

## **Return of Title IV(R2T4)/Refund Repayments Policy & Procedures**

### **Purpose**

To establish reasonable standards for returning federal and state funds for students who completely withdraw from the College and determine the percentage of aid earned based on the time that the student was enrolled. This policy is subject to change in order to comply with administrative and regulatory requirements.

### **General Requirements**

Federal and state aid is awarded and disbursed based on the assumption that a student will attend courses for the entire semester and is therefore eligible for the entire amount of the disbursement.

The Student Records Office and/or the Dean of Students' Office are officially designated by the school as the office where students are to provide official notice of intent to withdraw. If a student stops attending classes before completing up through 60% of the semester, the student is considered to have earned only a percentage of his/her aid equal to the percentage of the semester completed. In such cases, the school must apply federal and state rules to determine how much unearned aid must be repaid by the student and the school, respectively.

Holyoke Community College has its own institutional refund policy which determines the charges that a student will owe after withdrawing. This institutional refund policy is separate from and does not affect the amount of Title IV aid earned under the Return of Title IV funds calculation.

### **Types of Withdrawals**

- **Complete withdrawals**  
When a student withdraws from all of his or her classes the amount of financial aid that he/she is allowed to keep is determined on a pro rata basis. For example, if the student completed 30% of the semester, the student is allowed to keep 30% of his or her financial aid. The remaining 70% must be returned to the federal and/or state financial aid programs. Once a student has completed more than 60% of the semester, the student is allowed to keep 100% of his or her financial aid. Due to this ruling, if a student withdraws from all classes before the 60% point of the semester, the school is required to return a portion of the financial aid funds that were used to pay the school bill. This will result in unpaid charges on the student's account.

- Partial withdrawals  
Federal rules require schools to reduce financial aid when a student withdraws from a single course, if the student is not attending any other courses at the time of the withdrawal and the student has not provided written confirmation of his or her intention to attend other courses that begin later in the semester.
- Unofficial withdrawals  
If a student stops attending, and fails to officially withdraw from classes, the student is considered to be an unofficial withdrawal.

### **Withdrawal Date**

- Student initiated withdrawal  
The College generally uses the date the student *obtained* the withdrawal slip(s) (“Date given out”) from the Student Records Office as the withdrawal date. The “Date given out” is considered to be the date the student initiated the withdrawal process. If “Date given out” is blank on the withdrawal slip, we use the “Date rec’d”.
- Administrative withdrawals  
If the withdrawal is the result of AW grades (administrative withdrawal for excessive absences) we generally use the “Last Date of Class Attendance” on the withdrawal slip(s) as the withdrawal date. That date is considered to be the best indication of the student’s last date at an academically related activity.
- Unofficial withdrawals  
For unofficial withdrawals we generally use the midpoint of the semester as the withdrawal date although a different date may be used if the school has received a last date of attendance from an instructor.

If the student’s withdrawal date is the same date as the disbursement date we consider the aid disbursed prior to the withdrawal.

### **Date the Student Withdrew Is Determined by the College**

The date the student withdrew as determined by the College must be identified when performing a refund calculation. For student initiated withdrawals, it is the same date as the withdrawal date. For administrative withdrawals, we generally use the date the last withdrawal slip was submitted to the “designated office” (Student Records Office) as the date the school determined the student withdrew. For unofficial withdrawals, we use the date we run the unofficial withdrawal report (see “Unofficial Withdrawals”).

### **Unofficial Withdrawals**

When a student earns a passing grade in one or more full-term classes we presume that the student completed the semester. On the other hand, if a student fails to earn a passing grade in at least one full-term course, we assume that the student has unofficially withdrawn from school unless we can document attendance past the point of earning 100% of the financial aid awarded.

