

Return of Title IV Funds

Process Overview and Applicability

Federal financial aid recipients who have withdrawn from all their classes, or stopped attending all their classes, are subject to the Return to Title IV Funds (R2T4) process. If a student receives the Pell Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), Iraq and Afghanistan Service Grant, Federal Direct Loan or PLUS Loan, they must earn their financial aid by attending class beyond the 60% point of their scheduled classes. If they withdraw from all classes OR stop attending all classes on or before the 60% point of their currently scheduled classes, the school and/or student may owe back a portion of the financial aid disbursed.

The R2T4 requirement is a complex process involving a great deal of interoffice cooperation and coordination. In order for SCC to be in compliance with the regulations, each office must be responsible for following college and office policies.

- Faculty must:
 - accurately report initial attendance in their classes
 - follow the Administrative Withdrawal Policy fully for all their students, withdrawing a student after two weeks of non-attendance or non-participation in a full semester class, or one week of non-attendance or non-participation in an eight week class
 - respond promptly to all requests for clarifying or additional information from the Registrar's Office or the Financial Aid Office
- Registrar's Office must:
 - record all enrollment changes and withdrawals into the student information system accurately, and on a timely basis
 - report to NSLDS via the National Student Clearinghouse all required enrollment information throughout each semester
- Financial Aid Office must:
 - regularly track reports on withdrawn students to determine who requires an R2T4 calculation
 - accurately perform the calculations and return any required funds before the federal deadline
 - notify students of any returned funds and next steps before the federal deadline

Policies

R2T4 calculations must be performed by the Financial Aid Office for recipients of Pell Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), Iraq and Afghanistan Service Grant, Federal Direct Loan or PLUS Loan recipients who:

- do not complete any classes because they withdraw from or are administratively withdrawn from all their Title IV eligible classes for a semester--this is considered an official withdrawal
- do not complete any classes because they stop attending all their Title IV eligible classes shortly before the end of the semester, but do not withdraw and are not administratively withdrawn, but instead fail the classes or remaining classes--this is considered an unofficial withdrawal
- might complete a first session module class, but subsequently officially or unofficially withdraw from all remaining Title IV eligible classes for the semester

R2T4 calculations do not need to be performed for Title IV program recipients (list above) who:

- withdraw or are administratively withdrawn from some, but not all of their Title IV eligible classes for the semester
- earn an F grade at the end of the semester by attending through the end of the class but failing to master the course material
- are awarded only federal funds from the Federal Work-Study aid program, however a fully withdrawn student may not continue to work in the program

The W and AW grades represent official withdrawals, and F and R grades with a last date of attendance prior to the end of the course represent unofficial withdrawals. The Financial Aid Office must perform an R2T4 calculation for any Title IV recipient with any combination of these grades.

The Financial Aid Office must notify students within 30 days of the withdrawal determination date of any unearned funds that must be repaid, and any repayment instructions.

SCC must publish information for students about Return of Title IV funds, and will post that information on the college website. This document relies heavily on the suggested text from the Federal Student Aid Handbook, Volume 5.

Separate from the federal requirements, the Financial Aid Office must also review state grant recipients who withdraw or are withdrawn from all classes to determine if they earned their state aid by attending past the 35% point of the payment period.

Procedures

The process for identifying students needing an R2T4 calculation is as follows:

- Student withdrawals are initiated by the student in person or online, or by an SCC faculty member who is following the SCC Administrative Withdrawal policy. Information on how to withdraw and about administrative withdrawals is available at: <https://www.southwesterncc.edu/registrar/withdrawal-requirements-and-procedures>
- All withdrawals are entered into the SCC student information system by the SCC Registrar's Office.
- SCC Financial Aid Office monitors reports on withdrawing students weekly to find all students requiring an R2T4 calculation. The Financial Aid Office looks for Title IV recipients who have fully withdrawn or stopped attending all remaining scheduled Title IV eligible classes. Students with all W (Withdrawn), AW (Administratively Withdrawn), F (Failed), or R (Repeat) grades in any combination, are identified throughout the semester, and again at the end of the semester when grades have been posted.
- If withdrawal information is incomplete or looks inaccurate, the Registrar's Office and the Financial Aid Office will reach out to the faculty member for the student in question to provide clarification. This frequently centers around Last Date of Attendance reported. In addition, if a student has been withdrawn from all classes but one, the Financial Aid Office will reach out to the faculty member for the remaining class to see if an Administrative Withdrawal is due.
- The Financial Aid Office must manage the timeline for this process to ensure that any unearned funds due from the school are returned within 45 days and any notification to student is sent within 30 days both from the withdrawal determination date.
- The SCC Registrar's Office reports the withdrawals to NSLDS via the National Student Clearinghouse between 4 to 5 times each term to meet the U.S. Department of Education's requirement of reporting enrollment changes within 60 days.

