

2076 Return of Title IV Funds

Part 1. Introduction and Policy:

All Financial Aid funds are awarded under the assumption that the student will attend their courses for the entire period for which the assistance is awarded. Federal regulations require that the College have a procedure in place to ensure students have attended, at minimum, one class session in each course in which that student has registered if that course was used to determine enrollment status for Federal Pell Grant. (34 CFR 668.21).

NCTC is not required to, and does not, record student attendance. As such, alternative methods are used to meet the Regulation noted above. Students who receive a passing grade are considered to have commenced attendance. NCTC Academic Standards Policy 3070 is used to address attendance for failed courses. Under this policy, grades of F and FW are assigned for students who have commenced attendance, but have not demonstrated adequate achievement in the course (F) or did not complete the course (FW). The grade of FN is assigned when a student has not commenced attendance and has not officially withdrawn from the course. Courses graded with FN are **not** considered eligible for Title IV Aid and are subject to Pell recalculation.

Students ‘earn’ financial aid in proportion to the time they are actively enrolled in courses (days completed), up to the 60% point of the term. If a student officially withdraws from all credits or otherwise ceases attendance/participation in all courses prior to the 60% point of the term (unofficial withdraw), financial aid disbursed to the student must be evaluated under the Federal Return to Title IV refund (R2T4) regulations. These regulations include a formula NCTC must use to determine if a repayment is owed to the financial aid programs from which the student was funded.

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

Eligibility for post withdrawal disbursements will be confirmed within 30 calendar days of the date that the student withdrew. The school must advise the student or parent that they have 14 calendar days from the date that the school sent the post withdrawal disbursement notification to accept a post withdrawal disbursement. If a response is not received from the student or parent within the allowed 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.

Part 2. Procedure:

An **Official Withdraw** is initiated by the student in eServices and occurs when a student has successfully removed themselves from all courses. Grades for these courses will be recorded as “W” and the transaction date is stored as the Official Withdraw date.

An **Unofficial Withdraw** occurs when a student ceases attendance and/or stops participating in all courses and fails to complete the Official Withdraw process noted above. When assigning a grade of FW, faculty are required to record a student’s last date of academically related activity. If a last date of attendance is not available, a midpoint withdraw date will be used.

Withdrawal Before 60 Percent Point of the Term

The institution must perform a R2T4 calculation to determine the amount of earned aid up through the 60 percent point in each period of enrollment.

Withdrawal After 60 Percent Point of the Term

For a student who withdraws after the 60 percent point of the period of enrollment, a student has earned 100 percent of the Title IV funds he or she was scheduled to receive during the period. Thus, there are no unearned funds. NCTC must still perform a R2T4 to determine the amount of aid that the student has earned and whether or not the student is eligible for a post withdrawal disbursement.

R2T4 for Modular Programs

Beginning summer 2021 semester, in order to be compliant with Department of Education's July 1, 2021 implementation date, NCTC implemented the amended CFR 668.22 (I)(6) for determining if a student is considered withdrawn when enrolled in modules, sessions and/or intersessions. Students in modular, sessions and/or intersessions are not considered withdrawn for R2T4 calculation purposes if:

- The student successfully completes one module that includes 49% or more of the number of countable days in the payment period; or
- The student successfully completes a combination of modules that when combined contain 49% or more of the number of countable days in the payment period; or
- The student successfully completes Title IV eligible coursework equal to or greater than halftime enrollment; or
- The student provides written confirmation of their intent to attend a Title IV eligible course beginning later in the term and no more than 45 calendar days after the end of the module the attendance ceased; or
- The student fulfills the graduation requirements within a module or combination of modules within the term.

If students are enrolled for multiple sessions during an academic term, and are packaged for Title IV aid using the enrollment of multiple sessions, then the NASFAA "*Determining Whether a Student Has Withdrawn from a Standard – or Nonstandard- Term Program Offered in Modules*" questions will be used to determine if the student qualifies as a withdrawn student.

