



## RETURN OF FEDERAL TITLE IV FINANCIAL AID FUNDS

Prism is required to comply with any Title IV Policy which has been established by the U.S. Department of Education for any student who has been awarded these funds.

The Financial Aid Office is required by federal statute to determine how much financial aid was earned by students who withdraw, or are dismissed prior to completing 60% of a payment period or term.

For a student who withdraws after 60% of the term is completed, there are no unearned funds. However, a school must still complete a Return calculation in order to determine whether the student is eligible for a post-withdrawal disbursement.

The calculation 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.

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 120 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.

Any refund due will be refunded first to the Title IV programs in the following order:

- Direct Lending Program
  - Direct Stafford Program – Unsubsidized
  - Direct Stafford Program – Subsidized
  - Direct PLUS Program
- Federal Pell Program

- Federal SEOG Program
- Any other Title IV Program

After satisfying this requirement, if a portion of the refund remains, the regulation requires the school to allocate the remaining funds in the following order:

- Required refunds of other federal, state, private or institutional student financial assistance programs
- Then the student
- **Refunds will be made within 45 days**