

Fox Valley Technical College

Return of Title IV Funds (R2T4) Policy

Federal regulations require Title IV financial aid funds (Unsubsidized Stafford Loan, Subsidized Stafford Loan, PLUS, Pell Grant, SEOG) to be awarded under the assumption that students will attend the institution for the entire period in which federal assistance was awarded.

Financial Consequences of Withdrawing or Not Passing Classes

When a student withdraws from all classes for any reason, including medical withdrawals, they may no longer be eligible for the full amount of Title IV funds that they were originally scheduled to receive. Federal regulations indicate that a student earn their financial aid in proportion to the amount of time in which they are enrolled. A pro-rated schedule is used to determine the amount of federal student aid funds they have earned at the time of the withdrawal. Once 60% of the semester is completed, a student is considered to have earned all of their financial aid and will not be required to return any funds.

Federal law requires schools to calculate how much federal financial aid a student has earned if that student:

- Completely withdraws, or
- Stops attending before completing the term, or
- Does not complete all modules (classes which are not scheduled for the entire semester or payment period for which they have registered at the time those modules began), or
- Receives all non-passing grades for all classes in the term (F-Fail, W-Student initiated withdrawal, WI-Withdrawn by instructor, WF-Withdrawn/Failure, WE-Withdrawn by Enrollment Services, NS-No show, LF-Lapsed Failure, FD-Failure by instructor with Dean approval).

Based on this calculation, students who receive federal financial aid and do not complete their classes during a term could be responsible to repay a portion of the aid they received. Students who do not begin attendance must repay all financial aid disbursed for the term.

Types of Withdrawals

For financial aid purposes there are two types of withdrawals:

- **Official** – Withdrawals are initiated by the student, with the intent to withdraw from all classes in the term by either providing notice to Enrollment Services electronically or in person.
- **Unofficial** – federal financial aid regulations consider a student to be an unofficial withdrawal if the student receives all F (failure) grades or a combination of F and W (withdraw) grades for the term.

Determination of the Withdrawal Date

The withdrawal date used in the student's federal financial aid return calculation is the date that the student dropped from the final class (or was withdrawn by an instructor) as indicated on the student's record. If a student stops attending classes without notifying Fox Valley Technical College, the withdrawal date will be the midpoint of the semester or the last date of academic activity determined by Fox Valley Technical College. Additional documentation supporting the last date of academic activity may be provided by the student if they verify a later date of attendance than determined by Fox Valley Technical College.

Withdrawing prior to completing 60% of a term

Unless a student completes 60% of the term in which federal aid was disbursed, the student will be required to return all or part of the financial aid disbursed in the term. This applies to students who have officially or unofficially withdrawn.

When a student fails to begin attendance

If a student receives financial aid, but never attends classes, Fox Valley Technical College will return all disbursed funds to the respective federal aid programs. If the student owes money to Fox Valley Technical College resulting from the return of federal funds, the student will be billed by the Student Finance Office. If the student does not pay the funds due to Fox Valley Technical College, a hold is placed on the student's account. This means the student will not be permitted to register for classes or receive transcripts until the balance is paid.

How the earned financial aid is calculated

Students who receive federal financial aid must "earn" the aid they receive by staying enrolled in classes. The amount of federal financial aid assistance the student earns is on a pro-rated basis. Students who withdraw or do not complete all registered classes during the semester may be required to return some of the financial aid they were awarded.

Per federal regulations, Fox Valley Technical College is required to determine the percentage of Title IV aid "earned" by the student and to return the unearned portion to the appropriate aid programs.

- For example, if a student completes 20% of the payment period, they earn 20% of the aid they were originally scheduled to receive. This means 80% of the scheduled awards remain "unearned" and must be returned to the federal government.
- Once 60% of the semester is completed, a student is considered to have earned all of the financial aid and will not be required to return any federal funds.

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 term. However, for students enrolled in modules (classes which are not scheduled for the entire term), the payment period only includes those days for the module(s) in which the student is registered.
- The percent unearned is equal to 100% minus the percent earned.

