FEDERAL REFUND POLICY

When a student withdraws from the Maryland Institute College of Art and is receiving federal student aid, the Financial Aid Office must determine what portion of the semester’s federal aid (not including federal work-study) must be returned to the federal government. The Financial Aid Office must use the federal refund formula required by the U.S. Department of Education.

The federal refund formula requires the Financial Aid Office to determine what portion of federal aid that was received for the semester has been “earned” and what portion must be considered “unearned.”

MICA must first determine the percentage of aid earned by the student. Up through the 60% point in time, the percentage of aid earned is equal to the percentage of the semester completed as of the date of withdrawal. If the withdrawal occurs after the 60% point, the percentage of aid earned is 100%. Differences between federal aid received and federal aid earned is the unearned aid and is the amount that must be returned to the federal government. For example, if a student attended classes for 25% of the semester, the student would have earned 25% of their federal financial aid. Consequently, 75% of the student’s aid would be unearned and must be returned. Unearned aid will be returned by MICA or the student, or both. After the return of unearned aid, it is possible that students may owe a balance to MICA.

Aid to be returned to the federal aid programs is calculated to be the lesser of the following:
1.) The unearned amount of federal aid; or 2.) The institutional charges for the semester multiplied by the unearned percentage of federal aid.

If it is determined that federal aid funds must be returned, the amount that will be returned will be applied to the following programs in the following order until all unearned funds have been repaid: Unsubsidized Stafford Loan, Subsidized Stafford Loan, Perkins Loan, PLUS Loan, Pell Grant, SEOG Grant, Other Title IV aid program. Example, the unearned amount of aid which must be returned for the semester is $2,800; the student received a Subsidized Stafford Loan for $2,500 and a Perkins Loan for $500; $2,500 would be returned on the Subsidized Stafford Loan and $300 returned on the Perkins Loan.

The Financial Aid staff is available to meet with students and parents to review these federal regulations regarding return of federal aid funds and the consequences and to answer any questions about the process. Please contact 410-225-2285 or email finaid@mica.edu.