

### **Return of Title IV Funds Policy**

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#### **Purpose and Scope**

Per the Higher Education Amendment Regulation Return of Title IV (R2T4) Funds, all students receiving Title IV federal grant or loan assistance who withdraw from the institution. This regulation affects the calculation of aid to be returned as well as repayment procedures.

West Chester University's Financial Aid Office is required by federal statute to recalculate federal financial aid eligibility for students who withdraw, drop out, are dismissed, or take a leave of absence prior to completing a payment period or term. All Title IV financial aid programs must be recalculated in these situations.

The requirements for Title IV program funds when a student withdraws are separate from West Chester University's refund policy.

#### **Policy Statement**

If a student leaves West Chester University prior to completing a payment period or a term, the financial aid office recalculates eligibility for Title IV funds in accordance with the regulations.

#### **Policy Framework**

The policy framework outlines how federal Title IV funds are handled when a student who receives Title IV funds ceases to be enrolled in all classes prior to the end of a payment period or period of enrollment. WCU is required to determine the earned and unearned portions of Title IV aid as of the date the student ceased attendance based on the student's last date of academic activity and/or withdraw date.

### Changes made during the Add/Drop Period

If students change their enrollment during the add/drop period then aid will be re-evaluated based on the new enrollment status, cost of attendance, and award/disbursement procedures for each award type. For example, the Pell and TEACH grant funding will be repackaged for a student if the enrollment status of the student changes before the Federal Pell recalculation date (end of add/drop period) even if the funding has already disbursed. However, for Direct Stafford loan funding, if the student was at least half time at the point of disbursement, the loan funding will not be adjusted if the enrollment status changed during the add/drop period and the student is still eligible for the amount disbursed based on the revised cost of attendance. If a student drops all of their courses during the add/drop period and did not attend any classes, all aid will be returned. If a student attended classes and a last date of attendance is recorded in the student information system then that date is utilized to make a determination for the R2T4 calculation. After the add/drop period ends, the reported last date of attendance will be used to determine the amount of earned aid by the Return of Title IV Aid (R2T4) calculation. The R2T4 process is completed independent of any change in charges per the institutional refund policy. If a student is in modules and drops from coursework without current or future enrollment the drop date will be used. If there is a change in the last date of attendance made by the Registrar's office, a revised calculation and adjustment will be made to the Title IV aid regardless of what changes are made to the institutional charges. Therefore, even if charges are forgiven by the institution after the processing of a withdraw the initial charges will still be used within the calculation.

### Return of Title IV Funds

When a student who has been awarded Federal Student Aid (Title IV) funds withdraws from all classes, or stops attending all classes, federal regulations require that a Return of Title IV (R2T4) Funds calculation be performed to determine how much financial aid the student earned and if funds must be returned to the Federal

government. Software provided by the US Department of Education is used to complete the R2T4 calculation.

The order in which Title IV program funds must be returned.

1. Unsubsidized Direct Loans (other than Direct PLUS Loans)
2. Subsidized Direct Loans
3. Direct PLUS Loans
4. Federal Pell Grants for which a return of Title IV funds is required
5. FSEOG for which a return of Title IV funds is required
6. Teacher Education Assistance for College and Higher Education (TEACH) Grants for which a return of Title IV funds is required
7. Iraq and Afghanistan Service Grant, for which a return of Title IV funds is required.

Return of Title IV Funds are calculated using the federally-defined payment period. For standard, credit hour programs, the payment period is the academic term (semester). For non-standard term, or clock hour programs, the payment period is defined in clock or credit-hours and weeks of instructional time. This applies to all students including:

- Transfer students
- Re-entry students
- Other students in the program.

If a student begins attendance and withdraws before any charges are assessed, an R2T4 calculation is still calculated.

If a student withdraws from classes, then rescinds the withdrawal, and subsequently withdraws again, the original withdrawal date is used unless there is a later, documented last date of attendance.

