



## Return of Title IV Funds Policy

### 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.

“If a recipient of Title IV grant or loan funds withdraws from a school after beginning attendance, the school must perform an R2T4 calculation to determine the amount of Title IV assistance earned by the student. If the amount disbursed to the student is greater than the amount the student earned, the unearned funds must be returned. If the amount disbursed to the student is less than the amount the student earned, and for which the student is otherwise eligible, he or she is eligible to receive a post-withdrawal disbursement of the earned aid that was not received.

“Because a student begins earning Title IV funds on the first day of attendance, even if the student withdraws before a school’s census date, the school must perform an R2T4 calculation using the number of days or the number of scheduled clock hours the student attended class (see Step 2: Percentage of Title IV Aid Earned in Chapter 2.) The school must include in the R2T4 calculation all forms of Title IV aid that were disbursed or that could have been disbursed, even if the student receives a full tuition refund.

“Tuition refunds following a student’s withdrawal have no impact on the amount of Title IV aid that the student has earned under an R2T4 calculation. If a student withdraws during a term and a school provides a full tuition refund for that term (for example, for special circumstances such as medical reasons), the school may not return more Title IV aid than the R2T4 calculation specifies unless it gets the student’s permission to do so” ([2022/2023 FSA Handbook Volume 5 Chapter 1](#), pg. 5-6).

### SOURCES

- 34 CFR 668.22(a)(4), 34 CFR 668.22(g), 34 CFR 668.22(i), 34 CFR 668.22(j)(1)
- [2022/2023 FSA Handbook Volume 5 Chapter 1](#)

### DEFINITIONS

**Date of Determination** – The date of determination is the date in which the school determines that a student ceased attendance or completely withdrew from school. This may be the date that the institution becomes aware that the student ceased attendance, or the date that the student begins the official withdrawal process at the school.



**Earned Aid Calculation** – A formula used to determine the amount of Title IV aid the student earned for the payment period. To calculate the amount of Title IV aid earned by the student multiply the percentage of Title IV aid earned by the student, by the total amount of Title IV aid disbursed (including that which could have been disbursed to the student or on behalf of the student), for the payment period as of the student’s withdrawal date.

**Official Withdrawal** - The process by which a student begins the school’s official withdrawal process or provides official notification to the school of his or her intent to withdraw. The student’s approach to his or her withdrawal directly impacts the school’s date of determination for which the student ceased attendance, and is used in the return of Title IV funds calculation.

To officially withdraw, the student will need to notify a designated office; this office for most MCCC colleges is the Admissions and Records department. The designated office staff will assist the student to complete the withdrawal process. Schools will utilize a change in student status or comparable form to record a student’s withdrawal, official or unofficial (see “unofficial withdrawal” definition). The school registrar will determine the last date of attendance based on federal and institutional policy and the school’s date of determination. The date of determination is either the date that the student began the prescribed withdrawal process, or the date that the student provided the school with an official notification of his or her intent to withdraw, whichever is later. If the student is present, the student will sign and date the change in status or comparable form. Designated office staff will also sign and date the form, and retain it in the student’s file at the school.

**Order of Return of Title IV Funds** - A federally prescribed order for returning Title IV FUNDS required as a result of a return of Title IV funds calculation. Unearned funds, returned by either the institution or the student, are credited to the programs from which the student received the aid from during the payment period, up to the net amount disbursed from each program. Funds will be returned based on the following order:

1. Unsubsidized Federal Direct Stafford Loans
2. Subsidized Federal Direct Stafford Loans
3. Federal Pell Grants
4. Iraq and Afghanistan Service Grants
5. Federal Supplemental Educational Opportunity Grants (FSEOG)

**Percentage of Title IV Aid Earned** – Definitions for term, and modular programs below, in accordance with ED regulations:

**Title IV Credit Balance** - A Title IV credit balance occurs whenever the amount of Title IV Funds credited to a student’s account for a payment period exceeds the allowable charges associated with the semester (payment period). All Title IV federal student aid credit balances are disbursed directly



to the student and refunded to the method selected in the student center. Refunds are generally processed within 3 business days but no later than 14 days of when credit balance occurred.

