

FINANCIAL AID RETURN TO TITLE IV FUNDS (R2T4)

I. Procedure

A. Withdrawal Process

The Return of Title IV funds policy is applied to students who discontinue enrollment in all classes on or after the first day of the term who received federal financial aid. When a student withdraws, two separate calculations must take place:

1. A refund of tuition and fees from WDTC must be calculated by the Bursar's Office (Student Accounts)
2. A Return to Title IV must be calculated by the Financial Aid Office

If a student cancels registration prior to the first date of classes, drops some but not all of his/her classes, or is enrolled in a module program and meets the withdrawal exemptions, these policies will not apply. However, the student should notify the Financial Aid Office as continued financial aid eligibility may be affected. The student should contact the Student Success Center for information on withdrawing.

Attendance is taken in all courses at Western Dakota Technical College (WDTC). The student's withdrawal date is the last date of attendance or engagement, which is referred to as LDA, in a course based on attendance records and verified by the Registrar's Office. The Financial Aid Office will use the LDA to calculate the return of funds.

B. Unofficial Withdraw

If a student has not attended all enrolled courses for 8 consecutive days, the Student Success Coach attempts to contact the student. If the student has 14 days of non-attendance and has not begun the official withdrawal process, an official letter and email is sent to the student notifying the student of the attendance policy and the options to withdraw or risk of administrative withdrawal. WDTC is an attendance taking school and must be able to make this determination within 14 days, if not sooner.

The Financial Aid Office will receive administrative withdrawal paperwork from the Registrar's Office and will complete the Return of Title IV calculation. The deadline to refund Title IV to the Department of Education is 45 days from the date the school determined the student withdrew.

C. Refund of Tuition and Fees

Based upon the date the student discontinues enrollment, the student may receive a refund of tuition and fees. See WDTC [Policy 6007](#) and [Procedure 6007.001](#) for details.

D. Determining Earned Aid

Though federal financial aid is posted to the student's account at the start of each semester, the student earns the funds as the student completes the semester. Title IV financial aid is earned by the calendar day, not class day. This includes weekends, holidays, and breaks of less than five consecutive days. WDTC is required to determine the amount of Title IV aid the student has earned and then either disburse any additional funds the student may be entitled to up to the amount earned, or return funds in excess of the amount earned which the student has already received.

If the student withdraws during the payment period, the amount of Title IV program assistance the student has earned up to that point is determined by a specific formula. If the student received (or the school or parent received on the student's behalf) less assistance than the amount that the student earned, the student may be able to receive those funds. If the student received more assistance than earned, the excess funds must be returned by WDTC to Title IV.

When a student receiving Federal Title IV financial aid withdraws from WDTC during the payment period, the amount of the Title IV funds (not including Federal Work Study) that the student earned during the payment period is calculated as of the student's withdrawal date.

Title IV funds are earned at a fixed rate on a per day basis up to the 60% point in the payment. Title IV funds are 100% earned if the withdrawal date is after the 60% point in that period.

If the date a student withdraws from WDTC is prior to or on the 60% point of the semester, WDTC is required to determine the portion of the aid disbursed that was "earned" by the student before the withdrawal date. The "unearned" Title IV funds must be returned to the respective federal aid programs within 45 days after WDTC determines student withdrew. Unearned aid is the amount of disbursed Title IV aid that exceeds the amount of Title IV aid earned based on attendance in the payment period.

For example: If \$1000 in federal aid is disbursed, and the student withdraws at the 30% point of the term, \$700 of the aid is unearned and needs to be returned to the identified aid program.

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 consecutive days).
- The payment period is the entire semester (excluding any scheduled breaks that are at least 5 consecutive days).
- The percent unearned is equal to 100% minus the percent earned.

Calculating Return of Title IV Aid Amount

Once the earned and unearned aid percentages are determined, the next step is to calculate the dollar amount of unearned aid that must be returned to the financial aid programs. The return amount is determined by multiplying the unearned aid percentages by the total of all Title IV aid received.

School Portion of the Return

To determine the amount of unearned aid WDTC is required to return, WDTC takes the lesser amount between Title IV aid to be returned and amount of unearned charges for the term.

After the school returns the correct amount of financial aid, any amount of the total unearned aid that remains becomes the student portion of the return. The student portion of the return is calculated by subtracting the amount of the school return from the total unearned aid.

