

## Return of Title IV Federal Funds (R2T4)

All students receiving federal financial aid (Title IV) are subject to a recalculation of their aid eligibility if they:

- completely withdraw from all of their classes prior to the 60% point of the semester or
- stop attending all of their classes before completing the semester or
- withdraw from module(s) (part of term) within the semester without completing at least 49% of the days in the semester or at least 6 credit hours within the semester
  - Students who withdraw from a module (part of term) within the semester are not considered withdrawn per the federal regulations pertaining to R2T4 if the student successfully completes:
    - The requirements for graduation (based on counselor evaluation, or
    - One or more modules that, together, comprise at least 49% of the days in the semester, with passing grades, or
    - Courses equal to or greater than 6 credit hours, with passing grades

If a student is determined to be subject to the R2T4 policy, the financial aid office will calculate the portion of federal financial aid the student has earned and any unearned aid must be returned to the aid programs. Any credit balance from federal aid owed to the student at the time it is determined that the student withdrew or stopped attending will be placed on hold until the R2T4 calculation is completed.

A student wishing to withdraw from all or some of their classes may do so through myLakeland or by completing a Course Registration (Add, Drop, Withdraw) Form and submitting it to the Student Service Center. A student is considered to be officially withdrawn if they completely withdraw from all of their classes in a semester. The date of that withdrawal is considered the withdrawal date.

A student who fails all of their classes in a semester may be subject to a R2T4 calculation. If a student “earned” at least one F (i.e. attended class until the end of the semester and received an F for poor performance), then no calculation is required. However, if the student failed all classes because they stopped attending at some point in the semester, then a R2T4 calculation is required based on the last date of attendance. If the last date of attendance cannot be determined, the 50% point of the term will be used as the withdrawal date.

The percentage of aid the student has earned is equal to the percentage of the semester the student has completed based on the date they withdrew from all classes or stopped attending. To determine the percentage completed, the number of calendar days completed is divided into the number of calendar days in the semester (less break days if there are 5 or more consecutive in the term). The percentage completed is multiplied by the amount of aid disbursed or eligible to be disbursed to calculate the amount of aid the student has earned and can keep. Once a student has completed more than 60% of the semester, the student has earned all of their federal financial aid.

If it is determined that there is unearned financial aid, then the school and or the student must return the unearned funds. Any unearned aid (total aid minus earned aid) must be returned to the aid programs in the following order:

- Federal Direct Unsubsidized Loan
- Federal Direct Subsidized Loan
- Federal Perkins Loan
- Federal PLUS Loan
- Federal Pell Grant
- Federal SEOG

The amount of unearned financial aid the school is required to return is equal to the total institutional charges prior to the student withdrawing multiplied by the percentage of funds that was unearned. Any return by the school must be completed within 45 days of the date the student withdraws or the last date of attendance was determined. Lakeland will bill the student for any account balance created when the college is required to return federal financial aid.

The student must return the unearned financial aid that the school is not responsible for returning. If the student is required to return loan funds, they do so under the terms of the loan. If the unearned aid the student must return includes federal grants, they are only required to return the grant amount that exceeds 50% of the original total federal grant aid received for that semester. If the amount the student owes is less than \$50.00, then no repayment is required.

Lakeland will notify the student if, as a result of the R2T4 calculation, it is determined that the student owes a grant overpayment. The student has 45 days from the date of the notification to repay the overpayment to Lakeland who will then return the unearned funds to the federal programs. Failure to repay the grant overpayment within 45 days will result in the student being reported to the U.S. Department of Education (ED). At that point, the student loses eligibility for federal financial aid at any institution and must pay or make payment arrangements directly with the ED. Once the grant overpayment is paid in full or satisfactory payment arrangements with the ED are made, the student regains eligibility for federal financial aid.

In some cases, the R2T4 calculation will result in the student and/or parent being eligible for a post withdrawal disbursement of federal financial aid. The financial aid office will notify the student and/or parent within 30 days of the date the student withdraws or the last date of attendance was determined, if they are eligible for a post withdrawal disbursement. The type and amount of aid that the student and/or parent is eligible for will be included in the notification. A post withdrawal disbursement of Federal Pell Grant funds (does not need to be repaid) will be credited to the student's account for current charges of tuition and fees; any non-current or charges other than tuition and fees that are charged to the student's account will be paid only if the student has signed an authorization form allowing for payment of those charges. A post-withdrawal disbursement of Direct Loans (must be repaid) will require written response of acceptance from the student and/or parent within 14 days of the date of the notification.

### **Return of Title IV Funds Example**

Student is attending Lakeland and is enrolled in 9 credits hours in classes that are scheduled for the entire semester (112 days). The student withdraws from all of their classes on the 27<sup>th</sup> day of the semester. The student has earned 24.1% of their financial aid (27 days attended divided by 112 in the semester). The unearned percentage of financial aid is 75.9%.

The student's financial aid awarded for the semester:	Federal Pell Grant	\$2,126
	Direct Subsidized Loan	<u>\$1,079</u>
	Total Financial Aid	\$3,205

The student's institutional charges:	Tuition and Fees	\$1,184
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Amount of federal aid earned = \$772 (24.1% of financial aid which was \$3,205)

Amount of unearned aid to be returned = \$2,433 (\$3,205 financial aid minus \$772 earned financial aid)

Amount of aid to be returned by the school = \$899 (\$1,184 institutional charges x 75.9% unearned percentage)

- \$899 in Direct Subsidized Loan
  - if school's return creates a balance owed on the student's account, the student is responsible for paying Lakeland

Amount of aid to be returned by student = \$1,534 (\$2,433 total aid to be returned minus \$899 returned by the school)

- \$180 in Direct Subsidized Loan (\$1079 Direct Loan awarded minus \$899 returned by the school)
  - student returns the loans under the terms of the loan
- \$291 in Federal Pell Grant (total aid for student to return is \$1,534; \$180 of that returned to Direct Loan by student leaving \$1,354 to return from Pell)
  - student only required to return amount of grant aid that exceeds 50% of the original award ( $\$2,126 \times 50\% = \$1,063$ ); \$1,354 of Pell to be returned minus \$1,063; return would be \$291 Pell Grant to be returned by student
  - student given 45 days to return the Pell Grant overpayment to the school who will then return it on the student's behalf; if not returned to the school the student will be transferred to the ED for collection of the overpayment