

**Return of Funds Policy**  
**SEAA-Administered State-Funded Assistance 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. The amount an institution must return depends on when the student withdraws. Funds must also be returned for changes in enrollment and eligibility status, as explained below.

**I. STATE-FUNDED GRANT PROGRAMS**

The return of state funds required by Section I of this policy is applicable to the following programs:

- Institution-Specific State grants:
  - North Carolina Scholarship (public);
  - North Carolina Need-Based Scholarship (private);
- UNC Campus Scholarships (Note: UNC Campus Scholarship funds are returned through the universities budget reversion process, as applicable); and
- North Carolina School of Science and Mathematics and UNC School of the Arts Tuition Grant (UNC System). (Note: Schools will contact Shawn Henderson, [shenderson@ncseaa.edu](mailto:shenderson@ncseaa.edu), directly to determine the appropriate amount of funds to return for a tuition grant withdrawal.)

**A. WITHDRAWALS AND NO-SHOWS:**

Institutions are required to calculate the amount of funds it must return, when a student withdraws prior to or on the 35% point of the term, via the CFI Grant System. In completing the calculation, the “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.

**B. STATE GRANT REPAYMENT FORUMULA FOR KNOWN LAST DATE OF ATTENDANCE:**

- If a student’s last date of attendance can be verified and is prior to or on the 35% point of the term, the State grant repayment will be based on the percent of the term not completed (or the percent of the scheduled hours remaining in the payment period for clock hour schools).
- If the last date of attendance occurs after the 35% point of the term, the State grant award is considered 100% earned and no State grant repayment is due.

State grant repayment formula: Known last date of attendance, prior to or on the 35% point of the term:

1. The percentage of State grant earned is calculated by dividing days in attendance by calendar days in term. Scheduled breaks of five or more days should be excluded from the calculation.

2. Subtract the percent of State grant earned from 100%; this equals the percent of unearned State grant.
3. Multiply the percent of unearned State grant by the grant amount.

*Example:*

A student is awarded a \$1,000 State grant and completes 20% of the term prior to withdrawal. The State grant repayment is calculated as follows:

1. The **unearned** percentage equals 80% (100% less 20% completed). The **earned** percentage equals 20%.
2. Unearned aid equals \$800 (80% of \$1,000 State grant award).
3. The repayment equals \$800.

**C. STATE GRANT REPAYMENT FORMULA FOR UNKNOWN LAST DATE OF ATTENDANCE OR SCHOOLS THAT DO NOT TAKE ATTENDANCE:**

If a student attends a portion of a term and withdraws with no verified last date of attendance or documented academic activity, the institution may use an official withdrawal date in place of the last date of attendance. If there is neither a last date of attendance nor an official withdrawal date, the State grant repayment will be 50% of the grant amount.

**D. STATE GRANT REPAYMENT FORMULA WHERE NO ACADEMIC CREDIT IS EARNED:**

If a student earned no academic credit for the term (all 'F' grades), 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 complete a calculation using a last date of attendance or date of last documented academic activity to determine if any funds must be returned to the state. If there is no last date of attendance or last documented academic activity, the institution may use an official withdrawal date in place of the last date of attendance. If there is neither a last date of attendance nor an official withdrawal date, the State grant repayment will be 50% of the grant amount.

**E. STATE GRANT REPAYMENT FORMULA WHERE STUDENT NEVER ATTENDS/NO-SHOW REPAYMENTS:**

If a State grant recipient never attends courses in the term for which they received a State grant award, the State grant repayment is 100% of the award. If a school is unable to distinguish between a no-show and an unofficial withdrawal, the no-show policy shall apply.

**F. GENERAL STATE AID REPAYMENT POLICIES FOR STATE-FUNDED GRANT PROGRAMS:**

Repayments are based on the State grant award amount, including enrollment and packaging adjustments.

1. Verified withdrawal dates after 35% of the term equate to 100% earned State grant.

2. Unofficial withdrawals/no known last date of attendance equate to repayment of 50% of the State grant award.
3. If no academic credit is earned for the term, the institution must determine whether the student completed the term.
4. No shows are 0% earned and equate to repayment of 100% of the State grant.
5. If a student completes less than 5% of a semester, 100% of the State grant for that semester must be returned. The State Grant system will automatically alert the institution that the entire State grant for the semester needs to be returned when the institution enters that the student completes less than 5% of the semester.
6. Official withdrawals or verified last date of attendance repayment calculation: State grant award amount multiplied by the percent of unearned State grant equals the State grant repayment due.
7. Institutions must return State grant funds within **60 days** of the date that the institution determines a student has withdrawn.

**G. RETURN OF FUNDS DUE TO ENROLLMENT AND ELIGIBILITY CHANGES:**

**1. Defined term.**

- a. The "Census Date" is typically 10% of the term after the drop/add enrollment adjustment period has ended or another date established by the institution.

**2. Return of Funds Policy for Enrollment and Eligibility Changes**

Institutions must return State grant funds, within **60 days** of the date that the institution determines that either (1) the student no longer meets the State grant eligibility requirements, as outlined in the applicable Program Rules, which can be accessed at <https://www.ncseaa.edu/psr/higher-education-state-grants-scholarships/>, that results in the need for a return of funds or (2) there is a decrease in a student's enrolled credit hours, as verified by the institution that the student attends, prior to the Census Date.

**II. STATE-FUNDED FORGIVABLE LOAN PROGRAMS**

The return of state funds required by Section II of this policy is applicable to the following forgivable loan programs:

- North Carolina Forgivable Education Loan for Service (FELS)
- North Carolina Teaching Fellows Program (TFP)
- North Carolina Principal Fellows Program (PFP)

**A. WITHDRAWALS:**

If forgivable loan funds have been **disbursed** to an institution, institutions are not required to perform a return of funds calculation for forgivable loan funds for a student who has withdrawn. Those funds belong to the student as a forgivable loan and the student is required to repay the funds to the Authority in

accordance with the applicable Program's repayment rules and the Promissory Note executed by the borrower.

**B. RETURN OF FUNDS DUE TO ENROLLMENT AND ELIGIBILITY CHANGES:**

**1. Defined Terms.**

- a. "Eligibility Change" means the student no longer meets the eligibility requirements outlined in the applicable Program Rules, which can be accessed at [www.ncseaa.edu/psr/](http://www.ncseaa.edu/psr/).
- b. The "Census Date" is typically 10% of the term after the drop/add enrollment adjustment period has ended or another date established by the institution.

**2. Return of Funds Policy**

- a. If there is an Eligibility Change, institutions must return State grant funds, within **60 days** of the date that the institution determines there has been an Eligibility Change
- b. If there is an enrollment change that results in less than full-time hours before the Census Date for a student who is receiving a TFP or PFP forgivable loan, the student is no longer eligible for the Programs (which require full-time status). In this case, institutions must return State forgivable loan funds within **60 days** of the date that the institution determines that there has been an enrollment change that results in less than full-time status.
- c. If there is an enrollment change before the Census Date that results in less than full-time hours for a student who is receiving a FELS loan, the institution must submit a partial return of funds within **60 days** of the date that the institution determines that there has been an enrollment change.

**III. END OF YEAR CLOSE-OUT FOR ALL STATE-FUNDED ASSISTANCE PROGRAMS:**

Institutions must fully reconcile and return all State grant funds and all State forgivable loan funds owed back for the prior academic year no later than **September 1**.

Adopted: 2020-2021 Academic Year

Revised: 2022-2023 Academic Year

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