Return of Title IV Funds Policy

The law specifies how McKendree University must determine the amount of Federal Student Aid (FSA) students earn if they withdraw from school. The Title IV FSA programs covered by this law are: Federal Pell Grants, Federal Supplemental Educational Opportunity Grants (FSEOG), TEACH Grants, Federal Direct Student Loans, Federal Direct PLUS Loans, Federal Perkins Loans.

When a student withdraws the amount of FSA program assistance they have earned up to withdrawal is determined by a specific formula (complete semester withdrawal or withdrawal from modules within a semester). If the student received (or the school or parent received on their behalf) less assistance than the amount earned, the student may be able to receive those additional funds. If the student received more assistance than earned, the excess funds must be returned by the school and/or the student to the Federal Title IV programs.

The amount of assistance the student earned is determined on a pro-rata basis. For example, if the student completed 30% of the payment period or period of enrollment, the student earned 30% of the assistance originally scheduled. Once the student has completed more than 60% of the payment period or period of enrollment, the student earned all of the assistance originally scheduled. If the student received all of the funds earned, they may be due a post withdrawal disbursement. If the post-withdrawal disbursement includes loan funds, the student may choose to decline the loan funds so not incur additional debt.

McKendree University may automatically use all or a portion of the student’s post withdrawal disbursement (including loan funds if the student accepts them) for tuition, fees, and room and board charges. For all other school charges, McKendree University needs the student’s permission to use the post-withdrawal disbursement. If the student does not give their permission, funds will not be used. However, it may be in the student’s best interest to allow McKendree to keep the funds to reduce any charge balance on their account.

If the student received excess FSA program funds that must be returned, McKendree University must return a portion of the excess equal to the lesser of:

- The student’s institutional charges multiplied by the unearned percentage of the student’s funds, or
- The entire amount of excess funds

McKendree University must return this amount even if the excess FSA program funds were refunded to the student.
Any loan funds the student must return, the student repays in accordance with the terms of the promissory note. That is, the student makes scheduled payments to the holder of the loan over a period of time. Any amount of unearned grant funds the student must return is called an overpayment. The amount of a grant overpayment the student must repay is half of the unearned amount. The student must make arrangements with McKendree University or the Department of Education to return the unearned grant funds.

The requirements of FSA program funds when you withdraw are separate from any McKendree University refund policy. Therefore, you may still owe funds to the school to cover unpaid charges. McKendree University will charge you for any FSA program funds the school was required to return. For example, the Title IV Refund Policy may require McKendree University to return a portion of federal funds back to the Title IV programs but the student may still owe the university tuition charges for the course (s) they withdrew.

For more information on McKendree University’s Refund Policy, please consult the school catalog. If students have any questions about their FSA program funds please contact the Office of Financial Aid.