

Return of Title IV Funds (R2T4)

The law specifies how schools must determine the amount of Title IV program assistance that is earned when a federal financial aid recipient withdraws from school. The Title IV programs that are covered by this law are: Federal Pell Grants, National SMART Grants, TEACH Grants, Federal Direct Loans, Federal Direct PLUS loans, Federal Supplemental Educational Opportunity Grants (FSEOG), Federal Iraq Afghanistan Grant, and Federal Perkins Loans.

When the student withdraws during the payment period, the amount of federal grant and/or loan assistance earned up to that point is determined by a specific formula. If less assistance is received than what was earned, the student may qualify for those funds. If more assistance is received than earned, the unearned funds must be returned by the school and/or student to the appropriate federal program(s).

The federal code of regulations 34 CFR 668.22 defines the treatment of withdrawals, the calculation of earned and unearned aid, the disbursement or return of federal funds, and the timelines for each.

NOTE: The requirements for Title IV program funds when a student withdraws are separate from any refund policy that the school may have. Please refer to the specific school website for information on the institution's tuition refund policy and requirements and procedures for withdrawing from school.

Calculation of Earned Title IV Assistance

Percentage of Title IV aid earned

The percentage of Title IV federal aid assistance earned by the student will be determined on a pro-rata basis up to the 60% point of a student's payment period. For example, if the student completed 30% of a payment period, 30% of the aid originally scheduled to be received would have been earned. Once a student has completed more than 60% of a payment period, 100% of awarded aid has been earned.

Amount of Title IV aid earned

After calculating the percentage of aid earned, the amount of aid earned is calculated and rounded to the one-hundredth decimal. Federal Pell Grant, Supplemental Educational Opportunity Grant (SEOG), Federal Iraq Afghanistan Grant, Direct Subsidized Loan, Direct Unsubsidized Loan, Federal Direct PLUS loan, and Federal Perkins Loan aid that has been disbursed or yet to be disbursed will be included in the calculation of amount of aid earned. Federal Work Study is excluded.

Withdrawal and Return of Title IV Funds Reporting

The Maricopa Community College District's (MCCD) Student Financial Services Office will run reports routinely each week to identify and perform Return of Title IV (R2T4) calculations of federal financial aid recipients. The reports will identify federal aid recipients that:

- Completely withdrew
- Received a non-passing grade in the course with the latest end date in the student's semester. However, if the last date of attendance corresponding to the non-passing grade is at the end of the course, no R2T4 is required.

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. If a post-withdrawal disbursement includes Loan funds, the school must get student permission before it can disburse them. If a post withdrawal disbursement includes Grant funds, the school may automatically use all or a portion of them for tuition, fees, and room and board charges (as contracted with the school). The school needs student permission to use the post-withdrawal grant disbursement for all other school charges. If a student does not give permission, the

funds will be offered. In both cases it may be in the student's best interest to allow the school to keep the funds in order to reduce any debt owed to the school.

Post-Withdrawal Disbursement of Grant Funds

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 and fees). Any remainder of grant aid will be paid to the student. The student will be notified within 30 days of the date of determination of withdrawal of the post-withdrawal disbursement. Student has 14 days from the date of notification to respond to college. A refund will be sent within 45 days of the date that the college determined that the student withdrew.

Post-Withdrawal Disbursement of Loan Funds

A post-withdrawal disbursement of loan funds may be paid if the student is eligible to receive the funds. 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 disbursement. Upon receipt of a timely response from the student (or parent) (14 days from date of notification), the College 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).

Note: There are some Title IV funds that a student was scheduled to receive that cannot be disbursed to the student once the student withdraws because of other eligibility requirements. For example, if a student is a first-time, first-year undergraduate student and has not completed the first 30 days of the program before withdrawing, the student will not receive any Direct Loan funds that would have been received if the student remained enrolled past the 30th day.

The College maintains the right to decide whether or not to make a post-withdrawal disbursement in the event that the student responds after 14 days of the date that the notification was sent. If the College decides not to make this post-withdrawal disbursement, it will inform the student in writing.

Return of Unearned Funds to Title IV

When the total amount of Title IV grant and/or loan assistance that was earned as of the withdrawal date is less than the amount that was disbursed to the student, the difference between the two amounts will be returned to the Title IV program(s) and no further disbursements will be made.

Funds returned by the College

If a student has received unearned funds, the College will return a portion of the unearned excess equal to the lesser of:

- The student's institutional charges multiplied by the unearned percentage of funds, or
- The entire amount of the unearned funds.

The funds will be returned in the order below as prescribed by federal regulations, within 45 days from the date of determination that a student withdrew.

- Unsubsidized Federal Direct Loans
- Subsidized Federal Direct Loans
- Federal Direct PLUS loans
- Federal Pell Grants
- Federal Supplemental Educational Opportunity Grants (FSEOG)
- Federal Iraq Afghanistan Grant

The student will be notified of any funds returned by the College within 60 days of the date the College determined that the student withdrew.

Funds returned by the Student

In the event there is remaining unearned aid, the student is responsible for returning those funds. Any amount of unearned grant funds that a student must return is called an overpayment.

Return of Loan Funds

When loan funds should be returned (student or parent if PLUS loan), they will be repaid in accordance with the terms of the promissory note over a period of time. That is, the student will make scheduled payments to the holder of the loan over a period of time.

Return of Grant Funds

When grant funds should be returned, the law provides that the student may repay 50% of a federal grant rather than 100%. The College will notify the student of the overpayment within 30 days of the date it determined that the student withdrew and requires the student to pay in full or make satisfactory repayment arrangements with the college within 45 days of the date of notification. If payment is not received, the overpayment is reported by the Maricopa County Community College District (MCCCD) to the National Student Loan Data System (NSLDS) and the U.S. Department of Education's Borrowers Service to collect as soon as possible after 45 days. The student must make arrangements with the Department of Education to return the unearned grant funds.

Note: The student who owes an overpayment remains eligible for federal student aid from the earlier of 45 days from the date the institution sends a notification to the student of the overpayment, or 45 days from the date the institution was required to notify the student of the overpayment.

Unearned Aid Returned and Repayment by Student

All unearned funds returned by the College to the Title IV programs will be charged back to the student's account.

Re-enrollment in the Payment Period after Title IV Funds Have Been Returned

When a student returns to the College within a semester after withdrawing, and unearned Title IV funds have been returned to their respective program accounts, the aid may be reinstated if the College is able to recover the funds for disbursement and the student is eligible.

Timeframe for the Return of Title IV Funds

The Maricopa Community Colleges 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.
 - 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.