Withdrawal Date

Policies

According to the U.S. Department of Education, SCC meets the criteria as an institution that is required to take attendance. Withdrawal determination dates, and withdrawal dates/last dates of attendance for R2T4 calculations are defined as follows:

- For students who officially withdraw, the withdrawal determination date is the date that the student initiates the last class withdrawal, unless the last date of attendance is more than two weeks prior and the student should have been administratively withdrawn. If that is the case the withdrawal date is two weeks prior to the student's last date of attendance. The withdrawal date is the last date of attendance. This is the last date the student attended a seat-based class or participated in an academic activity for an on-line class.
- For students who are Administratively Withdrawn, the withdrawal determination date is the date that is two weeks prior to the student's last date of attendance for a full semester class, and one week prior to the last date of attendance for a mini session class. The withdrawal date is the last date of attendance. This is the last date the student attended a seat-based class or participated in an academic activity for an on-line class.
- For students who unofficially withdraw by receiving F grades that are not earned because the student did not attend until the end of the semester, the withdrawal determination date is the date that that final grades are due, when the institution becomes aware of the full withdrawal. The withdrawal date is the last date of attendance. This is the last date the student attended a seat-based class or participated in an academic activity for an on-line class.

Following are some SCC academic policy notes that pertain to the above withdrawal and withdrawal determination date definitions.

- Administrative withdrawals can no longer be submitted beyond a certain date each semester, which is approximately at the 85% point of the semester. After that date, any student who does not pass the course material will be given an F, whether or not the student has stopped attending.
- Each W, AW and F grade will require a Last Date of Attendance from the faculty member, to support the R2T4 calculations and to determine if any F is earned. The faculty member is responsible for determining the Last Date of Attendance as the last date of an academically-related activity.
- Academically-related activities include, but are not limited to:
 - physically attending a class where there is an opportunity for direct interaction between the instructor and students
 - submitting an academic assignment
 - taking an exam, an interactive tutorial or computer-assisted instruction
 - attending a study group that is assigned by the school
 - participating in an online discussion about academic matters
 - initiating contact with a faculty member to ask a question about the academic subject studied in the course

- Academically-related activities do not include activities where a student may be present, but not academically engaged, such as:
 - logging into an online class without active participation
 - participating in academic counseling or advisement
- In a distance education context, documenting that a student has logged into an online class is not sufficient, by itself, to demonstrate academic attendance by the student. A school must demonstrate that a student participated in class or was otherwise engaged in an academically related activity, such as contributing to an online discussion or initiating contact with a faculty member to ask a course-related question.

Procedures

The procedures for identifying students who have fully withdrawn and are subject to R2T4 calculations, and finding the correct withdrawal dates and withdrawal determination dates to be used in the calculations are as follows:

- The Financial Aid Office pulls reports of the enrollment data throughout the semester, looking for students who have fully withdrawn-- students with no current classes and all W, AW, F, or R grades.
- The report shows the student's status change date, i.e. Enrolled to Withdrawn, and the last date of attendance.
- The Financial Aid Office compares the two dates to make sure they are not significantly more than two weeks apart, since SCC's Administrative Withdrawal policy states that a student will be withdrawn after being absent for two weeks.
- Allowing a few days for processing, on any late administrative withdrawals, the Financial Aid staff member will change the withdrawal determination date to two weeks from the reported last date of attendance.

Occasionally, a student will be administratively withdrawn and then request to be reinstated. If the faculty member and dean approve the reinstatement, the Financial Aid Office will hold off or reverse any previously begun R2T4 calculation.

