

Treatment of Title IV Aid when a Student Withdraws

The law specifies how Colorado School of Trades must determine the amount of Title IV program assistance that you earn if you withdraw from school. The Title IV programs covered by this law and applicable to CST are: Federal Pell Grants, PLUS Loans, and Federal Direct Loans.

CST is an attendance taking institution, therefore if a student terminates their training and withdraws from the program their last date of posted attendance will be the official termination date.

Unofficial withdrawals are students that are terminated from training after two weeks of non-attendance without being on an approved LOA. When a student withdraws during a payment period, the amount of Title IV program assistance that a student has earned up to that point is determined by a specific formula. If a student received (or the school or parent received on a student's behalf) less assistance than the amount earned, the student may be able to receive those additional funds. If the student received more assistance than they earned, the excess funds must be returned by the school and/or student.

The amount of assistance earned is determined on a prorata basis. For example, if a student completed 30% of a payment period, they earn 30% of the assistance they were originally scheduled to receive. Once a student has completed more than 60% of the payment period, they earn all the assistance that they were scheduled to receive for that period.

If a student did not receive all of the funds that were earned, they may be due a Post-withdrawal disbursement. If the Post-withdrawal disbursement includes loan funds, the school must get permission from the student before it can disburse them. The student may choose to decline some or all of the loan funds so that they don't incur additional debt. The school may automatically use all or a portion of the Post-withdrawal disbursement of grant funds for tuition and fees (as contracted with the school). The school needs permission to use the Post-withdrawal grant disbursement for all other school charges. If the student does not give permission (some schools ask for this when you enroll), they will be offered the funds. However, it may be in their best interest to allow the school to keep the funds to reduce any debt at the school.

There are some Title IV funds that a student was scheduled to receive that cannot be disbursed once they withdraw because of other eligibility requirements. For example, if the student is a first-time, first year undergraduate student and has not completed the first 30 days of the program before withdrawing, the student will not receive any Direct Loan funds that they would have received had they remained enrolled past the 30th day.

If the student receives (or the school or parent receives on their behalf) excess Title IV program funds that must be returned, the school must return a portion of the excess equal to the lesser of:

1. Institutional charges multiplied by the unearned percentage of your funds, or
2. The entire amount of excess funds.

The school must return this amount even if it didn't keep this amount of the student's Title IV program funds. The school will return necessary Title IV program funds within 45 days of the student's withdrawal date, unless the student was on an approved leave of absence and did not return to school. In such case the school will return Title IV program funds within 45 days of the student not returning from LOA. If the school is not required to return all of the excess funds, the student must return the remaining amount. Any loan funds that the student must return, the student (or parent for a PLUS Loan) must repay in accordance with the terms of the promissory note. That is, make scheduled payments to the holder of the loan over a period of time.

Any amount of unearned grant funds that must be returned are called an overpayment. The maximum amount of a grant overpayment that must be repaid is half of the grant funds the student received or were scheduled to receive. The student does not have to repay a grant overpayment if the original amount of the overpayment is \$50 or less. The student must make arrangements with the school or the Department of Education to return the unearned grant funds.

The school will return Title IV program funds in the order mandated by the return of Title IV funds calculation. Title IV funds will be returned to the following sources in order, up to the total net amount disbursed from each source: Unsubsidized Direct Loan, Subsidized Direct Loan, Direct PLUS Loan, and finally Pell Grant. Returns will be made within 45 days of the date the school determined the student withdrew.

The requirements for Title IV program funds when a student withdraws are separate from any refund policy that the school may have. Therefore, the student may still owe funds to the school to cover unpaid institutional charges. The school may also charge a student for any Title IV program funds that the school was required to return. If a student doesn't already know what the school's refund policy is, ask the school for a copy. The school can also provide a student with the requirements and procedures for officially withdrawing from school.

If a student has questions about their Title IV program funds, they can call the Federal Student Aid Information Center at 1-800-4-FEDAID (1-800-433-3243). TTY users may call 1-800-730-8913. Information is also available on Student Aid on the Web at www.studentaid.ed.gov.