

RETURN OF TITLE IV FUNDS

Process Overview and Applicability

The federal government mandates that students who drop (withdraw) or fail to complete *all* scheduled classes within a term may only keep the financial aid they have “earned” up to the time of the drop (withdrawal).

Any unearned aid must be returned regardless if it has already been disbursed. This situation could result in the student owing financial aid funds to the university, government, or both. The higher number of class days completed, the lower the amount of financial aid that must be returned.

Policy

Students who receive financial aid funds and subsequently drop (withdraw) from the same term (for any reason) will be required to have a Return of Title IV calculation processed (R2T4). Financial Aid is awarded to a student under the assumption that the student will attend school for the entire period of enrollment for which the assistance is awarded.

Once a student has completed more than 60% of their scheduled period of enrollment during a semester, the student is allowed to keep 100% of aid even if a drop (withdrawal) occurs after that point. However, you must still determine whether the student is eligible for a post-drop (withdrawal) disbursement.

If a student ceases attendance (drops or withdraws) from all their Title IV eligible courses and is only enrolled in *non*-Title IV eligible courses during their period of enrollment, the student must be considered a withdraw for Title IV purposes. Non-Title IV courses include ones that a student is auditing; completing requirements for a course they previously received an “Incomplete”, or are repeating.

Types of withdrawals are:

1. Official Drop (Withdrawal) – An official drop (withdrawal) is one where the student has provided notice of their intent to cease attending school. A student is also considered an official drop (withdrawal) if they drop or withdraw from all current classes in a specific term, but are still enrolled in upcoming module courses (mini sessions or short courses) in the same term and have not informed in writing to the Financial Aid Office that they will be attending those courses.
2. Unofficial Drop (Withdrawal) – An unofficial drop (withdrawal) is one where we have not received notice from the student that the student has ceased attending school. These students are found when the period of enrollment has ended and grades have been posted to the students account. If a student receives all non-passing grades, they are considered to be an unofficial drop (withdrawal).
3. Drop (Withdrawal) after rescission of Official Notification – a student may provide official notification of their intent to drop (withdraw) and then change their mind. To allow a student to rescind their intent to drop (withdraw) for purposes of the R2T4 calculation, the student must provide a written statement stating their intent to remain in academic attendance through the end of the period of enrollment. If the student subsequently withdraws after rescinding an intent to drop (withdraw), the drop (withdrawal) date is the date the student first provided notification.

4. Retroactive Drop (Withdrawal) – A retroactive drop (withdrawal) refers to a student who is requesting to withdraw from a term that has already been completed.

When it has been determined that a student has dropped (withdrawn), the student is no longer considered to be enrolled and in attendance. Therefore, the student is no longer eligible for an in-school status or in-school deferment, and they must be reported as dropped (withdrawn) in the NSLDS Enrollment reporting.

A student is to begin the official drop (withdrawal) process with SENMC's Registrar. The Registrar will process the drop (withdrawal) with an effective date of when the student first gave notice of their intent to drop (withdraw) regardless of when the student returns the form with the required signatures.

Procedure

The regulations state that students earn their financial aid based on the period of time they were actually enrolled.

The formula to determine the percentage of aid earned is: The number of days completed up to the drop (withdrawal) date divided by the total days in the scheduled period of enrollment or term (any break of five days or more is not counted as part of the days in the term) will equal the percentage of aid earned.

Once a student has completed more than 60% of their scheduled period of enrollment during a semester, the student is allowed to keep 100% of aid even if a drop (withdrawal) occurs after that point.

The Financial Aid Office is responsible for running both the Anthology process and reports weekly to obtain a report listing all students who dropped (withdrew) during the week prior. If there are any question/concerns about the validity of the drop (withdrawal) date, all questions are taken to the Registrar for clarification.

Students dropping (withdrawing) from modules must be reviewed to determine if an *Intent to Return* letter needs to be mailed to the student. The student then has 10 days to respond to the letter. If it is determined that the student has added a module “at the time of the drop (withdrawal)” which shows intent to return (DCL GEN-11-14), do not send a letter and do not process a drop (withdrawal).

Responses from student, from their Intent to Return letter, must be a written confirmation, not verbal. Email confirmation is acceptable.

All R2T4 calculations must be completed within 30 days of the student's withdrawal date. The returns of unearned Title IV aid must be returned within 45 days of the student's date of determination. The student is to be sent a letter to their mailing address on record detailing both the type and the dollar amount of aid that is being billed and returned.

Drop (Withdrawal) Date

Policy

The drop (withdrawal) date for official drops (withdrawals) is determined as follows:

When official notification is provided, the student's drop (withdrawal) date is

- The date the student begins the school's official drop (withdrawal) process; OR

- The date that the student otherwise provides the notification; OR
- If both circumstances occur, use the earlier drop (withdrawal) date

The drop (withdrawal) date for unofficial drops (withdrawals) is determined as follows:

When official notification is not provided, the student's drop (withdrawal) date is

- The midpoint of the payment period or period of enrollment, as applicable; OR
- The date that the school determines is related to the circumstance beyond the student's control.

