

## **The University of Texas at El Paso**

### **Return of Title IV Aid (R2T4) 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. Thus, a student who withdraws in the first month of classes has earned less of his/her financial aid than a student who withdraws in the seventh week. Once 60% of the semester is completed, a student is considered to have earned all of his/her financial aid and will not be required to return any funds.

Federal law requires schools to calculate how much federal financial aid a student has earned if that student:

- completely withdraws, or
- stops attending before completing the semester, or
- Does not complete all modules (courses which are not scheduled for the entire semester or payment period for which he/she has registered at the time those modules began).

Based on this calculation, University of Texas at El Paso (UTEP) students who receive federal financial aid and do not complete their classes during a semester or term could be responsible for repaying a portion of the aid they received. Students who do not begin attendance must repay all financial aid disbursed for the term.

## **How a withdrawal affects academics**

The following policies will help you to understand that a withdrawal potentially affects students academically as well as financially. We encourage students to read all the information below prior to making a final decision.

### **Important:**

- Academic policies on leaving UTEP are available in the Academic Catalog, see Policies section.
- UTEP's tuition refund policy is separate from the federal regulations to repay unearned aid. Whether or not a student receives a tuition refund has no bearing on the amount he/she must repay to the federal aid programs. Contact the Student Business Office for further inquiries regarding tuition refunds.

## **How the earned financial aid is calculated**

Students who receive federal financial aid must "earn" the aid they receive by staying enrolled in classes. The amount of federal financial aid assistance the student earns is on a pro-rated basis. Students who withdraw or do not complete all registered classes during the semester may be required to return some of the financial aid they were awarded.

Institutions, in accordance to federal regulation 34CFR668.22, are required to determine the percentage of Title IV aid "earned" by the student and to return the unearned portion to the appropriate aid programs. Regulations require school to perform calculations within 30 days from the date the school determines a student's complete withdrawal. The school must return the funds within 45 days of the calculation. The Return to Title IV, aka R2T4, calculation process and return of funds is completed by the Office of Student Financial Aid (OSFA).

For example, if a student completes 30 percent of the payment period, they earn 30 percent of the aid they were originally scheduled to receive. This means that 70 percent of the scheduled awards remain "unearned" and must be returned to the federal government. Once 60% of the semester is completed, a student is considered to have earned all of his/her financial aid and will not be required to return any federal funds.

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 days long).
- The payment period is the entire semester. However, for students enrolled in modules (courses which are not scheduled for the entire semester or term), the payment period only includes those days for the module(s) in which the student is registered.
- The **percent unearned** is equal to 100 percent minus the percent earned.

***For students enrolled in modules:*** A student is considered withdrawn if the student does not complete all of the days in the payment period that the student was scheduled to complete. UTEP will track enrollment in each module (a group of courses in a program that do not span the entire length of the payment period combined to form a term, for example, summer sessions) to determine if a student began enrollment in all scheduled courses. If a student officially drops courses in a later module while still attending a current module, the student is not considered as withdrawn based on not attending the later module. However, a recalculation of aid based on a change in enrollment status may still be required.

Students who provide written confirmation to OSFA at the time of ceasing attendance in a module that they plan to attend another course later in the same payment period are not considered to have withdrawn from the term. Note: written confirmation of a later class is required; registration alone does not meet this requirement. If the student does not provide written confirmation of plans to return to school later in the same payment period or term, UTEP considers the student to have withdrawn and begins the R2T4 process. However, if the student does return to UTEP in the same term, even if they did not provide written confirmation of plans to do so, the student is not considered to have withdrawn after all and is eligible to receive the Title IV funds for which the student was eligible before ceasing attendance. Bursar will then reverse the R2T4 process and provide additional funds that the student is eligible to receive at the time of return. Steps in the return of Title IV funds policy

***Step 1: Student's Title IV information***

OSFA 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***

OSFA 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 the Title IV aid for the enrollment period.**

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

Bursar 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.

*Total disbursed Aid – Earned Aid = Unearned Aid to be Returned*

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

#### **Types of Withdrawals**

For financial aid purposes there are two types of withdrawals: Complete and Unofficial.

##### ***Complete***

- An official withdrawal from UTEP by the student. For the policy and process of Complete Withdrawal review UTEP Academic Catalog, Policies section.

##### ***Unofficial***

- Federal financial aid regulations consider a student to be an unofficial withdrawal if the student receives all F grades or a combination of F, W (Withdraw), I (Incomplete) and U (Unsatisfactory) grades for the term.

#### **Determination of the withdrawal date**

The withdrawal date used in the return calculation of a student's federal financial aid is the actual date indicated on the official drop form. If a student drops attending classes without notifying UTEP, the withdrawal date will be the midpoint of the semester or the last date of academic activity determined by UTEP. 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 UTEP.

