

**SOUTHWESTERN COLLEGE FINANCIAL AID OFFICE**  
**2019-2020**  
**Return of Title IV (R2T4) and Overpayments Policy**

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Federal Title IV financial aid funds are awarded under the assumption that a student will remain in attendance for the entire semester for which the funds were awarded. These funds include, Federal Pell Grant, Federal Direct Loan Funds, and the Federal Supplemental Educational Opportunity Grant (FSEOG). Scholarship funds, Federal Work Study and Cal Grant funds are not subject to Return to Title IV (R2T4) calculations.

Students who withdraw from all courses prior to completing more than 60% of the semester will have their financial aid eligibility recalculated based on the percentage of the semester completed. If a recipient of Title IV grant or loan funds withdraws from a school after beginning attendance, the amount of Title IV grant or loan assistance earned by the student must be determined. If the amount disbursed to the student is greater than the amount the student earned, unearned funds must be returned. If the amount disbursed to the student is less than the amount the student earned, and for which the student is otherwise eligible, the student is eligible to receive a post-withdrawal disbursement of the earned aid that was not received.

When a student withdraws from all courses, regardless of any reason, he/she may no longer be eligible for the entire amount of Title IV aid originally awarded. The return of funds to the federal government is based on the premise that a student earns financial aid in proportion to the length of time during which he/she remains enrolled. The Return of Title IV (R2T4) calculation process will calculate the prorated amount of financial aid a student has earned based on the percentage of time he/she remained enrolled in class.

Once the 60% point of the semester has occurred, a student is considered to have earned all of the financial aid originally awarded and will not be required to repay any funds as a result of withdrawal.

**Federal regulations require a recalculation of financial aid eligibility if a student:**

- Completely withdraws, or;
- Stops attending before the end of the semester/payment period, or;
- Does not complete all fast track (FTII) (courses which are not scheduled for the entire semester or payment period for which he/she has registered at the time those FTII course began).
- Does not provide written confirmation to Southwestern College [Financial Aid Office](#) at the time of ceasing attendance of future attendance of a FTII during the same payment period.

### **FREEZE DATE**

Each semester will have a “freeze date” for purposes of determining each student’s enrollment level for financial aid eligibility award amounts. On this freeze date we will record each student’s unit load (number of units enrolled) as of that date, which will determine the student’s eligibility for financial aid awards for the semester.

Any classes that are added or dropped after this “freeze date” will not impact (either increase or decrease) the student’s financial aid unit load for the semester. However, students who withdraw from all classes or receive a grade of F, W, or NP, in all classes, will still be subject to an eligibility calculation that may result in financial aid funds having to be repaid to Southwestern College and/or the Department of Education. Students who never attend class will have a 100% Institutional Liability (debt owed directly to Southwestern College).

### **COVID-19**

Spring 2020 course withdrawals that are related to COVID-19 will be excluded from having to pay back unearned aid. Per Federal regulations, we are required to perform a Return of Title IV calculation to determine the earned and unearned portion of Title IV aid the student received. The CARES Act allows the Department of Education to waive the return of Title IV funds (R2T4) requirements for schools or students to return unearned grant or loan assistance for students who withdrew because of a qualifying emergency. The bill would provide loan cancellation for the portion of a Direct Loan associated with a payment period which the student did not complete due to a qualifying emergency.

This does not apply to withdrawals that occurred prior to COVID-19 or are not COVID-19 related.

### **WITHDRAWALS AND RETURN OF FUNDS**

The calculation for the R2T4 federal financial aid funds are based on whether a withdrawal is classified as official or unofficial.

#### **Official Withdrawal**

An official withdrawal is initiated by the student and includes withdrawals for medical reasons.

#### **Unofficial Withdrawal**

The Southwestern College Financial Aid reviews posted grades every term. If a student receives all non-passing grades, and there is no record of academic activity they are determined to have unofficially withdrawn. Students are notified via their Southwestern College email if they are considered an unofficial withdrawal. Per Federal Return to Title IV regulations, a R2T4 calculation is performed using the 50% point of the term as the withdrawal date or last date of attendance (LDA) reported, whichever is greater.