Formula Calculation

Policies

The Financial Aid Office must perform a calculation on any federal aid recipient who has fully withdrawn, whether officially or unofficially, to determine what percentage of their aid they have earned. The calculations are normally performed in the financial aid modules of the student information system which follow the federal rules for how to calculate returns. However, if there are questions, they are verified by doing a hand-calculation using the U.S. Department of Education's R2T4 worksheets.

The percentage of aid earned is calculated by dividing the number of calendar days of the term completed by the student into the number of calendar days in the term. The number of calendar days in the term shall exclude any scheduled breaks of more than five days. This percentage is then applied to the amount of aid the student was eligible to receive.

The Financial Aid Office will identify separately students taking courses offered in modules, and determine the appropriate number of calendar days in their term, depending on their registration record.

In addition to the percentage of aid earned, the full R2T4 calculation also uses the student's institutional charges amount to calculate how much aid was earned in dollars. SCC defines institutional charges to include current semester charges for tuition, fees, and books and supplies purchased with financial aid in the SCC Bookstore, since the student did not have a real and reasonable opportunity to use their financial aid to purchase books elsewhere.

When processing an R2T4, if a student is determined to also have an overpayment, that overpayment will be processed first (reducing aid for which student was eligible), and then the R2T4 will be processed.

When a student has completed more than 60% of the term or payment period, 100% of Title IV funds are earned. After calculating the amount of federal aid the student earned, there are three possibilities:

- The amount disbursed = the amount earned. No further action is necessary, but these calculations must be saved in the software.
- The amount disbursed > the amount earned. The unearned portion must be returned to the appropriate funding source.
- The amount disbursed < the amount earned. The student may elect to receive a post-withdrawal disbursement from the appropriate federal fund source.

As part of the same process, students who received North Carolina state grant funds are identified and processed similarly to calculate any necessary return of unearned state grant funds. For state grant funds, when a student has completed 35% or more of the term or payment period, 100% of the state grant funds are earned. Return of state grant funds is required if the student has not earned 35% of his aid, and the calculation for these funds is performed on a website they provide.

After calculating the amount of state aid the student earned, there are two possibilities:

- The amount disbursed = the amount earned. No further action is necessary.
- The amount disbursed > the amount earned. The unearned portion must be returned to the appropriate state fund source.

Procedures

The procedures for performing the R2T4 calculation are as follows:

- The Financial Aid Office uses the data retrieved on recipients of Title IV funds, as described in to identify the students who need to have an R2T4 calculation performed.
- The Financial Aid Office uses the Return of Title IV forms in the student information system, and enters the student's withdrawal dates and withdrawal determination dates.
- Any adjustments needed to the number of days in a student's term, for a student in module courses, is made.
- The amounts of institutional charges, financial aid entitled, financial aid disbursed, and enrollment status that the student information system provides are reviewed by the Financial Aid staff member to be sure each component is accurate.
- Once all the input data is correct, the Title IV return calculation is performed in the system.
- The results are reviewed, and if correct, saved in the system. If an error is suspected, it is investigated and resolved. When the calculation is saved, if a portion of the aid is determined to be unearned, the award amount for the term is adjusted in the student information system.
- As part of the same process, students who received state grant funds are identified and processed similarly to calculate any necessary return of unearned state grant funds. The calculation for these funds is performed on a website the state grants program provides, and if any funds are unearned, the student's award amount for the term must be manually adjusted .

Post-Withdrawal Disbursements

Policies

If a student is awarded Title IV funds, and then fully withdraws before aid has been disbursed, they may be eligible to receive a post-withdrawal disbursement. The Financial Aid Office must calculate what each student is eligible to receive.

If the post- withdrawal disbursement consists of grant funds, the student will be notified, and the disbursement will either be credited to the student's account or disbursed directly to the student, depending on whether or not the student owes the college for institutional charges.

If the student due a post- withdrawal disbursement had been awarded loan funds, the Financial Aid Office must determine if the student had earned any loan funds that could be disbursed, and notify the student of the option to receive a disbursement of loan funds. This must happen whether or not the student still has a balance due on their SCC account. Loan funds may not be disbursed if the student is a first-time, first-year student who did not complete the first 30 days of the term before withdrawing.

