

Return of Title IV Funds

Federal financial aid funds (Title IV Funds) are awarded to a student under the assumption that the student will attend school for the entire period for which the assistance is awarded. When students cease enrollment in all classes after the period begins, the U.S. Department of Education requires schools to determine if such students earned all the aid they received or if additional aid must be paid based on attendance. The Federal Refund and Repayment calculation must be performed for students receiving Title IV aid (Pell, FSEOG, and Direct Loans) who officially and unofficially withdraw from all courses, drop out of all courses, or are expelled from the University prior to the 60% point of the term. All unearned aid, as determined by the Federal Return of Title IV Unearned Aid calculation, must be returned to the federal aid programs.

Title IV aid recipients must be continuously enrolled for at least 60% of the term for which aid is disbursed in order to retain all of the financial aid issued in each term. After the 60% point students are considered to have earned 100% of the Title IV funds disbursed for the term.

For example, a student who withdraws in the second week of the semester has earned less of his/her financial aid than a student who withdraws in the fifth week. Once the 60% point in the semester is reached, a student is considered to have earned all of the financial aid originally awarded and will not be required to return any funds. HCU students who receive federal financial aid and who do not remain in attendance through the end of the semester could be responsible for repaying a portion of the financial aid originally received. Students who never begin attendance in any of their classes are not eligible to receive financial aid. If a disbursement of financial aid has been made, prior to determining that the student never attended, all funds must be returned to the U.S. Department of Education.

NOTE: HCU's institutional tuition refund policy is separate from federal regulations to return unearned aid. Receiving a tuition/fee refund from HCU will have no impact on the amount the student must repay to the federal aid programs.

Students should understand the impact withdraws or drops will have on the aid released to them and on their eligibility status to receive future financial aid. It is in the best interest of aid recipients to maintain attendance and complete all of their classes each term that they receive federal aid to avoid repayment of funds. The Return of Title IV regulation, coupled with the institution's refund policy, can result in a student with a balance owed to the University and/or the Title IV programs if the student withdraws from school.

Earned Financial Aid

When students cease enrollment in all classes after the period begins, the U.S. Department of Education requires schools to determine if such students earned all the aid they received or if additional aid must be paid based on attendance. A student is only eligible for the percentage of Title IV aid disbursed that is equal to the percentage of the semester that was completed. The R2T4 calculation identifies two types of federal student aid:

- Funds that were earned – ex. Student begins program of study and withdrawals after completing 10%. Student earned 10% of their Title IV funds
- Funds that were unearned – ex. Above student's unearned funds is 90%.

Earned aid is based on a percentage calculated by dividing the number of days the student completed by the number of days in the payment period. The number of days counted includes all calendar days in the semester including weekends and holidays but excludes scheduled breaks of five or more days. If a student withdraws from all courses after the 60% point in the semester, the student has earned 100% of the aid awarded, just as if the student had completed the semester. However, withdrawal at this point could still affect future financial aid eligibility.

R2T4 Calculation Timeline

Within thirty (30) calendar days of a student's withdrawal, leave of absence or termination, the Office of Financial Aid (OFA) must:

- perform an R2T4 calculation to determine how much aid, if any, must be returned.
- Notify the student of any eligibility for post-withdrawal disbursement
- Notify the student of any grant overpayment

Within forty-five (45) calendar days of a student's withdrawal, leave of absence or termination, the Office of Financial Aid must:

- Return any Title IV funds that are HCU's responsibility to return.

Documentation of a Withdrawal Date (DoD)

The determination of a student's withdrawal date is the responsibility of HCU. HCU must document a student's withdrawal date and maintain that documentation as of the date of the school's determination that the student withdrew. The date of determination, except in unusual instances, must be no later than fourteen (14) days after the last date of attendance as determined by the university from its attendance records. HCU must determine the attendance records that most accurately support its determination of a student's withdrawal date and the university's use of one date over another if conflicting information exists. It is up to the university to ensure that accurate attendance records are kept for purposes of identifying a student's last date of academic attendance. Documentation must be retained and available for examination in accordance with the regulatory provisions for recordkeeping.