### **Failure to begin attendance**

If a student receives financial aid, but never attends any class meetings, the Financial Aid Office must return all disbursed funds to the respective federal and institutional aid programs, which will result in a 100% Institutional Liability. Any funds received by the student are considered unearned and will be required to be repaid by the student. A hold will be placed on the student record, prohibiting registration for future semesters and receiving academic transcripts.

### **Short-term courses**

Short-term courses are courses that do not span the entire length of the semester. If a student withdraws and does not attend a subsequent short term class, it is considered a complete withdrawal and a R2T4 calculation must be completed. If at the time of withdrawal the student will attend another short term course within the same semester, than it is not considered a withdrawal if the student provides written confirmation to the financial aid office within **3 days** that they will be enrolling in a upcoming short term course.

### **R2T4 Calculation of Earned Federal Financial Aid Funds**

Financial aid recipients earn the aid originally received by remaining in the courses in which they were disbursed/paid for. The amount of federal assistance earned is based on a pro-rated system in accordance with federal regulations, 34 CFR 668.22. Southwestern College is required to perform this calculation within 30 days of the date the school learns that a student has completely withdrawn. The school must return Title IV funds for which it is responsible within 45 days of the date of determination. The R2T4 calculation is completed automatically by the Financial Aid Office.

The following explains the formula used to determine the percentage of unearned aid 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 number of calendar days in the payment period.
- The percent of unearned funds is equal to 100 percent minus the percent earned.
- Scheduled breaks in course attendance, based on the academic calendar, of 5 days or longer are not included in the total number of days for the payment period.

*Note: Institutional scholarship funds, Federal Work Study and Cal Grant funds are not subject to the R2T4 policy.*

For **official** withdrawals, the calculation of the percentage of the semester attended is based on the date of the official withdrawal from classes or the student's last date of documented attendance in an academically-related activity.

For **unofficial** withdrawals, the calculation of the percentage of the semester attended is based on the student's last date of attendance at an academically-related activity, as reported by the faculty member on the course grade report. If this date is unavailable, Southwestern College will

perform the calculation using the midpoint of the payment period as the student's withdrawal date.

### **Post Withdrawal Disbursement**

If a student did not receive all of the funds that he/she earned, the student may be due a post withdrawal disbursement. Southwestern College may use all or a portion of a student's post-withdrawal disbursement (including student loan funds, if accepted) to offset any eligible, outstanding tuition and fees.

A post-withdrawal disbursement must be made within 180 days of the date the institution determines that the student withdrew. The amount of a post-withdrawal disbursement is determined by a federally-mandated calculation.

### **Withdrawal from a course (and remains in a minimum of one additional course)**

If a student stopped attending or failed to begin attendance in a scheduled course but remains attending any other course, a R2T4 calculation is not required because the student has not completely withdrawn. However, when a student changes enrollment status, they will have their aid recalculated based on their new enrollment status as of the published freeze date each semester. If at any time a student withdraws from courses and as a result of that withdrawal, it changes their enrollment status, the student will be responsible for repaying any aid in which they were not eligible to receive.

### **Change of Enrollment Status or Reduction of Units**

When a student reduces his or her course load, the reduction represents a change in enrollment status, not a withdrawal. Therefore, no Return of Title IV calculation is required. However, the student's financial aid amounts will be adjusted accordingly. This could result in a ***Student Liability*** debt (owed to the Department of Education) as a result of the reduction of units/change in enrollment. The student will have 30 days from notification to pay back the Student Liability to the Southwestern College [Cashiers Office](#).

Once the 30 days have passed, the Student Liability will no longer remain with Southwestern College and will be forwarded to the Department of Education's Debt Resolution Services (DRS) and reported on the National Student Loan Data System (NSLDS) as an "overpayment". At that moment, the student will no longer be eligible for Title IV aid, until the overpayment is paid in full or a payment plan is arranged with the DRS.

In order for the student to resolve his/her portion of the overpayment, the student will need to contact the (DRS) at **1-800-261-3115**.

In general, after the type and date of a student's withdrawal has been determined, the R2T4 calculation will be completed within 30 days. If the student was overpaid, he/she will be notified via email of the amount and program of funds that are required to be returned. Students who have an ***Institutional Liability*** debt (owed to Southwestern College) as a result of an R2T4 calculation/overpayment will have a hold placed on their record, prohibiting registering for

subsequent semesters or receiving academic transcripts until the balance is paid in full with Southwestern College Cashiers Office.

