

## **Return of Title IV Funds Policy (R2T4)**

If a recipient of federal Title IV aid withdraws from an institution during a payment period or period of enrollment in which the student began attendance, the amount of grant or loan assistance to be returned to the Title IV programs must be calculated as outlined in the Higher Education Amendment of 1998.

### **When is R2T4 required?**

R2T4 is required when a student receives Title IV financial aid and withdraws from all of his/her classes within the first 60 % point of the term, drops out, fails to earn a passing grade or is expelled from the school. Since funds are awarded based on a student attending the entire term, CPC Office of Financial Aid (FA) must recalculate student's eligibility for Title IV financials. The calculation will determine if the student received funds for which he or she is NOT eligible or if he or she is eligible for a post withdrawal disbursement.

The FA encourages students to consult with a Financial Aid Director before they actually withdraw. The Financial Aid Director will explain the Return to Title IV Policy and how it will affect the student.

The term "Title IV Funds" refers to the federal financial aid programs authorized under the Higher Education Act of 1965 (as amended) and includes the following programs:

Federal Direct Subsidized Loan, Federal Direct Unsubsidized Loan, Federal Direct PLUS loans.

A student's withdrawal date is:

the date the student began the institution's withdrawal process (as outlined below) or officially notified the institution of intent to withdraw; or

14 days from the student's last date of attendance at a documented academically related activity.

### **Official Withdrawal Process**

The official notice of withdrawal begins with the Office of the Registrar. The student completes a withdrawal form and the form is distributed to the Office of the Registrar, and Office of Financial Aid. Additionally, the information is also transmitted electronically to the Office of the Registrar, and Office of Financial Aid.

### **Unofficial withdrawal**

If the student does not complete the official withdrawal process the school is required to use 14 days from the student's last date of attendance (or participation in an academic related activity) as the student's withdrawal date in the R2T4 calculation.

### **Procedures for R2T4 calculation:**

FA will determine the date a student began the withdrawal process. Based on available information, the FA will use the earliest date, which is established as described above. FA will run a withdrawal report on a weekly basis up until the last day to withdraw, to identify students who have withdrawn from the school. The school has up to 30 days from the official withdrawal date to complete the R2T4 calculation.

Using the official withdrawal date, the FA will then determine the percentage of the semester the student attended. This percentage is then applied to the aid disbursed or that could have been disbursed to determine the amount of aid earned by the student. If the amount disbursed to the student is less than the amount earned, the FA will notify the student of his or her eligibility and giving them the opportunity to receive that aid. If the amount disbursed to the student is greater than the amount earned, unearned funds must be returned. FA must return the amount of title IV funds for which the institution is responsible for returning no later than 45 days after the date the institution determined the student withdrew.

Title IV aid is earned in a prorated manner on a per diem basis up to and including the 60% point in the semester. Title IV aid and all other aid is viewed as 100% earned after that point in time.

*The percentage of Title IV aid earned shall be calculated as follows:*

The number of clock hours the student was scheduled to complete as of the official withdrawal date	= Percent of Title IV Financial Aid Earned
Total number of clock hours in the period	

The percentage of Title IV aid that is unearned is calculated by subtracting the percentage of Title IV aid earning by 100%.

The amount of unearned Title IV aid (i.e., to be returned to the appropriate program) is calculated by multiplying the percentage of unearned by the amount of Total Title IV Financial Aid disbursed or could be disbursed.

*Example:*

- *John's official withdrawal date is October 1, 2018*
- *John was scheduled to complete 120 clock hours in the payment period as of that date.*
- *The total number of clock hours in the payment period is 300.*
- *Total Title IV Financial aid disbursed is \$1,000 for the payment period*

*Percentage of Title IV Financial Aid earned is calculated as follows:*

*120 (clock hours scheduled as of the student official withdrawal date ÷ 300 total clock hours period = 40%*

*Percentage of Title IV Financial Aid Unearned= 100% - 40% = 60%*

*Total Amount of Unearned Title IV Financial Aid = 60% (Percentage of Title IV Financial Aid Unearned) multiplied by \$1,000 ( Total Title IV Financial aid disbursed for the payment period)= \$600*

The school will return to the Department of Education the lesser of  
Total institutional unpaid eligible charges X percent of unearned aid  
OR  
Total Amount of Unearned Title IV Financial Aid

The student is responsible for paying any unearned Title IV Financial Aid to the Department that was not returned by the school. The student is also responsible for paying any balance due to the school when the unearned Title IV financial aid has been returned.