To determine if a student plans to attend a Title-IV eligible course in a later module in the payment period or period of enrollment that begins no later than 45 calendar days after the of the end of the module they ceased attending, NCTC sends the student an email. If no response is received one week after the request has been made, the R2T4 is completed.

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.

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.

Order of Return

As prescribed in regulation, NCTC returns unearned funds to the Financial Aid programs in the following order.

1. Federal Unsubsidized Direct Loan
2. Federal Subsidized Direct Loan
3. Federal PLUS Loan
4. Federal Pell Grant
5. Iraq and Afghanistan Service Grants
6. Federal SEOG

Earned Aid

Title IV, HEA aid is earned in a prorated manner on a per diem basis (calendar days) up to the 60 percent point in the semester. Title IV, HEA aid is viewed as 100 percent earned after that point in time. A copy of the worksheet used for this calculation can be requested in writing from the Financial Aid Office.

Calculation of Earned Aid vs Unearned Aid

NCTC conducts a bi-weekly review of student records, identifying Official and Unofficial withdraws. In addition, an end-of-term review of all records is conducted no later than 30 days after the conclusion of each term to ensure all official and unofficially withdrawn students are evaluated under this policy. After establishing the student's withdraw date, an R2T4 calculation is conducted as prescribed by regulation. This calculation identifies earned and unearned portions of Title IV aid, using a pro rata schedule. The calculation of Title IV funds unearned has no relationship to the student's incurred institutional charges and the R2T4 regulations do not dictate an institutional refund policy. The percentage of earned aid is determined by dividing the number of completed calendar days by the number of calendar days in the semester, including weekends and holidays and excluding any scheduled breaks longer than five days. NCTC has 45 calendar days from the date that it has been determined that the student withdrew to return all unearned funds for which it is responsible. NCTC is required to notify the student if they owe a repayment via written notice.

Per [federal regulations](#) if the student receives less Title IV aid than the amount earned, the school must offer a disbursement of the earned aid that was not received (post-withdrawal disbursement). If the student receives more Title IV aid than the amount earned, the school, the student, or both must return the unearned funds in the specified order.

Disclosure: The statute specifies that a student is responsible for all unearned Title IV aid that the school is not required to return. The initial amount of unearned Title IV aid due from the student (or parent, for Direct PLUS Loan funds) is determined by subtracting the amount returned by the school from the total amount of unearned Title IV funds to be returned ([FSA Handbook Step 7 – page 10](#)).

Repayment of Student Loans: The student loans that remain outstanding consist of the loans disbursed to the student minus any loans the school repaid. These outstanding loans are repaid by the student

according to the terms of the student's promissory note(s) ([FSA Handbook Step 8 – page 11](#))

The student's portion of Title IV Grants funds are figured and repaid. The amount by which the original overpayment exceeds 50% of the total Title IV grant funds disbursed or could have been disbursed to the student for the semester. If the amount is less than \$50.00, the student is not responsible for returning funds to the Title IV grant programs ([FSA Handbook Step 9 – page 11](#)).

Once the R2T4 calculation is completed, aid which is unearned must be returned to the funding source. NCTC will immediately return amounts owed to Financial Aid programs and the student is then billed for these amounts.

If the calculation results in a Post-Withdraw Disbursement (PWD) being owed, notification will be provided to the student. If there is a credit balance, it must be disbursed as soon as possible and no later than 14 days after the calculation of R2T4. In some cases, a student may withdraw from all courses before aid has been disbursed. A post withdrawal disbursement is done when a student shows they have withdrawn from all their classes prior to financial aid disbursement but began attendance in all courses and are qualified for some (earned) aid. For Title IV grant eligibility only, the earned portion of the grant is disbursed to the student account and a letter is sent to student to notify them of their eligibility and right to return funds within 45 days of the date the school determined the student withdrew

For loan eligibility, a notice is sent to the student before any funding will be processed. The student must tell the college if they want it disbursed to them directly or to their student account.

