

Financial Consequences of Withdrawing or Not Passing Classes

In general, federal regulations assume that students “earn” federal financial aid in direct proportion to the percentage of the term they complete. Federal law requires schools to calculate how much federal financial aid a student has earned if that student:

- completely withdraws, or
- stops attending before completing the semester, or
- does not complete all modules (courses which are not scheduled for the entire semester) for which he/she has registered at the time those modules began.
- receives all NCs for all courses in any semester.

Based on this calculation, Moraine Park Technical College students who receive federal financial aid and do not complete all their scheduled classes during a semester could be responsible to repay a portion of the aid they received.

Withdrawal from all courses before aid disbursements/refunds are available will cancel all financial aid. One hundred percent withdrawals, class cancellations, not attending and complete withdrawals subject to the federal refund requirements may still require adjustments and repayments.

How is the financial aid I earn calculated?

Students who receive federal financial aid must "earn" the aid they receive by staying enrolled in college. The amount of federal financial aid assistance the student earns is determined on a pro-rated basis. Students who withdraw **or** do not complete all registered classes during the semester may be required to return some of the financial aid they were awarded.

For example, if you complete 30 percent of the payment period, you earn 30 percent of the aid you originally were scheduled to receive. This means that 70 percent of your scheduled awards remain unearned and must be returned to the federal government. Once you have completed more than 60 percent of the payment period, you earn all of your federal financial aid.

The following formula is used to determine the percent of unearned aid that has to be returned to the federal government:

The **percent earned** is equal to the number of calendar days completed up to the withdrawal date, divided by the total calendar days in the payment period (minus any scheduled breaks that are at least 5 days long).

The **payment period** for many students is the entire semester. However, for students enrolled in modules (courses which are not scheduled for the entire semester), the payment period only includes those days for the module(s) in which the student is registered.

The **percent unearned** is equal to 100 percent minus the percent earned.

What is the withdrawal date?

The withdrawal date used in the return calculation of a student's federal financial aid is the actual date the official drop form is processed. If a student stops attending classes without notifying the College, the withdrawal date will be the midpoint of the semester or the last date of attendance in class.

Who returns the unearned federal funds?

The College and the student are both responsible for returning unearned federal financial aid to the federal government. Amounts that must be returned will be applied in the following order: Federal Direct Unsubsidized Stafford Loan, Federal Direct Subsidized Stafford Loan, Federal Direct Parent PLUS loan, Federal Pell grant, Federal Supplemental Educational Opportunity Grant, Iraq and Afghanistan Service Grant. The College must return the lesser of 1) the total amount of unearned aid or 2) institutional charges multiplied by the unearned percentage. The student must return any remaining unearned aid not sent back by the College.

The student also will be billed for any amount due the College resulting from the return of federal aid funds that were used to cover tuition and fees. For example, if the College is required to pay back to the government federal funds used to pay a portion of a student's tuition for the semester, the student then must pay the college for that unpaid portion of their tuition.

How do I repay the unearned funds?

The Moraine Park Office of Financial Aid will notify students if they owe federal funds back to the government. Amounts that must be returned by the student will first be applied to federal loans. Any grant amounts the student has to return to the federal government must be repaid within 45 days after the student receives notification from the Office of Financial Aid.

If the student owes any money to the College resulting from the return of federal funds used to cover tuition and fees, the student will be billed by Moraine Park Technical College. The student must contact the Finance Office to make payment arrangements.

What happens if I don't repay?

If a student does not repay the grant funds that are owed to the government within the 45 days, the account will be turned over to the U.S. Department of Education as an overpayment of federal funds. Students who owe an overpayment of Title IV funds are ineligible for further disbursements from the federal financial aid programs at any institution until the overpayment is paid in full or payment arrangements are made with the U.S. Department of Education.

If a student does not pay funds due to the College to cover tuition and fees balance that resulted after the College returned their unearned portion of the federal funds, the student's records will be placed on financial hold. This means you will not be permitted to register for classes or receive transcripts until your balance is paid.