

East Texas Baptist University
Federal Return Of Title IV Funds (R2T4) Policy

1998 Amendments to the Higher Education Act of 1995, 34 CFR (Code of Federal Regulations) Section 668.22

The treatment of Title IV federal funds policy becomes mandatory for students who withdraw on or after October 7, 2000, or stops attending all classes, or earns a grade of “F” in all classes.

Title IV Federal Aid – Pell Grant, Federal SEOG Grant, Federal Perkins Loan, Federal Stafford Loan, Federal PLUS Loan, Federal TEACH Grant, and Federal Work Study (Federal Work Study is not included in the calculation of the Return of Title IV Federal Aid).

Title IV funds are awarded to a student under the assumption that the student will attend for the entire period for which the assistance is awarded. When a student withdraws or stops attending, the student may no longer be eligible for the full amount of the Title IV funds that the student was originally scheduled to receive. If a recipient of Title IV grant or loan funds withdraws from school after beginning attendance, the amount of Title IV grant or loan assistance *earned* by the student must be determined.

If a student receives more Title IV aid than the amount earned, the school, the student, or both, must return the unearned Title IV funds in a specific order (see #3 below). If a student receives less Title IV aid than the amount earned, the school must offer a disbursement to the student of the earned aid that was not received. This is called a post-withdrawal disbursement.

A student who remains enrolled beyond the 60% point in the semester is considered to have earned 100% of all Title IV aid for that semester and is not subject to the Return of Title IV Funds policy.

Withdrawal Process:

(ETBU is an institution that has chosen not to require mandatory attendance record keeping)

The total withdrawal process begins with the Registrar’s Office. A student should complete the Withdrawal Form in person. The form is completed by the student, signed/dated, and then distributed to the following offices for clearance: Business Office, Financial Aid Office, Advisor, Instructor, Coach (if applicable), Student Affairs, Student Success, Library, and Registrar. An administrative withdrawal is done by the Office of the Vice President of Student Affairs or the Vice President of Academic Affairs.

A detailed copy of the *Institutional Withdrawal Policy* can be obtained from the Registrar’s Office.

If a student stops attending during the semester, but fails to officially withdraw, the student may be required to return the unearned Title IV aid received to help pay educational expenses.

Return of Title IV Funds:

1. Determine date of withdrawal:
 - Official notification from the Registrar's Office
 - Since ETBU does not require taking attendance, the University can use a student's last date of attendance at an academic-related activity [668.22(b), (c), (j)(2)], excluding use of campus housing or meal plan. The Financial Aid Director will contact each professor to request attendance dates if available. If the University is unable to document the last date of attendance, 50% of all Title IV aid received during the semester must be returned to the appropriate aid programs.
2. Determine the amount of earned (including disbursed and aid that could have been disbursed) versus unearned Title IV Federal aid. The Financial Aid Office will do a Return of Title IV Funds calculation to determine the amount of Title IV aid that was *earned* for the length of time the student was enrolled. Any *unearned* aid must be returned to the appropriate Title IV aid program.
3. *Unearned* aid is distributed according to statutory regulations. Worksheets and software provided by the U.S. Department of Education will be used to determine the amount of aid to be returned and the order in which aid is returned. For clarification, unearned aid will be returned to the appropriate program in the following order:
 - Unsubsidized Federal Stafford Loan
 - Subsidized Federal Stafford Loan
 - Federal Perkins Loan
 - Federal PLUS Loan
 - Federal Pell Grant
 - Federal SEOG Grant
 - TEACH Grant
4. In rare instances, a student at ETBU may have a situation whereby the amount of earned aid is greater than the amount of aid disbursed for the payment period. If this is the case, the student would be eligible for a post-withdrawal disbursement.
5. ETBU and the student are responsible for returning unearned aid to the appropriate programs. *See NOTE below.*
 - ETBU will return refunds within 45 days to the appropriate Federal program(s) [Section 668.22 (j), (h)]. *See NOTE below.*
6. ETBU does not have a formal leave of absence policy
7. Students owing money to the U. S. Department of Education and/or ETBU as a result of R2T4, will be placed on financial aid suspension for not making Satisfactory Academic Progress.

NOTE:

- The Financial Aid Office is responsible for the Return of Title IV Funds calculation.
- The Financial Aid Office notifies the Business Office of the action required as a result of the calculation.
- The Business Office monitors when the federal funds are returned to the appropriate federal program.
- The Financial Aid Office also sends a written notice within 30 days to the student letting the student know the impact of the Return of Title IV funds calculation (paper letter and email).
- The Financial Aid Office also prepares for any return of funds back to the appropriate Federal programs, and notifies the Business Office. Funds are returned within 45 days of the R2T4 calculation.
- If the student has to repay any funds, the student has 45 days to either repay the funds or make satisfactory payment arrangements with the Business Office.
- Students who fail to repay the funds within 45 days will be reported to the U.S. Department of Education (DOE) via the National Student Loan Database (NSLDS) and the student will be referred to the DOE for resolution of the debt.
- No further financial aid can be awarded until the debt is paid.

Explanation & Example of Return of Title IV Funds Calculation:

1. Determine percentage of Title IV aid earned

$$\frac{\text{Completed Days}}{\text{Total Days in Payment Period}} = \% \text{ of earned aid}$$

2. Determine the Title IV aid that was disbursed and aid that could have been disbursed

3. Determine amount of Title IV Aid Earned by Student

Multiply % of earned aid by Total aid disbursed (including any aid that could have been disbursed for the payment period)

4. If the amount of aid earned by student is less than the amount of aid disbursed, there may be Title IV aid to be returned. Determine how much Title IV aid is to be returned:

$$\begin{array}{r} \text{Total Title IV aid disbursed} \\ \text{Minus } \underline{\text{Amount of Title IV aid earned}} \\ = \text{Amount of Title IV aid to be returned} \end{array}$$

5. Determine amount of unearned Title IV aid due from the school

- Add up all institutional charges for payment period (tuition, fees, room, board, etc.)

- Subtract % of earned aid from 100% to get % of unearned aid
- Multiply % of unearned aid by total institutional charges for payment period to come up with amount of unearned charges for payment period
- Compare amount of Title IV aid to be returned (#4) to amount of unearned charges – the lesser amount is the amount the school must return to the appropriate program(s).

6. Determine amount of unearned Title IV aid due from the student

- Subtract amount the school must return from the amount of Title IV aid to be returned (#4)
- If \leq \$0, no amount of unearned Title IV aid is due from the student.
- If $>$ \$0, there may be a repayment of the student's loans, but more than likely, the only action the school will need to take is to notify the holder of the loans of the student's withdrawal date. In some cases, there may be grant funds to be returned.

Example of Return of Title IV Funds

A student withdraws on the 37th day of class of a 107 day semester. The total institutional charges (tuition, fees, room, board, etc.) equals \$12,797. The student was awarded and received the following federal financial aid: \$2,822 Pell Grant, \$3,000 Unsubsidized Direct Loan, and \$1,750 Subsidized Direct Loan. Per the R2T4 policy, the student "earned" 34.6% (37 days completed \div 107 days of the semester) of the federal financial aid, requiring the remainder of unearned aid to be returned to the federal aid programs. Under the policy, \$4,750 would be returned (\$3,000 to the Unsubsidized Direct Stafford Loan, \$1,750 to the Subsidized Stafford Loan, and \$202 to the Pell Grant) by ETBU. The student would then be billed by the ETBU Business Office for the \$4,750.