Federal Financial Aid Return Policy

A calculation of the return to Title IV will take place upon a student's official withdrawal. In the case of an unofficial withdrawal, the OFA will perform the calculations when the University makes the determination the student as withdrawn. Any Title IV-eligible student who withdraws is subject to a prorated return of Federal Financial Aid/Title IV funds. Any calculated return of funds must be distributed back to the federal programs and may leave the student owing the university a tuition balance according to the refund policy below.

Refund procedures are uniformly applied to all students. The University will make any refunds owed within 45 days of official withdrawal (student notification) or within 45 days of the date of determination of withdrawal (at a maximum, within 45 days of the end of the academic period). The date of determination for a student's withdrawal will be the date that the student submits the Registration Withdrawal Form to the Office of Academic Affairs. If a student does not provide notification of his/her withdrawal, the actual last date of attendance recorded will be used to calculate refunds.

Withdrawal Date

In a case of official withdrawal, the withdrawal date will be the date that the student submits the Registration Withdrawal Form to the Office of Academic Affairs. In a case of unauthorized withdrawal, faculty members will record the date of the student's last recorded academically related activity on the Registration Withdrawal Form. The official withdrawal date used in the return calculation of a student's federal financial aid is the date the Registrar's Office receives the official withdrawal form.

If a student stops attending classes without notifying HCU, the withdrawal date will be the midpoint of the semester or the last date of academic activity determined by the University. Additional documentation supporting the last date of academic activity may be provided by the student if they verify a later date of attendance than determined by HCU. As with other Title IV program records, documentation must be retained and available for examination in accordance with the regulatory provisions for recordkeeping.

Academic Related Activity

Academically related activities include but are not limited to the following:

- physically attending a class where there is an opportunity for direct interaction between the instructor and students;
- submitting an academic assignment;
- taking an exam, completing an interactive tutorial, or participating in computer-assisted instruction;
- attending a study group that is assigned by the school;
- participating in an online discussion about academic matters; and
- initiating contact with a faculty member to ask a question about the academic subject studied in the course.

Academically related activities do not include activities where a student may be present but not academically engaged, such as:

- living in institutional housing,
- participating in the school's meal plan,
- logging into an online class without active participation,
- participating in academic counseling or advisement.

Documenting Academic Activity in Distance Learning Courses

In a distance learning context, documenting that a student has logged into an online class is not sufficient, by itself, to demonstrate academic attendance by the student. HCU must demonstrate that a student participated in class or was otherwise engaged in an academically related activity, such as by contributing to an online discussion or initiating contact with a faculty member to ask a course-related question. Examples of acceptable evidence of an academically-related activity in a distance education program include:

- student submission of an academic assignment,
- student submission of an exam,
- documented student participation in an interactive tutorial or computer-assisted instruction,
- a posting by the student showing the student's participation in an online study group that is assigned by the institution,
- a posting by the student in a discussion forum showing the student's participation in an online discussion about academic matters, and
- an e-mail from the student or other documentation showing that the student-initiated contact with a faculty member to ask a question about the academic subject studied in the course.

Withdrawal Procedure

Students who wish to withdraw from all courses after the semester start date must officially withdraw to zero credits, and must submit the Registration Withdrawal Form to the Office of Academic Affairs. HCU will not consider a student withdrawn if he or she simply stops coming to classes. Students who fail to withdraw properly will receive a grade of F on their permanent record. Courses may not be dropped within the last ten class days of the semester without special approval of the Academic Dean due to extenuating circumstances.

Calculation of Earned and Unearned Title IV Financial Aid

A Return of Title IV Funds calculation must be performed when any student who received, or was eligible to receive, Title IV aid ceases attendance in all classes prior to completing the payment period or period of enrollment. Responsibility for repayment of these funds will be shared by HCU and the student, according to policies and procedures contained within the federal formula for pro rata refunds of unearned Title IV Aid. A return calculation is not required if the student:

- Never began attendance at the school.
- Continues to attend at least one Title IV-eligible class.
- Is on an approved leave of absence.
- Did not receive, and is not eligible to receive, any Title IV aid.
- Has only received, or is eligible to only receive, Federal Work-Study funds.