### **Returning Unearned Funds**

After Southwestern College determines the withdrawal date for a student who completely withdraws, an R2T4 calculation will be completed within 30 days. If the student has been overpaid, he/she will be notified of the amount and program of funds that are required to be repaid by the student. The student will be given 45 days to repay the Student Liability debt owed to Southwestern College's [Cashiers Office](#).

During the initial 45 days, a hold will be placed on the students account at Southwestern College which will prohibit registration for subsequent semesters or receiving academic transcripts until the student liability is repaid. If unpaid after 45 days, the hold at Southwestern College will be lifted, however, the unpaid student liability debt will be referred to the DRS and an Overpayment alert will be placed on (NSLDS) and the student will lose financial aid eligibility until the funds have been repaid.

*Note: Students who have a student liability as a result of withdrawals initially will retain their eligibility for Title IV funds for a maximum of 45 days from the earlier of:*

1. *The date the school sends the student notice of the overpayment, or*
2. *The date the school was required to notify the student of the overpayment.*

Once the overpayment is forwarded, the student will need to contact the (DRS) at 1-800-261-3115 to resolve the student portion of the overpayment.

### **To resolve Student Liability and regain TIV eligibility student can do one of the following:**

1. Pay student liability in full, request a paid in full letter and provide it to the Southwestern College Financial Aid Office or FAXED to 619-482-6444, Attention: Financial Aid.
2. Agree to a payment plan with DRS, then request a status letter and provide it to the Southwestern College Financial Aid Office or FAXED to 619-482-6444, Attention: Financial Aid.

### **Order of return of funds:**

The order of the R2T4 federal funds by Southwestern College are as follows:

1. Federal Direct Loans, Unsubsidized.
2. Federal Direct Loans, Subsidized.
3. Federal Pell Grant.
4. Federal Supplemental Educational Opportunity Grant (FSEOG).

### **Refund Policy/Institutional Charges**

Students should be aware that while Southwestern College's school policy determines the charges a student will owe after withdrawing, the refund policy will not affect the amount of Title

IV aid that the student earns under the R2T4 calculation. Mandatory fees, which include enrollment fees, health fees, campus center fees and transportation fees are still a student's responsibility to pay to the institution.

### **School and Student responsibilities in regard to the R2T4 policy & process**

#### Southwestern College's responsibilities

- Providing each student with the information given in this policy;
- Identifying students affected by this policy and completing the Return of Title IV Funds (R2T4) calculation;
- Informing the student of the result of the R2T4 calculation and any balance owed to Southwestern College as a result of a required return of funds;
- Returning any unearned Title IV aid that is due to the Title IV programs and, if applicable, notifying the borrower's holder of federal loan funds of the student's withdrawal date;
- Notifying student of eligibility for a Post-Withdraw Disbursement, if applicable.

#### Students' responsibilities

- Becoming familiar with the Return of Title IV Funds (R2T4) policy and how withdrawing from all courses effects eligibility for Title IV aid;
- Resolving any outstanding balance owed to Southwestern College resulting from a required return of unearned Title IV aid;
- Resolving any repayment to the U.S. Department of Education as a result of an overpayment of Title IV grant funds.

### **Questions about Title IV Financial Aid**

Questions about Title IV financial aid program funds can addressed to the Federal Student Aid Information Center at 1-800-4-FEDAID (1-800-433-3243). TTY users may call 1-800-730-8913.

Students may contact Debt Resolution Services (defaulted loans & overpayment issues) at 1-800-621-3115. Information is also available on Student Aid on the Web at:

<http://www.studentaid.ed.gov>

### **Contact Information**

[Department of Education](http://www.ed.gov) – 1-800-433-3243

[Debt Resolution Services](http://www.ed.gov) (defaulted loans and overpayment issues) – 1-800-621-3115

### **Helpful Links**

[U.S. Department of Education](http://www.ed.gov)

[Federal Student Aid information Center](http://www.studentaid.ed.gov)

*Note: The procedures and policies listed above are subject to change without advance notice based on changes to federal laws, federal regulations, or school policies. If changes are made, students must abide by the most current policy.*