Unearned Title IV aid owed by the school shall be returned to the Department of Education within 45 days from the date the school determined the student's withdrawal date. The funds will be applied to the Title IV programs in the following order:

1. Unsubsidized Direct Loan
2. Subsidized Direct Loan
3. Parent Loans to Undergraduate Students (PLUS)

Notifications of the R2T4 calculation will be mailed to the student's address on file within 45 days of the student's official withdrawal date. It will detail what funds were returned to the Department of Education and what funds if any, the student owes to the Department of Education. It will also describe how the student refunds money to the Department of Education. The student will not be eligible for additional Title IV financial aid until all unearned Title IV financial aid funds have been returned to the Department.

### **Post withdrawal disbursement**

When the total amount of the Title IV loan assistance earned as of the withdrawal date is more than the amount that was disbursed to the student, the difference between the two amounts will be treated as a post-withdrawal disbursement. If a post-withdrawal disbursement includes Loan funds, the school must get student permission before it can disburse them. If a student does not give permission, the funds will be offered. In the student's best interest to allow the school to keep the funds in order to reduce any debt owed to the school.

### **Post-Withdrawal Disbursement of Loan Funds**

A post-withdrawal disbursement of loan funds may be paid if the student is eligible to receive the funds. The student (or parent if a PLUS loan) will be notified in writing (electronically) within 30 days of the date of determination of withdrawal of the opportunity to accept all or a part of the post-withdrawal disbursement. Upon receipt of a timely response from the student (or parent) (14 days from date of notification), the school will disburse the loan funds within 180 days of the date of determination of the student's withdrawal date. Loan funds will be applied towards the outstanding semester charges on the student's account and may pay up to the amount of the allowable charges (i.e., tuition and fees). Any remainder will be paid directly to the student (or parent).

The school maintains the right to decide whether or not to make a post-withdrawal disbursement in the event that the student responds after 14 days of the date that the notification was sent. If

the school decides not to make this post-withdrawal disbursement, it will inform the student in writing (electronically).

### **What is the repayment process?**

Students who owe a repayment are encouraged to immediately pay the amount owed in full to the Cashier's Office. The Cashier's Office will apply repayments to the student's account. If the student is unable to repay the amount in full, he/she may request an approved Payment Agreement with the Student Accounting Office. The Payment Agreement will allow the student to repay in monthly installments to prevent the outstanding balance from being referred to external collections.

### **Institutional and student responsibilities in regard to the Return of Title IV funds:**

FA's responsibilities in regard to the return of Title IV funds include:

- Providing each student with the information given in this policy;
- Identifying students who are affected by this policy and completing the Return of Title IV Funds calculation for those students;
- Returning any Title IV funds that are due the Title IV programs  
(FA must return the amount of title IV funds no later than 45 days after the date the institution determined that the student withdrew)

The student's responsibilities regarding the return of Title IV funds include:

- Becoming familiar with the Return of Title IV policy and how complete withdrawal affects eligibility for Title IV aid;
- Returning to the Title IV programs any funds that were disbursed directly to the student and which the student was determined to be ineligible for via the Return of Title IV Funds calculation.

If you would like examples of the refund policy, contact the Office of Financial Aid.

### **Credit Balance Refund Policy**

Credit balances occur when payments to a student's account exceed the tuition and fees charged to the student. If at any time a student's account is overpaid creating a credit balance, the credit balance is refunded to the student in the form of a check from the school unless the school has been directed in writing to either return the money to a lender or hold the balance on account. Refunds to students will be processed through the school's Business Office (Vagif Abil at [vj@chicagoprofessionalcenter.com](mailto:vj@chicagoprofessionalcenter.com)) within 5 to 14 business days or as soon as possible. When refund checks are available, they may be picked up from the Financial Aid Office during designated hours or the check will be mailed.