

### **7.3.2 Return of Title IV Funds (R2T4) Policy**

In accordance with Title IV, HEA of 1965, The Financial Aid Office at Woodland Community College (WCC) administers the return of Title IV funds. This policy applies to students who withdraw (official, unofficially) from enrollment at WCC. Therefore, the student may still owe funds to the school to cover unpaid institutional charges. The school may also attempt to collect from the student any Title IV program funds that the school was required to return. The following, prescribed by regulation, determines the calculated amount of the return of Title IV Funds required for students affected by this policy.

Woodland Community College has 45 days from the date the institution determines the student withdrew to return all unearned funds for which it is responsible. Within 30 days from the date the institution determines the student withdrew, WCC must provide written notification to the student if they owe a repayment of unearned aid or if they are eligible for post-withdrawal disbursement. A student may be eligible for post-withdrawal disbursement if he/she was disbursed less aid than earned per the R2T4 calculation. The student has 14 calendar days to accept a post-withdrawal disbursement offer. WCC will consider the lack of response the same as a decline of post-withdrawal disbursement offer. Title IV grant post-withdrawal disbursements must occur within 45 days of the date the institution determines the student withdrew. Title IV Direct Loan post-withdrawal disbursements must occur within 180 days of the date the institution determines the student withdrew.

The Return of Title IV Funds (R2T4) regulation does not dictate the institutional refund policy and such is administered separately. The calculation of Title IV funds earned by the student has no relationship to the student's institutional charges. Title IV funds are awarded to a student under the assumption that he/she will attend school for the entire payment period for which the assistance is awarded. When a student withdraws from all of his/her courses, he/she may no longer be eligible for the full amount of Title IV funds he/she was originally scheduled to receive.

Woodland Community College is required to determine a student's earned and unearned Title IV aid per the date the student ceased attendance based on the scheduled amount of time the student was to be in attendance.

If a student withdraws from all courses prior to completing over 60% of a semester, he/she may be required to repay a portion of the federal financial aid that he/she received for that term. A pro rata schedule is used to determine the amount of federal student aid funds he/she will have earned at the time of the withdrawal. Federal aid includes Federal Direct Loan, Pell Grants, SEOG Grants, and any other Title IV funds.

The return of funds is based on the idea that students earn financial aid proportionate to the amount of time they are enrolled. For instance, a student who withdraws in the second week of classes has earned less of his/her financial aid than a student who withdraws in the seventh week. Once 60% of the semester is completed, a student is considered to have earned all of their financial aid and will not be required to return earned funds.

If a student ceases attendance in all his or her Title IV-eligible courses in a semester, but remains enrolled in courses not eligible for Title IV funds, the student is considered a withdrawal for Title IV purposes.

### Verification

When verification is completed prior to R2T4 deadlines, WCC will offer any post-withdrawal disbursement of loan funds within 30 days of the date of the school's determination that the student withdrew, and return any unearned funds and make a post-withdrawal disbursement of grant funds within 45 days of that date.

If a student provides all documents required for verification after withdrawing but in time for WCC to meet the 30-day R2T4 deadline, WCC will perform the R2T4 calculation including all Title IV aid for which the student has established eligibility as a result of verification and for which the conditions of a late disbursement, per 34 CFR 668.164(j)(2), had been met prior to the student's loss of eligibility due to withdrawal.

If a student provides all documents required for verification after withdrawing and after R2T4 deadlines, but within verification deadlines, WCC will perform a new R2T4 calculation including, as aid that could have been disbursed all Title IV aid for which the student has established eligibility based upon verification and for which the conditions of a late disbursement have been met prior to the student's loss of eligibility due to withdrawal. If completion of such verification changes the student's eligibility for Federal Pell Grant or FSEOG funds, and such eligibility is reduced, only the reduced amount will be included in the new R2T4 calculation.

If a student who has withdrawn does not provide the required documents in time for WCC to complete the verification process and meet the R2T4 deadlines noted previously, WCC includes in the R2T4 calculation only the Title IV aid that was not subject to the verification process. For a student who failed to provide all required verification documents, the only Title IV aid WCC may include in an R2T4 calculation are Direct Unsubsidized Loan funds (verification is not required for receipt of these funds) for which the conditions of a late disbursement were met prior to the student's loss of eligibility due to withdrawal. A student who fails to provide the required documentation in time for WCC to complete verification and meet the R2T4 deadlines is responsible for returning any Title IV grant funds already disbursed prior to being selected for verification.

