

## Return of Title IV Funds (R2T4) Policy

### Policy:

The Department of Education requires schools participating in the awarding of Title IV funds to calculate the amount of “earned” and “unearned” student aid for the semester when a student totally withdraws from all classes prior to completing 60% of the term. Title IV funds are awarded to the student with the assumption the student will complete the entire period of enrollment for which financial aid is awarded. When a student totally withdraws, he or she may not be eligible for the full amount of Title IV funds scheduled to be received.

**Example:** A student who totally withdraws completed 20% of the term and will have earned 20% of the Title IV funds scheduled to be received for that term. The remaining 80% that is unearned must be returned to the Department of Education by the school and/or the student.

The federal formula requires a Return of Title IV calculation if the student received or could have received (based on eligibility criteria) federal financial assistance in the form of grants and/or loans and withdraws on or before the last day of the payment period. The percentage of Title IV aid earned is equal to the percentage of the payment period that was completed as of the withdrawal date, if this occurs after 60% point of the payment period the student will have earned 100% of their funds. The percentage that has not been earned is calculated by subtracting the percentage of Title IV aid earned from 100%. The Federal Return of Title IV funds formula (R2T4) dictates the amount of Federal Title IV aid that must be returned by the school and/or the student. The federal formula is applicable to an eligible student receiving federal aid when that student withdraws on or before the last day of the payment period.

The payment period begins the first class day of the term and ends the last day of the term (including the days of scheduled final exams). The payment period will exclude scheduled breaks of five days or more. As an attendance taking institution all withdraw documentation must include a Last Day of Attendance for the student.

### No Show Students

If a student does not attend classes they are considered a No Show and the R2T4 formula does not apply. All student aid will be cancelled or returned for the payment period.

### Official Withdrawals

A student that wishes to withdrawal from school must notify the Registrar, or instructor. The notification may be in writing or orally. For official withdrawals the withdrawal date is the last day of physical attendance in classes.

### Unofficial Withdrawals

An unofficial withdrawal is any student that has reached the maximum number of absences; or has been administratively withdrawn. For unofficial withdrawals the withdrawal date is the last day of physical attendance in classes.

The percentage of the payment period completed is calculated by dividing the days scheduled to be completed in the payment period as of the withdrawal date by the total scheduled days in the payment period.

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The amount to be returned is calculated by subtracting the amount of Title IV assistance earned from the amount of Title IV aid that was or could have been disbursed as of the withdrawal date.

### **Post-Withdrawal Disbursement**

If a student receives less Title IV funds than the amount earned, the school will offer the student a disbursement of the earned aid that was not received at the time of their withdrawal. The College will notify the student in writing if they are eligible for a post-withdrawal disbursement of Title IV loan funds.

Post withdrawal disbursements will be made from Pell grant funds first if eligible. A post-withdrawal disbursement of Federal grant funds does not require student acceptance or approval. If there are current educational costs still due the school at the time of withdrawal, a Pell grant post-withdrawal disbursement will be credited to the student's account. Any Pell grant funds in excess of current educational costs will be offered to the student.

A student borrower must confirm in writing whether they accept or decline all or some of the loan funds offered as a post-withdrawal disbursement. The College will seek the student's authorization to use a post-withdrawal disbursement for all other educationally related charges in addition to tuition and fees.

### **Overpayments**

Any amount of unearned grant funds that a student must return directly is called an overpayment. The maximum amount of a grant overpayment that a student must repay is half of the grant funds they received or were scheduled to receive. Students in this circumstance must make arrangements with the College and/or the U.S. Department of Education to return the unearned grant funds. Failure to do so will result in future ineligibility for Title IV aid. The statute requires that a student is responsible for all unearned Title IV program assistance that the school is not required to return. This is determined by subtracting the amount returned by the school from the total amount of unearned Title IV funds to be returned.

The following Title IV refund distribution is used for all FA students due a refund:

1. Unsubsidized Direct Stafford Loan
2. Subsidized Direct Stafford Loan
3. Federal Perkins Loan
4. Direct PLUS Loan
5. Federal Pell Grant
6. FSEOG
7. The Student

Refunds will be made to the federal programs within 30 days of the student's date of determination. The date of determination for an official withdrawal is the date the school is notified of the official withdrawal. A student that is classified as an administrative withdrawal, the date of determination will be the date the institution terminates the students by applying the attendance, conduct or Satisfactory Academic Progress Policy (SAP) policy.

Once the calculation is complete a letter will be sent to the student's college email address indicating the result of the calculation and any affect the withdrawal may have on their Standard of Academic Progress and the repayment of other outstanding debt. Credit balances will be distributed within 10 days of the

completion of the Calculation of the Return of Title IV Funds in accordance with the student's elections under any credit balance authorization form on file for the student.