When an R2T4 calculation is applicable, it is completed even if Title IV aid has not yet been disbursed. Any outstanding disbursements of Title IV aid are suspended until the R2T4 calculation is completed. Once the calculation is completed the student will be reviewed for a post-withdrawal disbursement for any earned amount of title IV aid.

If an R2T4 calculation results in the student owing \$50 or less, the student is treated as not owing a grant overpayment, therefore no further adjustments would be necessary and any remaining balance would be collected by the Bursar's office. If West Chester University is informed that a student has died, a withdrawal date is determined for the student. Out of respect for a deceased student's family, their involvement in financial aid matters is minimized as much as possible. Families will be given contact information to use if they have questions or concerns regarding financial aid. Family members of deceased students who borrowed student loans will be provided information and assistance on notifying lenders to include required documentation such as a death certificate in order to discharge the remaining portion of the federal student loan debt.

If it is determined that a deceased student did not begin the withdrawal process or otherwise provide official notification of their intent to withdraw because of illness, accident, grievous personal loss, or other such circumstances beyond the student's control, the withdrawal date is the date that the institution determines is related to that circumstance. The withdrawal date can be no later than the date of the student's death.

If the return of Title IV funds calculation indicates the amount of Title IV funds the student received while enrolled during the payment period was greater than the amount earned, only the funds for which WCU is responsible is returned. The student's estate is not required to return any Title IV funds.

If the R2T4 calculation for a deceased student shows a post-withdrawal disbursement, WCU is not permitted to actually disburse those funds.

If a Title IV credit balance existed prior to the student's death, the credit balance is resolved by

- Paying authorized institutional charges (including previously paid charges that are unpaid due to the institution's return of Title IV funds)
- Paying any Title IV grant overpayment owed by the student for previous withdrawals from the institution;
- If a grant overpayment exists, providing documentation to the U.S. Department of Education's (ED's) Debt Resolution Services so the overpayment can be deleted from the student's records; and
- Returning any remaining credit balance to the appropriate Title IV program(s).
  - For any affected person under the HEROES Act, who withdraws because of their status as an affected person, the requirement to repay a grant overpayment is waived and WCU will not apply any future credit balance to an otherwise required grant overpayment.

If a student who is attending multiple institutions under a consortium agreement, and WCU is disbursing aid, completes an R2T4 calculation when the student withdraws from all classes at all institutions.

If an R2T4 calculation shows a post-withdrawal disbursement for a Direct Loan, the student or parent borrower must provide confirmation that they still want the loan before it is credited to the student's account.

Procedure

Within 30 days of the date that WCU determines that a student withdrew, a written notification is sent to the student or parent PLUS borrower. The notification:

- Requests confirmation of any post-withdrawal disbursement of loan funds to be credited to the student's account to pay an outstanding balance, identifies the type and amount of loan, and clarifies that the student or parent PLUS borrower may cancel part or all of the loan funds.
- Requests confirmation of any post-withdrawal disbursement of loan funds to be disbursed to the borrower, identifies the type and amount of loan, and clarifies that the student or parent PLUS borrower may cancel part or all of the loan funds.
- Explains that a borrower may not receive any loan funds without confirmation.
- Explains the obligation to repay any loans confirmed and subsequently disbursed.
- Offers to directly disburse any amount of a post-withdrawal disbursement of Title IV loan funds credit to the student's account.
- Advises that if confirmation is not received within 14 days, the loan funds will be cancelled and not disbursed.
  - For an affected student as defined in the HEROES Act, the period to provide confirmation is extended to 45 days

Within 30 days of the date that WCU determines that a student withdrew, a written offer is sent to the student or parent PLUS borrower. The notification:

Requests confirmation of any post-withdrawal disbursement of loan funds to be credited to the student's account.

### Official Withdrawal Procedures and Title IV Refunds

For an official withdrawal, the withdrawal date is the reported last date of academic activity recorded as part of the term withdraw review or the date the student notifies the school they intend to withdraw if the student does not attend any classes.

