



FINANCIAL AID DEPARTMENT

2013-14

RETURN TO TITLE IV (R2T4) POLICY

Process Overview and Applicability

A student that has received Federal Financial Aid and drops all of his/her classes enrolled in at any particular time within a payment period, may be required to repay a portion of the Federal Aid received. Federal Financial Aid is an earned allotment based on a percentage of attendance and is unique to each student.

If a student has withdrawn from their classes prior to completing 60% of the payment period, a calculation is not required and the funds are considered to be "earned". If a student that has withdrawn from their classes prior to being in attendance 60% of the payment period a calculation is required.

If a student obtains all F's at the end of a payment period, resulting in zero units completed, because Southwestern College is non-attendance taking, a calculation will be performed using the midpoint of the payment period as a withdrawal date.

Withdrawing From Classes

Students are responsible to officially withdraw from a course he/she no longer wishes to attend.

For Financial Aid Purposes ONLY a student whom completes classes with grades of all F's will be considered an unofficial withdrawal (even if the F grades are earned), if no identifying date is provided to the Financial Aid Office as proof of attendance or class activity.

For further information about Institutional withdrawal policies refer to Southwestern College Withdrawal Policy - <http://www.swccd.edu/modules/showdocument.aspx?documentid=4345>

Leave of Absence

In case of an emergency, which makes it impossible for a student to attend classes for a short period of time, the student may petition the instructor for a leave of absence. In the event a Leave of Absence is approved an immediate calculation is not required and will not be required unless the student does not return to the institution as agreed on approved leave of absence.

For further information about Institutional Leave of Absence Policies refer to the Southwestern College - <http://www.swccd.edu/modules/showdocument.aspx?documentid=4703>

Calculation of Earned Federal Financial Aid Funds

The purpose of the federal calculation is to determine the earned and unearned amounts of federal aid for which the student is eligible. It is calculated by:

- Determining the percentage of the semester or term that is completed
- Multiplying the percentage by the amount of Pell awarded, and then
- Subtracting that amount from what you have already been paid. This will result in either an underpayment or overpayment to the student.

The percentage of the payment period is determined by dividing the number of days completed by the number of days in the term minus schedule breaks of five or more days.

Federal regulations stipulate that once you have completed more than 60% of the payment period or period of enrollment, you have "earned" all the assistance you were scheduled to receive for that period of enrollment.

Post-withdrawal Disbursement (PWD)

If you did not receive all of the funds that you earned, you may be due a post withdrawal disbursement. Southwestern College may automatically use all or a portion of your post-withdrawal disbursement (including student loan funds, if you accept them) for outstanding tuition and fees. There may be Title IV Financial Aid that you are scheduled to receive that cannot be disbursed to you once you withdraw because of other eligibility requirements. Students are notified within 30 days of the date of determination (of withdrawal) of their eligibility for a PWD and grant aid is disbursed within 45 days. In the case of a PWD of a loan SWC disburses Loan Funds if requested within 100 days of date of acceptance.

Returning Unearned Funds

School's Responsibility to Return Unearned Funds-Southwestern College must return unearned funds for which it is responsible as soon as possible but no later than 45 days from the determination of a student's withdrawal. Southwestern College will be considered to have returned funds timely if the school does one of the following as soon as possible but no later than 45 days after the date it determines that the student withdrew:

1. Deposits or transfers the funds into the school's federal funds bank account, and then awards and disburses the funds to another eligible student;
2. Returns the funds to the Department electronically using the "Refund" function in G5; or
3. Issues a check to the Department. A school is considered to have issued a check timely if the school's records show that the check was issued within 45 days of the date the school determined that the student withdrew and the date on the cancelled check shows that the bank endorsed that check no more than 60 days after the date the school determined that the student withdrew

Student's Responsibility to Return Unearned Funds-If it is determined that a student has been overpaid; the student will be notified via email of the amount and program of funds that are required to be returned. Students will have 45 days from the date of notification to repay the funds directly to Southwestern College. After 45 days, the debt is referred to the Department of Education Debt Resolution Services Department (1-800-621-3115) for collection and students must make the payment directly to them. Any student loan funds to be returned must be repaid by the student in accordance with the terms of the promissory note, making scheduled payments to the lender or holder of the loan over a period of time.