### Withdrawals Through 60%

In the case of a student who withdraws up through 60% in the semester, WCC must perform an R2T4 calculation to determine the amount of earned aid in the payment period at the time of withdrawal. WCC uses the Department of Education's pro-rata schedule to determine the amount of Title IV funds the student has earned at the time of withdrawal. WCC uses the student information system, Colleague, to automate this pro-rata calculation.

### Withdrawals After 60%

In the case of a student who withdraws after 60% in the semester, he/she has no unearned Title IV aid. However, WCC will still determine whether the student is eligible for a post-withdrawal disbursement.

### Determination of Date of Withdrawal

A student's official withdrawal date is determined by using one of the following:

- The date the student provides official notification to WCC of their intent to withdraw, including self-withdrawal online.
- The date WCC determines the student withdrew from all enrolled courses in a semester.

Students who began attendance in a semester term and were awarded Title IV aid, who subsequently failed to earn a passing grade (e.g. received a grade of “W”, “NP”, “FW”, or a combination of the three) in any class is determined to have unofficially withdrawn, and is subject to this R2T4 policy.

## Steps of the R2T4 process:

### Step 1: Student's Title IV information

- A) WCC Financial Aid Office (FAO) determines the total amount of Title IV aid disbursed for the semester in which the student withdrew. A student's Title IV aid is counted as aid disbursed in the calculation if it has been applied to the student's account on or before the date the student withdrew.
- B) WCC Financial Aid Office (FAO) determines the total amount of Title IV aid that could have been disbursed for the semester in which the student withdrew. A student's Title IV aid is counted as aid that could have been disbursed in the calculation if, at the time of the student's withdrawal, conditions for late disbursement in 34 CFR 668.164(j)(2) were met, as follows:
- SAR processed by Department of Ed with an official Expected Family Contribution.
  - For FSEOG, WCC made the award to the student.
  - For Direct Loan, WCC originated the loan within Colleague.

### Step 2: Percentage of Title IV Aid Earned:

WCC FAO will calculate the percentage of Title IV aid earned as follows:

The number of calendar days completed by the student divided by the total number of calendar days in the semester in which the student withdrew. This results in the percentage of the semester completed by the student, which is also the percentage of Title IV aid earned by the student. The total number of calendar days in a semester exclude any scheduled breaks of five or more calendar days.

$$\text{Days Completed in Semester} \div \text{Days in Semester} = \text{Percentage Completed/Aid Earned}$$

If the calculated percentage exceeds 60%, then the student has “earned” all the Title IV aid for the semester.

If a student withdraws prior to beginning attendance in the number of units for which the Federal Pell Grant, FSEOG, and FWS funds were awarded, before WCC performs the R2T4 calculation, it must recalculate the student's eligibility for Federal Pell Grant, FSEOG, and FWS based on a revised cost of attendance and enrollment status. After this update, WCC must perform the R2T4 calculation using the student's revised award(s).

### Step 3: Amount of Title IV Aid Earned by the Student

WCC will calculate the amount of Title IV Aid earned as follows:

The percentage of title IV aid earned (Step 2) multiplied by the total amount of Title IV aid disbursed (Step 1-A) plus the aid that could have been disbursed for the term in which the student withdrew (Step 1-B).

*(Total Aid Disbursed + Aid that could have been disbursed) x Percentage Completed = Earned Aid*

#### Step 4: Amount of Title IV Aid to be Disbursed or Returned:

If a student receives less Title IV aid than the amount earned, WCC must offer a disbursement of the earned aid that was not received, or post-withdrawal disbursement (PWD). If a student receives more Title IV aid than the amount earned, WCC, the student, or both must return the unearned funds in a specified order.

WCC will calculate the amount of Title IV aid to be returned as follows:

From Title IV aid disbursed for the semester (Step 1-A) subtracted the amount of Title IV earned (Step 3).

*Title IV aid disbursed – Title IV aid earned = Title IV aid to be returned*

If the aid already disbursed equals the earned aid, no further action is required. If the aid already disbursed is greater than the earned aid, the difference must be returned to the appropriate Title IV aid program. If the aid already disbursed is less than the earned aid, the WCC FAO will calculate a PWD.