E. Order of Aid to be Returned

Financial aid will be returned to the aid program from which it came. If returned to a loan program, student's outstanding loan balance will be reduced by the amount of the return. Financial aid will be returned in the following order:

1. Unsubsidized Direct Loan
2. Subsidized Direct Loan
3. Direct PLUS Loan
4. Federal Pell Grant
5. Iraq and Afghanistan Service Grant
6. Federal Supplemental Educational Opportunity Grant (FSEOG)

The school must return the amount of Title IV funds for which it is responsible no later than 45 days after the date the school determined the student withdrew.

F. Grant Overpayment

Any amount of unearned grant funds that the student must return is called an overpayment. The maximum amount of a grant overpayment the student must repay is half the grant funds that were received or scheduled to receive. The student does not have to repay a grant overpayment if the original amount of the overpayment is \$50 or less. Arrangements must be made with WDTC or the Department of Education to return the unearned grant funds. The student will be notified of any grant overpayment within 30 days of the date the school determined the student withdrew.

G. Late or Post-Withdraw Disbursement

If the student did not receive all of the funds that were earned prior to withdrawing, a post-withdrawal disbursement may be due. If the post-withdrawal disbursement includes loan

funds, the student must give permission before the funds can be disbursed. WDTC may automatically use all or a portion of the post-withdrawal disbursement of grant funds for tuition and fees. Permission is required to use the post-withdrawal grant disbursement for all other school charges. Students will be notified in writing of post-withdrawal disbursement eligibility for Federal Direct Loans within 30 days of the date of withdrawal determination to offer them the opportunity to accept all or part of their disbursement for Title IV loans. Student will have 14 days from the date on the letter to accept the post-withdrawal disbursement of loan funds.

H. Notification to Student

Once the Return to Title IV Funds calculation has occurred, the Financial Aid Office will notify the student of the results of the calculation and the aid that was returned. The Student Accounts Office will notify the student of any outstanding balance now due to the institution as a result.

I. Sample of Return to Title IV Calculations

1. A student withdraws from WDTC after completing 34.9% of the total semester.

- The semester began on January 8th and ended on May 11th
- The student completely withdraws on February 14th
- This is the 38th day of the semester that is 109 days long (or 34.9%)

Type of Aid	Financial Aid Disbursed	Total Aid Earned (student keeps)	Total Aid Unearned (returned to program)
Unsubsidized Direct Loan	\$2,969	\$776	\$2,193
Subsidized Direct Loan	\$1,732	\$1,732	\$0
Direct Plus Loan	\$0	\$0	\$0
Federal Pell Grant	\$2,960	\$2,960	\$0
FSEOG	\$250	\$250	\$0

2. Federal law states that the student has earned 34.9% of federal aid disbursed

3. 65.1% has been determined to be unearned aid. The unearned aid to be returned as follows:

- Unsubsidized Direct Loan – \$2,193 (returned by WDTC)
- Subsidized Direct Loan – \$2,508 (student's responsibility to repay in accordance with the terms of the borrower's promissory note)

II. Definitions

- A. Payment period is the academic term for an eligible program that measures progress in credit hours and uses standard terms or nonstandard terms that are equal in length.
- B. Withdrawal date is the last date of academic engagement, which is referred to as LDA, in a course based on attendance records and verified by the Registrar's Office
- C. Academic engagement is active participation by a student in an instructional activity related to the student's course of study that
 - a. Is defined by the institution in accordance with any applicable requirements of its State or accrediting agency;
 - b. Includes, but is not limited to—
 - i. Attending a synchronous class, lecture, recitation, or field or laboratory activity, physically or online, where there is an opportunity for interaction between the instructor and students;
 - ii. Submitting an academic assignment;
 - iii. Taking an assessment or an exam;
 - iv. Participating in an interactive tutorial, webinar, or other interactive computer-assisted instruction;
 - v. Participating in a study group, group project, or an online discussion that is assigned by the institution; or
 - vi. Interacting with an instructor about academic matters; and
 - c. Does not include, for example—
 - i. Living in institutional housing;
 - ii. Participating in the institution's meal plan;
 - iii. Logging into an online class or tutorial without any further participation; or
 - iv. Participating in academic counseling or advisement.
- D. Module program: A program is "offered in modules" if the program has a course or courses that do not span the entire length of the payment period.

Legal References: 34 CFR 668.22; 34 CFR 668.22(l); HEA, Section 484B; DCL GEN-11-14, July 2011

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