### **Withdrawing prior to completing 60 percent of a term**

Unless a student completes 60 percent of the term in which federal aid was disbursed, the student will be required to return all or part of the financial aid disbursed in the term. This applies to students who have officially or unofficially withdrawn.

### **When a student fails to begin attendance**

If a student receives financial aid, but never attends classes, UTEP will return all disbursed funds to the respective federal aid programs. If the student owes any money to UTEP resulting from the return of federal funds, the student will be billed by the Bursar's Office. If the student does not pay the funds due to UTEP, a financial hold is placed on the student's account. This means he/she will not be permitted to register for classes or receive transcripts until the balance is paid.

### **Students who do not receive an earned grade in a term**

Financial aid is awarded under the assumption that the student will attend UTEP for the entire term for which federal assistance was disbursed. UTEP is required to have a procedure for determining whether a Title IV recipient who began attendance during a period completed the period or should be treated as a withdrawal. Students who attended class but failed to meet the academic requirements of the course are awarded a grade of F, this is an earned grade. Students who started a course but stopped attending class at some point during the course and did not pass the course are considered to have unofficially withdrawn. For these withdrawals, commonly known as dropouts, the withdrawal date is the midpoint of the period or the last date of an academically related activity that the student participated in.

### ***Repayment calculation process:***

Once grades are posted for the students who unofficially withdraw, OSFA will return all unearned aid back to the federal aid program and the student's bursar account will be charged. The Bursar's Office will mail a notification letter with the repayment amount(s) to the student's permanent address. The student's bursar account will be updated, and the student will be responsible for any balance due. A statement reflecting these charges will be sent to the student by the Bursar's Office.

### **Definition of an academic related activity**

Examples of University of Texas at El Paso (UTEP) academic-related activities include but are not limited to physically attending a class where there is an opportunity for direct interaction between the instructor and students.

#### ***Proof of participation:***

- Exams or quizzes
- Tutorials
- Computer-assisted instruction
- Completion of an academic assignment, paper or project
- Participating in an online discussion about academic matters
- Initiating contact with a faculty member to ask a question about the academic subject studied in the course
- UTEP required study group where attendance is taken

#### ***Documentation not acceptable as proof of participation:***

- Student's self-certification of attendance that is not supported by school documentation
- Living in University of Texas at El Paso (UTEP) housing
- Participating in the school's meal plan
- Participating in academic counseling or advising

### **Return of Title IV Funds for students enrolled in modules**

(Generally summer sessions) - Effective July 1, 2011

#### ***Overview***

These new regulations aim to provide for consistent and equitable treatment of students who withdraw from a program measured in credit hours, regardless of whether courses in the program span the entire term or consist of shorter modules. This new rule replaces prior guidance provided in *Dear Colleague Letter* GEN-00-24 regarding student withdrawals in term-based programs that include courses shorter than the length of an entire term. The rule impacts all programs offering courses shorter than an entire

term, including semester-based programs with a summer term consisting of two consecutive five-week summer sessions.

### ***Program integrity principles***

- Title IV funds are awarded to a student to attend an entire payment period of enrollment, and the funds are intended to cover the student's educational and living expenses for the entire period.
- Federal law specifies that a student earns Title IV funds on a pro-rated basis through 60 percent of a period based on the actual days completed. For the purposes of federal aid programs, UTEP must be able to document a student's active participation in an academic activity.

### ***Regulatory requirements***

- A student is considered to have withdrawn from a payment period or period of enrollment in which the student began enrollment if the student ceased attendance in all scheduled courses without completing all of the days the student was scheduled to complete in the period.
- However, if a student provides written confirmation to UTEP's Bursar before ceasing attendance that the student plans to attend another course later in the same period, the student is not considered to have withdrawn. If a student does not resume attendance within the scheduled timeframe, the student is considered to have withdrawn as of the date on which attendance ceased.
- If the student does not provide written confirmation of plans to return to school later in the same payment period or term, UTEP considers the student to have withdrawn and begins the R2T4 process immediately. However, if the student does return to UTEP in the same term, even if they did not provide written confirmation of plans to do so, the student is not considered to have withdrawn after all and is eligible to receive the Title IV funds for which the student was eligible before ceasing attendance. Bursar will then reverse the R2T4 process and provide additional funds that the student is eligible to receive at the time of return.