Important-After 45 days from notification of an overpayment, a hold will be placed on the student's record, eligibility for all Title IV aid will be suspended if the debt has not been resolved, and the overpayment will be referred to the National Student Loan Data System (NSLDS) and the Department of Education Debt Resolution Services (1-800-621-3115) for collection.

R2TIV Policy for Direct Loans

If there are Direct Loans, only Institutional Liabilities will be processed for overpayments. Student Liabilities will be under the normal rules for a Student Loan; meaning the student will pay back the loan based on the Promissory Note.

If the student wishes to return unearned Direct Loan funds the student would need to contact the Financial Aid office. Normally the student will pay back the loan based on the Promissory Note.

If the Direct Loan is generated for a student but funds have not been disbursed and the student has withdrawn or become ineligible, the loan will be cancelled and funds returned to the Direct Loan program. If the Direct Loan funds have been disbursed to the student and the student has withdrawn, then any Institutional liabilities the school owes will be returned to the Direct Loan program and any student liabilities will be repaid based on the Promissory Note.

Order of Return of Funds

The order of the Return of Title IV Federal Financial Aid Funds by Southwestern College is:

1. Unsubsidized Direct Loans
2. Subsidized Direct Loans
3. Federal Pell Grants
4. Federal Supplemental Educational Opportunity Grants (FSEOG)
5. Federal Work Study funds are excluded from the calculation

Overpayment -Overpayments occur when a student has been paid Federal Financial aid funds to which they were entitled during a specific payment period.

Institutional Error - an overpayment as a result of an error that took place within the institution.

Student Error - an overpayment as a result of a student error.

Southwestern College will return overpayments to the Department of Education once identified within 45 days and will attempt to obtain debt from the student directly. Student will be notified via email and a hold will be placed on the student's college account preventing the student from activities such as registration, receipt of transcripts, etc.

Processing R2T4

1. Students are identified as possible R2T4 candidates by running a utility report via the Colleague Financial Aid Management System (FAMS).
2. Once a student's date of withdrawal and enrollment status is identified calculations are performed using the Colleague software.
3. Enrollment status is determined by census date, if a student has not reached census then the enrollment status will be based on the amount of units enrolled in on the last date of attendance.
4. Once the calculation is performed an in house SWC overaward form is completed.
5. Overaward forms are forwarded to the financial aid secretary to process requisition(s) for payment, then sent to fiscal services for processing.
6. When an overaward is processed by the SWC fiscal office and debt is indicated in student's account, an email notification is sent to the student.
7. Students with Student liability debts are notified within 30 days of determination. If the student does not resolve the debt with the institution within 45 days of that date, the student will be reported to NSLDS. In addition, a Student Overpayments to Debt Resolution Services referral form will be sent and all aid will be cancelled.
8. Copies of both the SWC overaward form and the Debt Resolution Services referral form are scanned in document imaging as well as in a binder located in the R2T4 specialist office.
9. Students are offered specialist walk in hours weekly to inquire about any issues or concerns with an overaward.

Time Frame for Processing R2T4, Notifying Students of Overpayment and Returning Title IV funds

- **30 Days** from earlier of either the last day of attendance or the last day of the payment period to determine withdrawal date and notify the student of any Student Liabilities.
- **45 Days** from the date of determining the date of withdrawal for the Institution to pay back any unearned Institutional Liabilities.
- **Days** from original notification for the student to pay back any Student Liabilities or be forwarded to NSLDS and Debt Resolution Services.
- **45 Days** from date of withdrawal to disburse any Post-Withdrawal Disbursement funds.

Consumer Information

<http://www.swccd.edu/modules/showdocument.aspx?documentid=6528>

Refund Requirements along with examples

<http://www.swccd.edu/modules/showdocument.aspx?documentid=6528>