

## Withdrawal and Return of Title IV Funds (R2T4) Financial Aid Policy

When you apply for financial aid, you sign a statement that you will use the funds for educational purposes only. Therefore, if you withdraw before completing your program, a portion of the funds you received may have to be returned. The Digital Media Institute at InterTech (DMII) will calculate the amount of tuition to be returned according to the policies listed below. It is separate and distinct from DMII's refund policy (please see the Student Handbook for DMII's Cancellation & Refund Policy).

### **How a withdrawal affects financial aid:**

Federal regulations require Title IV financial aid funds to be awarded under the assumption that a student will attend the institution for the entire period in which federal assistance was awarded. When a student withdraws from all 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. The return of funds is based upon the premise that students earn their financial aid in proportion to the amount of time in which they are enrolled. A pro-rated schedule is used to determine the amount of federal student aid funds he/she will have earned at the time of the withdrawal. For example, a student who withdraws in the third week of classes has earned less of his/her financial aid than a student who withdraws in the sixth week. Once 60% of the period is completed, a student is considered to have earned all of his/her financial aid and will not be required to return any funds.

This policy applies to students who withdraw officially, unofficially, or are dismissed from enrollment at DMII. Dismissal is considered an unofficial withdrawal.

DMII has 45 days from the date it determines that the student withdrew to return all unearned funds for which it is responsible. DMII is required to notify the student if they owe a repayment via written notice.

DMII will advise the student or parent that they have 14 calendar days from the date DMII sent the notification to accept a post withdraw disbursement. If a response is not received from the student or parent within the allowed time frame or the student declines the funds, DMII will return any earned funds that the school is holding to the appropriate aid program.

### **“Official” withdrawal from DMII:**

A student is considered to be officially withdrawn on the date the student notifies the Executive Director in writing of their intent to withdraw. The date of the termination for return and refund purposes will be the date the student provided official notification of intent to withdraw, in writing. A student is allowed to rescind his notification in writing and continue the program. However, if the student subsequently drops, the student's withdrawal date is the original date of notification of intent to withdraw.

Upon receipt of the official withdrawal information, DMII, will complete the following:

1. Determine the student's last date of attendance as of the last recorded date of academic attendance on the school's attendance record;
2. Perform two calculations:
  - a. The student's attendance records are reviewed to begin the R2T4 calculation process, and determine what funds the student has earned, and if any, the amount of funds DMII is responsible to return to the appropriate aid programs. Returns are calculated using the Department of Education's Return of Title IV Aid Worksheets, scheduled attendance, and are based upon the payment period.
  - b. Calculate DMII's refund requirement as outlined in the Student Handbook.
3. The student's grade record will be updated to reflect his/her final grade.
4. DMII will return the amount for any unearned portion of the Title IV funds for which the

- school is responsible within 45 days of the date the official notice was provided.
5. DMII will provide the student with a letter explaining the R2T4 requirements:
    - a. The amount of Title IV assistance the student has earned. This amount is based upon the length of time the student was enrolled in the program based on scheduled attendance and the amount of funds the student received.
    - b. Any returns that will be made to the Title IV Federal program on the student's behalf as a result of exiting the program. If a student's scheduled attendance is more than 60% of the payment period, he/she is considered to have earned 100% of the Federal funds received for the payment period. In this case, no funds need to be returned to the appropriate aid program
    - c. Advise the student of the amount of unearned Federal funds and tuition and fees that the student must return, if applicable.
  6. Supply the student with a notice of outstanding balance due to the school and the available methods of payment. A copy of the completed worksheet, payment, letter, and final notice will be kept in the student's file

In the event a student decides to rescind his or her official notification to withdraw, the student must provide a signed and dated written statement that he/she is continuing his or her program of study, and intends to complete the payment period. Title IV assistance will continue as originally planned. If the student subsequently fails to attend or ceases attendance without completing the payment period, the student's withdrawal date is the original date of notification of intent to withdraw.

### **Unofficial Withdrawal from DMII**

In the event DMII unofficially withdraws a student, the Executive Director must complete the Withdrawal Form using the last date of attendance as the drop date.

Any student that does not provide official notification of his or her intent to withdraw and is absent for more than 14 consecutive calendar days, or 10 scheduled class days, will be subject to termination and considered to have unofficially withdrawn.

