RETURN OF FUNDS DUE TO WITHDRAWAL
(Return of Title IV Funds Policy)

Students receiving federal financial aid who withdraw from or stop attending all courses may be required to return a portion of financial aid received. Federal regulations [HEA Section 484B, 485(a)(1)(F), 34 CFR 668.22], referred to as the Return of Title IV Funds policy, require Collin College to calculate a refund and repayment of federal aid received by students who withdraw prior to the 60% point of a term for which he/she has received federal aid. The Title IV (federal) programs under this policy are: Federal Pell Grant, Federal Supplemental Educational Opportunity Grants (FSEOG), and Federal Direct Loans (Subsidized, Unsubsidized and PLUS). According to the Return of Title IV (R2T4) Funds policy, the student is allowed to retain only the amount of Title IV financial aid that was earned. If a student withdraws or stops participating in classes, a portion of the aid received is considered to be unearned and must be returned to the Title IV programs from which it was received. If the R2T4 calculation results in unearned aid that must be returned, both the school and the student are responsible for returning funds.

Students wishing to completely withdraw from the College must initiate the withdrawal process in the Admissions and Records Office.

A student who fails all of their classes in a term may be subject to the R2T4 calculation. If a student "earned" at least one of their F's (i.e. they participated in class until the end of the semester and received an F for poor performance), then no calculation is required. However, if the student failed all classes because they stopped attending at some point in the semester, then a R2T4 calculation is required based on the mid-point of the semester. At the end of the term, the Financial Aid Office will notify students who have received all F's of the required return of funds resulting from the R2T4 calculation.

R2T4 Process

1. Upon <u>determination that a student has withdrawn</u>, the Financial Aid Office will process the R2T4 calculation. The following steps are used to calculate the amount of aid a student has earned and how much must be returned (if any).

   a. Determination of the withdrawal date.
   b. Determination of the amount of aid the student earned.
   c. Determination of the amount of aid the student did not earn.
   d. Determination of the amount of aid the College must return.
   e. Determination of the amount of aid the student must return.

For Title IV purposes, the last date of academic attendance is one of the following: the date the formal withdrawal process begins, the date the student otherwise gives official notice of intent to withdraw (e.g., letter, withdrawal form, in-person), the mid-point of the term, or the last documented date of attendance in an academically-related activity (e.g., documented attendance in a class or lab or submission of an assignment in an on-line course).

2. <u>Earned Aid</u>: The percentage of aid the student has earned is equal to the percentage of the semester (payment period) the student has completed. The percentage of the payment period completed is calculated by dividing the total number of calendar days completed (first class day to the last date of attendance) by the total number of calendar days in the term. The percentage of Title IV assistance to which the student is entitled (has "earned") is equal to this completed percentage up to 60%. If the withdrawal occurs after the 60% point, the percentage is equal to 100%. The amount of aid the student has earned is calculated by multiplying this percentage by the total amount of Title IV aid disbursed (and could have been disbursed) to the student.

3. <u>Unearned Aid</u>: The amount of Title IV aid which must be returned is based on the percentage of unearned aid. That percentage is computed by subtracting the earned aid percentage from 100%. If a student did not receive all of the funds that they earned, they may be due a post-withdrawal disbursement. If the calculation determines that a student is due a post-withdrawal disbursement, the school must obtain the student's permission to disburse any loan funds. Furthermore, the school may keep all or a portion of grant funds to pay for any tuition and fee charges that are due.

4. <u>Title IV Aid to be returned by Collin College</u>: The College is required to return the lesser of the unearned aid percentage applied to institutional charges or the unearned aid percentage applied to the total Title IV aid received within 45 days of the date of determination of the withdrawal. Unearned aid will be returned to the aid programs in the following order: Unsubsidized Direct Loans, Subsidized Direct Loans, Pell Grant, FSEOG. The College will bill the student for any account balance created when Title IV aid is returned.

5. <u>Title IV Aid to be returned by student</u>: The student is required to pay the difference between the amount of unearned aid and the amount returned by the College. If the student's portion of the unearned aid includes federal grants, they are only required to return the grant amount that exceeds 50% of the original amount received for that semester. If the amount the student owes is less than $50, then no payment is required. Federal regulations allow schools to charge a student for any amount paid on the student's behalf. The student's share of loan funds to be returned may be repaid in accordance with the terms of the master promissory note.

Financial Aid Overpayments and Loss of Eligibility for Title IV Aid

Within 30 days of the determination that the student owes Title IV funds, the student will be sent a letter notifying them of the balance they owe. Students are given 45 days from the date the notification was sent to repay the debt to Collin. Any unpaid accounts will be reported to the National Student Loan Data System (NSLDS). Any student reported to have received an overpayment is not eligible for federal financial aid at any institution until the overpayment is resolved. The overpayment may be resolved by being paid in full to Collin College.