Drop (Withdrawal) after rescission of an official notification

- The student's original drop (withdrawal) date from the previous official notification

Since SENMC is not required to take attendance, the student's last date of attendance at an academically related activity may also be used as a student's drop (withdrawal) date. If the last documented date of attendance at an academically related activity more accurately reflects the student's drop (withdrawal) date, than the date the student began SENMC's drop (withdraw) process or notified SENMC of their intent to drop (withdraw), you may use this date instead.

Procedure

Using the drop (withdrawal) process, the Financial Aid Office is responsible for running the report on weekly basis to obtain a listing of all students who dropped (withdrew) during the week prior. If there are any questions/concerns about the validity of the drop (withdrawal) date, all questions are taken to the Registrar for clarification.

If a student provides official notification of their intent to drop (withdraw) and then changes their mind, the student must provide a written statement stating their intent to remain in academic attendance through the end of the period of enrollment. This written statement must be documented in the student's file. If the student subsequently withdraws after rescinding an intent to drop (withdraw), the drop (withdrawal) date is the date the student first provided notification.

Formula Calculation

Policy

The Financial Aid Office is responsible for ensuring all Return of Title IV Fund calculations are processed and any unearned funds are returned by the Business Office to the appropriate federal program as soon as possible but no later than 45 days from the determination of a student withdrawal.

The Anthology Return of Title IV Funds process, assist in complying with the Title IV regulations for federal financial aid.

The Anthology process enables you to do the following:

- Allow applications of payments to pay off only allowable charges, or to pay off all charges based on user authorization
- Identify original charges as required for the return calculation
- Define break periods within the period of enrollment
- Identify Title IV recipients who have fully drop (withdrawn)
- Determine the enrollment period and the point in the period that enrollment terminated

- Determine a student's institutional charges, Title IV aid, and percentage of enrollment period completed in order to calculate the Title IV repayment
- Determine the amount of Title IV aid that should be returned to the Title IV programs by the institution and/or student, or post-drop (withdrawal) disbursed to the student
- Refund Title IV credits

Although the Anthology drop (withdrawal) process is the preferred method to ensure accuracy in the R2T4 calculation, if a hand calculation is required, R2T4 worksheets can be found on the Department's Information for Financial Aid Professionals website at: <https://fsapartners.ed.gov/knowledge-center/fsa-handbook/fsa-assessments/return-title-iv-funds> (<https://fsapartners.ed.gov/knowledge-center/fsa-handbook/fsa-assessments/return-title-iv-funds/>).

Procedure

Run reports in Anthology to identify drops (withdrawals)

- for students who have drop (withdrawal) records
- for students who dropped current classes but have future module classes they are still enrolled in – these students need to be reviewed to determine whether or not an Intent to Return letter needs to be sent. If the student does not confirm they will be attending, a R2T4 calculation must be processed.
- For students who may have drop (withdrawn) but then re-enrolled
- For students who never attended – this report is run at the end of each semester after grades post and before the unofficial drop (withdrawal) report is run. This report needs to be worked before the unofficial drop (withdrawal) report can be processed. This report provides a list of students that instructors have indicated the student never attended class.
- For students who are unofficial drops (withdrawals) – this report is run at the end of each semester after grades post to identify students who are unofficial drops (withdrawals)
- For students that have had an R2T4 calculation performed but the amount that the calculation shows should have been awarded does not match what is posted in Anthology. This helps catch potential billing mistakes and ensures that we stay within the 45 day timeline for returning funds.

Verify Attendance in all courses dropped/withdrawn from to ensure student attended all courses they were paid aid for by:

- Emailing instructor for Traditional courses.
- Using Canvas lookup on My.SENMC.edu for online courses.

The following are institutional charges that must be included in the student's R2T4 when applicable:

- Tuition and Fees
- Books and supplies
- SENMC Fees
- Course Fees

Examples of non-institutional charges that are not to be included in the student's R2T4 calculation include but are not limited to:

- Library fines
- Parking fines
- Health Center fees

- Application fees
- Degree fees

The calculation of earned Title IV funds includes the following Title IV grant and loan funds if they were disbursed or could have been disbursed to a student for the period of time for which the calculations is being performed:

- Pell Grant
- Iraq and Afghanistan Service Grant
- FSEOG
- Direct Loan

For Direct Loans, a second or subsequent disbursement must be counted as aid that could have been disbursed in the R2T4 calculation even if the student is ineligible to receive them as post-drop(withdrawal) disbursement. The disbursement of a Direct Loan for a first-time borrower who drops (withdraws) before the 30th day of the period of enrollment must also be counted as aid that could have been disbursed.

Federal Workstudy funds are not included in the calculation.