To determine unofficial withdrawals we run a report at the end of the term that identifies students who have no passing grades. Following that we review each student's record for documentation of a Last Date of Attendance (LDA) on or after the date when 100% of the aid is earned (just beyond the 60% point of the term). We determine the LDA by reviewing records from the Student Records Office. Instructors are required to report the LDA when submitting final grades that are not passing grades. The LDA is also reported on administrative withdrawal slips.

If there is no proof of attendance beyond the 60% point of the term, the student is considered an unofficial withdrawal and a refund calculation is performed.

### **Institutional Charges**

Books and supplies are counted as institutional charges and are included as "fees." Health insurance, parking fines and library fines are considered to be non-institutional charges. When determining the total charged and the unpaid charges we do not count any course that is not included in adjusted financial aid hours due to course exclusions, satisfactory academic progress restrictions, or repeat issues.

When determining whether or not a student ever attended, priority is placed on records in this order:

1. Faculty confirmation rosters completed early in the term and maintained by the Student Records Office.
2. Official withdrawal slips, including those used to assign AW grades.

If the student received an institutional refund (a reduction in tuition and/or fees, normally because of early partial withdrawal), we still use the initial amount charged on worksheets. We deduct the institutional refund from "outstanding charges" when calculating the additional earned state aid.

If the student is activated for military duty and all charges are dropped, we generally cancel any state aid not yet paid and refunded to the student and perform a R2T4 calculation on the federal aid. We use initial assessed charges when calculating the refund(s) even though all the charges have been dropped.

We round amount to be returned to the nearest dollar. Post-withdrawal disbursements are rounded down.

### **Aid That Was Disbursed or Could Have Been Disbursed**

The College calculates the amount of earned Title IV funds by applying a percentage to the total amount of Title IV program assistance that was disbursed or that could have been disbursed. When calculating the amount of loan funds, the net amount of disbursed or could have been disbursed is used.

If aid has not yet been disbursed, we determine if the student is eligible for a late disbursement using the following criteria:

#### All Programs

The student has an Institutional Student Information Record (ISIR) with an *official* Expected Family Contribution (EFC) processed by the Federal Department of Education prior to withdrawal.

#### SEOG

The student was awarded the grant prior to withdrawal.

#### State Funds

The student was awarded the funds prior to withdrawal. For MassGrant, the funds were certified prior to withdrawal.

#### Direct Loan

The loan was originated prior to withdrawal. A promissory note must have been signed by the student for the loan to be included in aid that could have been disbursed. A signature on a promissory note may be obtained after the student withdraws provided it is obtained within 30 days of the date of determination that the student withdrew. Loans for students in the two categories below are counted as aid that could have been disbursed if a promissory note has been signed, however, the students are not able to receive the funds if:

1. The student is a *first-year, first-time* borrower and withdrew before the *30<sup>th</sup> day* of the academic year.
2. The student is scheduled to receive a late *second* or *subsequent* loan disbursement (and the student did not successfully complete the loan period)

If a late disbursement can be made, we proceed with the calculation as described below.

For federal aid the *Return of Title IV Funds on the Web* feature located on the FAA Access to CPS Online website is used for the calculation. For state aid the “*State*

*Financial Aid Programs Refund Worksheet*” on the Massachusetts Office of Student Financial Assistance website ([www.osfa.mass.edu](http://www.osfa.mass.edu)) is used.

### **Order of Return of Funds**

We return Title IV funds to the programs from which the student received aid during the payment period or period of enrollment as applicable, in the following order, up to the net amount disbursed from each source:

- Unsubsidized Direct Stafford loans (other than PLUS loans)
- Subsidized Direct Stafford loans
- Direct PLUS loans
- Federal Pell Grants
- Federal Supplemental Educational Opportunity Grants (FSEOG)
- Iraq and Afghanistan Service Grant

### **Post Withdrawal Disbursement**

If a student received less aid than the amount earned, the student may receive a post withdrawal disbursement.

