

## **Return of Title IV Funds (R2T4) Policy (Reviewed October 2019)**

The law specifies how WCC must determine the amount of Title IV program assistance that a student earns if they withdraw from school. The Title IV programs covered by this law are: Federal Pell Grants, Iraq and Afghanistan Service Grants, Direct Loans, Direct PLUS Loans and Federal Supplemental Educational Opportunity Grants (FSEOG).

Though aid is posted to student accounts early in their period of enrollment, the students earn the funds as they continue to attend classes. If the student withdraws during their period of enrollment, the amount of Title IV aid that they earned up to that point is determined by a specific formula. If the student received more aid than they earned, the excess aid must be returned by WCC and/or the student.

### Determination of Last Date of Attendance:

There are two types of withdrawals that fall under the return of Title IV (R2T4) federal regulations:

1. **Official Withdrawal:** A student can withdraw from all courses for a semester by logging into the WCC Gateway, selecting MyWCC, Registration and following the directions to withdraw. The Student Connection staff is available to assist students with the withdrawal process and also to answer any questions. The Student Connection is located on the second floor of the Student Center Building or can be reached at 734-973-3543. If a student withdraws from all of his or her courses for a semester, the date of the last withdrawal status will be used in the R2T4 calculation.
2. **Unofficial Withdrawal:** If a student begins to attend class, receives federal Title IV aid, but then ceases to attend class without withdrawing from the course, the Federal Government considers this to be an "unofficial withdrawal". For Title IV purposes, faculty members will be asked to document the student's last date of academic contact. The latest last date of academic contact will be used in the R2T4 calculation. If the faculty does not provide a last date of academic contact, the midpoint of the semester will be used.

Some students may have a mixture of unofficial and official withdrawals from courses. In all cases, the latest date will be used in the R2T4 calculation.

The amount of assistance that a student earns is determined on a pro rata basis. For example, if the student completed 30% of their period of enrollment, they earned 30% of the financial aid they received. Once the student has completed more than 60% of the period of enrollment, they have earned all the financial aid they received for that period.

If the student received excess Title IV funds that must be returned, WCC must return a portion of the excess equal to the lesser of:

1. The student's institutional charges multiplied by the unearned percentage of their aid, or
2. The entire amount of excess funds

WCC must return this amount even if WCC didn't keep this amount of the student's Title IV aid (it was refunded to them). If WCC is not required to return all of the excess funds, the student must return the remaining amount.

WCC may be required to return a portion of Title IV loan funds. WCC will return the appropriate amount of the loan to the federal government, with a resulting charge to the student's account. The student must make arrangements to repay WCC for the returned loan amount. Any loan funds that the student must return, they (or the parent for a Direct PLUS Loan) repay in accordance with the terms of the promissory note. That is, the student (or parent) makes scheduled payments to the holder of the loan over a period of time.

Any amount of unearned grant funds that the student must return is called an overpayment. The maximum amount of a grant overpayment that the student must repay is half of the grant funds they received. WCC will return the appropriate amount of grant to the federal government, with a resulting charge to the student's account. The student must make arrangements to repay WCC for the grant overpayment.

If unearned funds need to be returned, they will be returned in the following order:

1. Unsubsidized Federal Stafford Loans
2. Subsidized Federal Stafford Loans
3. Federal Perkins Loans
4. Federal Parent PLUS Loans
5. Federal Pell Grant
6. Federal Supplemental Educational Opportunity Grant (FSEOG)
7. Iraq and Afghanistan Grant

#### Post-Withdrawal Disbursement

If the student has accepted his/her federal aid and it has not disbursed, the reason for the non-disbursal will be ascertained. If any of the following conditions have been met below the aid will be included in the "Aid that Could Have Disbursed" section of the calculation to determine if a post-withdrawal disbursement is due:

- a. Federal Pell Grant: ISIR received date with an "official" EFC preceding the withdrawal date and student meets all other eligibility criteria.
- b. FSEOG: Aid was awarded prior to withdrawal date.
- c. Direct PLUS, Subsidized, Unsubsidized, and Perkins: Loan had originated prior to withdrawal date and Master Promissory Note (MPN) was signed prior to R2T4 calculation date.

If the post-withdrawal disbursement calculation indicates that a post withdrawal disbursement is due from grant funds and the student has outstanding institutional charges, the funds are automatically applied to the student's billing account. If the calculation indicates that a post-withdrawal disbursement is due from loan funds, or grant funds remain available after being applied to outstanding institutional charges, the student/parent is sent a letter/email notifying him/her of the amount available. The student/parent is asked to return the letter/email within 14 days indicating whether he/she wishes to receive the aid and if so, the amount. The R2T4 disbursement will be made as soon as possible, but no later than 45 days after the date that WCC determines that the student withdrew.

A school may not make a Post-Withdrawal Disbursement to the account or estate of a student who has died. Also a student's estate is not required to return any Title IV funds.

*Example of an R2T4 calculation for a Title IV recipient who has withdrawn or stopped attending:*

Institutional charges: \$768  
Federal Direct Unsubsidized Loan: \$2228  
Federal Direct Subsidized Loan: \$1733  
Federal Pell Grant: \$1387  
Total Title IV aid: \$5348

Student withdrew on the 46<sup>th</sup> day of a 107 day enrollment period.

Percent of aid earned:  $46/107 = 43\%$

Percent of aid unearned:  $100\% - 43\% = 57\%$

Amount of Title IV aid that is unearned  $\$5348 \times 57\% = \$3048$

WCC is responsible for returning the lesser of unearned Title IV aid (\$3048 from above) or unearned institutional charges ( $\$768 \times 57\% = \$438$ ). WCC will return the aid as follows:

Federal Unsubsidized Loan: \$438

The example shown above does not represent every student refund situation that may exist. Please contact the Financial Aid Office with any questions.

WCC reserves the right to amend the R2T4 Policy at any time in order to comply with Federal regulations.

R2T4 refunds will be calculated throughout the semester. WCC will notify the student of the results of their calculation within 45 days of the student's last withdrawal or the date WCC is aware of the student's last date of attendance.