



The University of Mississippi

Office of Financial Aid

University, MS 38677

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Policy Name: Return of Federal Financial Aid Funds

Purpose: This document contains the Office of Financial Aid's current policies and procedures for federal aid returns.

Disclaimer: This policy is subject to change, without notice, in order to comply with administrative and regulatory requirements.

Policy Contents:

- 3.2 Return of Federal Funds Overview
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Definitions and Terms:

DOE – U.S. Department of Education
FAFSA – Free Application for Federal Student Aid
FTA – Federal Tuition Assistance
OFA – Office of Financial Aid
R2T4 – Return of Title IV Funds
SFA – Student Financial Aid
UM – University of Mississippi

Federal Title IV funds (Pell Grant, Iraq and Afghanistan Service Grant, SEOG, TEACH, Work-Study, Direct Loans, Perkins Loan, and PLUS loans) are awarded under the assumption that the student will attend school for the entire period of enrollment. When students withdraw, they may no longer be eligible for the full amount of Title IV funds that they were originally scheduled to receive. Then the amount of Title IV grant or loan assistance “earned” by the student must be determined.

- If the amount disbursed to the student is greater than the amount the student earned, the unearned funds must be returned.
- If the amount disbursed to the student is less than the amount the student earned, and for which the student is otherwise eligible, he or she qualifies for a post-withdrawal disbursement of the earned aid that was not received.

In addition to Federal Title IV funds, Federal Tuition Assistance (provided by the military to eligible members of the Army, Navy, Air Force, Marines, and Coast Guard) is also awarded under the assumption that the student will attend school for the entire period of enrollment. When a student withdraws (for reasons other than military orders) from school, they may no longer be eligible to receive the full amount originally awarded. FTA funds are earned proportionally during an enrollment period, with unearned funds returned based upon when a student stops attending.

The date of a student’s withdrawal is (A) the date in which the student began the official withdrawal process, or (B) the date in which UM determined that the student ceased to attend class.

If a student begins attendance but withdraws before being awarded federal funds, the student is not considered to have been a federal aid recipient and the requirements to return funds do not apply. For more information, see policy “3.7 Withdrawals”

The OFA generates a term-based report that identifies all students who received federal aid and officially withdrew within the term. To determine unofficial withdrawals, this same report will be used after each term’s grades have posted to determine which students posted all “F”, “W”, and/or “I” grades. The OFA may assume that the mid-point of the term was the last date of attendance for an unofficial withdrawal. However, the student is allowed the opportunity to document attendance past the midpoint.

Part 3.2.1.b**Academic Calendar**

Federal aid return calculations are based on UM's official Academic Calendar. This calendar is available at <http://registrar.olemiss.edu/academic-calendar-menu/>

When counting the number of days in a period of enrollment, weekends are included for purposes of the calculation. Breaks of five or more consecutive days, however, are not included.

Part 3.2.2.**Calculate the Amount of Federal Tuition Assistance Earned/Unearned**

The return of FTA funds is determined by calculating the earned and unearned portions of the aid as of the date the student ceased attendance at the University.

The equation for calculating a student's earned and unearned portions is called the "Return Calculation", and it is as follows:

$$\frac{\text{Number of Calendar Days Completed in the Term as of Date of Withdrawal}}{\text{Total Number of Calendar Days in Term}} \text{ (divided by)}$$

If the resulting percentage is greater than 60 percent, no paybacks will be processed. If the result is 60 percent or less, then this percentage is used to determine how much of the FTA that was disbursed (or could have been disbursed) is considered earned. The remainder must be returned to the military.

Part 3.2.3.a**Calculate the Amount of Title IV Aid Earned/Unearned**

The return of Title IV Funds is determined by calculating the earned and unearned portions of Title IV aid as of the date the student ceased attendance at the University.

The equation for calculating a student's earned and unearned portions is called the "Return Calculation", and it is as follows:

$$\frac{\text{Number of Calendar Days Completed in the Term as of Date of Withdrawal}}{\text{Total Number of Calendar Days in Term}} \text{ (divided by)}$$

If the resulting percentage is greater than 60 percent, no paybacks will be processed. If the result is 60 percent or less, then this percentage is used to determine how much of the aid that was disbursed (or could have been disbursed) is considered earned. The remainder must be returned to the Title IV program(s).

UM must return the lesser of (A) the amount of SFA not earned or (B) the institutional costs (see below) that the student incurred multiplied by the percentage of SFA not earned.

Part 3.2.3.b**Institutional Costs**

Included in the list of institutional costs are:

- Tuition
- On-Campus Housing
- Non-Resident Fee
- Flex/Meal Plan Charges
- Capital Improvements Fee
- Course Fees (online program fees and lab fees)

Any items that are not included in the list above are not considered institutional costs. At UM, non-institutional costs may include but are not limited to:

- Parking Permits
- Registration Fees
- Textbook Fees
- Tickets to athletic events or concerts

Part 3.2.3.c**Allocation of Unearned Aid**

Unearned funds are first applied (paid back) to any Title IV loans borrowed during the term. As stipulated by federal regulations, funds are returned in the following order:

