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|  | University of Arkansas – Fort Smith | |
| | Return of Title IV Funds (R2T4) | |
| | Responsible Office: Financial Aid | Policy Number: FA2023. |
| Effective Date: | Revision Date: | Policy Version: 1.0 |
| Published: FA Policy & Procedures Manual, UAFS Website | Disclosure: Website, provided to students by FA staff | Reference: 34 CFR 668.22; HEA, section 484B |

POLICY

Title IV federal student aid is awarded to students at the University of Arkansas Fort Smith under the assumption they will attend class the entire period for which the assistance is awarded. When a student withdraws and/or stops attending class before 60% of the term has elapsed, he/she may no longer be eligible for the full amount of Title IV funds they were originally eligible to receive.

If a recipient of Title IV federal student aid withdraws from school after beginning attendance, the amount of Title IV federal student aid earned by the student must be determined. If the amount of aid disbursed to the student is greater than the amount the student earned, unearned funds must be returned to the appropriated federal student aid program.

Return of Title IV Fund (R2T4) calculations are processed by the UAFS Financial Aid & Veteran Benefits Office within 30 days of determining the student has completely withdrawn from school. UAFS will have an additional 15 days to return funds to the U.S. Department of Education. The R2T4 calculation must be completed, and funds returned within 45 days of the student's withdrawal.

The R2T4 policy is separate and distinct from the UAFS Refund Policy. See the University General Catalog for the Refund Policy under Tuition and Fees.

Payment Period

UAFS will use the student's payment period to calculate the R2T4. Using the university's official Academic Calendar, the payment period is determined by:

- Calculating the total number of days from the first day of class to the last day of finals,
- Including weekend days in the total number of days, and
- Excluding breaks of five or more days from the total number of days in the term.

Definition of a Withdrawal

A student is considered to have withdrawn if they do not complete all the days in the payment period that they were scheduled to complete.


Official Withdrawal Process

A student who wishes to withdraw from university must initiate the official withdrawal process by:

1. Logging in to My.UAFS and selecting withdraw from class(es),
2. The withdraw is submitted to the student's Academic Advisor who will counsel the student,
3. Upon approval by the Academic Advisor, the withdrawal is submitted to the Registrar's Office.

Students who receive federal student aid, state aid, institutional scholarships and veteran's benefits are strongly encouraged to meet with a Financial Aid representative before withdrawing.

Withdrawal deadlines for full semester courses (16 week) or eight-week courses are published in the academic calendar, found on the UAFS website. Students are strongly encouraged to visit with their Academic Advisor or the Registrar's Office regarding the withdrawal deadlines for shorter courses.

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A letter grade of W (withdrawal) will be issued when a student initiates a withdrawal during UAFS's allowable withdrawal period.

Unofficial Withdrawal

An unofficial withdrawal occurs when a student fails to earn any hours at the end of the term, i.e., earns a 0.0 GPA. Letter grades contributing to no earned hours include W, IP, or F.

A letter grade of W will be assigned by the instructor to indicate a student has been involuntarily withdrawn by the institution during the designated semester for disciplinary, inadequate attendance or other extenuating circumstances. In the case of non-attendance, instructors are required to report any student who fails to begin attendance to the Registrar's Office before the end of the drop period. Students who fail to begin attendance will have their Pell Grant re-calculated. Students who fail to begin attendance will remain enrolled in the course and will be responsible for payment of tuition and fees.

Establishing Last Day of Attendance

The University of Arkansas Fort Smith is not required to take attendance. For R2T4 purposes, the last day of attendance will be determined by:

- For students who officially withdraw, the date the student begins the official withdrawal process.
- For students who do not officially withdraw, the last day of attendance documented by their instructor. Instructors are required to submit the last day of attendance with their official grade record at the end of each semester for any F grade.

Leave of Absence

The University of Arkansas Fort Smith does not have a formal leave of absence policy.


Post-Withdrawal Disbursement

If the student did not receive all funds earned, he/she may be due a post-withdrawal disbursement. If the R2T4 calculation indicates that a post withdrawal disbursement is due from grant funds and the student has outstanding institutional charges, the grant funds will be applied to the student's account. If the calculation indicates that a post-withdrawal disbursement is due from federal loan funds, the student or parent in the case of Parent PLUS loans will be notified by mail of the post-withdrawal disbursement and the amount available. The student or parent must return the letter within 14 days indicating if he/she wishes to receive the post-withdrawal disbursement and if so, the amount.

