Federal regulations require all institutions to establish policy that determines the amount of Title IV Financial Aid a student is eligible to receive if he/she withdraws from school. The Federal Student Aid (FSA) programs covered by these regulations include: Federal Pell Grants, Stafford Loans, Plus Loans, Federal Supplemental Educational Opportunity Grants (FSEOG), Federal Perkins Loan and the ACG Grant.

When a student withdraws before the end of a payment period (semester), the amount of assistance the student has “earned” (can receive) is determined by the Financial Aid Office. If it is determined that the student is eligible to receive additional funds, those funds will be disbursed. If it is determined that the student has received more funds than he/she is eligible to receive, the funds must be returned. Consistent with Federal law, “unearned” funds must be returned to the student aid programs in the following order:

- Unsubsidized Direct Loan
- Subsidized Direct Loan
- Federal Perkins Loan
- Federal Plus Loans
- Federal Pell Grant
- Federal SEOG Grant

In addition, LRSC returns funds to programs other than Title IV Funds. The amounts will be pro-rated to the original sources in proportion to the initial awards.

Official withdrawal: A student who stops attending classes must formally withdraw from school to avoid failing grades. Procedures and forms for formal withdrawal are available in the Student Services Office. At the time of withdrawal, the LRSC Financial Aid Office will determine, on a pro-rata basis, the amount of student aid the student has “earned.” For example, a student who completed 30% of the payment period (semester) will be determined to have “earned” 30% of the aid he/she was originally scheduled to receive. Once a student has completed more than 60% of a payment period, he/she is eligible to receive 100% of the FSA award.

Unofficial Withdrawal: A student who stops attending classes but does not officially withdraw is considered to have unofficially withdrawn from school. A recipient of Federal Student Aid who unofficially withdraws and receives no passing grades for the semester will be responsible for repaying all unearned financial aid received. A student must initiate and complete the formal withdrawal process to avoid failing grades. The LRSC Financial Aid Office will calculate the amount of financial aid “earned and unearned” based upon the midpoint of the semester, or based on the student’s last day of attendance/participation in academically-related activity.

Post-withdrawal Disbursement: After withdrawal it may be determined that a student did not receive all funds “earned.” In such cases a post withdrawal disbursement may be due. When a post-withdrawal disbursement includes student loans, the student may choose to decline the loan funds, thereby keeping loan debt to a minimum. The post-withdrawal disbursement will be applied to tuition, fees, room and board charges owed to the college and any remainder is paid to the student.

Some FSA funds are not available to the student after he/she has withdrawn because of other special eligibility requirements. Some examples are:

- A first-time, first year undergraduate student who withdraws before the thirtieth day of classes, the student will not earn any aid that they would have received had they remained enrolled past the 30th day of the payment period.
- No portion of a second or subsequent disbursement may be disbursed to a student as a post-withdrawal disbursement.
- Students participating in the Federal Work-study program are not eligible to earn Work-study funds after withdrawing from college.
Any amount of unearned grant funds the student must return is called an overpayment. The maximum amount of grant overpayment a student must repay is half of the grant funds the student received or was scheduled to receive. Students who owe overpayments as a result of a withdrawal will retain eligibility for Title IV funds for a maximum of 45 days from the earlier of: The date the school sends the student notice of the overpayment, or the date LRSC was required to notify the student of the overpayment. LRSC must notify students that an overpayment must be repaid or make satisfactory arrangements to repay it within 30 days of determining a repayment is due.

Lake Region State College must return any unearned funds within 45 days from the date of the institution’s determination the student withdrew. All financial aid funds returned will be the responsibility of the student.