If given the opportunity to counsel the student, the Financial Aid staff member will discuss the impacts of taking a disbursement on their Pell Lifetime Eligibility Units (LEU) and/or Direct Loan Subsidized Usage Limit Applies (SULA) measures.

Post-withdrawal disbursements do not apply to the North Carolina state grant programs, because students must be currently enrolled at the time of certification.

Procedures

Post-withdrawal disbursements are handled as follows:

- Each semester, before posting any initial aid, the list of students scheduled to receive federal aid grant funds is reviewed to find any who have completely withdrawn after a brief attendance. Their aid is then recalculated before it is disbursed to determine the amount earned.
 - If that amount is less than the student's unpaid institutional charges, it is posted to the student's account as a post-withdrawal disbursement, and the student is notified as soon as possible.
 - If the amount is greater than any balance of institutional charges due, the student must be notified within 45 days from the date of determination of withdrawal, and will be given an opportunity to decline the disbursement in writing.
- Any students scheduled to receive loan funds must be notified within 30 days of the withdrawal determination date regarding a possible loan disbursement.
 - Written authorization must be obtained from the student (or parent for a Direct PLUS loan) to process a post-withdrawal disbursement of any loan funds that were originated before the student withdrew. This is true whether or not the student has unpaid institutional charges.

- The Financial Aid Office must also determine if a first-time, first-year student attended at least 30 days before withdrawing to be eligible to receive a loan disbursement.
- The Financial Aid Office will send to any student or parent eligible for a post-withdrawal disbursement of loan funds a letter with a section for them to fill out, sign, and return if they want loan funds disbursed to pay their balance to be paid directly to them.
- Throughout the semester, if any student completes their file and becomes eligible for an award after completely withdrawing from classes, their aid is recalculated to determine the amount earned and whether they are eligible for a post-withdrawal disbursement.
- All post-withdrawal disbursements of Pell grants and loans are processed through COD like regular disbursements.

Returning Unearned Funds

Policies

If the R2T4 calculation shows that some of the disbursed federal funds were unearned, then they are considered an overpayment and must be returned to the U.S. Department of Education. The calculation results will specify the amount of funds SCC must return, and the amount (if any) that the student must return. The calculation will also identify according to federal requirements which funds to return in the following order:

- Unsubsidized Direct Stafford Loans
- Subsidized Direct Stafford Loans
- Direct PLUS Loans
- Pell Grants
- Federal Supplemental Educational Opportunity Grants
- Iraq and Afghanistan Service Grants

Students are notified within 30 days of the withdrawal determination date of any calculation where they did not earn 100% of their previously disbursed funds.

SCC is responsible for returning funds owed by the school, and must do so within 45 days after the withdrawal determination date.

If the R2T4 calculation shows that the student owes back funds, they are notified in writing by the SCC Financial Aid Office, and given repayment instructions. If not repaid within the 45 days, SCC will then turn over the student for collection to the U.S. Department of Education.

If any portion of the unearned funds that are owed by the student are loan funds, the notification to the student explains that the student (or parent for PLUS) must repay their loan according to the previously agreed repayment terms.

SCC will bill the student, and hold them liable, for any funds the school had to return due to the student's withdrawal. Students may not register for classes or receive a transcript if they owe a balance to SCC.

Similarly for state grants, where the student does not attend past the 35% point of the term to earn all their disbursed state grant aid, SCC must return the funds to the appropriate state grant program, and then will attempt to collect the amount from the student. When students receive both Title IV funds and state grants, the notifications combine information about all funds returned.

Procedures

If either SCC must return funds or the student must return funds, the student is sent a notification letter within 30 days of the date SCC determined the student withdrew, providing repayment instructions. The following repayment instructions summarize the regulatory requirements and SCC policy.

- If SCC must return funds, the letter notifies the student that they will have to repay the amount to SCC before they will be allowed to reenroll or request transcripts. If loan funds were returned by SCC, the letter explains that this repayment reduces their loan balance, but now must be repaid to SCC. Likewise a return of Pell grant funds reduces the student's annual Pell limit used for the award year.
- If the student must return grant funds, the letter notifies the student that they may repay the funds they owe to the U.S. Department of Education at SCC within 45 days, and SCC will then return the funds for them, but if they do not repay the funds within the 45 days, they will be referred for collection to the U.S. Department of Education's Collection Office. If loan funds must be returned by the student, the student is notified that they must repay the loan according to the loan's repayment terms and conditions.