For students enrolled in modules:

- A student is considered withdrawn if the student does not complete all of the days in the payment period that the student was scheduled to complete. Fox Valley Technical College will track enrollment in each module to determine if a student began enrollment in all scheduled classes.
- If a student officially drops classes in a later module while still attending a current module, the student is not considered as withdrawn based on not attending the later module; however, a recalculation of aid based on a change in enrollment status may still be required.

Regulations require schools to perform calculations within 30 days from the date the school determines a student's complete withdrawal. The school must return the funds within 45 days of the calculation.

Steps in the Return of Title IV funds policy

Fox Valley Technical College will:

- A. Determine the total amount of Title IV aid disbursed for the term in which the student withdrew. A student's Title IV aid is counted as aid disbursed in the calculation if it has been applied to the student's account on or before the date the student withdrew.
- B. Determine the total amount of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the semester in which the student withdrew.
- C. Calculate the percentage of Title IV aid earned as follows:
 - The number of calendar days completed divided by the total number of calendar days in the term in which the student withdrew.
 - The total number of calendar days in a term will exclude any scheduled breaks of more than 5 days.
 - $Days\ Attended \div Days\ in\ Enrollment\ Period = Percentage\ Completed$
- D. Determine if the calculated percentage completed exceeds 60%, then the student has "earned" all the Title IV aid for the enrollment period.
- E. Calculate the amount of Title IV aid earned as follows:
 - The percentage of Title IV aid earned (Step "C") multiplied by the total amount of Title IV aid disbursed or that could have been disbursed for the term in which the student withdrew.
 - $Total\ Aid\ Disbursed \times Percentage\ Completed = Earned\ Aid$
- F. Amount of Title IV aid to be disbursed or returned
 - $Total\ Disbursed\ Aid - Earned\ Aid = Unearned\ Aid\ to\ be\ Returned$
 - If the aid already disbursed equals the earned aid, no further action is required.
 - If the aid already disbursed is greater than the earned aid, the difference must be returned to the appropriate Title IV aid program.
 - If the aid already disbursed is less than the earned aid, then Fox Valley Technical College will calculate a post-withdrawal disbursement.
 - The Credit Balance must be disbursed as soon as possible and no later than 14 days after the calculation of R2T4

Students who do not receive an earned grade in a term

Financial aid is awarded under the assumption that the student will attend Fox Valley Technical College for the entire term for which federal assistance was disbursed. Fox Valley Technical College is required to have a procedure for determining whether a Title IV recipient who began attendance during a period completed the period or should be treated as a withdrawal.

- Students who attended class but failed to meet the academic requirements of the class are awarded a grade of F, this is an earned grade.
- Students who started a class but stopped attending at some point and were given one of the following grades are considered an "unofficial" withdrawal and will be reviewed to determine that last date of an academically related activity or the midpoint of the semester:
 - F-Fail, W-Student initiated withdrawal, WI-Withdrawn by instructor, WF-Withdrawn/Failure, WE-Withdrawn by Enrollment Services, NS-No show, LF-Lapsed Failure, FD-Failure by instructor with Dean approval

Repayment calculation process:

Once grades are posted for the student who receives all non-passing grades, Fox Valley Technical College will return all unearned aid back to the federal aid programs and the student's financial account will be charged. The Financial Aid office will send a letter to the student's mailing address indicating the amounts involved. The Student Finance Office will mail a bill to the student's mailing address and/or send an email notification of an e-bill. The student is responsible for any balance due.

Definition of an academic related activity

Examples of academic-related activities include, but are not limited to, physically attending a class where there is an opportunity for direct interaction between the instructor and students.

Documentation acceptable as proof of participation:

- Computer-assisted instruction
- Completion of an academic assignment, paper or project
- Exams or quizzes
- Initiating contact with a faculty member to ask a question about academic subject in the class
- Participating in online discussion about academic matters
- Tutorials

Documentation not acceptable as proof of participation:

- Student's self-certification of attendance that is not supported by school documentation
- Participating in academic counseling or advising

Repayment of Federal Aid Programs

Federal regulations require that the following aid programs be subject to the repayment calculation if the student did not attend 60% of the term in the following order:

1. Unsubsidized Direct Stafford Loan
2. Subsidized Direct Stafford Loan
3. Direct PLUS (Parent) Loan
4. Federal Pell Grant
5. Federal Supplemental Education Opportunity Grant (SEOG)

Overpayment of Federal Grant Funds

Federal regulations provide that 50% of the unearned amount of all federal grants is protected by the federal calculation. Any federal grant money subject to repayment is returned by Fox Valley Technical College and that amount will be billed to the student's financial account as a debt to Fox Valley Technical College.