UAFS may not make a post-withdrawal disbursement to the account or estate of a student who has died. Additionally, a student's estate is not required to return any Title IV funds.

Federal Direct Loans

If UAFS (institutional required return) must return Federal Direct Loan funds, those funds will be returned directly to the U.S. Department of Education on behalf of the borrower. For any loan funds that are required to be return by the student (or parent), the student (or Parent for a Direct PLUS Loan) will repay

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in accordance with the terms and conditions of their promissory note. That is, the student or parent will make scheduled payments to the lender/servicer of the loan.

Federal Direct Loan recipients must also complete Exit Counseling upon withdrawal at <https://studentaid.gov/exit-counseling/>. Additionally, the grace period for loan repayments for unsubsidized and subsidized loans will begin on the day of the withdrawal from the university. The student should contact their lender/servicer if they have questions regarding the grace period or repayment. Students may find this information by logging into www.studentaid.gov.

University and Student Responsibility for Return of Unearned Funds

The university and student are both responsible for returning unearned federal student aid to the U.S. Department of Education. The university will report the award adjustment to COD and return funds through G5. The student will be billed for any amount due because of the R2T4 calculation, including the institution's required return.


Funds will be returned in the following order:

1. Unsubsidized Federal Direct Loans
2. Subsidized Federal Direct Loans
3. Federal Direct Grad PLUS Loans
4. Federal Direct Parent PLUS Loans
5. Federal Pell Grant
6. Iraq and Afghanistan Service Grant
7. Federal Supplement Educational Opportunity Grant
8. TEACH Grant

Notification

All students are notified by UAFS email any time the financial aid award package is adjusted. Additionally, when funds are returned due to an R2T4 the student is notified in writing regarding the type of fund returned (loan, grant, etc.) and the amount. Letters are mailed to the permanent address on record for the student. The student can also see the adjusted funding and current account balance in the My.UAFS portal on the Financial Aid Checklist and Online Business Center.

In the case of grant overpayments, students are notified in writing they are in an overpayment of a federal grant. Letters are sent to the permanent address on record for the student. This communication further instructs the student that they can satisfy the overpayment with UAFS within 45 days of the notification. If the student satisfies the overpayment within 45 days, UAFS will return the grant funds on behalf of the student. If the student fails to satisfy the overpayment, UAFS will send a second letter to the student's permanent address informing them that the debt has been referred to the U.S. Department of Education. This communication provides contact information for the Debt Resolution Group so the student can resolve the overpayment.

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PROCEDURES

Financial Aid staff will utilize the Banner Student Information System and Argos Reporting software to complete the R2T4 calculation. The subsequent electronic record will be maintained as part of the student’s official financial aid record.

Step 1: Title IV aid Information.

- Determine the amount of Title IV funds disbursed for the student.
- Determine if the student has any Title IV funds that could have been disbursed. Aid that could have been disbursed must meet the conditions of late disbursements prior to the student becoming ineligible.


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

- Percentage of Aid Earned:
 - Determine the percentage of aid the student earned by dividing the number of calendar days completed in the payment period, as of the day the student withdrew, by the total number of calendar days in the same period.

$$\frac{\text{Total number of calendar days completed in the period}}{\text{Total number of calendar days in the period}}$$
 - The total number of calendar days in a payment period includes all days (including weekend days) within the period.
 - Scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in the payment period and the number of calendar days completed in that period.
- Withdrawal Date:
 - If the student officially withdraws, the withdrawal date is the date UAFS determines the student began the withdrawal process.
 - If the student does not provide official notification of his/her intent to withdraw, the withdrawal date will be determined as of the last date of attendance reported by the instructor.

Step 3: Amount of Title IV Aid earned by the student.

- If the withdrawal date is greater than 60 percent of the payment period, the student has earned 100 percent of the Title IV funds disbursed for the payment period.
- If the withdrawal date is less than 60 percent of the semester, the amount of Title IV funds earned by the student is calculated by multiplying the percentage of Title IV aid earned by the total Title IV aid disbursed and that could have been disbursed for the payment period.

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Step 4: Total Title IV aid to be disbursed or returned.

