

## **Return to Title IV (R2T4) Policy**

When a student withdraws or his/her enrollment is otherwise terminated, the University will not only calculate the amount of tuition/fees that will be refunded to the student (if any), but also the amount of federal student financial aid (“Title IV”) that must be returned to the Federal Student Aid Programs (if any). This process is referred to as “Return to Title IV” (R2T4). The calculation of R2T4 has no relationship to the tuition and fees that the student may owe to the University. The R2T4 calculation is performed using forms and/or software provided by the U.S. Department of Education for that purpose, and all transactions shall be completed within forty-five days after the University becomes aware of the student’s withdrawal/termination (Date of Determination).

**R2T4 Calculation Information:** Title IV funds are earned in a prorated manner based upon calendar days. R2T4 is required up to the 60% point in the semester based upon the pro-rata methodology. (A “semester” is generally one-half of the student’s period of enrollment – consult with the Financial Aid Office for more information). After the 60% point in the semester, a student is considered to have earned 100% of the federal student financial aid funds they were eligible to receive.

The percentage of the semester completed is the total number of scheduled credit hours (in the semester for which financial aid has been awarded) that have already occurred as of the Withdrawal Date, divided by the total number of scheduled credit hours in that semester (usually 12 credit hours). If a student ceases attendance prior to a record of enrollment and there will be no liability of charges to the student, the institution may return all aid funds to the appropriate sources.

If, based on the calculation, the student has earned less than the amount of Title IV funds disbursed, the unearned funds must be returned. The University must return the lesser of:

- the amount of federal student financial aid funds that the student has not earned, or
- the amount of institutional charges that the student incurred for the payment period multiplied by the percentage of federal student financial aid funds that was not earned.

The student (or parent, in the case of a Parent PLUS loan) must return or repay, as appropriate:

- any Federal Direct Student Loan Program or Federal PLUS funds in accordance with the contracted terms of the loan, and
- the remaining unearned federal grant funds (not to exceed 50% of the grant owed) as an “overpayment” of the grant (see below).
- in most cases, the institution may return the full amount of unearned aid to the appropriate aid sources and the student (or Parent in the case of PLUS loans) will owe the unearned balance to the institution, if a balance remains.

Refunds are calculated according to applicable federal laws. All returned funds for which the University is responsible will be issued promptly after the University has determined that the student has withdrawn and the applicable return calculations have been completed.

**Overpayments:** Any amount of unearned federal grant funds that a student must return directly

is called an “overpayment”. The maximum amount of a grant overpayment is one half of the grant funds received or scheduled to be received. While this occurs very rarely, students in this circumstance must make arrangements with the University and/or the U.S. Department of Education to return the unearned grant funds. Failure to do so will result in loss of future eligibility for Federal Student Aid, and potential other legal actions by the U.S. Department of Education.

**Financial Aid Programs R2T4 Refund Sequence:** Unearned funds returned by the University must be credited to outstanding balances on Title IV loans made to the student or on behalf of the student for the semester for which a return of funds is required. Those funds will be credited to outstanding balances in the following order:

1. Unsubsidized Direct Loans (Other than Direct PLUS Loans)
2. Subsidized Direct Loans
3. Federal Perkins Loans
4. Direct PLUS Loans
5. Federal Pell Grants for which a Return is required
6. FSEOG for which a Return is required
7. TEACH Grants for which a Return is required
8. Iraq and Afghanistan Service Grant, for which a Return is required

If unearned funds remain to be returned after repayment of all outstanding loan amounts for the payment period, the remaining excess must be credited to any amount awarded for the payment period in the following order:

1. Federal Pell Grant,
2. Federal SEOG, and
3. Other grant or loan assistance authorized by Title IV of the Higher Education Act.

**Post-Withdrawal Disbursement:** The University will disburse Federal Pell Grant funds that had not yet been disbursed at the time of the student’s withdrawal/termination, but for which the student remains eligible under the R2T4 calculation. In the case of student or parent loan funds, the school will calculate the student (or parent’s) eligibility for a “post-withdrawal disbursement”. The Financial Aid Office will advise the student and/or parent borrower of the amount(s) available and the fourteen calendar day deadline to accept or decline the post-withdrawal disbursement. If a response is not received from the student and/or parent within the permitted time frame or the student declines the funds, the University will not request the funds from Title IV programs. If the post-withdrawal disbursement is accepted, the funds will first be used to settle any outstanding financial obligation to the University.

#### **PROCEDURE:**

**Date of Determination:** For purposes of federal R2T4 calculations, the Date of Determination shall be the date used for calculating the appropriate administrative and processing deadlines, including the forty-five day maximum processing time for R2T4 Refunds. (The Withdrawal Date shall be used for the actual R2T4 calculation – See *P&P 4.6 Attendance, Withdrawal, and LOA* for definition of “Withdrawal Date”). The Date of Determination is calculated as follows:

- If the student withdraws, the Date of Determination shall be the date that the University receives an official notice of withdrawal in accordance with the Withdrawal Policy. This should be the same date any conversation occurred which prompted the withdrawal determination (regardless of how the conversation was initiated), and should also be the date on which a staff member completed and signed a Request for Withdrawal, Transfer or Leave of Absence form for the student.
- If a student is administratively dismissed under the Attendance Policy based upon absences for a continuous period of two weeks, the Date of Determination shall be **no more** than fourteen calendar days after the student's LDA.
- If the university otherwise terminates a student's enrollment for any reason (conduct, non-payment, etc.), the Date of Determination shall be the date such termination action is taken by a school official.
- If a student fails to return as scheduled from an approved Leave of Absence, the Date of Determination shall be the date the student was originally scheduled to return (established return date).

**Responsibility:** The Financial Aid Office is responsible for the calculation of all tuition and fees refunds and processing such refunds to each student's account. The Financial Aid Office will transmit information to the COD system regarding all monetary transactions necessary to execute the refunds and return of Title IV funds. The Bursar's Office is responsible for ensuring all monetary funds are returned to the U.S. Department of Education (ED) via G5 as determined through the reconciliation process.

**Timeliness:** All refund and R2T4 calculations will be performed as quickly as possible after a student withdraws. In all cases, the actual refund transactions must occur with 45 days after the student's Date of Determination (see above). In order to facilitate timely processing by the Bursar's Office, the Financial Aid Office shall generally process all R2T4 calculations within 30 days of the student's date of determination.

**Calculation Methodology:** The calculation methodology for tuition refunds is described in detail within this policy. The calculation methodology for R2T4 is prescribed in federal regulation and is described in detail in Volume 5, Chapter 2 of *The Federal Student Aid Handbook*. R2T4 calculations shall generally be calculated using the on-line process provided by ED. Any paper (manual) R2T4 calculations should be double-checked for mathematical errors by a second member of the staff whenever possible.

**Award Change:** In the event of an R2T4 calculation that generates a change to the student's award package (either disbursed or could have been disbursed), the student will be notified in writing (including e-mail notification). In addition, this notification may include amounts due from the student to the University and/or the Federal Student Aid programs.