## STANDARD TERM PROGRAMS

Upon the withdrawal, the District Office Student Financial Services (DOSFS) will calculate the percentage and amount of awarded federal student aid funds that the student has earned in the payment period. In some cases and depending upon the withdrawal date and percentage of completion, the student may earn 100 percent of the FSA funds, the calculation will still be completed as required and the amount earned will be based on the percentage of the term or payment period that was completed in days up to and including the last date of attendance or eligible academic activity, with scheduled attendance locked at census / Pell recalculation. To calculate the amount earned, DOFA will determine the percentage by dividing the number of calendar days completed in the term/payment period up to and including the last date of attendance by the total number of calendar days in the term/payment period. The number of days a student is scheduled to attend during a payment period is determined based on the start and end date of the scheduled term / payment period. All scheduled breaks during the term / payment period are excluded from the calculation.

## MODULES

A program that is offered in modules is a program that consists of course(s) in the program that do not span the entire length of the payment period or period of enrollment. ***Regulatory change effective July 1, 2021: a program is offered in modules if the program uses a standard-term or non-standard term academic calendar, is not a subscription-based program, and a course or courses in the program do not span the entire length of the payment period or period of enrollment.*** The DOSFS will calculate the percentage and amount of awarded federal student aid that the student earned within the payment period. If the student has completed more than 49 percent of the payment period, *or* has completed all of the degree requirements from his/her program before completing the days/hours in the period that he/she was scheduled to complete, *or* if the student completes coursework equal to or greater than the coursework required for the institution's definition of a half-time student for the payment period, *or* the school receives written notification that the student will attend a module that begins in the same payment period or period of enrollment, the student is not considered to have withdrawn, and a Return of Title IV Funds (R2T4) is not required and will not be calculated.

When a student withdraws from the payment period before completing 49 percent of the payment period, the amount of federal student aid the student earned is determined based on a specific



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formula. The number of days a student is scheduled to attend during a payment period is determined based on the start and end date of the scheduled term / payment period, with scheduled attendance locked at census / Pell recalculation. Scheduled breaks are excluded from the calculation. The amount of assistance the student earned is determined on a rate-of-progression basis.

### **NON-TERM PROGRAMS**

A program that is offered in clock hours is a program based on hours for the length of the program instead of a term or semester. Upon withdrawal, the District Office Student Financial Services (DOSFS) will calculate the percentage and amount of awarded federal student aid funds that the student has earned in the payment period. In some cases and depending upon the withdrawal date and percentage of completion, the student may earn 100 percent of the FSA funds, the calculation will still be completed as required and the amount earned will be based on the percentage of the payment period that the student was scheduled to complete in hours up to and including the last date of attendance or eligible academic activity. To calculate the amount earned, DOFA will determine the percentage by dividing the number of hours that the student was scheduled to complete in the payment period up to and including the last date of attendance by the total number of hours in the payment period. The number of hours that a student is scheduled must be those established by the school prior to the student's beginning class date and hours must have been established in accordance with the college's requirements. All scheduled breaks and periods during a leave or make up hours during the payment period are excluded from the calculation.

**Post-Withdrawal Disbursement** - If, as of the date of the institution's determination that the student withdrew the amount of Title IV aid that the student earned is more than the amount of Title IV aid disbursed to the student or on behalf of the student, the difference between these amounts is considered earned aid, and must therefore be applied to outstanding charges on the student's account and/or directly disbursed to the student.

**Return of Title IV Funds (R2T4)** - When a recipient of Title IV aid withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the school must calculate the amount of earned and unearned Title IV aid and compare this to the amount of aid disbursed at the date of determination, to determine how to proceed.

If it is determined that the amount of Title IV aid disbursed exceeds the amount of Title IV aid earned, a return of Title IV funds is due, and both the school and the student may have a responsibility for returning the unearned portion of the funds. The school must return the unearned portion of Title IV aid for which the school is responsible for and notify the student of the unearned portion of Title IV aid that the student is responsible for and therefore must return.



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If it is determined that the amount of earned Title IV aid exceeds the amount of Title IV aid disbursed, the student may be eligible for the amount of aid not yet disbursed, in the form of a post-withdrawal disbursement. A post-withdrawal disbursement must be made within 180 days of the date the institution determined that the student withdrew. The amount of a post-withdrawal disbursement is determined by following the requirements for calculating earned Title IV aid and has no relationship to incurred educational costs. All Title IV federal student aid credit balances are disbursed directly to the student and refunded to the method selected in the student center. Refunds are generally processed within 3 business days but no later than 14 days of when credit balance occurred.

