

Dropping Out of College & Repaying Financial Aid

The federal government requires all colleges and universities to monitor the academic progress of all students, whether or not they receive federal aid. This involves more than maintaining the quality standard of a minimum GPA of 1.75 after the first year, or a 2.0 by the end of the second year. It also involves monitoring the quantity standard set to insure students are completing the academic work at an acceptable pace. Students on financial aid should be careful about dropping classes. At minimum, a student should complete at least 67 percent of the course work assigned during an academic year.

To drop a class or drop out of college, the first step is to stop at Student Success in Old Main. If it is not possible to stop in at the Dean's office, it is important to contact the office via phone or in writing. A withdrawal notice will be issued, requiring a number of signatures from across campus notifying the respective offices of the student's intent to leave school. Failure to follow this formal process easily can result in serious consequences to the student in the form of receiving all "F" grades on your permanent record for the work not completed. This also may result in unnecessary cost to you in other ways, such as not having certain costs credited on a timely basis.

For all students receiving U.S. Department of Education Title IV funds — Federal Pell grants, SEOG grants, State Incentive grants, Federal Stafford, Perkins or PLUS funds — the federal government has detailed policies on the return of these funds. The policy as summarized here only relates to students completely dropping out of college (dropping all classes not yet completed). A withdrawal date first must be established. For NDSCS, that date is considered to be the day NDSCS learns about the withdrawal by the student and/or the parent of the student, provided that date is still during the term. If the term is over and if the Enrollment Services office has not been informed of a drop date by the student and/or parent, the Enrollment Services office has the option of using the midpoint of the term or the last date of actual class attendance, as researched by contacting instructors.

It does not normally enter into the formal return of funds calculations. After determining the drop date for those students completely dropping out of college, one of the next steps is to determine what fraction of the term the student attended. For example, if the term included 120 calendar days, and the student withdrew during the 60th day of the term, 50 percent of the term would be considered to have been earned, and the remaining 50 percent would have to be returned. Likewise, if one dropped on the 30th day of a 120-day term, the student would have earned 25 percent of the aid, and the rest would have to be returned. After the 60 percent point in time of the semester, or after 72 days if the term had 120 calendar days, no return of Title IV funds is required. Therefore, the aid is returned to the federal programs based on the percent of unearned aid.

The responsibility for returning the unearned aid is shared by both the college and the student. Both aid that was disbursed and aid that could have been disbursed, are included. The college must return its portion first. The student's account is charged for it, and the respective Title IV account is credited for the same amount. Therefore, the student may end up with an amount due to the college. Of course, in most cases, NDSCS would first have credited a student's account for the charges involved. (The actual refund percentages on these charges will be covered later.) That credit on an account may be enough to satisfy the required return of the unearned aid. The college's share of the unearned and/or earned aid is computed using the same percentage process already covered above. For example, if a student attended 25 percent of the term, NDSCS would consider he or she earned 25 percent of the institutional charges and would return up to 75 percent towards the student's unearned financial aid amount. Again, this goes through 60 percent of the term.

After the college takes care of its share of the financial aid repayment, the student is responsible for the rest. If the aid program is a loan, the amount due from the student is considered to be repaid later when the loan is repaid. If the aid program is a grant, the amount due is reduced by 50 percent. The college will inform the student of any amount still due and arrangements must be made for payment.