

**KENNEBEC VALLEY COMMUNITY COLLEGE  
FINANCIAL AID OFFICE**

**REFUND/REPAYMENT POLICY**

**EFFECTIVE: 08/04  
Updated 03/09**

Before withdrawing completely from Kennebec Valley Community College (KVCC), all financial aid recipients are encouraged to read this policy and check with the Financial Aid Office for guidance about “*unearned*” financial aid that may need to be repaid to KVCC or the federal government.

Financial aid monies must be returned to the federal government for any Title IV recipient who *withdraws before completing 60% of the semester* (calculated using calendar days). Students receiving awards from any of the Title IV programs, including Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Academic Competitiveness Grant, Federal Stafford Student Loans (Subsidized and Unsubsidized), Federal PLUS, but **not** Federal Work Study, are subject to this policy.

When students withdraw from classes, they may be entitled to receive money back that has been paid to KVCC. Kennebec Valley Community College may be able to refund all or a portion of the costs the student paid. If the tuition and book charges were paid with financial aid, all or a portion of the student's refund must be returned to the student aid programs from which the financial aid was awarded. *A student who receives a cash disbursement to assist with living expenses and later withdraws, drops out, or is expelled, may be required to repay money to the aid programs from which the money was awarded.* KVCC has designed the following policies and procedures to ensure proper accountability when a student leaves the college.

**ADDING AND DROPPING COURSES (BUT RETAINING SOME ENROLLMENT)**

Students may ADD courses during the first 5 days or DROP courses during the first 10 class days of each semester, without academic or financial penalty. Add/drop forms (obtained from the offices of Academic Affairs, Student Services or individual academic advisors) must be completed, signed and submitted to the Office of Academic Affairs for processing. (*See Pages 10 and 11 of the KVCC catalog for more information.*) Financial aid awards will be adjusted to agree with the students' registration at the end of this period.

Students who retain some enrollment may continue DROPPING courses without academic penalty through the midpoint of each semester. However, all costs associated with the dropped courses will be charged according to the college's Refund Policy. NO FINANCIAL AID will be allowed to pay for courses dropped between the last day of the two-week (10-day) add/drop period and the date at which the student no longer is eligible for a refund from KVCC (after 21 class days of the semester). Grades of "W" (Withdraw) will be entered on student records. Between 10 and 21 days associated financial aid awards will be cancelled and refunds will be calculated to determine revised tuition, fee and book charges. After 21 days, the point at which the student would be responsible for 100% of the charges, no refund will be required. Again, this paragraph applies to students who have retained some enrollment. For students totally withdrawing, the KVCC Refund/Repayment policy applies (see below). Letter grades will be reported for all courses carried after the midpoint of each semester.

**1. REFUND POLICY FOR ALL STUDENTS**

When a student completely withdraws on or after the first day of class during a semester, KVCC will refund the student’s account for tuition only according to the chart listed below. (Fees are nonrefundable and book refunds will be processed according to bookstore policy.

<u>If the student withdraws:</u>	<u>The school retains:</u>
Prior to the first day of class*	0%
Within 10 class days of semester	80%
Within 11-20 class days of semester	50%
After 20 class days of semester	0%
Course cancelled by KVCC	100%

*\*A class day is defined as a day in which regular classes are conducted.*

No refunds are given for terminations resulting from academic, disciplinary or financial dismissal. Students who feel that individual circumstances warrant exceptions from the published policy may appeal to the Finance Director.

A separate calculation (described below) will be made *for all financial aid recipients* to determine the amounts of financial aid they are eligible to keep. In some cases, the financial aid may not be large enough to cover the outstanding bill and the student will need to make payment arrangements for the balance due.

**2. REFUND POLICY FOR TITLE IV RECIPIENTS**

Institutions are required to have a refund policy for Title IV financial aid recipients that conforms to the updated version (Section 668.22) of the Higher Education Amendments of 1998. Students receiving awards from any of the federal programs, including Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Academic Competitiveness Grant, Federal Stafford Student Loans (Subsidized and Unsubsidized), Federal PLUS, but **not** Federal Work Study are subject to this policy.

If a student withdraws on or before the 60% point of any semester (*see Section 4 of this document for definitions*), a portion of the Title IV funds awarded or paid a student must be returned. This means that both KVCC and the student will be required to pay back monies to the federal government. This may leave the student with an outstanding bill owed to KVCC.

The percent (%) “*earned,*” or the amount of financial aid the college and student are entitled to keep is calculated using the following formula:

$$\% \text{ Earned} = \frac{\# \text{ of days completed up to the withdrawal date}}{\text{Total \# of days in the semester}}$$

*\*Total # of days in the semester excludes any scheduled breaks of five days or more. Days of the weekends are included unless they directly precede or follow a scheduled break of five days.*

The percent (%) **“unearned,”** or the amount of financial aid that must be returned to the federal government will be calculated using the following formula:

$$\% \text{ Unearned} = (100\% - \% \text{ earned}) \times \text{Aid paid to institutional charges}$$

For example, a student who withdraws completing only 20% of the term, will have **“earned”** only 20% of the total Title IV financial aid awarded. KVCC and/or the student must return the remaining 80% of **“unearned”** financial aid.

$$\text{Amount KVCC returns} = \% \text{ Unearned} \times \text{Total institutional charges}$$

$$\text{Amount the student returns} = \% \text{ Unearned} - \text{Amount KVCC returns}$$

### **3. REFUND DISTRIBUTION FOR FINANCIAL AID RECIPIENTS**

The law (Higher Education Amendments of 1998) specifies the order of return of the Title IV funds to the programs from which awarded. Accordingly, both KVCC and students must return their respective shares of the “unearned” financial aid to the following sources, in the following order:

1. Federal Unsubsidized Stafford Student Loan\*
2. Federal Subsidized Stafford Student Loan\*
3. Parental Loans for Undergraduate Students (PLUS)\*
4. Federal Pell Grant\*\*
5. Federal SEOG\*\*
6. Other Title IV Grant Programs\*\*

*\* Student repayment of unearned loan amounts is returned in accordance with the terms of the promissory note*

*\*\*Amounts students must repay to grants are reduced by 50%.*

Funds are returned only to programs from which they were received. For example, if a student were awarded a Federal Pell Grant, but no loans, the first program to receive a refund would be the Federal Pell Grant account.

