WORCESTER STATE UNIVERSITY

RETURN OF TITLE IV FUNDS EXAMPLE 1 (2017)

Student 1 stopped attending classes on November 8. The semester began on September 6 and is 109 days long. Student 1 attended 64 days and has earned 58.7 percent of his financial aid (64 days divided by 109 days equals 58.7).

Student 1 received in aid:

Federal Pell Grant $1,083
Federal Direct Subsidized Loan $1,750
Federal Direct Unsubsidized Loan $1,000
Federal Parent Loan $5,210

Total aid = $9,043

1. The amount of federal aid earned is 58.7% x $9,043 = $5,308.24
2. Total federal aid unearned is $9,043 - $5,308.24 = $3,734.76
3. The second calculation determines percentage of amount unearned based on school charges for tuition. Student 1 was charged $5,366 in tuition and did not live on campus. Percentage of unearned aid for this second calculation is 100% - 58.7% = 41.3%. Therefore, unearned aid based on the tuition charges for the semester, $5,366 x 41.3% = $2,216.16.
4. The amount of federal aid Student 1 must return is the lesser of step 2 or 3 ($2,216.16 in our example).
5. Federal guidelines determine the order of aid types to be reduced. Therefore Student 1’s aid will be reduced accordingly:

Federal Direct Unsubsidized Loan $0 ($1,000 returned)
Federal Direct Subsidized Loan $534 ($1,216 returned)
Federal Parent Loan $5,210 (no adjustment)
Federal Pell Grant $1,083 (no adjustment)

The total returned amount of $2,216 will be reversed from Student 1’s account and returned to the appropriate Title IV funds reducing Student 1’s total aid to $6,827.
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RETURN OF TITLE IV FUNDS EXAMPLE 2 (2017)

Student 2 stopped attending classes on March 1. The semester began on January 6 and is 111 days long (excluding a 5 day break). Student 2 attended 44 days and has earned 39.6 percent of his financial aid (44 days divided by 111 days equals 39.6).

Student 2 received in aid:

Federal Pell Grant $2,907
Federal Direct Subsidized Loan $2,250
Federal Direct Unsubsidized Loan $1,000
Total aid = $6,157

1. The amount of federal aid earned is 39.6% x $6,157 = $2,438.17
2. Total federal aid unearned is $6,157 - $2,438.17 = $3,718.83
3. The second calculation determines percentage of amount unearned based on school charges for tuition. Student 2 was charged $3,318 in tuition and did not live on campus. Percentage of unearned aid for this second calculation is 100% - 39.6% = 60.4%. Therefore, unearned aid based on the tuition charges for the semester, $3,318 x 60.4% = $2,004.07.
4. The amount of federal aid Student 1 must return is the lesser of step 2 or 3 ($2,004.07 in our example).
5. Federal guidelines determine the order of aid types to be reduced. Therefore Student 1’s aid will be reduced accordingly:

Federal Direct Unsubsidized Loan $0 ($1,000 returned)
Federal Direct Subsidized Loan $1,246 ($1,004 returned)
Federal Pell Grant $2,907 (no adjustment)

The total returned amount of $2,004 will be reversed from Student 2’s account and returned to the appropriate Title IV funds reducing Student 2’s aid to $4,153.