds from its own funds. If the federal share of an FSEOG overpayment is less than \$25, and Touro University can't collect from the student, Touro University isn't required to take further action. To refer a Pell or FSEOG overpayment case to DCS, Touro University should provide all information necessary for collection on the case, as described later in this chapter. In addition, when Touro University refers the overpayment, Touro University should update the overpayment information previously reported to NSLDS by changing the Source field from SCH to TRF.