Refunds and adjusted bills will be sent to the student’s home address on file with the Office of Academic Affairs following withdrawal. Students are responsible for any portion of their institutional charges that are outstanding after the Title IV funds are returned.

KVCC will notify the federal government of any grant amounts owed by the student. Lenders will be notified of the date of the student’s withdrawal.

#### 4. REFUND WITHDRAWAL DATE

The withdrawal date established for purposes of calculating financial aid refunds will be determined and documented by the Office of Academic Affairs as follows:

##### 4.1 Official Withdrawal Date

For students who “officially” withdraw, the withdrawal date will be:

1. The day the student begins the process prescribed by KVCC; or
2. The date the student notifies KVCC of the intent to withdraw; or
3. The date of the expulsion or dismissal letter, if the student is expelled or academically dismissed.

##### 4.2 Unofficial Withdrawal

For students who neither began the withdrawal process nor notified KVCC of the intent to withdraw, the date used is:

1. The midpoint of the semester; or
2. The last documented date of attendance at an academically related activity.

Students are not considered withdrawn and no refund calculation is required for approved ***LEAVES OF ABSENCE*** of up to 180 days within any 12-month period. ***Students who do not return following the expiration date of the approved leave of absence are considered withdrawn as of the last date of documented attendance.***

**REFUND POLICY EXAMPLE**

**STEP 1. Determine the percentage of time the student was enrolled.**

Test Record withdrew after attending 40 days of the fall semester (payment period) that spans 115 days from first day to last. The period includes one 7-day break. Excluding the break, the payment period consists of 108 calendar days. This student was enrolled for **34.8% (40/115)** of the payment period.

**STEP 2. Determine the amount of aid “earned” by the student.**

Test Record was awarded \$5563 of Title IV funds for the payment period, and all of it was disbursed prior to her withdrawal. (Federal Stafford loans disbursed equal the award amounts of \$1313 (subsidized) and \$2000 (unsubsidized) minus the three percent (3%) loan fees.

Federal Pell Grant	\$1650.00
SMGP	500.00
FSEOG	100.00
Fed. Stafford (Sub)	1273.61
Fed. Stafford (Unsub)	<u>1940.00</u>
<b>Title IV Disbursed</b>	<b>\$5463.61</b>

She attended 34.8% of the payment period; thus earning **\$1901.34 (34.8% of \$5463.61)** of the disbursed financial aid awards.

**STEP 3. Compare the amount of financial aid “earned” to the amount disbursed.**

Since Test Record only earned \$1901.34 of the \$5463.61, the balance of \$3562.27 (\$5463.61 minus \$1901.34) must be returned to the Title IV financial aid programs.

**STEP 4. Allocate the responsibility for returning the “unearned” (65.2%) financial aid between the school and the student.**

Original Institutional charges for the period are determined:

Tuition	\$ 816
Fees	142
Books	<u>250</u>
<b>Total Charges</b>	<b>\$1208</b>

- (a) Calculate KVCC’s responsibility to return Title IV funds by multiplying the percentage of “unearned” Title IV aid or **65.2%** times the Institutional Charges (**\$1208 = \$787.62**).
- (b) Compare the amount of Title IV aid to be returned (**\$3562.27**) to the above. KVCC MUST RETURN the lesser amount (\$787.62.)

**STEP 5. Distribute the unearned funds back to the Title IV programs.**

Subtract the amount of Title IV aid due from KVCC from the amount of Title IV aid to be returned (**\$3562.27 minus \$787.62 = \$2774.65**). **The \$2774.65 is Test Record’s share to repay to the Title IV financial aid programs.**

*The student (or parent for a PLUS loan) must return unearned aid for which the student is responsible by repaying funds as noted in the distribution policy below up to the total net amount disbursed from each source, after subtracting the amount the school will return.*

- |  |                                   |
|--|-----------------------------------|
| 1. Unsubsidized Stafford Loan**                    | 4. Federal Pell Grant*            |
| 2. Subsidized Stafford Loan**                      | 5. Federal SEOG*                  |
| 3. Parent Loans to Undergraduate Students (PLUS)** | 6. Other Title IV grant programs* |

**STEP 6. Determine the distribution of Test Record’s Title IV repayment amount.**

- 1. Unsubsidized Stafford Loan    \$1940.00\*\*
- 2. Subsidized Stafford Loan        834.65\*\*

**Total Repayment Due \$2774.65\*\***

Since Test Record’s total repayment due to the Title IV programs is less than the total student loans received, no action is necessary (see note below). She will repay the loans according to the terms of her promissory note.

*\*Amounts to be returned to grants are reduced by 50%.*

*\*\*Loan amounts are returned with the terms of the promissory note. No further action is required other than notification to the holder of the loan of the student’s withdrawal date.*