Within one week of the student's last date of academic attendance, the following procedures will take place:

1. DMII administrative staff will make three documented attempts to notify the student regarding his/her enrollment status;
2. Determine and record the student's last date of attendance as the last recorded date of academic attendance in the student's account;
3. The student's withdrawal date is determined as the date the day after 14 consecutive calendar days of absence or after missing 10 scheduled class sessions.
4. Notify the student in writing of their failure to contact DMII and attendance status resulting in the current termination of enrollment;
5. DMII calculates the amount of Federal funds the student has earned, and, if any, the amount of Federal funds for which the school is responsible.
6. Calculate DMII's refund requirement as outlined in the Student Handbook.
7. DMII will return to the Federal fund programs any unearned portion of Title IV funds for which the school is responsible within 45 days of the date the withdrawal determination was made and note the return on the student's balance sheet.
8. If applicable, DMII, will provide the student with a refund letter explaining Title IV
  - a. The amount of Title IV aid the student has earned based upon the length of time the student was enrolled and scheduled to attend the program and the amount of aid the student received.
  - b. Advise the student in writing of the amount of unearned Title IV aid and tuition and fees that he/she must return, if applicable.
  - c. Supply the student with a final student balance sheet showing outstanding

- balance due the school and the available methods of payment.
9. A copy of the completed worksheet, check, letter, and final account balance will be kept in the student's file.

## **Disbursement Restrictions – 30 Day, First time, First Year Undergraduate Students**

There are some Title IV funds that you were scheduled to receive that cannot be disbursed to you once you withdraw because of other eligibility requirements.

For example, if you are a first-time, first-year undergraduate student and you have not completed the first 30 days of your program before you withdraw, you will not receive any Direct Loan funds that you would have received had you remained enrolled past the 30th day.

### **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 payment period. Title IV aid is viewed as 100% earned after that point in time. A copy of the worksheet used for this calculation can be requested from the DMII Administrative Staff.

### **Withdraw Before 60%**

The institution must perform the R2T4 calculation process to determine the amount of earned aid through the 60% point in each payment period or period of enrollment. The institution will use the Department of Education's prorated schedule to determine the amount of the Title IV funds the student has earned at the time of withdraw.

### **Withdraw After 60%**

After the 60% point in the payment period or period of enrollment, a student has earned 100% of the Title IV funds he/she was scheduled to receive during this period. The institution must still perform the R2T4 calculation to determine the amount of aid that the student has earned.

DMII measures progress in Clock Hours, and uses the payment period for the period of calculation.

### **The Calculation Formula:**

Step 1: Determine the amount of Title IV aid that was disbursed plus Title IV aid that could have been disbursed.

Step 2: Calculate the percentage of Title IV aid earned:

Divide the number of clock hours completed in the payment period as of the last date of attendance in the payment period by the total clock hours in the payment period.

$$\text{HOURS COMPLETED} \div \text{TOTAL HOURS IN PERIOD} = \% \text{ EARNED}$$

If this percentage is greater than 60%, the student earns 100%.

If this percent is less than or equal to 60%, proceed with calculation.

Step 3: Calculate the percentage of Title IV aid earned by the student:

Percentage of Title IV earned (Step 2) (multiplied by) total amount of Title IV aid disbursed or could have been disbursed (Step 1).

TOTAL AID DISPURSED x PERCENTAGE COMPLETED = AMOUNT STUDENT EARNED.

Step 4: Calculate the amount of Title IV aid to be disbursed or returned

Subtract the Title IV aid earned from the total disbursed = AMOUNT TO BE RETURNED.

100% minus percent earned = UNEARNED PERCENT

Unearned percent (multiplied by) total institutional charges for the period = AMOUNT DUE FROM THE SCHOOL.

If the percent of Title IV aid disbursed is greater than the percent unearned (multiplied by) institutional charges for the period, the amount disbursed will be used in place of the percent unearned.

If the percent unearned (multiplied by) institutional charges for the period are less than the amount due from the school, the student must return or repay one-half of the remaining unearned funds.

Student is not required to return the overpayment if this amount is equal to or less than 50% of the total grant assistance that was disbursed /or could have been disbursed. The student is also not required to return an overpayment if the amount is \$50 or less.