## **Repayment calculation of unearned aid as a result of a withdrawal**

As a result of a withdrawal, students who received federal funds are required to repay "unearned" aid. The repayment calculation is performed based on the federal government's repayment worksheet: "Treatment of Title IV Funds When a Student Withdraws from a Credit Hour Program." The amount of assistance earned is determined on a pro-rated basis. For example, if a student completed 30% of the term, they have earned 30% of the assistance they were originally scheduled to receive. Once a student has completed more than 60% of the term, the student earns all the assistance they were scheduled to receive for the term.

## **Student notification of repayment**

A notification letter outlining the amount returned to the federal programs along with a Return to Title IV fact sheet will be mailed to the student's permanent address. UTEP will return funds on the student's behalf to the appropriate federal aid programs and subsequently will bill the student's bursar account. A statement reflecting these charges will be sent to the student. The student is responsible for all changes and overpayments resulting from a Return of Title IV calculation.

## **Repayment to federal aid programs**

Federal regulations require that the following aid programs be subject to the repayment calculation if the student did not attend 60% of the term:

- Federal Direct Loans: Unsubsidized and Subsidized
- Federal Perkins Loans
- Federal Direct Grad PLUS Loans
- Federal Direct Parent PLUS Loans
- Federal Pell Grant
- Federal Supplemental Educational Opportunity Grant (FSEOG)
- TEACH Grant

### **Overpayment of federal grant funds**

Federal regulations provide that 50% of the unearned amount of all federal grants is protected by the federal calculation. Any grant amount subject to repayment is returned by UTEP and that amount will be billed to the student's bursar account as a debt to the University of Texas at El Paso (UTEP).

### **Additional loan information to consider when withdrawing**

**Important:** Anytime a student is enrolled less than part-time the grace period begins. The student's grace period for loan repayments for Federal Direct Unsubsidized and Subsidized Loans will begin on the day of the withdrawal from the school. The student is required to complete a loan EXIT session. They can be completed online at [www.studentloans.gov](http://www.studentloans.gov). If the student is not enrolled part-time for more than 6 months, the loans will go into repayment. The student must contact the U.S. Department of Education (ED) or his/her lender(s) to make payment arrangements. Loans must be repaid by the loan borrower (student/parent) as outlined in the terms of the borrower's promissory note. The student should contact the lender if he/she has questions regarding their grace period or repayment status.

### **School and student responsibility for return of unearned federal funds**

The student and the school are both responsible for returning unearned federal financial aid to the federal government. The student will be billed for any amount due as a result of the return of federal aid funds (R2T4) calculation.

### **Repayment of unearned funds and Consequences**

Unearned funds are paid to the U.S. Department of Education by University of Texas at El Paso (UTEP) on the student's behalf. The school will return the funds within 45 days of the calculation. If the student owes any money to UTEP resulting from the return of unearned federal financial aid, the student will be billed by the University of Texas at El Paso (UTEP). If the student does not pay the funds due to UTEP, a financial hold is placed on the student's account. This means he/she will not be permitted to register for classes or receive transcripts until the balance is paid.

## **School and student responsibilities in regard to the R2T4 policy & process**

### ***University of Texas at El Paso (UTEP)'s responsibilities in regard to the Return of Title IV funds***

1. Providing each student with the information given in this policy;
2. Identifying students affected by this policy and completing the Return of Title IV Funds (R2T4) calculation;
3. Informing the student of the result of the R2T4 calculation and any balance owed to University of Texas at El Paso (UTEP) as a result of a required return of funds;
4. Returning any unearned Title IV aid that is due to the Title IV programs and, if applicable, notifying the borrower's holder of federal loan funds of the student's withdrawal date;
5. Notifying student and/or Plus borrower of eligibility for a Post-Withdrawal Disbursement, if applicable.

### ***Student's responsibilities in regard to the Return of Title IV funds***

1. Becoming familiar with the Return of Title IV Funds (R2T4) policy and how withdrawing from all courses affects eligibility for Title IV aid;
2. Resolving any outstanding balance owed to University of Texas at El Paso (UTEP) resulting from a required return of unearned Title IV aid;
3. Resolving any repayment to the U.S. Department of Education as a result of an overpayment of Title IV grant funds.

## **How institutional grant aid is affected by a withdrawal**

All institutional aid provided by University of Texas at El Paso (UTEP) is based on need and academic achievement. The institution does not require the repayment of institutional aid that has been disbursed.

## **How a withdrawal affects future financial aid eligibility**

Refer to UTEP Financial Aid Office Satisfactory Academic Progress Policy to determine how a withdrawal will impact future financial aid eligibility.

***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, student must abide by the most current policy. The Federal Refund Policy (R2T4) is very encompassing and this is intended to be an overview of the policies and procedures that govern regulations pertaining to Title IV Refund (R2T4). For further guidance on R2T4 policies and procedures please see the reference material found in Volume 5 of the Federal Student Aid Handbook under Withdrawals.***