



## **Return of Funds Policy for Withdrawing Students SEAA-Administered State-Funded Grant Programs**

### **Scope**

State-funded grants are provided to assist students with the cost of attendance on the assumption that the students will attend college for the entire term for which the funds are awarded. When a student withdraws before the end of the term, an institution must determine how much, if any, state grant funds must be returned.<sup>1</sup> The amount an institution must return depends on when the student withdraws.

This policy does not address a change in eligibility if a student cancels his or her enrollment prior to the beginning of the term or if a student reduces his or her original number of enrolled credit hours. These situations are addressed in the specific program Rules.

This policy is effective for academic terms that commence after July 1, 2012.

### **Calculations, General**

Institutions are required to complete a withdrawal worksheet provided by the Authority to calculate the amount of funds it must return when a student withdraws. The worksheet is accessible via the CFI Grant System. In completing the worksheet, “last date of attendance” is determined consistent with Title IV regulations for a return of Title IV funds. “Term” means the academic period for which the State funds are awarded.

### **Calculations, Specific**

#### **1. Official Withdrawal**

- a. Institutional Charges: If the campus refund policy for all students would result in a tuition/fee or room/board refund for a withdrawing student, the state grant funds must be returned before issuing any funds to the student.
- b. Non-institutional expenses: If a student withdraws prior to or at the thirty-five percent (35%) point of the term, the institution shall use the state grant withdrawal worksheet and prorate the amount of State funds disbursed for non-institutional expenses and return State funds.
  - i. Any credit balance created by State funds and awaiting disbursement must be returned to the State grant program rather than be released to the withdrawn student.
  - ii. The institution is not required to return any funds for non-institutional expenses when a student officially withdraws after the thirty-five percent (35%) point of the term.

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<sup>1</sup> Institutions are not required to return any funds that have been disbursed for the North Carolina Forgivable Education Loan for Service (NCFELS) or other “scholarship-loan” programs administered by the Authority.

## **2. Unofficial Withdrawal or No Earned Academic Credit**

- a. If a student does not officially withdraw from a term, the institution shall determine and document the last date of attendance consistent with regulations for the return of Title IV funds;
  - i. Use the worksheet to calculate any required return of State funds; the worksheet will calculate using the same method identified for an official withdrawal.
- b. If the institution is unable to document the last date of attendance, it shall:
  - i. Use the worksheet to calculate any required return of State funds, noting that the last date of attendance cannot be determined.
  - ii. The worksheet will calculate the refund using the 10% point in the semester as the date of withdrawal if the institution indicates that the last date of attendance or academic activity could not be established.
- c. In all cases where the student earns no academic credit for a term, the institution must determine whether the student completed the term. If the institution determines that the student did not withdraw, but instead completed the courses and earned no academic credit, the institution is not required to return State funds. If the institution determines that the student unofficially withdrew, the institution must use the worksheet to determine if any funds must be returned to State grants.
  - i. Future disbursements of State aid are subject to Federal Title IV Satisfactory Academic Progress determinations by the institution.
  - ii. The Authority asks the institution to involve the student in such academic counseling as the institution determines appropriate before permitting continued enrollment using State grant funds.

### **Order of Return of Funds for Withdrawals**

The return of State funds required by this policy will be applied in the following order up to the maximum amount of funds disbursed from each program:

1. Education Lottery Scholarship Program (ELS);
2. Institution-Specific State Grants:
  - a. UNC Need Based Grant (UNC NBG); or
  - b. North Carolina Community College Grant; or
  - c. North Carolina Need-Based Scholarship Program (NBS);
3. North Carolina National Guard Tuition Assistance Program
4. UNC Campus Scholarships
5. North Carolina School of Science and Mathematics Tuition Grant for UNC
6. John B. McLendon Scholarship Fund

Institutions shall return State grant funds within 45 days of the date that the institution determines a student has withdrawn.