### Roles and Responsibilities of Staff responsible for R2T4

- Runs a query each week to identify students who officially withdrew during the preceding week.
- Completes Return of Title IV Funds worksheets for each student as required using the Common Origination and Disbursement (COD) system (meaning for those who did attend at least one day of the term and received Title IV aid).
- Maintains a spreadsheet to monitor all adjustments/returns to ensure compliance.
- Completed R2T4 worksheets are provided to the Data Integrity Coordinator, who makes the adjustments to Title IV aid.
- If a student has aid that is not Title IV funding the Assistant Director who manages the aid program is notified in order to conduct a separate review.

### Data Integrity Coordinator:

- Makes adjustments on Assign Awards, making sure to split the disbursements correctly and adjust the loan fees (Validate/Post/New award).
  - Adds comments on Review Status (adjustment and date utilized).
  - Adjusts CL Disbursement Maintenance for loans:
    - CL Disbursement → Fund Maintenance
    - Select SSCR (Return funds to lender)
    - Enter amount returned as a negative number
    - Disburse adjusted loan
  - Runs batch origination process for single student for loans
  - Accepts changes on Update Loan Origination Transmission Status
  - Adds FEXIT: Exit Counseling checklist

- Adds "hold", Campus Community→Service Indicators→Manage Service Indicator→Add FA5, STXT, begin term "0000". OK
- Hands the worksheet and returns loan funds.

#### All Non-Passing Grades Procedures (Review of Unofficial Withdrawals)

After grades are posted for a semester, a report is run to identify students with Z grades (unearned due to insufficient attendance). A secondary Query is used to pull attendance data for each course that is requested of the professor at three separate check points (first week of classes, 60% mark of term, and final week of classes). If available, these dates are used to determine a last date of attendance for the students with all unearned grades (Z and W grades). If the dates are not reported by professors then the 50% midpoint is used.

- Staff will compile a review sheet that will record last date of verified attendance provided by each professor and use the latest date of attendance to determine whether or not a student stopped attending before the 60% mark. This determination will be made within 30 days from the end of the academic year. If no responses are provided from professors the midpoint will be utilized.
  - If the last date of attendance was prior to 60% point then an R2T4 will be run using the determined date in order to calculate the unearned portion of title IV aid.
  - If professors do not have data or provide incomplete date, which does not enable the Staff to make a determination as to when the student stopped attending, then the 50%/midpoint will be used when calculating the R2T4.
- If attendance is verified beyond the 60% point in semester, 100% of Title IV aid has been earned. An R2T4 calculation is completed to determine if the student is owed a post-withdrawal disbursement.

Modular Withdraw Reviews for Sessions and Intersession

If students are enrolled for only one session and withdraw during that one session, then the official withdrawal policies and procedures will be used to determine if an R2T4 is needed, and if so, processed using the calendar dates associated with that session.

If students are enrolled for multiple sessions or are enrolled in both an intersession and academic term, and are packaged for aid using the enrollment of multiple sessions, then the following questions will be used to determine if the student qualifies as a withdrawn student:

- 1) After beginning attendance in the payment period or period of enrollment, did the student cease attendance or fail to begin attendance in a course he or she was scheduled to attend?  
No - this is not a withdrawal.  
Yes - proceed to #2 below.
- 2) When the student ceased attendance or failed to begin attendance in a course he or she was scheduled to attend, was the student still attending other courses?  
Yes - this is not a withdrawal. Aid is recalculated using new enrollment type and our policies and procedures for awards received.  
No - Proceed to number 3 below.
- 3) Did the student confirm in writing or via WCU email their intent to attend a course in the module beginning later in the term and no more than 45 days after the withdrawal date from the previous course?
  - a) If yes, this is not a withdrawal. Aid is recalculated using new enrollment type and our policies and procedures for awards received.
  - b) If no, complete R2T4 calculation.
  - c) If a student provides intent to return to attend a course in the payment period and subsequently wished to change the re-entry date, he or she may do so by submitting the request in writing.

