

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

Title IV funds are awarded to a student under the assumption that the student will attend school for the entire period for which the assistance is awarded. When a student withdraws, the student may no longer be eligible for the full amount of Title IV funds that the student was originally scheduled to receive.

A federal financial aid recipient who withdraws from Massasoit, officially or unofficially, after beginning attendance is subject to a Return of Title IV (R2T4) calculation. For the purpose of R2T4 calculation requirements, a recipient is a student who has actually received federal financial aid funds or has met the conditions that entitled the student to a late disbursement of federal financial aid funds. Massasoit is required to review the amount of federal loan and grant a student received for the payment period to determine what percentage of federal financial aid the student earned prior to withdrawal. The percentage of federal financial aid determined to be unearned for the payment period must be returned to the appropriate federal financial aid program(s).

### **Policy**

When a federal financial aid recipient withdraws from Massasoit prior to the end of a payment period, a R2T4 calculation must be performed to determine the amount of federal financial aid funds earned as of the date of withdrawal. If the total amount of federal financial aid earned is less than the amount of federal financial aid funds disbursed to the student, the difference between these amounts is returned to the applicable federal financial aid programs. If federal financial aid funds earned is greater than federal financial aid funds disbursed, the difference between these amounts is treated as a post withdrawal disbursement (PWD). An R2T4 calculation is not performed if the federal financial aid recipient withdraws after successfully completing greater than 60% of the payment period AND all funds awarded for that period have been disbursed. If all funds have not been disbursed, a R2T4 calculation will be performed to determine a student's post-withdrawal disbursement eligibility.

### **When a student is considered to have withdrawn:**

A student is considered to have withdrawn from a payment period if:

- 1) in the case of a program that is measured in credit hours, the student does not complete all the days in the payment period or period of enrollment that the student was scheduled to complete (including modules), or
- 2) the student is no longer enrolled in any Title IV classes (although they may be enrolled in non-Title IV eligible classes),
- 3) the student is reported as "stopped participating" or "never participated" in all of their Title IV eligible classes, or
- 4) the student fails to earn at least one passing grade in any class.

5) In the case of a program that is measured in clock hours, the student does not complete all of the clock hours and weeks of instructional time in the payment period or period of enrollment that the student was scheduled to complete.

Note: For a student attending a modular program, if the student withdraws or is withdrawn from a course, but provides written confirmation of his or her intent to attend an upcoming course *scheduled in same the term* (payment period), a recalculation of aid is not necessary. However, if the student does not show attend the future module, the student will be considered withdrawn from the College, and will be subject to a return calculation.

### **Return Calculation**

The amount of federal financial aid earned is calculated by determining the percentage of the payment period that the student completed. This is done by dividing the calendar days that the student completed in the payment period by the total calendar days in the period, excluding scheduled breaks of 5 days or more.

After calculating the percentage of aid earned, the amount of aid earned is calculated by applying this percentage to the total amount of federal financial aid disbursed and that could have been disbursed for the payment period

The payment period is defined as the term (i.e. – Fall, Spring, Summer). If conditions for a late disbursement (described below) are met prior to the date the student became ineligible (student's last date of attendance), any undisbursed federal financial aid will be counted as aid that could have been disbursed in the calculation.

If a student withdraws after successfully completing greater than 60% of the term, the student is considered to have earned 100% of the federal aid disbursed, and no calculation is required. However, if aid has not been disbursed, a calculation will be performed to determine and document eligibility for a post-withdrawal disbursement.

Refund calculations may be performed either in the Banner system, or via FAA Access to CPS online. However, all unofficial withdrawals in which the payment period midpoint is used as the withdrawal date must be performed on FAA Access to CPS Online.

### **Return of Unearned Aid**

In the R2T4 Calculation, the total **Amount *disbursed*** and **Amount that Could Have Been Disbursed** to the student or on the student's behalf, minus the **Amount of Federal Financial Aid Earned** by the student determines the amount of federal financial aid funds unearned and required to be returned to the funding source.

When a return of federal financial aid is required, the College and the student may both need to return funds. If the calculation results in an amount owed by the student, however, the College will return this amount on behalf of the student and incur the resulting receivable.

Massasoit will return federal financial aid funds to the programs in the following order, up to the net amount disbursed from each source:

- Unsubsidized Federal Direct Stafford loans
- Subsidized Federal Direct Stafford loans
- Federal Direct PLUS loans (Parent of dependent student)
- Federal Pell Grants
- Federal Supplemental Educational Opportunity Grant (FSEOG)
- Iraq and Afghanistan Service Grant (IASG)

### **Example of R2T4 Calculation**

The Financial Aid Office determines the percentage of Title IV, HEA aid the student earned by taking the calendar days completed in the period of enrollment and dividing by the total calendar days in the period of enrollment (excluding breaks of 5 days or more).

