

Return of Title IV Policy



RETURN TO TITLE IV (R2T4) Federal Financial Aid Policy

Federal law determines how the institute must determine the amount of Title IV program assistance a student earns if he or she withdraws from school. The Title IV program funds that are covered by this law are: Federal Pell Grants, Direct Loans, Direct PLUS Loans, and Federal Supplemental Educational Opportunity Grants (FSEOGs).

Though aid is posted to a student's account at the start of each period, the student earns the funds as he or she completes the period. If the student withdraws during the payment period, the amount of Title IV program assistance students earn is determined by a specific formula. If the student receives 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 institute must return the excess funds.

The amount of assistance a student earns is determined on a pro rata basis. For example, if a student completed 30% of his or her payment period, the student would earn 30% of the assistance originally scheduled to receive. Once a student completes more than 60% of the payment period, the student earns all of the assistance scheduled for that period.

Withdrawal Date

A student's withdrawal date is used to calculate the percentage of the payment period completed and is always the student's last date of attendance.

If a student did not receive all the funds earned, he or she may be due a post-withdrawal disbursement. If the post-withdrawal disbursement includes loan funds, the institute must obtain a student's permission before it can disburse them. The student may choose to decline some or all of the loan funds so that the student does not incur additional debt. The institute may automatically use all or a portion of the post-withdrawal disbursement or grant funds for tuition and fees as contracted with the institute. The institute needs a student's permission to use the post-withdrawal grant disbursement for all other school charges. If the student does not provide his or her permission, the student will be offered the funds. However, it may be in the student's best interest to allow the school to keep the funds to reduce his or her debt at the institute.

Because of other eligibility requirements, there may be Title IV program funds that a student is scheduled to receive which are not available once he or she withdraws. For example, a first-time, first year undergraduate student, who has not completed the first 30 days of the program before withdraw, is not eligible for Direct Stafford Loan funds that he or she may have received had the student remained enrolled past the 30th day.

If a student receives (or school or parent on the student's behalf) excess Title IV Program funds that must be returned, the institute must return a portion of the excess equal to the lesser of:

1. The student's institutional charges multiplied by the unearned percentage of funds,
- or
2. The entire amount of excess funds.

The institute must return this amount even if it did not keep this amount of the student's Title IV funds.

If the school is not required to return all of the excess funds, the student must return the remaining amount. Any loan funds that a student must return (or the student's parent for a Direct Plus Loan), the student (or parent) must repay in accordance with the terms of the promissory note. That is, the student (or parent) must make scheduled payments to the holder of the loan over a period of time.

Any amount of unearned grant funds that a student must return is called an overpayment. The maximum amount of a grant overpayment that a student must repay is half of the grant funds a student received or was scheduled to receive. The student does not have to repay a grant overpayment if the original amount of the overpayment is \$50 or less. The student must make arrangements with the institute or the Department of Education to return the unearned grant funds.

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The requirements for Title IV program funds when a student withdraws are separate from the institute's refund policy. Therefore, a student may still owe funds to the institute to cover unpaid institutional charges. The institute may also charge a student for any Title IV program funds that the institute was required to return.

For questions about Title IV program funds, a student can call the Federal Student Aid Information Center at 1-800-4-FEDAID. Information is also available on the U.S. Department's "Financial Aid for Student's Home Page" at www.studentaid.gov.

Any unearned Title IV funds must be returned to the appropriate program within 45 days of the date of determination of withdrawal.

Date of Determination of Withdrawal

The date of determination is the earlier of:

- The date the student notifies the institute of the student's withdrawal or the date of the student's withdrawal, whichever is later;
- The date the institute terminates the student;
- The student has failed to attend classes for a 14 calendar days period. For purposes of determining the amount of the refund, the date of the student's withdrawal shall be deemed the last date of recorded attendance. For the purpose of determining when the refund must be paid, the student shall be deemed to have withdrawn at the end of the 14-day period.

Returns by the institute shall be paid, as applicable, in the following sources, in order, up to the total net amount disbursed from each source.

1. Unsubsidized Direct Loans (other than Direct PLUS loans);
2. Subsidized Direct Loans;
3. Direct Plus Loans;
4. Federal Pell Grants for which a return is required;
5. Federal Supplemental Education Opportunity Grants (FSEOG) for which a return of funds is required.

Any unearned funds that have not yet been disbursed to the student must be offered to the student within 30 days of the date of determination if not applied directly to the student's account.

The law states that a student is responsible for all unearned Title IV program assistance that the institute is not required to return. This is determined by subtracting the amount returned by the institute from the total amount of unearned Title IV funds to be returned.

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 which is called a post-withdrawal disbursement. Post-withdrawal disbursements will be made from Pell Grant funds first, if the student is eligible. 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 within 45 days. Any remaining Pell funds must be released to the student without the student having to take any action. Any federal loan program funds due in a post-withdrawal disbursement must be offered to the student and the school must receive the student's authorization before crediting their account. The authorization is required to be sent to the student within 30 days of the date the school determined the student's last date of attendance. The student has 14 days to respond.

Credit Balance: If a credit balance still exists on the student's account after the R2T4 and institutional refund calculations are done, that credit balance must be used to pay any grant overpayment that exists based on the current withdrawal within 14 days from the date that the R2T4 calculation was performed. The overpayment must be eliminated prior to offering a credit balance to a student.