## **TITLE IV LOANS**

For unearned funds calculated to be returned by the school:

It is policy, as part of the R2T4 process, to provide notification to the student indicating the loan type(s) and amount(s) calculated as needing to be returned and, thus, the date returned by the school. The school must return the lesser of the amount of Title IV funds not earned, or the amount of institutional charges that the student incurred for the payment period multiplied by the percent of funds not earned.

For unearned Title IV funds calculated to be returned by the student:

If there is a remaining balance of unearned Title IV aid which needs to be returned, after the school has returned its portion of unearned Title IV aid, the student (or the parent for plus loan) is responsible for returning this amount. While the student must return or repay any unearned Title IV loan amount in accordance with the terms of the loan, the student must repay any unearned Title IV grant funds as an overpayment of the grant. The student's portion is calculated by subtracting the amount of unearned Title IV aid that the institution is required to return from the total amount of unearned Title IV aid required to be returned. If it is calculated that unearned loan(s) need to be returned by the student, the center will notify the lender or servicer of the student's last date of attendance; the student will not need to repay the loan(s) immediately, but will repay the loans based on the terms of the promissory note. The lender or servicer will notify the student or parent, per the terms of the promissory note.

## **TITLE IV GRANTS**

For unearned funds calculated to be returned by the school or student:

It is policy, as part of the R2T4 process, to provide notification to the student indicating the grant type(s) and amount(s) calculated as needing to be returned and, thus, the date returned by the school.



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**Return of Unearned Aid** - If, as of the date of the institution's determination that the student withdrew the amount of Title IV aid that the student earned is less than the amount of Title IV aid disbursed to the student or on behalf of the student, the difference between these amounts is considered unearned aid, and must therefore be returned to the Title IV program in a specified order, by either the school, the student, or both.

**Unofficial Withdrawal** (also known as an "administrative" withdrawal) - A student who did not begin the official withdrawal process or provide notification of his or her intent to withdraw; the date of the school's determination that the student withdrew would be the date that the school becomes aware that the student ceased attendance. See "official withdrawal" definition above. A student who does not notify the school that s/he is withdrawing but ceases attending, is administratively withdrawn by the school within 14 days of non attendance; this is otherwise known as an unofficial withdrawal. A student is administratively withdrawn from school when the student violates the school's published attendance policy, which adheres to state licensing and accreditation requirements. Please see the school's catalog for its current attendance policy.

**Withdrawal Date** (also known as the "last date of attendance") - The date that the student begins the school's withdrawal process or the date that the student provides official notification of intent to withdraw, whichever comes earlier. If the student does not provide any official notification of intent to withdraw, the withdrawal date will be determined by the school, and depend upon the student's circumstances.

## **FEDERAL TITLE IV REFUND POLICY**

If a recipient of Title IV grant or loan funds withdraws from a school after beginning attendance, the school must perform a Return of Title IV funds (R2T4) calculation to determine the amount of Title IV federal student aid funds earned by the student. If the calculation determines that the amount of Title IV aid disbursed to the student is greater than the amount the student earned, the unearned Title IV funds must be returned to the program. If it is determined that the amount of Title IV aid disbursed to the student is less than the amount the student earned (and for which the student is otherwise eligible for), the student may be eligible for a post-withdrawal disbursement for the earned Title IV funds not yet disbursed to the student.

The R2T4 calculation is required if a student receiving Title IV federal student aid ceases attendance or completely withdraws from all courses without completing the semester (payment period).

The school must determine the amount of Title IV aid earned by the student, as of the withdrawal date. Once the earned portion is calculated, the unearned portion is calculated to determine if funds



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must be returned to the program or a post-withdrawal disbursement is necessary. Federal policy is followed to determine the amount of Title IV aid earned on a case by case basis. The R2T4 calculation is always required when a student fully withdraws or ceases attendance prior to the scheduled end of the semester, the calculation may determine that the student earned 100% of Title IV funds and will not be required to return funds. A return of Title IV funds worksheet is calculated when a student ceases attendance in all courses within the scheduled semester (payment period), i.e. withdrawal.

## **WITHDRAWAL PROCEDURE OVERVIEW:**

### **Policy Disclaimer**

This policy serves as a guideline for the refund of Title IV and tuition procedure with the understanding that it does not cover every possible scenario. As a result, complex areas may arise where certain refund procedures may need to be addressed on a case-by-case basis.