The following conditions apply when processing a **post-withdrawal disbursement**:

1. A student must have accepted aid by the date of the withdrawal.
2. If, before the student's withdrawal date a loan offer has been accepted, the loan must also have been originated by NCTC.
3. In all Title IV loan programs, a promissory note must be signed for a loan to be included as Aid that could have been disbursed in an R2T4 calculation. The signature may be obtained after the student withdraws. However, for the loan to be included as Aid that could have been disbursed, the promissory note must be signed before the school performs the R2T4 calculation.
4. If the student is eligible for a post-withdrawal disbursement of a loan, the Financial Aid Office must send notification of post-withdrawal disbursement eligibility to students within 30 calendar days after the student withdraws. Students will be given a minimum of 14 calendar days to respond to the post-withdrawal disbursement offer.
5. NCTC will disburse any Title IV grant funds a student is due as part of a post-withdrawal disbursement within 45 calendar days of the date NCTC determined the student withdrew and disburse any loan funds a student accepts by the post withdrawal disbursement deadline within 180 calendar days of the withdrawal date. The school must obtain written permission from the student before loan funds can be disbursed.
6. A school cannot make a post-withdrawal disbursement to a deceased student or a student who has not signed the loan's promissory note

For students who provide notification back to NCTC that they want the loan funds prior to the post-withdrawal disbursement deadline, the Financial Aid Office will disburse the loan.

Time Frame for the Return of Title IV Program Funds

The following rules apply when completing a Return calculation for a student.

1. NCTC will return any unearned Title IV funds it is responsible for returning within 45 calendar days of the date NCTC determined the student withdrew, and offer any post-withdrawal disbursement of loan funds within 30 calendar days of that date.
2. Unless a student subject to verification has provided all required verification documents in time for NCTC to meet the Return deadlines, NCTC includes as Aid Disbursed or Aid That Could Have Been Disbursed in the Return calculation.
3. If it is determined that a student who failed to provide all required verification documents in time for NCTC to meet the Return deadline and later provides those documents prior to the applicable verification deadline, NCTC must perform a new Return calculation on all of the aid the student qualified for based on the completed verification documents and make the appropriate adjustments.
4. To give a Pell Grant to a student, NCTC must have a valid output document (one with an official Expected Family Contribution computed from correct data) while the student is still enrolled for the award year or in the time frame the student qualifies for a late disbursement under 34 CFR 668.164(j)(4)(i).

NCTC is required to return unearned funds within 45 days from the date the College determined the student to have withdrawn. In the event an R2T4 candidate has a pending credit balance, these funds will be held until the R2T4 calculation is completed. After the calculation of R2T4, any credit balance is disbursed to the student within 14 days.

Institution Responsibilities

The following are NCTC's responsibilities in regards to Title IV, HEA funds:

- NCTC will provide students with information in this policy.
- NCTC's Financial Aid Office will identify students who are affected by this policy and complete the Return of Title IV funds calculation for those students.
- Any Title IV, HEA funds required will be returned to the correct Title IV programs within 45 calendar days of the date the official notice of withdrawal was provided.
- If less Title IV aid has disbursed than the student has earned, a post-withdrawal disbursement will be calculated and must be offered.

The institution will always return all of the excess funds, including funds the Return of Title IV calculation identifies as the student's responsibility to return.

Student Responsibilities

- Withdraws should be completed through the Student eService's portal.
- Student must repay any funds to NCTC that were disbursed to the student in which the student was determined to be ineligible for via the R2T4 calculation
- Remaining Title IV loan funds must be repaid by the student in accordance with the terms of the loans.

Once the Federal Return to Title IV Refund Policy is applied, students who receive financial aid funding from the State of Minnesota are also evaluated based on the Minnesota Office of Higher Education refund policies.

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