- 4) If a student confirms intent to attend in a module beginning later in the term, but does not actually return, the student is considered to have withdrawn, and the last date of attendance from the most previously attended course is used as the withdrawal date for the R2T4 calculation.
- 5) For a student who:
  - a) withdraws from a modular program;
  - b) does not provide intent to return to a later course;
  - c) had aid returned based on an R2T4 calculation;
  - d) re-enters the same program prior to the end of the payment period, the student is considered to have not withdrawn and is eligible to receive Title IV funds for which he or she was eligible prior to withdrawal, including funds returned under the return of Title IV funds provisions, and based on the enrollment status upon re-entry.

#### Aid That Could Have Been Disbursed

In addition to Aid disbursed, Aid That Could Have Been Disbursed is also used in the calculation. For purposes of determining earned Title IV aid, generally, so long as the conditions for late disbursements in 34 CFR 668.164(j)(2) were met prior to the date the student became ineligible, any undisbursed Title IV aid for the period for which the R2T4 calculation is performed is counted as Aid that could have been disbursed.

Title IV Credit Balance - For an affected person, WCU has met the 14-day requirement if, within that timeframe, the institution attempts to contact the student (or parent) to suggest that WCU be authorized to return the credit balance to the loan program(s).

In addition, if WCU chooses to attempt to contact the student (or parent) for authorization to apply the credit balance to reduce the student's title IV loan debt, it must allow the student (or parent) 45 days to respond. If there is no response within 45

days, WCU must promptly pay the credit. We do not hold credit balances for any period of time so if a student qualifies for a refund after an R2T4 is completed we release those funds to the student.

### HEROES Act Provisions

Special provisions apply to any student who is an affected individual under the Higher Education Relief Opportunities Act of 2003, and:

- Was serving on active duty during a war or other military operation or national emergency;
- Was performing qualifying National Guard duty during a war or other military operation or national emergency;
- Resided or was employed in an area declared a disaster area by any federal, state, or local official in connection with a national emergency; or
- Suffered direct economic hardship (as determined by ED) as a direct result of a war or other military operation or national emergency.

These students will be tracked as a Military Withdrawal for the effected period to ensure they benefit from the Heroes Act provisions. The 14-day time period in which the student (or parent) must normally respond to an offer of a post-withdrawal disbursement is extended to 45 days. If the student or parent submits a response after the designated period, WCU may, but is not required to, make the post-withdrawal disbursement so long as the disbursement is made within 180 days of the date that WCU determined that the student withdrew.

If a credit balance is generated due to an adjustment of charges, then a refund will be generated for the remaining amount of earned aid. The only exception would be if a student makes a request for a post withdrawal disbursement to be cancelled in order to reduce federal student loans.

Temporary Leave of Absence (TLOA) - - If WCU permits a TLOA, the institution's documentation of its decision to grant the temporary leave of absence must include the reason for the TLOA as well as the benefits the student will receive during the impacted period of enrollment. The institution's documentation of its decision to grant the leave of absence must include, in addition to the reason for the leave of absence, the reason for waiving the requirement that the leave of absence be requested in writing.

If the student does not return to the university and has received any title IV aid prior to an approved TLOA, then an R2T4 would be required to be calculated and any unearned aid from that period of enrollment would be returned.

### **Temporary R2T4 Policy in response to COVID-19:**

#### Spring 2020:

In response to a disruption within in the middle of the payment period, including a shift in modality to remote coursework and a reduction in the number of weeks of instruction, R2T4 relief was granted to all students who term withdrew during the spring term. The only exception were students who previously enrolled in all online courses or programs. Those students would have had to provide attestation that their withdraw was due to a COVID related incident.

