



COMPTON COLLEGE FINANCIAL AID OFFICE

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Return to Title IV Funds (R2T4) Policy

Overview and General Requirements

Federal financial aid ("Title IV Funds") is awarded to a student under the assumption that the student will attend school for the entire period for which the assistance is awarded. When a student withdraws, the student may no longer be eligible for the full amount of Title IV funds that the student was originally scheduled to receive.

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. If a recipient of Title IV grant or loan funds withdraws from CC after beginning attendance, the amount of Title IV grant or loan assistance earned by the student must be determined. 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.

If the student receives less Federal Student Aid than the amount earned, CC offers a disbursement of the earned aid that was not received, this is called a Post-withdrawal disbursement. 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.

Financial aid programs subject to R2T4

- Pell Grant
- FSEOG
- Direct Unsubsidized Stafford Loan
- Direct Subsidized Stafford Loan
- Other Title IV Aid

Institutional and Student Responsibilities

Compton College responsibilities regarding the Return of Title IV funds:

1. To provide each student with the information in this policy;
2. To identify students affected by this policy and completing the Return of Title IV Funds (R2T4) calculation within 30 days of the student's withdrawal date;
3. To inform the student of the result of the R2T4 calculation and any balance owed to CC as a result of a required return of funds;
4. To return 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. To notify student of eligibility for a Post-Withdrawal Disbursement, if applicable.

Student's responsibilities regarding the Return of Title IV funds:

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

Determining Withdrawal Date

Federal guidelines require a student to complete the term for which they were funded. If a student officially or unofficially withdrew from all of the classes, stopped attending all the classes, or did not successfully complete any of the classes (receive all F's), the college is required to calculate how much of the semester the student attend to determined how much of the aid was earned.

The withdrawal date established by CC is the date used by the Financial Aid Office to determine the point in time that the student is considered to have withdrawn. CC determines a student's official withdrawal date 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; or
- 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; or
- The last date that the student attended class

CC Financial Aid Office uses this date to determine the percentage of the payment period or period of enrollment completed by the student. The percentage of Title IV aid earned is equal to the percentage of the payment period or period of enrollment completed.

Withdrawal before 60%:

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.

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 prorate 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.

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.

Days Attended ÷ Days in Enrollment Period = 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).

Total Aid Disbursed x Percentage Completed = 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.

Total Disbursed Aid – Earned Aid = 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.

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.

CC will abide by the following federal timelines:

- ***From the Date of Determination of a Withdrawal***
 - Within 30 days of the date of determination of the withdrawal date, perform the Return of Title IV Funds calculation.
 - For an official withdrawal, the date of determination of the withdrawal date is the same date as the withdrawal date.
 - For an unofficial withdrawal, the date of determination of withdrawal must be made within 30 days after the end of the payment period, i.e., semester block.
 - For unofficial withdrawals identified through the participation compliance process, the date of determination will be the date that Admissions and Records post the withdrawal in Banner.
 - For unofficial withdrawal identified via end-of-term grade review, the date of determination will be the final day of the term.
 - Within 30 days of the date of determination of the withdrawal date, notify the student if there is a post-withdrawal disbursement due to the student of loan funds or an overpayment of grand funds, if applicable.
 - Within 45 days of the date of determination of the withdrawal date, return the school owed funds to the appropriate Title IV program account.

- Within 45 days of determination of the withdrawal date, pay a student a post-withdrawal disbursement of grant funds.
- Within 180 days of the date of determination of the withdrawal date, pay a student a post-withdrawal disbursement of loan funds, if the student requested funds within 14 days of notification by the school of their availability.

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.