Grant Overpayment

If a Pell overpayment occurs due to a school error, and the OFA cannot eliminate a potential overpayment in the same academic year, the school will repay the overpayment on the student's behalf. The student will not lose Title IV eligibility nor will be reported to NSLDS collections. However, the student will be required to repay HCU the amount the school returned on the student's behalf. HCU will work with the student to develop a mutually acceptable repayment arrangement.

If the result of the R2T4 calculation results in a Pell Grant Overpayment, the student is notified by email of the Grant overpayment at the time of the original R2T4 calculation. The notification will state:

- a) The amount of the overpayment and the obligation of returning the funds to the school or the Department.
- b) If the student fails to repay the overpayment or make satisfactory arrangements for repayment, the overpayment will be reported to NSLDS within 30 days of the date the overpayment was determined to occur.
- c) The student will no longer be eligible for Title IV funds until the overpayment is resolved.
- d) If the overpayment amount is not remitted to the school or the Department or if satisfactory repayment arrangements are not made by the 45th day after the overpayment was identified, the school will refer the overpayment to NSLDS collections.

HCU reserves the right to withhold a student's academic transcripts until the student makes repayment or satisfactory repayment arrangements with the school and/or the Department. The student does not have to repay a grant overpayment of \$50 or less. If the amount of grant aid owed is \$50 or less no further action is required. If a student earned more aid than was disbursed, a post-withdrawal disbursement will be paid within 120 days of the student's withdrawal.

Post-withdrawal Disbursement

Disbursable aid includes federal funds received and funds that could have been (but was not) disbursed as of the withdrawal date. If a student's earned aid exceeds disbursed aid, then HCU must offer a post withdrawal disbursement within thirty (30) calendar days of the date it determined that the student withdrew. No post-withdrawal disbursement will be made if the student does not respond affirmatively within fourteen (14) calendar days of the notification date or the student declines the funds. In such cases, HCU will return any earned funds to the Title IV programs. If the student

requests a post-withdrawal disbursement and there are outstanding charges on their account, HCU will first credit the account for all or part of the amount of the post-withdrawal disbursement up to the allowable charges.

Calculation Steps

The amount of aid earned is calculated by dividing the number of calendar days from the beginning of the term to the point of withdrawal by the total number of days in the term. This percentage is multiplied by the amount of federal financial aid that was awarded and accepted for the term and becomes the amount of aid that was earned. This is subtracted from the amount of aid disbursed and the balance becomes the amount of unearned aid that must be returned.

Step 1: Student's Title IV information

OFA will determine:

A. The total amount of Title IV aid disbursed for the semester in which the student withdrew. A student's Title IV aid is counted as aid disbursed in the calculation if it has been applied to the student's account on or before the date the student withdrew.

B. The total amount of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the semester in which the student withdrew.

Step 2: Percentage of Title IV aid earned

OFA will calculate the percentage of Title IV aid earned as follows:

The number of calendar days completed by the student divided by the total number of calendar days in the semester in which the student withdrew. The total number of calendar days in a semester shall exclude any scheduled breaks of more than five days.

$$\text{Days Attended} \div \text{Days in Enrollment Period} = \text{Percentage Completed}$$

If the calculated percentage completed exceeds 60%, then the student has "earned" all (100%) of the Title IV aid for the enrollment period.

Step 3: Amount of Title IV aid earned by the student

OFA will calculate the amount of Title IV aid earned as follows:

The percentage of Title IV aid earned (Step 2) multiplied by the total amount of Title IV aid disbursed or that could have been disbursed for the term in which the student withdrew (Step 1-A).

$$\text{Total Aid Disbursed} \times \text{Percentage Completed} = \text{Earned Aid}$$

Step 4: Amount of Title IV aid to be disbursed or returned

- If the aid already disbursed equals the earned aid, no further action is required.
- If the aid already disbursed is greater than the earned aid, the difference must be returned to the appropriate Title IV aid program.

$$\text{Total Disbursed Aid} - \text{Earned Aid} = \text{Unearned Aid to be Returned}$$

- If the aid already disbursed is less than the earned aid, then OFA will calculate a post-withdrawal disbursement.

