



## ***COMPTON COLLEGE FINANCIAL AID OFFICE***

1111 E Artesia Blvd., Compton, CA 310 900-1600 Ext 2935, [www.compton.edu](http://www.compton.edu)

### **Return to Title IV Funds (R2T4)**

The return of Title IV funds is administered by the Financial Aid Office (FAO) at Compton College (CC). This policy applies to students who withdraw (official, unofficially) or are dismissed from enrollment at Compton College. Therefore, the student may still owe funds to the school to cover unpaid institutional charges. The school may also attempt to collect from the student any Title IV program funds that the school was required to return. The calculated amount of the "Return of Title IV Funds" that is required for students affected by this policy are determined according to the following definitions and procedures, as prescribed by regulation.

The Institution has 45 days from the date the institution determines that the student withdrew to return all unearned funds for which it is responsible. The school is required to notify the student if they owe a repayment via written notice. The school must advise the student or parent that they have 14 calendar days from the date the school sent the notification to accept a post-withdrawal disbursement. If a response is not received from the student or parent within the permitted time frame or the student declines the funds, the school will return any earned funds that the school is holding to the Title IV programs. Post-withdrawal disbursement must occur within 120 days of the date the student withdrew.

The Return of Title IV Funds (R2T4) regulation does not dictate the institutional refund policy, however. The calculation of Title IV funds earned by the student has no relationship to the student's incurred institutional charges.

Title IV funds are awarded to a student under the assumption that he/she will attend school for the entire period for which the assistance is awarded. When a student withdraws from all his/her courses, for any reason including medical withdrawals, he/she may no longer be eligible for the full amount of Title IV funds that he/she was originally scheduled to receive.

A school is required to determine the earned and unearned Title IV aid a student has earned as of the date the student ceased attendance based on the amount of time the student was scheduled to be in attendance.

If the student withdraws from all his courses prior to completing over 60% of a semester, he/she may be required to repay a portion of the federal financial aid that he/she received for that term. A pro rata schedule is used to determine the amount of federal student aid funds he/she will have earned at the time of the withdrawal. Federal aid includes Federal Direct Loan (subsidized and unsubsidized), Pell Grants, SEOG Grants, and any other Title IV funds.

The return of funds is based upon the concept that students earn their financial aid in proportion to the amount of time in which they are enrolled. Under this reasoning, a student who withdraws in the second week of classes has earned less of his/her financial aid than a student who withdraws in the seventh week. Once 60% of the semester is completed, a student is considered to have earned all of his financial aid and will not be required to return any funds.

#### **Withdrawal before 60%:**

The Financial Aid Office must perform a R2T4 to determine the amount of earned aid up through the 60% point in each payment period. The FAO will use the Department of Education's prorated schedule to determine the amount of R2T4 funds the student has earned at the time of withdrawal. After the 60% point in the payment period or period of enrollment, a student has earned 100% of the Title IV funds he or she was scheduled to receive during the period. The institution must still perform a R2T4 to determine the amount of aid that the student has earned.

### **Withdrawal after 60%:**

For a student who withdraws after the 60% point-in-time, there are no unearned funds. However, the FAO will still determine whether the student is eligible for a post-withdrawal disbursement.

Note: FAO has provided an example of the calculation used to determine the amount of unearned aid a student would be expected to repay based on the reported last day of attendance of the term from which a student withdraws.

### **Withdrawals:**

A student's official withdrawal date is determined by using one of the following: The date he/she officially withdrew with the Admission and Records (A&R) office during the Registrar's withdrawal period.

- The date the student submitted his petition to withdraw to the A&R if the A&R's withdrawal period has ended and the student successfully petitioned to withdraw.
- The date the student was expelled/dismissed from Compton College.

In the event that a student does not go through the proper withdrawal procedures as defined in the Academic Information section of CC's catalog the student's unofficial withdrawal date is determined by using one of the following:

- The date the student died, if the student passed away during the semester.
- The last date that the student attended class

The student must inform in a timely fashion, in person or by email if personal appearance is not possible, the Office of Financial Aid at [finaid@compton.edu](mailto:finaid@compton.edu) of any withdrawal occurring during a semester.

The FAO determines the return of Title IV funds percentage. Institutions are required to determine the percentage of Title IV aid "earned" by the student and to return the unearned portion to the appropriate aid program.

### **The return of Title IV funds policy follows these steps:**

Step 1: Student's Title IV information

The FAO will determine:

A) The total amount of Title IV aid disbursed (Not aid that could have been disbursed) for the semester 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) 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.

