South Carolina State University (SCSU) students who receive federal financial aid and do not complete their classes during a semester could be responsible to repay a portion of the aid received according to federal regulations. The SCSU Financial Aid Office is supplying the following information to help you better understand what could happen if you withdraw from or stop attending classes before the end of the semester.

**What is the law?**

Federal law requires schools to calculate how much federal financial aid a student has earned if he/she withdraws or stops attending before completing the semester. Federal financial aid covered under this regulation includes Federal Pell Grants, Federal SEOG grants, Federal TEACH Grant, Federal Direct Loans (subsidized and unsubsidized), and Federal Direct PLUS loans.

**How is the student impacted?**

If the student does not attend courses (attendance will be tracked by faculty) through the 60% point of the term, he/she will lose financial aid funding. This loss in funding will be owed to SCSU and could prevent him/her from receiving aid at any other College or University.

**To whom does this regulation apply?**

This regulation applies to students who receive federal financial aid and who withdraw or stop attending all classes prior to the 60% point of the semester.

**How do I earn my financial aid?**

Students who receive federal financial aid must “earn” the aid they receive by staying enrolled in college. The amount of federal financial aid earned is proportionate to the number of calendar days the student remains enrolled. **Unearned aid must be returned to the federal government.** For example, if you complete 30% of the semester, you earn 30% of the aid you originally were scheduled to receive. This means that 70% of your scheduled award remains unearned and must be returned to the federal government.

**However, if you withdraw from your classes after the 60% point of the semester, you will have earned ALL of your federal financial aid for that semester, and therefore none of it must be returned.**

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

\[
\text{Percent Earned} = \frac{\text{number of calendar days completed up to the withdrawal date}}{\text{total calendar days in the payment period (less any scheduled breaks of 5 days or longer)}}
\]

\[
\text{Percent Unearned} = 100\% - \text{percent earned}
\]

**What is the withdrawal date?**

The withdrawal date used in the recalculation of a student’s federal financial aid is the actual date the student officially withdrew by completing appropriate form in the Registrar’s office. If a student stops attending classes without notifying SCSU, the withdrawal date will be determined by the last date of class attendance documented by the instructor(s).
Who returns the unearned federal funds?

SCSU and the student are both responsible for returning unearned Federal financial aid to the Federal Government. The University 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 grant aid not sent back by the University (if this is required your letter from the Financial Aid Office will indicate the amount).

The student will ALSO be billed for any unearned aid SCSU is required to return. For example, if you withdraw from all of your classes, and SCSU is required to return $500, SCSU Treasures Office will bill YOU for the $500 SCSU was not allowed to keep.

How do I repay the unearned funds?

The Financial Aid Office will notify students, via U.S. Mail, if they owe the federal funds back to the government. Amounts that must be returned will first be applied to federal loans. Students will be permitted to repay loans based on the terms of the promissory note, which usually consist of scheduled payments to the holder of the loan over an extended period of time. Any grant amounts the student has to return to the federal government must be repaid within 45 days after receiving notification from the Financial Aid Office. If payment cannot be made in full within 45 days, a satisfactory repayment plan may be arranged within the U.S. Department of Education.

The student notification will also include the amount returned by SCSU financial aid office to the Federal Government. The student owes these funds to the University immediately and must make payment arrangements with the Treasurer’s office.

What happens if I don’t repay?

If a student does not repay grant funds within 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 federal funds are ineligible for further federal financial aid at any college or university in the country 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 the funds due to SCSU (which resulted from SCSU returning its portion of unearned aid) the student’s records will be placed on hold. This means you will not be permitted to register for classes or receive academic transcripts from SCSU until your student account is paid in full.

Refund Example

Mary Smith enrolled as a full-time student for fall semester and had tuition and fee expenses of $1857 and book expenses of $425, most of which was covered by a $2775 Federal Pell Grant. She stopped attending all of her classes on day 28 of the semester. Since Mary attended only 28 calendar days of a 112-day semester, she completed 25% of the semester and therefore “earned” only 25% of her financial aid. According to the federal refund policy, Mary is required to repay the University $2081.25 (75% of her Pell Grant) for aid not earned.