DMII will issue a grant overpayment notice to student within 30 days from the date the school's determination that student withdrew, giving student 45 days to either:

- Repay the overpayment in full to DMII, OR
- Sign a repayment agreement with the U.S. Department of Education.

### **Order of Return**

DMII is authorized to return any excess funds after applying them to current outstanding Cost of Attendance (COA) charges. A copy of DMII's R2T4 work sheet performed on the student's behalf is available through the office upon student request.

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:

1. Unsubsidized Direct Stafford loans (other than PLUS loans)
2. Subsidized Direct Stafford loans
3. Parent Plus loans – received on behalf of the student
4. Direct PLUS loans - received on behalf of the student
5. Federal Pell Grants for which a Return is required
6. Iraq and Afghanistan Service Grant for which a Return is required
7. Federal Supplemental Educational Opportunity Grant
8. Other Title IV assistance

### **Post-Withdrawal Disbursement**

If you did not receive all of the funds that you earned, you may be due a post-withdrawal disbursement. If your post-withdrawal disbursement includes loan funds, DMII will get your permission before it will disburse them. You may choose to decline some or all of the loan funds so that you don't incur additional

debt. DMII may automatically use all or a portion of your post-withdrawal disbursement of grant funds for tuition, fees, and room and board charges.

DMII needs your permission to use the post-withdrawal grant disbursement for all other school charges. If you do not give your permission, you will be offered the funds. However, it may be in your best interest to allow DMII to keep the funds to reduce your debt at DMII.

### **Time frame for returning an unclaimed Title IV credit balance**

If a school attempts to disburse the credit balance by check and the check is not cashed, the school must return the funds no later than 240 days after the date the school issued the check.

If a check is returned to a school or an EFT is rejected, the school may make additional attempts to disburse the funds, provided that those attempts are made not later than 45 days after the funds were returned or rejected. When a check is returned or EFT is rejected and the school does not make another attempt to disburse the funds, the funds must be returned before the end of the initial 45-day period.

The school must cease all attempts to disburse the funds and return them no later than 240 days after the date it issued the first check.

### **DMII's Responsibilities in regards to return of Title IV funds**

1. Providing students information with information on this policy
2. Identifying students who are affected by this policy and completing the return of Title IV funds calculation for those students
3. Returning any Title IV funds due to the correct Title IV programs.

DMII is not always required to return all of the excess funds; there are situations once the R2T4 calculations have been completed in which the student must return the unearned aid.

### **Overpayment of Title IV Funds**

Any amount of unearned grant funds that you must return is called overpayment. The amount of grant overpayment that you must repay is half of the grant funds you received or were scheduled to receive. You must make arrangement with DMII or Department of Education to return the amount of unearned grant funds.

### **Student Responsibilities in regards to return of Title IV, HEA funds**

1. Returning to the Title IV programs any funds that were dispersed to the student in which the student was determined to be ineligible for via the R2T4 calculation.
2. Any notification of withdraw should be in writing and addressed to the appropriate institutional official.
3. A student may rescind his or her notification of intent to withdraw. Submissions of intent to rescind a withdraw notice must be filed in writing.
4. Either these notifications, to withdraw or rescind to withdraw must be made to the Executive Director.

### **Refund vs. Return of Title IV Funds**

The requirements for the Title IV program funds when you withdraw are separate from any refund policy

that DMII may have to return to you due to a cash credit balance. Therefore, you may still owe funds to the school to cover unpaid institutional charges. DMII may also charge you for any Title IV program funds that they were required to return on your behalf.

If you do not already know what DMII's refund policy is, please refer the Student Handbook or ask an administrative staff member.

**R2T4 questions?**

If you have questions regarding Title IV program funds after visiting with DMII Staff, you may call the Federal Student Aid Information Center at 1-800-4-fedaid (800-433-3243). TTY users may call 800-730-8913. Information is also available on student aid on the web [www.studentaid.ed.gov](http://www.studentaid.ed.gov).

\*NOTE: The procedures and policies listed above are subject to change without advance notice based on changes to federal laws, federal regulations, or school policies. If changes are made, students must abide by the most current policy.