IF the percentage of aid earned is greater than 60%, the student earns 100% of the disbursed Title IV, HEA funds or aid that could have been disbursed.

IF the percentage of aid earned is equal to or less than 60%, then the percentage earned is equal to the calculated dollar amount earned.

Example:

Student completes 18 days of a 118 day payment period prior to withdrawing.  
 $18 \text{ completed days} / 118 \text{ total days} = 15.3\% \text{ of aid earned}$

The Financial Aid Office determines the dollar amount of Title IV aid the student earned by multiplying the percentage of Title IV, HEA aid earned by the total of the Title IV aid disbursed plus the Title IV aid that could have been disbursed for the period of enrollment.

Example:

$15.3\% \times (\$1,800 \text{ disbursed}) = \$275 \text{ Title IV Aid Earned}$

Aid to be returned is equal to unearned percentage (100% minus the Percent earned) multiplied by the amount of aid disbursed toward institutional charges.

$(1.0 - .153) * \$1,800 = \$1,525 \text{ Title IV Aid to be returned}$

All Title IV fund returns must be completed no later than 45 calendar days after the date the Financial Aid Office determines that the student withdrew.

When Title IV funds are returned, the student may owe a balance to the institution.

### **Post-Withdrawal Disbursements**

When the total amount of the Title IV grant and/or loan assistance earned as of the withdrawal date is more than the amount that was disbursed to the student, the difference between the two amounts will be treated as a post-withdrawal disbursement.

A post-withdrawal disbursement of grant funds will be applied towards outstanding semester charges on the student's account and may pay up to the amount of the allowable charges (i.e., tuition, fees & book advance charges). Any remainder of grant aid will be paid to the student.

If a post-withdrawal disbursement includes Direct Loan funds, Massasoit must get student permission before it can disburse them. The student (or parent if a PLUS loan) will be notified within 30 days of the date of determination of withdrawal of the opportunity to accept all or a part of the post-withdrawal loan disbursement.

Upon receipt of a timely response from the student (or parent) (14 days from date of notification), Massasoit will disburse the loan funds within 180 days of the date of determination of the student's withdrawal date. Loan funds will be applied towards the outstanding semester charges on the student's account and may pay up to the amount of the allowable charges (i.e., tuition and fees). Any remainder will be paid directly to the student (or parent).

If a student (or parent if a PLUS loan) does not respond to the post-withdrawal disbursement offer, the loan will be cancelled, and any subsequent requests to make the post-withdrawal disbursement will not be granted.

The Financial Aid Office will maintain a log of post-withdrawal disbursement offers on the shared network drive, in an academic year specific withdrawal folder.

### **Conditions for a Late/Post-Withdrawal Disbursement**

- The U.S. Department of Education (ED) processed a Student Aid Report (SAR) or Institutional Student Information Record (ISIR) with an official Expected Family Contribution (EFC) before the student became ineligible.

In addition:

- a. For Direct Loans, the loan must have been originated before the student became ineligible, and
- b. For FSEOG, the student was awarded a grant before becoming ineligible.

However, a student may never receive as a post-withdrawal disbursement any funds that Massasoit was prohibited from disbursing on or before the date the student withdrew, which would apply to the following:

- Second or subsequent disbursements of Direct Loan funds unless the student has graduated or successfully completed the loan period,
- Disbursements of Direct Loan funds for which the borrower has not signed a promissory note,
- Disbursements of DL funds to a first-year, first-time borrower who withdraws before the 30th day of the student's program of study
- a disbursement of a Federal Pell Grant or Iraq and Afghanistan Service Grant to a student for whom the institution did not have a valid SAR/ISIR by the deadline established by ED annually in the public deadline notice, and

- a first disbursement of a Direct Loan (i.e., the first disbursement of a Direct Loan in a loan period) to a student enrolled in a modular program who has withdrawn before beginning attendance in enough courses to establish a half-time enrollment status.

### **Institutional Charges**

Institutional charges are used to determine the portion of unearned Title IV aid that the school is responsible for returning. The institutional charges used in the calculation usually are the charges that were initially assessed the student for the entire payment period. Institutional charges include tuition, fees, and book advance charges. Non-institutional charges, which will not be included in the calculation, include health insurance, parking fines, library fines and calculator rentals.

Initial charges may only be adjusted by those changes the institution made prior to the student's withdrawal (for example, for a change in enrollment status unrelated to the withdrawal). If, after a student withdraws, the institution changes the amount of institutional charges it is assessing a student or decides to eliminate all institutional charges, those changes affect neither the charges nor aid earned in the calculation.