- (1) Unsubsidized Direct Loans
- (2) Subsidized Direct Loans
- (3) Federal Perkins Loans
- (4) Direct PLUS Loans (Parent and Graduate)
- (5) Federal Pell Grants
- (6) FSEOG
- (7) TEACH Grants
- (8) Iraq and Afghanistan Service Grants

When UM must return loan funds to DOE on the student's behalf (or parent's, in the case of a PLUS loan), the student's bursar account will be charged for this amount. When the federal calculation determines, instead, that it is the student's (or parent's) responsibility to return funds directly to the DOE, the earned Title IV loan funds are repaid in accordance with the terms of the loan. If unearned funds remain after all loans have been repaid, the remaining unearned funds must be credited to Title IV programs in the following order:

- (1) Federal Pell Grant
- (2) Federal SEOG
- (3) TEACH Grant

When the school must return grant funds on the student's behalf, the student's bursar account will be charged for this amount. When the responsibility for repaying funds to the Title IV grant programs falls to the student, the student is required to return only 50 percent of the grant repayment as calculated using the federal formula. Grant overpayments may be collected according to arrangements satisfactory to the school or by overpayment collection procedures prescribed by the Department of Education.

Note: Federal Work Study is excluded from this policy.

Part 3.2.3.d

Notification of Return of Funds

Students for which a portion of Title IV aid or Federal Tuition Assistance must be returned will receive an email from the OFA indicating that an adjustment has been made and funds have been returned on the student's behalf. This communication further instructs that any resulting balances on the student account must be paid by the student and arrangements for payment must be made directly with the Office of the Bursar.

An electronic memo will be created and stored within the financial aid system to document each return of Title IV and FTA funds.

Correspondence:

Please note that all correspondence from the OFA will be carried out through email. Therefore, the student is responsible for checking his or her Ole Miss email account regularly. If the student does not use their Ole Miss account, it is recommended that he or she forward it to an active email account.

Part 3.2.3.e

Applicable Deadlines

Two primary deadlines impact R2T4 calculations:

1. The 45-day time frame for the return of funds. The UM must return unearned funds as soon as possible but no later than 45 days from the determination of a student's withdrawal. Funds are considered returned in this time frame if the deposit or transfer into the school's federal funds bank account have been awarded and disbursed to another eligible student or if the funds have been returned to the Department electronically using G5.
2. The 30-day required notification of the need for authorization to make a post-withdrawal disbursement of Title IV loan funds. The UM will notify students, or parents for a Direct Parent PLUS loan, in writing of their eligibility for a post withdrawal disbursement if applicable.

The Return of Title IV Funds calculation may determine that a student is potentially eligible for a post-withdrawal disbursement if all aid was not disbursed prior to withdrawal.

- Any grant funds are automatically applied to the balance.
- If the student is eligible for post-withdrawal loans, a post-withdrawal disbursement notification letter will be sent to the student and/or parent (for parent PLUS loans) to determine award acceptance. If the student/parent does not respond within 14 days, the offered loans will be removed from the award package.



The University of Mississippi

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Post-Withdrawal Disbursement Notification

Because of your withdrawal from the University of Mississippi and Federal Title IV financial aid regulations, it has been determined you are eligible for a post-withdrawal disbursement. You may accept all, a portion, or none of the loan amount(s) listed in the chart below. This authorization must be completed before any loans can be applied to your Bursar account.

The University of Mississippi is obligated to make this post-withdrawal disbursement only if you accept the funds 14 days after this form is sent. If we have not heard from you by that date, we will cancel your loan amounts with the lender. Please note any grant award(s) will automatically be applied to the remaining balance.

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TO BE COMPLETED BY OFFICE OF FINANCIAL AID:

STUDENT LAST NAME

STUDENT FIRST NAME

STUDENT MIDDLE NAME

OLE MISS STUDENT NUMBER

TERM

AID YEAR

DATE OF NOTIFICATION

Below are the award amounts currently available to you.

Aid Type	Offer Amount
Federal Direct Subsidized Loan	
Federal Direct Unsubsidized Loan	
Federal Direct Graduate PLUS Loan	
Federal Direct Parent PLUS Loan	

Currently, the balance on your Bursar statement is \$ _____.

TO BE COMPLETED BY STUDENT AND PARENT (IF APPLICABLE):

Funds are disbursed in accordance with your wishes. Please indicate your preference below:

____ I would like the loan(s) to be disbursed to my Bursar account in full. Any amount in excess of the outstanding charges should be sent to me (or the parent, if a PLUS Loan) as a refund.

____ I would like just enough loan(s) disbursed to cover my outstanding Bursar charges at the time of processing.

____ I do not want any loan(s) disbursed.

It is important to understand that accepting any late disbursements of student loan funds will increase your overall student loan debt. By accepting all or a portion of a Federal Direct, Graduate PLUS, or Parent PLUS loan, I know that I am responsible for repayment in accordance with the terms of my master promissory note. Please visit www.studentaid.ed.gov for current interest rates.

Student Signature _____ *Date* _____

*Parent Signature** _____ *Date* _____

*** (PARENT SIGNATURE REQUIRED FOR PLUS LOAN ONLY)**

STUDENT TELEPHONE NUMBER

STUDENT EMAIL ADDRESS

PARENT TELEPHONE NUMBER

PARENT EMAIL ADDRESS