Additional loan information to consider when withdrawing

When a student is enrolled less than part-time, the grace period begins. The student's grace period for loan repayments for Federal Direct Unsubsidized and Subsidized Loans will begin on the day of the withdrawal from the school. If the student is not enrolled part-time for more than 6 months, the loans will go into repayment. The student must contact the U.S. Department of Education or their lender to make payment arrangements. Loans must be repaid by the loan borrower (student/parent) as outlined in the terms of the borrower's promissory note. The student should contact the lender if there are questions regarding the grace period or repayment status.

Repayment of unearned funds and consequences

Unearned funds are paid to the U.S. Department of Education by Fox Valley Technical College on the student's behalf. The school will return the funds within 45 days of the calculation. If the student owes money to Fox Valley Technical College resulting from the return of unearned federal financial aid, the student will be billed by Fox Valley Technical College. If the student does not pay the balance, a hold is placed on the student's account. This will prevent registration for classes or release of transcripts until the balance is paid.

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

Fox Valley Technical College's responsibilities:

- Providing each student with the information given in this policy
- Identifying students affected by this policy and completing the R2T4 calculation
- Informing the student of the result of the R2T4 calculation and any balance owed as a result of a required return of funds calculation
- 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 and/or PLUS borrower of eligibility for a Post-Withdraw Disbursement, if applicable

Student's responsibilities:

- Becoming familiar with the R2T4 policy and how withdrawing from all classes affects eligibility for Title IV aid
- Resolving any outstanding balance owed to Fox Valley Technical College
- Resolving any repayment to the U.S. Department of Education as a result of an overpayment of Title IV grant funds

How a withdrawal affects academics

The following policies will help you understand that a withdrawal potentially affects students academically as well as financially. We encourage students to read all the information below prior to making a final decision.

- Academic policies on leaving Fox Valley Technical College are available in the College Handbook, see Withdrawal section. Contact the Enrollment Services Office for further inquiries about academic policies.
- Fox Valley Technical College refund policy is separate from the federal regulations to repay unearned aid. Whether or not a student receives a refund has no bearing on the amount that must be repaid to the federal aid programs. The refund policy is available in the College Handbook, see Student Finance Policy section. Contact the Student Finance Office or Enrollment Services Office for further inquiries regarding refunds.

How a withdrawal affects future financial aid eligibility

Refer to the Fox Valley Technical College Satisfactory Academic Progress Policy to determine how a withdrawal will impact future financial aid eligibility.

Post-Withdrawal Disbursement (PWD)

If you did not receive all of the funds that you earned, you may be due a post-withdrawal disbursement.

If your PWD includes loan funds, FVTC will offer the loan to you within 30 days and allow at least 10 days for you to accept the offer before we can then disburse the loans to you (disbursed within 15 days of acceptance). You may choose to decline some or all of the loan funds so that you don't incur additional debt.

FVTC will automatically disburse grant funds to you within 45 days and may use all or a portion of your PWD of grant funds for tuition and fees. FVTC needs your permission to use the post-withdrawal grant disbursement for all other institutional charges. If you do not give your permission, you will be offered the funds. However, it may be in your best interest to allow FVTC to keep the funds to reduce your debt at the college.

There are some Title IV funds that you were scheduled to receive that cannot be disbursed to you once you withdraw because of other eligibility requirements. For example, if you are a first-time, first-year undergraduate student and you have not completed the first 30 days of your program before you withdraw, you will not receive any Direct Loan funds that you would have received had you remained enrolled past the 30th day.

If you are eligible for a PWD, we will first apply these funds to your outstanding college charges (if any). Any remaining amount of the PWD will be released to you within 14 days.

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. For further guidance on R2T4 policies and procedures please contact the Fox Valley Technical College Financial Aid Office.