#### Step 5: Amount of Unearned Title IV Aid Due From the School:

If the aid already disbursed is greater than the earned aid, a return of Title IV funds is due. WCC and the student may both have a responsibility for returning funds. The R2T4 calculation of the amount of Title IV aid for which WCC is responsible for returning is calculated first. The student's Title IV repayment obligation is determined after WCC's share is calculated.

WCC must return the lesser of:

- The amount of Title IV funds that the student does not earn (Step 4), or
- The amount of institutional charges that the student incurred for the payment period or period of enrollment multiplied by the percentage of funds that was not earned.

*(Institutional Charges x Percentage of unearned Title IV aid)*

#### Step 6: Return of Title IV Funds by the School

WCC must return Title IV funds to the programs from which the student received aid during the payment period or period of enrollment as applicable, in the following order, up to the net amount disbursed from each source:

1. Unsubsidized Direct Loans
2. Subsidized Direct Loans
3. Federal Pell Grants for which a return of Title IV funds is required
4. FSEOG for which a return of Title IV funds is required

### Step 7: Initial Amount of Unearned Title IV Aid Due From the Student

A student is responsible for all unearned Title IV aid that WCC is not required to return. The initial amount of unearned Title IV aid due from the student is determined by subtracting the amount returned by the school (Step 5) from the total amount of unearned Title IV funds to be returned (Step 4). This is called the initial amount due from the student because a student does not have to immediately return loan funds or the full amount of any grant repayment due. Therefore, the student may not have to return the full initial amount due.

*Amount of Title IV Aid to be Returned – Amount for School to Return = Initial Amount Due From Student*

### STEP 8: Repayment of Student Loans

The student loans that remain outstanding consist of the loans disbursed to the student (from Step 1A) minus any loans the school repaid (from Step 6). These outstanding loans are repaid by the student according to the terms of the student's promissory note(s).

*Loans Disbursed to Student – Loans Repaid by School = Outstanding Loans to repay by Student per Promissory Note*

### STEP 9: Title IV Grant Funds to be Returned by a Student

#### A) Initial Amount Title IV Grants for Student to Return

The first step to calculate the Title IV grants due from the student is completed by subtracting the amount of loans to be repaid by the student (Step 8) from the initial amount of unearned Title IV aid due from the student (Step 7).

*Initial Amount Due by Student – Amount of Loans to be Repaid by Student = Title IV Grants to be Returned by Student*

#### B) Amount of Title IV Grant Protection

The second step to calculate the Title IV grants due from the student is to determine the student's grant protection allowance. Regulations limit the amount a student must repay to the amount by which the original overpayment amount exceeds 50% of the total grant funds disbursed and could have been disbursed for the semester.

*(Total Aid Disbursed + Total Aid that Could Have Been Disbursed) x 50% = Title IV Grant Protection*

#### C) Title IV Grant Funds for Student to Return

The third and final step to calculate the Title IV grants due from the student is completed by subtracting the Title IV grant protection (Step 9B) from the initial amount of Title IV grants for the student to return (Step 9A).

*Initial Amount Title IV Grants Due by Student – Title IV Grant Protection = Title IV Grant Funds for Student to Return*

## STEP 10: Return of Title IV Grant Funds by the Student

The student is obligated to return any Title IV overpayment in the same order that is required for WCC. Grant overpayments may be resolved through:

- Full and immediate repayment to WCC;
- Repayment arrangements satisfactory to WCC; or
- Overpayment collection procedures negotiated with Department of Education.

Within 30 days of determining that a student who withdrew must repay all or part of a Title IV grant, WCC will send a written notification to the student that he/she must repay the overpayment or make satisfactory arrangements to repay it. In its notification, WCC will inform the student of the following three items:

1. The student owes an overpayment of Title IV funds.
2. The student's eligibility for additional Title IV funds will end if the student fails to take positive action by the 45th day following the date the school sent or was required to send notification to the student.
3. There are two positive actions a student can take to extend his or her eligibility for Title IV funds beyond 45 days:
  - a. The student may repay the overpayment in full to the school within the 45-day allowable period.
  - b. After the 45-day allowable period, the student may contact Debt Resolution Group at the Department of Education to make repayment agreement.