Step 2: Percentage of Title IV Aid Earned:

**The FAO will calculate the percentage of Title IV aid earned as follows:**

The number of calendar days completed by the student divided by the total number of calendar days in the semester in which the student withdrew. The total number of calendar day in a semester shall exclude any scheduled breaks of more than five days.

$\text{Days Attended} \div \text{Days in Enrollment Period} = \text{Percentage Completed}$

If the calculated percentage exceeds 60%, then the student has "earned" all the Title IV aid for the enrollment period.

Step 3: Amount of Title IV Aid Earned by the Student

The FAO will calculate the amount of Title IV Aid earned as follows:

The percentage of title IV aid earned (Step 2) multiplied by the total amount of Title IV aid disbursed or that could have been disbursed for the term in which the student withdrew (Step 1-B).

$\text{Total Aid Disbursed} \times \text{Percentage Completed} = \text{Earned Aid}$

Step 4: Amount of Title IV Aid to be Disbursed or 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.

$\text{Total Disbursed Aid} - \text{Earned Aid} = \text{Unearned Aid to be Returned}$

- If the aid already disbursed is less than the earned aid, the FAO will calculate a Post Withdrawal Disbursement.

**Earned AID:**

Title IV aid is earned in a prorated manner on a per diem basis (calendar days or clock hours) up to the 60% point in the semester. Title IV aid is viewed as 100% earned after that point in time.

In accordance with federal regulations, when Title IV financial aid is involved, the calculated amount of the R2T4 Funds" is allocated in the following order:

Return of the Title IV Aid, based on the type of aid disbursed, in the following order:

1. Unsubsidized Federal Direct Loan
2. Subsidized Federal Direct Loan
3. Pell Grant
4. SEOG Program Aid
5. Other Title IV Aid

Loans must be repaid by the loan borrower as outlined in the terms of the borrower's promissory note.

The student's grace period for loan repayments for Federal Unsubsidized and Subsidized Stafford Loans will begin on the day of the withdrawal from the CC. The student should contact the lender if he/she has question regarding their grace period or repayment status.

Institutional and student responsibility in regard to the Federal Return of Title IV Funds policy

The FAO's responsibilities in regard to the Return of Title IV funds policy include:

1. Providing each student with the information given in this policy;
2. Identifying students affected by this policy and completing the Return of Title IV Funds calculation;
3. Informing the student of the result of the Return of title IV Funds calculation and any balance owed to CC as a result of a required return of funds;
4. 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;
5. Notifying student of eligibility for a Post-Withdraw Disbursement, if applicable;

**The student's responsibilities in regard to the Return of Title IV Funds policy include:**

1. Becoming familiar with the Return of Title IV Funds policy and how withdrawing from all his courses effects eligibility for Title IV aid;
2. Resolving any outstanding balance owed to CC resulting from a required return of unearned Title IV aid.

## **Post-Withdrawal Disbursements**

In the event a student is eligible for a post-withdrawal disbursement based on the student's budget, awarded financial aid and Title IV funds and R2T4 calculations, a post-withdrawal disbursement must be made only after the following conditions are met.

1. Student and parents were in most cases verbally notified of the availability of post withdrawal disbursements by the FAO within one week from the date of R2T4 calculation was performed.
2. Student and parents in most cases verbally notified the FAO within a reasonable time indicating their acceptance of available post-withdrawal disbursement amounts. The reasonable time refers to allowing sufficient time to school to process a post-withdrawal disbursement within the deadlines set by the Department of Education.
3. Student has outstanding institutional charges that are due and wants to pay off those charges by applying his/her post-withdrawal disbursement.
4. Student/Parents completed all necessary paperwork related to such post-withdrawal disbursement within a reasonable time.
5. The FAO must track the notification and authorization to make the disbursement and meet deadlines as prescribed by ED. A school must process Title IV aid within 120 days from the last day of the enrollment period.

The post-withdrawal disbursement must be applied to outstanding institutional charges before being paid directly to the student.

*The procedures and policies listed above are subject to change without advance notice*

## **Financial Aid Overpayment**

What is a financial aid overpayment? An overpayment occurs when a student receives more financial aid than he/she was eligible for. Generally, overpayments are the result of changes in enrollment; e.g., full-time to half-time status or a complete withdraw from all classes. Overpayments can also occur when a student's financial information changes or additional information such as academic transcripts are submitted after a grant or loan payment is made.