

## **Treatment of Title IV (Federal) Aid When a Student Withdraws**

Title IV funds are awarded to a student with the expectation that the student will attend for the entire period for which the assistance is awarded. If a student receiving Title IV aid completely withdraws from classes before 60% of the term has completed, Madonna University is required to determine how much of the financial aid was earned up to the time of withdrawal. The student may no longer be eligible for the full amount of Title IV funds originally awarded. Madonna University and/or the student must return unearned Title IV funds to the appropriate federal program(s). This situation could result in the student owing aid funds to the University, the government or both.

The federal formula requires a return of Title IV aid if the student received federal financial assistance in the form of a Federal Pell Grant, Iraq and Afghanistan Service Grants, Federal Supplemental Educational Opportunity Grant, Direct Loans and Direct PLUS Loans and withdrew on or before 60% of the term was completed. To determine the amount of aid the student has earned up to the time of withdrawal, divide the number of calendar days the student attended classes by the total number of calendar days in the term. Scheduled breaks of more than five days or more are excluded. The percentage derived is then multiplied by the total federal funds that were disbursed to the student's account for the term. This calculation determines the amount of aid earned by the student (for example, if the student attended 25% of the term, the student has earned 25% of the aid disbursed). The unearned amount (total aid disbursed less the earned amount) must be returned to the federal government by the University and/or the student.

Any unearned Title IV aid must be returned to the federal government within 45 days of the date of the determination of the withdrawal. The Financial Aid Office will notify the student with instructions on how to proceed if the student is required to return funds to the government.

A student may be eligible for a post-withdrawal disbursement if, prior to withdrawing, the student earned more federal financial aid than was disbursed. If a student is eligible for a post-withdrawal disbursement for Title IV funds, it will be processed for the student and a refund will be issued within 14 days of the credit balance.

If the post-withdrawal disbursement includes loan funds, Madonna University must have the student's permission before it can disburse the loan. The student has the right to cancel all or a portion of the loan funds. A written request for reduction or cancellation must be received within 14 days of the loan disbursement notification.

## **OFFICIAL AND UNOFFICIAL WITHDRAWAL DEFINITIONS**

**Official withdrawal occurs** when a student follows the published process for withdrawing from the school prior to the end of the term. The date the student submits the withdrawal request is the date used to determine the official withdrawal. Special circumstance withdrawals will be evaluated on a case by case basis.

**Unofficial withdrawal occurs** when a student leaves the school without notice, or when all courses in which the student is enrolled are given an F/FW grade due to non-completion of the course. The student's last date of attendance or participation in any academic activity, as reported by the instructor, will be the date used to calculate the Return of Title IV Funds. If a last date of attendance cannot be provided, the midpoint of the term (50%) will be used for purposes of the Return of Title IV Funds calculation.

## **ORDER OF RETURN OF TITLE IV FUNDS**

Funds that are returned to the federal government are used to reduce the outstanding balances in individual federal programs. Financial aid returned (by the University and/or the student or parent) must be allocated in the following order:

1. Federal Unsubsidized Stafford Loan
2. Federal Subsidized Stafford Loan
3. Federal PLUS (Parent) Loan
4. Federal Pell Grant
5. Iraq and Afghanistan Service Grants
6. Federal Supplemental Educational Opportunity Grant

Students will be notified of any adjustments to their aid package as a result of their withdrawal.

Loan borrowers who have graduated, withdrawn or ceased to be enrolled at least half-time will enter repayment at the end of their six-month grace period.

Withdrawal from classes may affect Satisfactory Academic Progress. Refer to the Madonna University Catalog for details.

Students are encouraged to contact the Financial Aid Office at 734.432.5663 or [finaid@madonna.edu](mailto:finaid@madonna.edu) before withdrawing from classes.