Distribution of Unearned Title IV Aid

In compliance with federal regulations, a school must return Title IV funds to the programs from which the student received aid during the payment period or period of enrollment as applicable, in the following order, up to the net amount disbursed from each source:

- Unsubsidized Direct Loans (other than direct PLUS Loans)
- Subsidized Direct Loans
- Direct PLUS Loans
- Federal Pell Grant
- Federal Supplemental Educational Opportunity Grant (FSEOG)
- Iraq and Afghanistan Service Grant

Federal Work-Study funds will not be included in the computation of earned Title IV aid, nor will these funds be refunded to the federal account from which they were paid.

Unearned Title IV grants and loan funds due from HCU will be repaid to the federal accounts for the specified semester. Unearned portions of Title IV grant aid due from the student will also be repaid to the federal accounts by HCU. Unpaid balances due to HCU that result from amounts returned to Title IV programs and other sources of aid will be charged back to the student.

All Fs Policy

If a Title IV aid recipient receives Fs in all their courses, HCU must determine whether the student “earned” those F’s or simply ceased attendance, and thereby unofficially withdrew. In the absence of an official withdrawal and the student ceases attendance, the following procedures will apply:

- If a Title IV student received all “F” grades during a term, federal regulations require the Office of Financial Aid to obtain additional information from the appropriate Academic Department.
- If based on the student’s last date of academic attendance as determined by the school from attendance records, the Academic Department determines that the student completed yet failed to meet the course objectives in at least one course, no changes to the student’s financial aid for that term is required.
- If based on the student’s last date of academic attendance as determined by the school from attendance records, the Academic Department determines that the student did not complete all courses (i.e. stopped attending all courses); the student is considered to have unofficially withdrawn from the University. In this case, the last date of an academic related activity is used to determine the date of the unofficial withdrawal.
- If the last date of an academic related activity is after the 60% date of the term, no adjustment to a student’s financial aid for that term is required.
- If the date occurs prior to the 60% date, a Title IV refund calculation is required and necessary adjustments to a student’s financial aid for the term will be made.
- If documentation indicates no attendance in any class, the student will be deemed ineligible for financial aid per federal regulations and all aid will be cancelled for that semester.

Deceased Student

If the University receives reliable information indicating an individual borrower or student for whom a parent received a PLUS loan dies, the University suspends further awarding and disbursements.

Determination of Withdrawal of a Deceased Student

The withdrawal date for a deceased student is the last date of academic attendance or attendance at an academically related activity determined from University attendance records. The date of determination is the date the University becomes aware of the student's death.

Return of Title IV Funds for a Deceased Student

The amount of federal financial aid funds earned by the student is calculated according to the Return of Title IV Funds (R2T4) calculation. If the calculation indicates the amount of funds earned is less than the amount disbursed to the student, or on behalf of the student in the case of a PLUS loan, the difference between these amounts is returned to the appropriate federal financial aid programs. HCU does not report grant overpayments for deceased students to NSLDS or refer a grant overpayment to a debt collection service, as the student's estate is not required to return any federal financial aid funds. The following represents procedures the University follows if a credit balance of federal financial aid funds, created from funds disbursed before the death of the student, exists after the completion of the R2T4 and the University's refund calculations:

- Pay authorized charges owed to the University.
- Return any federal financial aid grant overpayments owed by the student for previous withdrawals from the University.
- Return any remaining credit balance to the federal financial aid programs.

Although the student may be eligible to receive a post-withdrawal or late disbursement, HCU is prohibited by federal financial aid Title IV regulations from further disbursements and will, therefore, not request additional funds from federal financial aid programs nor send out a post withdrawal letter.

Any student considering completely withdrawing should visit, email, or call the Office of Financial Aid, to inquire about the Return of Federal Funds before starting the withdrawal process. Students who owe HCU because of an R2T4 calculation will be placed on a financial hold. They will not be allowed to register for subsequent semesters or receive academic transcripts until the balance is paid.