Post-Withdrawal Disbursement

Policy

A post-drop (withdrawal) disbursement, a type of late disbursement, applies to a student who withdraws completely from school. The amount of the disbursement is determined by the R2T4 calculation required when a student drops (withdraws) from school. All post-drop (withdrawal) disbursements must also meet late disbursement conditions. A student may not receive any funds as a post-drops (withdrawal) disbursement that we were prohibited from making on or before the date the student dropped (withdrew).

Post-withdrawal disbursements may be credited to a student's account to pay toward current tuition, fees, books, supplies up to the amount of outstanding charges. Authorization must be received from the student either before or after the student's withdrawal date to credit the student's account with Title IV funds for minor prior award year charges of \$200 or less.

Procedure

The Financial Aid Office must offer any post-withdrawal disbursements of loan funds within 30 days of the date of the schools determination that the student withdrew and make a post-withdrawal disbursement of grant funds within 45 days of that date.

Any undisbursed Title IV aid for the period that the school uses as the basis for the Return calculation is counted as aid that could have been disbursed as long as the following conditions were met before the date the student became ineligible:

- For all programs, the Department processed a Student Aid Report (SAR) or Institutional Student Information Record (ISIR) with an official Expected Family Contribution (EFC) for the student;
- FSEOG - student was offered an award prior to the withdrawal;
- Direct Loan – student was offered the loan and the loan was originated prior to the withdrawal. A promissory note must be signed for a loan to be included as “aid that could have been disbursed” in a R2T4 calculation. The signature may be obtained after the student withdraws. However, for the loan to be included as aid that could

have been disbursed the promissory note must be signed before the school performs the R2T4 calculation.

For Direct Loans, a second or subsequent disbursement must be counted as aid that could have been disbursed in the R2T4 calculation even if the student is ineligible to receive them as post-withdrawal disbursements.

The disbursement of a Direct Loan for a first-time borrower who withdraws before the 30th day of the period of enrollment must also be counted as aid that could have been disbursed. However, it is prohibited from actually disbursing these loan funds as a post-withdrawal disbursement.

If it has been determined that a student stopped attending all classes and is an unofficial withdrawal, and the 50% point is used as the withdrawal date, the Financial Aid Office must make a separate determination of the date the student lost eligibility before a post-withdrawal disbursement can be made.

It is permitted to credit a student's account with post-withdrawal disbursement of grant funds, without the student's permission, for current tuition, fees, books and supplies up to the amount of outstanding allowable charges.

It is not permitted to automatically credit loan funds to a student's billing account when a student is eligible for a post-withdrawal disbursement of loan funds. The student must be contacted to determine if the loan funds are still needed. This contact must include counseling regarding the obligation to repay loan funds. The student has 14 days in which to respond if a post-withdrawal disbursement of a Direct Loan is wanted. Once the student has been contacted, the final decision on whether or not they requested a post-withdrawal disbursement of loan funds must be documented in the student's file.

Returning Unearned Funds

Policy

Once the R2T4 has been calculated, the Title IV funds are refunded to the programs from which the student received aid during the period of enrollment in the following order, up to the net amount disbursed from each source:

- Unsubsidized Direct Loan
- Subsidized Direct Loan
- Direct Parent PLUS Loans
- Federal Pell Grants
- Iraq and Afghanistan Service Grant
- Federal Supplemental Opportunity Grants (SEOG)

The Financial Aid Office is responsible for ensuring that the return of unearned funds will be done as soon as possible but no later than 45 days from the determination of a student's withdrawal.

The Financial Aid Office will be considered to have returned funds timely as long as one of the following is done no later than 45 days after the date it has been determined that a student withdrew:

- Deposits or transfers the funds into the school's federal funds bank account, and then awards and disburses the funds to another eligible student
- Returns the funds to the Department electronically using the “Refund” function in G5

If it is required to return Direct Loan funds to comply with a regulatory or statutory requirement, even if more than 120 days have elapsed since the disbursement date, the Direct Loan funds must be returned through G5.

Direct Loan funds are returned to the Department following the same procedures that are followed when making other G5 refunds/returns.

Procedure

The Financial Aid Office must ensure the return of unearned funds be returned as soon as possible but no later than 45 days from the determination of a student's withdrawal.

Within 30 days of the date of determinations that the student withdrew, the Financial Aid Office must send a notice to the student's mailing address on record detailing the type of aid and the dollar amount being returned due to the withdrawal.

The Financial Aid Office must refer to the Secretary of the Department of Education, following the procedures required by the Secretary, an overpayment of Title IV HEA grant funds owed by a student as a result of the student's withdrawal from SENMC if:

- The student does not repay the overpayment in full, or enter a repayment agreement with SENMC within the earlier of 45 days from the date the notification of overpayment was mailed to the student; or
- At any time the student fails to meet the terms of the repayment agreement; or
- The student chooses to enter in a repayment agreement with the Secretary

When it has been determined that a student has withdrawn, the student is no longer considered to be enrolled and in attendance. Therefore, the student is no longer eligible for an in-school status or in-school deferment, and it is the responsibility of the Registrar to report the student as withdrawn into the Clearinghouse.