#### Summer 2020, Fall 2020, Spring 2021, and Summer 2021

Since the university announced prior to the start of each of the payment periods that students would be moving to remote coursework, written attestation is required for any student who is looking for an R2T4 waiver. This was collected either via the term withdraw form as "COVID" was presented as a withdraw reason or through a separate emailed communication. Otherwise, if the term withdraw was for an unrelated cause then standard operating procedures for an official withdraw review

were implemented. In order to accurately identify students' causes for withdrawing language will be updated on the term withdraw form to include approved covid-19 related reasons. These reasons include:

- Illness
- Loss of childcare
- Economic hardship due to employment changes

Students who qualify for an R2T4 waiver will be updated within the COD system and provided a separate communication to explain the amount of aid that would have been returned and the exception that is being made under the CARES Act. Students will also be notified that they can use any credit balance generated to make payment on prior federal loans.

### **Definitions**

**Earned vs Unearned**— Refers to the amount of federal student financial aid that a student may keep (earned) and the amount that must be returned (unearned) to the Federal programs and is determined by the amount of time a student spends in academically related activity.

**Intersession-** For purposes of title IV aid review West Chester University's winter session is known as an intersession and is connected to the spring academic term. Therefore, students who are enrolled in both winter and spring will be reviewed using the modular withdraw review procedures.

**Last date of academic activity:** This date is logged by the Registrar's office and refers to the following academic related activity: physically attending a class with an opportunity for direct interaction between instructor and student; participating in an online discussion about academic matters; taking an exam, interactive tutorial, or

computer-assisted instruction; initiating contact with a faculty member to ask a question about the academic subject studied in the course; participation in a school assigned study group, and submitting academic assignments in its definition of academically-related activities

**Modular Review**— Evaluation of a student who withdraws from an academic program that uses a form of instructional design where multiple courses are completed within a single period of enrollment

**Official Withdrawal**— when a student follows the WCU process of discontinuing attendance in courses.

**Period of Enrollment**— synonymous with enrollment period or payment period; a continuous period of instruction for which all scheduled class sessions during a period of time specified in the [Academic Calendar](#).

**Post-withdrawal disbursement**— the amount of federal student aid that a student earned, but did not receive prior to withdrawing from all courses.

**Temporary Leave of Absence**- Students may be approved for a temporary leave of absence (TLOA) up to a maximum of one academic year for the 2020-2021 academic year. Please note that for financial aid purposes, a student may not be on a leave of absence for more than 180 days during a 12-month period that begins on the first day of the leave. For the full policy please see: [Temporary Leave of Absence Policy](#).

**R2T4**— an acronym that means Return of Title IV Funds: the process of determining the amount of federal student aid that a student who withdraws from all courses earned, and the amount unearned that must be returned to federal government.

**Title IV Financial Aid**— refers to financial aid programs authorized by the US Federal Government under Title IV of the Higher Education Act of 1965. This includes programs such as Federal Pell Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Direct Student Loans (Unsubsidized, Subsidized, and Direct PLUS), TEACH Grants, Iraq and Afghanistan Service Grant, and Federal Work-Study.

**Unofficial Withdrawal**— when a student discontinues attending classes but does not follow a specific withdrawal process

### **References**

[34 CFR§668.22](#)

[34 CFR§668.164](#)

[DCL GEN-11-14](#)

[DCL GEN-06-05](#)

[DCL GEN-06-10](#)

[DCL GEN-11-14](#)

[Federal Register, October 29, 2010](#)

[Program Integrity Link Questions & Answers – Return of Title IV Funds](#)

[Return of Title IV Aid Worksheets](#)

[Temporary Leave of Absence Policy](#)

[West Chester University Refund Policy](#)

[2020-2021 FSA Handbook Volume 5: Withdrawals and Return of Title IV Funds](#)

— UNIVERSITY POLICY —

**Reviewed by:** University Registrar, Assistant Vice President of Student Financial Services and Bursar, Sr. Associate Vice President of Financial Aid and Campuses, Controller, Senior Accountant, and Associate Vice President for Finance and Business Services.

**Policy Owner:** Daniel McIlhenny, Executive Director of Financial Aid

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