### **Inadvertent Overpayments**

An inadvertent overpayment occurs when funds are disbursed to a student no longer in attendance but prior to the date that the College determines the student withdrew from the program. These inadvertent overpayments are included in the R2T4 calculation as aid that could have been disbursed.

Only students who meet the late disbursement criteria are entitled to keep federal financial aid funds disbursed as an inadvertent overpayment. If the inadvertent overpayment cannot be made as a late disbursement, the College returns the entire amount of the federal financial aid funds disbursed. If the inadvertent overpayment can be made as a late disbursement, the College returns only the unearned portion of the inadvertent overpayment within 45 days of the College's date of determination that the student withdrew. Unearned inadvertent overpayments are returned according to the requirements for the return of unearned funds.

### **Treatment of State Financial Aid**

The percentage of state financial aid to be retained by the student shall be the same as earned under Title IV programs for the same payment period.

However:

If the student received Title IV aid and has an unpaid tuition and mandatory fees balance, for the same payment period during which he/she withdrew, as a result of the application of the Return of Title IV Funds policy, Massasoit will use additional state financial aid (beyond the percentage earned under the Return of Title IV Funds policy) to cover the unpaid tuition and mandatory fees balance, **but not before** all other aid, including aid from direct institutional funds as well as any scheduled cash payment have

been used in the payment of the same tuition and mandatory fees balance.

[For additional information.](#)

State funds included in the calculation will include all funds for which the student established eligibility prior to withdrawing, regardless of whether those funds were actually awarded in Banner. For example, if a student qualifies for a DCF waiver, and withdraws before those funds are actually awarded on Banner, these funds will be included in the state refund calculation. However, per OSFA requirements, no new “discretionary” state awards (i.e. – tuition waiver, Access, etc.) will be made after a student has withdrawn.

### **Treatment of Institutional Aid**

Institutional aid will be treated the same way as state financial aid. Students may retain up to 100% of institutional aid to cover unpaid tuition and fees after Title IV and state aid is considered. If the student does not have an unpaid balance, the percentage of institutional financial aid to be retained by the student shall be the same as earned under Title IV programs for the same payment period.

### **Timeframe for the Return of Title IV Funds**

Massasoit Community College will abide by the following federal timelines:

- From the Date of Determination of a Withdrawal
  - Within 30 days of the date of determination of the withdrawal date, perform the Return of Title IV Funds calculation
    - For an official withdrawal, the date of determination of the withdrawal date is the same as the withdrawal date.
    - For an unofficial withdrawal, the date of determination of withdrawal must be made within 30 days after the end of the payment period, i.e., semester block.
      - For unofficial withdrawals identified through the participation compliance process, the date of determination will be the date that the Registrar posts the withdrawal on SFAREGQ in Banner.
      - For unofficial withdrawals identified via end-of-term grade review, the date of determination will be the final day of the term.
    - Within 30 days of the date of determination of the withdrawal date, notify the student if there is a post-withdrawal disbursement due to the student of loan funds or an overpayment of grant funds, if applicable.
    - Within 45 days of the date of determination of the withdrawal date, return the school owed funds to the appropriate Title IV program account.
    - Within 45 days of the date of determination of the withdrawal date, pay a student a post-withdrawal disbursement of grant funds
    - Within 180 days of the date of determination of the withdrawal date, pay a student a post-withdrawal disbursement of loan funds, if student requested funds within 14 days of notification by the school of their availability.

### **Deceased Student**

If Massasoit determines that a student has died during a period, it must perform a Return calculation. If the Return calculation indicates that an institution is required to return Title IV funds, the school must return the Title IV funds for which it is responsible.

The student's estate is not required to return any Title IV funds disbursed to the student. Therefore, Massasoit will not report a grant overpayment for a deceased student to NSLDS, nor refer a grant overpayment for a deceased student to Debt Resolution Services.

The regulations governing the Direct Loan programs provide for a discharge of a borrower's obligation to repay a Federal Direct Loan if the borrower dies (including a Direct PLUS Loan borrower's obligation to repay a Direct PLUS Loan if the student on whose behalf the parent borrowed dies). If a school is aware that a student who has died has any outstanding Title IV loan debt, Massasoit may contact the student's estate and inform it of the actions it can take to have the student's Title IV loan debt cancelled.

If a Title IV credit balance created from **funds disbursed before the death of the student** exists after the completion of the Return calculation and the institutional refund calculations, Massasoit will resolve the Title IV credit balance in one of the following two ways:

1. in accordance with the cash management regulations, paying authorized charges at the institution (including previously paid charges that are now unpaid due to the Return of Title IV funds by the institution);
2. returning any remaining credit balance to the Title IV programs.