
Document title: WITHDRAWAL AND RETURN TO TITLE IV FUNDS

Approval date: **April 2017**

Purpose of document: Disclosing information on the Withdrawal and Return to Title IV Funds

Office/department responsible: Office of Student Financial Affairs and Scholarships

Approved by: Brian MacDougall - Executive VP for Administration & Finance

Document classification level: **PUBLIC**

Document accessible: <http://www.aucegypt.edu/about/university-policies>

Document includes: **Policy**

Related documents/see also:

WITHDRAWAL AND RETURN TO TITLE IV FUNDS

Policy Statement

AUC is committed to the development, implementation, dissemination, and annual review of the withdrawal and Return of Title IV funds policy which supports compliance with federal, state and university regulations.

Reason for Policy/Purpose

To inform students, faculty and staff about the terms of eligibility of Title IV funds, in case of students' withdrawal. This will include the determination of the withdrawal date and how earned Financial Aid is calculated. It also includes the return of funds to the federal government and how it is based on the premise that a student earns financial aid in proportion to the length of time during which s/he remains enrolled. This is to ensure compliance with federal, state and university regulations related to federal financial aid.

Who Approved This Policy

Brian MacDougall –
Executive VP for Administration & Finance
April 2017

Who Needs to Know This Policy

AUC faculty, staff, and students who are disbursed financial aid awards and/or process federal financial aid calculations and return of Title IV funds.

Web Address for this Policy

<http://www.aucegypt.edu/about/university-policies>

Contacts

Responsible University Official: Ania Rejman

Responsible University Office: Student Financial Affairs and Scholarships

If you have any questions on the policy or procedure of the Withdrawal and Return to Title IV Funds, you may:

1. Call Ania at 212-730-8800 OR
2. Send an e-mail to arejman@aucegypt.edu

Definitions

Term (alphabetical order)	Definition as it relates to this policy

Policy/Procedures

WITHDRAWAL AND RETURN TO TITLE IV FUNDS **(R2T4 POLICY)**

How a Withdrawal Affects Financial Aid

Title IV (Title IV) (federal) financial aid funds are awarded under the assumption that a student will remain in classroom attendance for the entire period (semester) for which the funds were awarded.

When a student withdraws from all courses, regardless of the reason, s/he may no longer be eligible for the full amount of Title IV funds originally awarded. The return of funds to the federal government is based on the premise that a student earns financial aid in proportion to the length of time during which s/he remains enrolled. A prorated schedule determines the amount of federal student aid funds s/he will have earned at the time of full withdrawal.

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.

Federal regulations require a recalculation of financial aid eligibility if a student:

- Completely withdraws;
- Stops attending before the semester's end;

AUC 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 do not begin attendance in classes are not eligible for federal financial aid and must repay all aid originally received.

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

How Earned Financial Aid is calculated

Financial aid recipients "earn" the aid they originally received by remaining in classes. The amount of federal assistance earned is based on a prorated system.

AUC is required to determine the percentage of Title IV aid "earned" by the student and return the "unearned" portion to the appropriate federal aid programs.

AUC is required to perform this calculation within 30 days of the date the school determines that a student has completely withdrawn. The school must return the funds within 45 days of the calculation.

The following explains the formula used to determine the percentage of unearned aid 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 number of calendar days in the payment period.
- The payment period for most students is the full, 16 week fall and spring semesters or the full, 10 week summer semester.
- The percent unearned is equal to 100 percent less the percent earned.
- Scheduled breaks of five days or more and days that the student was on an approved leave of absence are not included in the count of total days in the payment period.

Institutional scholarship funds are not subject to the R2T4 policy.

R2T4 Process

Information that is required in order to properly complete the R2T4 form:

- Amount of institutional charges for the payment period
- Number of days in the payment period and student's social security number
- Student's last date of attendance

The Registrar office determines the student's official withdrawal date. This date is known as the Date of Determination (DOD).

The Financial Aid Office determines the amount of Title IV aid originally awarded and whether it is "disbursed" or "could have been disbursed."

The Bursar Office Cairo provides the student's original tuition and fee and bookstore charges.

An R2T4 worksheet is completed using the above data by Bursar office NY.

The calendar for the payment period is confirmed with the Registrar office.

The Bursar Office NY will post the recalculated amount of aid for which the student is eligible (as per the results of the R2T4 worksheet) to his/her student account.

A copy of the worksheet is maintained in the Financial Aid Office and electronically scanned and made part of the student's record after the end of the semester.

A second copy of the worksheet is forwarded to the Bursar Office Cairo for the purposes of checking the accuracy of data entry and for student billing purposes.

AUC will return funds to the DOE through G5 on the student's behalf and will bill the student.

The student is notified in writing and the amount is reported by the Financial Aid Office as an overpayment.

The student is responsible for all AUC charges and federal overpayments resulting from an R2T4 calculation.

If a student withdraws before Title IV Direct Loan funds are disbursed

Even if a student paid all institutional charges and ceased enrollment prior to receiving a disbursement of Direct Loan Funds and provided that Direct Loan funds could have been disbursed to the student, the Financial Aid Office will determine the Title IV funds earned by the student and follow the procedures outlined in the regulations for making a post-withdrawal disbursement.

AUC will notify the student within 30 days of the DOD of their eligibility for a post-withdrawal disbursement. AUC will allow the student 21 days to respond, if no response is received then AUC will not make the post-withdrawal disbursement.

Determination of Withdrawal Date

The Registrar office determines as student's official withdrawal date no later than 30 days after the end of the semester in which the student withdrew. The date it is determined that the student has withdrawn is known as the Date of Determination (DOD).

When a Student Fails to Begin Attendance

If financial aid is processed for a student who never begins attendance in any class for which s/he registered in a term, all aid will be canceled.

When a Student Fails All Classes

If a financial aid recipient who has not officially withdrawn, fails to receive a passing grade in at least one class during the term, the Financial Aid Office will determine whether the student actually established eligibility for the aid originally awarded.

Instructors will be contacted and asked to provide information on the student's attendance. If the student did not begin attendance, or stopped attending during the payment period, the financial aid originally awarded will be canceled or adjusted.

Information Regarding Loan Repayment

The R2T4 calculation may result in the student's and parent's being responsible for directly returning additional loan amounts to the US Department of Education.

The loan grace period begins on the withdrawal date from the school, or when a student ceases to be enrolled on at least a halftime basis. If the student does not reenroll as a halftime student within 6 months of withdrawal or less than halftime enrollment, the loans enter repayment.

The student should contact the loan servicer or the US Department of Education to make repayment arrangements. The promissory note signed by the borrower outlines repayment obligations.

Consequences of Non-Repayment

Students who owe the US Department of Education for an overpayment of Title IV funds are not eligible for any additional federal financial aid until the overpayment is paid in full or payment arrangements are made with the US Department of Education.

Students who owe AUC 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.

How a Withdrawal Affects Future Financial Aid Eligibility

Refer to the Financial Aid Office Satisfactory Academic Progress Policy to determine how a withdrawal impacts future aid eligibility.

NOTE: This policy is subject to revision without notice based on changes to federal laws and regulations or AUC policies. If changes are made, the student is held to the most current policy. This statement is intended to provide an overview of policies and procedures related to a complicated and very encompassing regulation. Additional information, including examples of R2T4 calculations, is available in the Financial Aid Office.

Forms/Instructions

Related Information

Appendices *(optional)*

History/Revision Dates

Origination Date: April 3, 2017

Last Amended Date: April 3, 2017

Next Review Date: August 1, 2017