For grant aid, if the post withdrawal calculation indicates that the student has outstanding institutional charges, the funds are automatically applied to the student’s billing account. For loans, the borrower (student or parent) must be contacted before a post-withdrawal disbursement can be made to explain his or her loan obligations and confirm the funds are still needed. In such cases, the “Post Withdrawal Notice: Loan Offer to Student” letter is sent to notify the student of the amount of loan funds available, confirm if the funds are still needed, and explain his or her loan obligations. If there is no response from the student after 14 days, the loan is cancelled. If the offer is returned with a “wanted” amount, a post-withdrawal disbursement is made to the student’s billing account.

### **Modules**

A program is considered offered in modules if a course, or courses, in the program do not span the entire length of the semester. The regulations aim to provide for consistent and equitable treatment of students who withdraw from a program measured in credit hours, regardless of whether courses in the program span the entire term or consist of shorter modules.

A student is considered to be a withdrawal if at the time the student stops attending a course: he/she is not attending any other course or courses for the semester and did not confirm attendance (confirmation may be made on the course withdrawal slip) in any

course, or courses, beginning later in the term. When the student confirms future attendance, the student's record must be monitored to be sure that he/she actually does begin attendance in a later class. If the student does not begin attendance in any future class, a Return of Title IV (R2T4) is calculated with a withdrawal date reverting back to the initial date of withdrawal.

Example: A student registers for one January intersession class and three spring classes. The student completes the intersession class and withdraws from the three spring classes two weeks into the spring semester. The student is considered a withdrawal because at the time she withdrew from her three spring classes she was not attending any other courses.

Unless a student drops courses while still attending other classes, we have to count the courses that the student dropped as courses that he/she was "scheduled to attend."

Example: A student who is enrolled in a January intersession class drops his/her spring classes while attending the intersession class, the student was only "scheduled to attend" the intersession. However, if the student drops the spring classes AFTER the intersession class was over, the student was "scheduled to attend" both the intersession and the regular spring semester.

### **Return of Unearned Aid by the School**

The College must return any unearned Title IV funds it is responsible for returning within 45 days of the date the school determined the student withdrew and offer any Post-withdrawal disbursement of loan funds within 30 days of that date. The College must also disburse any Title IV grant funds a student is due as part of a Post-withdrawal disbursement within 45 days of the date the school determined the student withdrew, plus disburse any loan funds a student accepts within 180 days of that date. Unearned funds are paid directly to the U. S. Department of Education and/or Massachusetts Office of Student Financial Assistance by the College on the student's behalf.

### **Return of Unearned Aid by the Student**

When a student owes an overpayment of aid due to the R2T4 calculation, either the aid is reduced to repay the overpayment or a series of three letters over a 45 day period are sent to the student requesting repayment of the unearned funds. If the student fails to repay the funds by the requested "due date," the overpayment is reported to the National Student Loan Data System (NSLDS) and to the Federal Borrower Services (for federal funds) and/or to the state Office of Student Financial Assistance (OSFA), as appropriate. When the student owes any money to the College resulting from the return of unearned financial aid, the student is billed by the Student Account Services Office at Holyoke Community College. If the student does not pay the funds due to the College, a hold is

placed on the student's account and he/she will not be permitted to register for classes or receive transcripts until the balance has been resolved.

**Student Notification**

A revised financial aid award letter is mailed to students who have had a R2T4 calculation done that resulted in a reduction of their aid award.