The process for SCC to return funds is as follows:

- Saving the R2T4 calculation in the student information system will automatically reduce the award amount by the amount SCC owes and any amount the student owes. The amount the student owes must be added back to the award amount to prevent SCC from initially returning any amount the student owes.

- State grant award amounts must be manually reduced for any funds that must be returned
- The Financial Aid Office will prepare a negative posting of aid to be processed by the Business Office. Once they have run the negative disbursements, the Financial Aid Office will submit the updated disbursement data to the Common Origination and Disbursement system which will reduce the funding level to return the funds and update the student's disbursement record. This process is run approximately every two to three weeks to meet the 45 day deadline for returning school funds.

If the student must return funds to the U.S. Department of Education, the action the Financial Aid Office takes will depend on whether or not the student repays the funds at SCC within the 45 days.

- If the student repays the funds they owe, the Financial Aid Office will reduce the award amount for the term by the same amount and process another negative posting of aid through the Business Office and through Common Origination and Disbursement as described above. this will return the funds on behalf of the student.
- If the student does not repay at SCC within 45 days the funds they owe the U.S. Department of Education, the Financial Aid Office must refer the amount for collections and notate that the student is in overpayment on a grant.
 - A completed referral form with all the appropriate grant overpayment information is faxed to the U.S. Department of Education's Collection Office. The form used is found in the Federal Student Aid Handbook.
 - An overpayment is recorded and marked "Transfer to Ed" on the student's record in NSLDS.
 - After the 45 days, the student is no longer eligible for Title IV funds until the overpayment is resolved.

Overpayment Resolution

Policies

The Financial Aid Office will attempt to assist the student to resolve their overpayment and any balance they now owe SCC. However, SCC will not repay funds owed by a student on their behalf, and will not enter into repayment arrangements directly with a student for their overpayment.

If a student must return funds to the U.S. Department of Education, they are given the opportunity to repay the overpayment of any grant funds through SCC within 45 days from the date of the notice. If the student repays to SCC the amount owed to the U.S. Department of Education within the 45 day time limit, SCC will return those funds on behalf of the student.

Any student owing an overpayment will not be eligible to receive Title IV funds until that overpayment is repaid or until the student has entered into satisfactory payment arrangements with the U.S. Department of Education. If the student knows that they are unable to repay the funds to SCC, they will be encouraged to contact the U.S. Department of Education Collections Department immediately to negotiate a payment arrangement, and to let the Financial Aid Office know so that the debt can be referred and the overpayment recorded. If a student enters into satisfactory payment arrangements with the U.S. Department of Education, SCC will utilize NSLDS to affirm proof of the student's Title IV eligibility.

Any amount owed by the school that SCC must return to the U.S. Department of Education will be added to the student's account, and SCC will attempt to collect this amount. The student may contact the SCC Cashier to establish a repayment plan for funds owed the college.

If the college has not yet mailed a Title IV credit balance check, or if there is an outstanding uncashed credit balance check, the R2T 4 calculation must first be performed as if the funds were disbursed, and if as a result SCC must return funds and the student now owes the college for any unpaid institutional charges, the check may be voided and used toward those institutional charges. Any excess of the Title IV refund, above what is owed to SCC, must be sent to the student.

Procedures

The Financial Aid staff member handling R2T 4 processes must track on the calendar any files where the student must return funds to the U.S. Department of Education. If the student does not contact the Financial Aid Office, or make payment to SCC of the amount the student owes within the 45 days, the Financial Aid Office must take the steps to refer for collection and record in NSLDS.

If the student notifies the Financial Aid Office to go ahead and refer the debt and report the overpayment, the Financial Aid staff will immediately do so.

If the student repays the debt to SCC within the 45 days, and SCC returns the funds to the U.S. Department of Education, the student will not have an overpayment recorded and effecting their eligibility. The Financial Aid Office will review the student's eligibility for aid in the upcoming semester.