

## **R2T4 Policy for Financial Aid Recipients Withdrawing from the University**

### **General Information**

The US Department of Education requires institutions to apply the Return to Title IV Funds policy for students withdrawing from a University who receive Title IV financial aid. The Title IV programs at Texas Health and Science University (THSU) include: Federal Pell Grants, Iraq and Afghanistan Service Grants, Direct Loans, and Direct Plus Loans.

The R2T4 (Return of Title IV Funds) policy is separate from any other program at THSU. When students withdraw, the institution must complete the R2T4 form to determine if funds must be returned to the Title IV programs.

A student who withdraws after the 60% point of a semester is entitled to retain all Title IV aid for that semester. However, if the student withdraws prior to the 60% point of the term, unearned Title IV funds as determined by the federal policy must be returned to the various programs. These funds must be returned even if the University provides no refund to the student. This means the student could owe the University and/or the U.S. Department of Education a significant amount of money.

### **Post Withdrawal Disbursement**

If the student did not receive all of the funds that were earned prior to withdrawing, a post-withdrawal disbursement may be due. If the post-withdrawal disbursement includes loan funds, the student must give permission before the funds can be disbursed. THSU may automatically use all or a portion of the post-withdrawal disbursement of grant funds for tuition, fees, and room and board charges. Permission is required to use the post-withdrawal grant disbursement for all other school charges. Students will be notified of post-withdrawal disbursement eligibility within 30 days of the date of withdrawal determination. The school must return the Title IV funds within 45 days of the date the school determines the student withdrew.

### **Documenting Attendance**

Before processing a Return to Title IV Funds, the University must verify the student began attendance in all classes used to determine financial aid eligibility. The Financial Aid Office will verify all attendance with the Registrar and/or faculty. If a faculty member indicates that a student never attended, the University will first adjust the disbursed aid if there is a resulting change in eligibility and then calculate the Return of Title IV Funds. As a result, the student may end up owing THSU for the amount of unearned aid. If the student never attended any classes, all aid will be cancelled and the student billed for all outstanding charges.

## Determining Earned Aid

Though aid is posted to accounts at the start of each semester, students earn the funds as they complete the semester. Title IV financial aid is earned by the calendar day, not class day. This includes weekends, holidays, and breaks of less than five consecutive days. THSU is required to determine the amount of Title IV aid the withdrawing student has earned and then either disburse any additional funds the student may be entitled to up to the amount earned, or return funds in excess of the amount earned which the student has already received.

If a student withdraws during the enrollment period, the amount of Title IV program assistance earned up to that point is determined by a specific formula. If students received less assistance than the amount they earned, they may be able to receive those funds. Conversely, if students received more assistance than they earned, the excess funds must be returned by THSU.

When a student receiving Federal Title IV financial aid withdraws from THSU during the enrollment period, the amount of the Title IV funds (not including Federal Work Study) that the student earned during the enrollment period is calculated as of the student's withdrawal date.

Title IV funds are earned on a daily basis up to the 60 percent point in the enrollment period. Title IV funds are 100 percent earned if the withdrawal date is after the 60 percent point in that period.

If students withdraw from THSU prior to or on the 60% point of the semester, THSU is required to determine the portion of the aid disbursed that was "earned" by the student before the withdrawal date. The "unearned" Title IV funds must be returned to the respective federal aid programs. Unearned aid is the amount of disbursed Title IV aid that exceeds the amount of Title IV aid earned based on attendance in the enrollment period.

For example: If \$1000 in federal aid is disbursed, and the student withdraws at the 30% point of the term, \$700 of the aid is unearned and needs to be returned to one of the Title IV programs.

The following formula is used to determine the percentage of unearned aid that has to be returned to the federal government:

- The percent earned is equal to the number of calendar days completed up to the withdrawal date, divided by the total calendar days in the payment period (less any scheduled breaks that are at least 5 days long)
- The payment period is the entire semester.
- The percent unearned is equal to 100% minus the percent earned.

## **Order of Aid to be Returned**

Returned Title IV Funds at THSU are allocated in the following order:

- Direct Unsubsidized Loans
- Direct Loans (subsidized)
- Direct PLUS Loans (Graduate student)
- Direct PLUS Loans (Parent)
- Iraq Afghanistan Service Grant
- Other Federal Sources of aid

If a credit balance exists after returning required Title IV funds, the balance will be returned to other private sources.

## **Grant Overpayment**

Any amount of unearned grant funds that the student must return is called an overpayment. The maximum amount of a grant overpayment the student must repay is half the grant funds that were received or scheduled to receive. The student does not have to repay a grant overpayment if the original amount of the overpayment is \$50 or less. Arrangements must be made with THSU or the Department of Education to return the unearned grant funds. The student will be notified of any grant overpayment within 30 days of the date the school determined the student withdrew.

## **Notification to student**

Once the Return to Title IV Funds calculation has occurred, the Financial Aid Office will notify the student of the results of the calculation and the aid that was returned, and any balance that occurs as a result of the calculation.

## **Unofficial withdrawals**

Title IV aid recipients who fail to withdraw but stop attending class are considered unofficial withdrawals. The Return to Title IV Funds policy requires THSU to calculate the "earned" amount based on documentation of education related activity or the last day of attendance of the semester. If the student stopped attending prior to the 60% point of the term, the student will be billed for the outstanding charges as a result of the Return of Title IV funds. Unofficial withdrawals are processed within 30 days of determining the student was an unofficial withdrawal.