- The amount of unearned Title IV funds is calculated by subtracting the amount of Title IV funding the student earned from the total Title IV funding disbursed for the period.
- If the student received less federal student aid than he earned, he may be eligible for a post-withdrawal disbursement.
- If the student received more federal student aid than he earned, the school, the student or both may be required to return funds.

Step 5: Amount of Unearned Title IV aid due from the school

- UAFS is required to return the lesser of the total amount of Title IV funds to be returned or an amount equal to unearned institutional charges.
- Institutional charges include tuition and fees, housing and meals if living on campus and can include other education-related expenses assessed by UAFS.

Step 6: Return of Title IV funds by the school.


- UAFS will return the institution’s portion of unearned Title IV funds in the following order:
 1. Unsubsidized Federal Direct Loan
 2. Subsidized Federal Direct Loan
 3. Federal Direct Grad PLUS Loan
 4. Federal Direct Parent PLUS Loan
 5. Federal Pell Grant
 6. Iraq and Afghanistan Service Grant
 7. Federal Supplement Educational Opportunity Grant
 8. TEACH Grant
- *Work Study is excluded from this return policy.*

Step 7: Initial Amount of Unearned Title IV Aid due from the student.

- The initial amount of unearned funds due from the student is calculated by subtracting the amount of unearned funds due from the school from the total amount of funds that must be returned.

Step 8: Repayment of Student Loans.

- From the net loans disbursed to the student subtract the total amount of loans the school must return to determine the amount of Title IV federal student loans the student is responsible for repaying.
- Any outstanding loan shall be repaid by the student in accordance with the terms set forth in the student’s master promissory note.


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Step 9: Title IV Grant Funds to be returned by the student.

- In the event the student has received grant funds in excess of earned aid, the student will be in a grant overpayment situation.
- UAFS will notify the student within 30 days of withdrawal if the student is in an overpayment situation.
- UAFS will allow the student 45 days from the date of notification to make payment or payment arrangements to the institution for any grant overpayment.
- If the student makes satisfactory arrangements with the institution within 45 days, UAFS will return the grant funds on the student’s behalf.
- If the student does not make satisfactory arrangements within 45 days of notification of the grant overpayment, UAFS will refer the student to Debt Resolution and report the overpayment to the National Student Loan Data System (NSLDS).

Step 10: Return of Grant funds by the student.

- UAFS will return the institution’s portion of unearned Title IV funds in the following order:
 1. Federal Pell Grant
 2. Iraq and Afghanistan Service Grant
 3. Federal Supplement Educational Opportunity Grant
 4. TEACH Grant

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EXAMPLES

John Snow was enrolled full-time for the fall semester. John received a Subsidized Federal Direct Loan with a net disbursement of \$1732.00 and an Unsubsidized Federal Direct Loan with a net disbursement of \$990.00.

John had institutional charges of \$1909.30 which was tuition and fees. John officially withdrew from all classes on the 68th day of class. There were 115 days in the term.

Using the calculation, Number of Calendar Days Enrolled Divided by Total Number of Calendar Days in the Semester (excluding breaks of at least five days) equals the amount of Title IV aid earned; $68/115 = 59.1\%$. Therefore, the student did not earn 40.9% of the Title IV aid.

Institutional charges of \$1909.30 multiplied by the unearned percentage of 40.9% is \$780.90. UAFS must return this amount, in the form of Unsubsidized Federal Direct Loan funds to the U.S. Department of Education. The Financial Aid Office notified John by letter of the amount of the unearned federal student aid being returned by the institution. The Cashier's Office billed the student for the amount returned. Additionally, John must repay the remaining \$290.10 of Unsubsidized Federal Direct Loan and \$1,732.00 of Subsidized Federal Direct Loan under the regular terms of the loan.

Sansa Stark was enrolled full-time for the spring semester. Sansa received a Pell Grant in the amount of \$2,908.00.

Sansa had institutional charges of \$2,413.98 which was tuition and fees. Sansa had a family emergency and had to withdraw on the 82nd day of class. There were 115 days in the term.

Using the calculation, Number of Calendar Days Enrolled Divided by Total Number of Calendar Days in the Semester (excluding breaks of at least five days) equals the amount of Title IV aid earned; $82/115 = 71.3\%$. Since the percentage is greater than 60%, the student, therefore, earned 100% of the Title IV aid.