**Withdrawal Calculation Examples**

The following two examples are given to show the basic theory behind the R2T4 formula:

1. Susan Student received the following financial aid:

Federal Pell Grant	\$2082
Federal SEOG	100
Subsidized Direct Loan (net)	1733
Unsubsidized Direct Loan (net)	2735
Financial Aid Tuition Waiver	144
MA Furcolo Access Grant	<u>74</u>
Total	\$ 6868
Less Tuition, Fees & Books	<u>- 1603.08</u>
Susan's Credit Balance	\$5264.92

Susan totally withdrew on the 53<sup>rd</sup> day of a 108 day term, or 49.1%. Federal law states that she received or would have been eligible to receive:

Federal Aid Disbursed (100%)	\$6650
Aid Earned (49.1%)	<u>- 3265.15</u>
<b>Unearned Aid (50.9%)</b>	<b>\$3384.85</b>

HCC and Susan share the responsibility of returning unearned aid to the federal programs. According to federal policy, HCC's institutional share is determined by multiplying the total charges (\$1603.08) by the unearned percentage (50.9%); in this case, \$815.97. In this example, HCC will return this amount to Susan's lender (U.S. Department of Education) to reduce her Unsubsidized Federal Direct Loan balance owed. Susan is then responsible for the remaining balance due to the U.S. Department of Education, calculated as:

Unearned Aid	\$ 3384.85
HCC's Share	<u>816</u> (after rounding)
Susan's Unearned Share	\$2568.85

The amount of unearned aid due from the student is \$2568.85. Susan's portion is calculated as:

Total Loans Disbursed	\$4468
HCC's Share	<u>-816</u>
Remaining loan amount	\$3652 (\$1919 unsubsidized & \$1733 subsidized)

The repayment allocation back to federal programs for Susan's student portion (\$2568.85) is as follows:

Unsubsidized Direct Loan	\$ 1919
Subsidized Direct Loan	\$ 649.85
Federal Pell Grant	0
Federal SEOG	0

Federal policy allows Susan to repay the loan funds in accordance with the terms of the Master Promissory Note that she signed.

State aid return calculations are applied in the same way as Return to Title IV regulations.

Financial Aid Tuition Waiver	\$144
MA Furcolo Access Grant	<u>74</u>



Total State Aid \$218

Amount of earned state aid ( $\$218 \times 49.1\% = \$107$ ). Amount of unearned state aid ( $\$218 - \$107 = \$111$ ) is the state aid to be refunded to state financial aid programs.

Financial Aid Tuition Waiver is reduced by \$111 to repay Susan's state aid overpayment.

Susan will now owe \$927 to HCC (\$816 loan reduction and \$111 tuition waiver reduction).

2. Sam Student received the following financial aid:

Federal Pell Grant	\$694
Less Tuition, Fees & Books	<u>- 521.92</u>
Sam's Credit Balance	\$172.08

Sam totally withdrew on the 54<sup>th</sup> day of a 108 day term, or 50%. Federal law states that he received or would have been eligible to receive:

Federal Aid Disbursed (100%)	\$694
Aid Earned (50%)	<u>- 347</u>
<b>Unearned Aid (50%)</b>	<b>\$347</b>

HCC and Sam share the responsibility of returning unearned aid to the federal programs. According to federal policy, HCC's institutional share is determined by multiplying the total charges (\$521.92) by the unearned percentage (50%); in this case, \$260.96. In this example, HCC will return this amount to the U.S. Department of Education. Sam is then responsible for the remaining balance due to the U.S. Department of Education, calculated as:

Unearned Aid	\$ 347
HCC's Share	<u>261 (after rounding)</u>
Sam's Unearned Share	\$ 86

Even though the initial amount of unearned aid due from the student is \$86, Sam's portion is actually calculated to be \$0 due to the following grant protection allowance calculation:

Sam's repayment obligation for grant funds is calculated by taking his total unearned share, then multiplying total grant received by half ( $\$694 \times 50\% = \$347$ ) which is the grant protection allowance ( $\$86 - 347 = 0$ ). Since the grant protection allowance is more than Sam's share to return, Sam does not owe a grant refund. However, Sam will end up owing \$261 to HCC due to the College's return of unearned aid.

### **Consumer information**

Information about this policy is made available to students through the following:

- Insert with the initial award letter.
- The financial aid information on the HCC website.
- The financial aid information in the HCC Student Handbook.
- The financial aid information in the HCC College Catalog.