

Return of Title IV Funds (R2T4)

Process Overview and Applicability

Kirtland Community College (KCC) processes a Return of Title IV Funds (R2T4) calculation for any student who receives Title IV grant or loan funds (or meets conditions for a late disbursement), begins attendance, and completely withdraws from the period of enrollment.

Applicable Programs:

- Federal Pell Grants
- Federal Direct Loans (Subsidized and Unsubsidized)
- Federal Supplemental Educational Opportunity Grants (FSEOG)
- Direct PLUS Loans

Core Policy: During the first 60% of the enrollment period, a student “earns” Title IV funds in direct proportion to the length of time they remain enrolled. Students who withdraw before completing more than 60% of the period are required to repay a portion of the unearned aid.

Compliance and Timing: To ensure compliance with the federal requirement to determine a student's withdrawal status within 30 days of the end of the period (for unofficial withdrawals), the Financial Aid Office (FAO) pulls a withdrawal report **every Friday**.

- By pulling this report weekly, the FAO ensures that any student who completely withdrew during that week has a calculation initiated and completed immediately.
- This proactive weekly process ensures all calculations and fund returns are finished well in advance of the 30-day regulatory requirement for determination and the 45-day requirement for the return of funds to the Department of Education.

Exemptions (Effective Summer 2021): An R2T4 calculation is **not** required if a student meets one of the following criteria:

1. Successfully completes one module that includes 49.0% or more of the number of days in the payment period.
2. Successfully completes a combination of modules containing 49.0% or more of the days in the payment period.
3. Successfully completes coursework of at least a half-time Title IV student load (6+ credits passed).
4. Successfully completes all graduation requirements.

Exemptions (Effective February 3, 2025): The Kirtland Community College’s Financial Aid Office implemented the Amendment of 34 CFR 668.22(a)(2)(ii)(A)(6) beginning on or after February 3, 2025. This states it exempts institutions from performing an Return of Funds (R2T4) calculation if: (1) a student is treated as never having begun attendance; (2) the institution returns all title IV, HEA assistance disbursed to the student for that payment period or period of

enrollment; (3) the institution refunds all institutional charges to the student for that payment period or period of enrollment; and (4) the institution writes off or cancels any payment period or period of enrollment balance owed by the student to the institution due to the institution's returning of title IV, HEA funds to the Department.

After the third week of classes, we have the faculty submit attendance on the census date for those students who never attended or stopped attending. We use this information to determine if a student has established eligibility to receive their financial aid funds. Students who have been submitted are informed of the submission for attendance so they may be able to state a claim of inaccurately reported by a certain date; notifications are e-mailed and mailed by U.S. Postal Service. If inaccurately reported, the student notifies the Faculty and the Faculty notifies the Director of Financial Aid. If accurately reported, the students are dropped from the courses using the early-implemented Amendment of 34 CFR 668.22(a)(2)(ii)(A)(6).

*KCC does allow a tuition appeal. However, prorated tuition and fees based on the number of days the student attended is what is granted as a result.

Withdrawal Date and Academic Engagement

The withdrawal date is determined based on whether the withdrawal is official or unofficial.

Definitions of Academic Engagement: KCC defines academically-related activity (academic engagement) as active participation in the instructional portion of the course. Documentation of these activities is used to establish the Last Date of Attendance (LDA). These include:

- Physically attending a class with direct interaction between instructor and students.
- Submitting a relevant academic assignment.
- Taking an exam, an interactive tutorial, or computer-assisted instruction.
- Participating in an assigned clinical, lab, or silviculture activity.
- Completing a substantive online discussion board regarding academic matters.

Official vs. Unofficial Withdrawals:

- **Official:** The date the student submitted the withdrawal form via the Registrar or notified the FAO of their intent to withdraw.
- **Unofficial:** Generally, the midpoint (50%) of the period. However, KCC uses the student's **LDA** at a documented academically-related activity for R2T4 processing whenever faculty have provided a specific date (identified during the review of students receiving all "E" grades in the SAP process).

R2T4 Formula Calculation and Order of Return

The FAO performs the R2T4 calculation using the Jenzabar/PowerFAIDS administrative software.

The Calculation Process:

1. **Percentage Earned:** Calculated by dividing the number of calendar days completed by the time of withdrawal date by the number of calendar days in the term.
2. **Amount Earned:** The percentage earned is multiplied by the total Title IV aid disbursed (plus aid that could have been disbursed).
3. **100% Earned:** If the student completes more than 60% of the term, they are considered to have earned 100% of the Title IV aid.

Order of Return of Title IV Funds: Unearned funds are returned to the Title IV programs in the following mandatory federal order:

1. Unsubsidized Direct Loans
2. Subsidized Direct Loans
3. Direct PLUS Loans (Parent)
4. Federal Pell Grants
5. Federal Supplemental Educational Opportunity Grants (FSEOG)
6. Other Title IV assistance

FSEOG Match and Calculation: Kirtland Community College is not required to provide an FSEOG institutional match. As such, 100% of the FSEOG award is treated as federal funds in the R2T4 calculation.

Post-Withdrawal Disbursements (PWD)

If a student earned more aid than was disbursed at the time of withdrawal:

- **Grant Funds:** Automatically credited to student accounts for current institutional charges within 45 days.
- **Loan Funds:** Students are notified via Kirtland email within 30 days and given 14 days to accept/decline the loan portion. Acceptance must be in writing (mail, email, or in-person).

Returning Unearned Funds

KCC calculates institutional and student shares as follows:

Institutional vs. Student Shares:

- **Institutional Share:** KCC returns the lesser of (a) the total amount of unearned aid or (b) an amount equal to the student's institutional charges multiplied by the percentage of aid unearned.
- **Student Share:** The student is responsible for the difference between the total unearned amount and the institution's share.
- **Grant Protection:** For student grant overpayments, the total Title IV grant disbursed is multiplied by 50% to find the "protected" amount. This protected amount is subtracted from the initial unearned grant amount to determine the final grant funds the student must return.

Timelines:

- **Return of Funds:** The Student Accounts Office returns the school's portion to the Dept. of Ed via **G6** within **45 days** of the date of determination.
- **Notification:** FAO notifies the student of any overpayment via formal letter and billing statement within **30 days** of the date of determination.

Overpayment Resolution

Conversion to Institutional Debt: Kirtland Community College chooses to return the full amount of unearned aid (including the student's portion) to the Department of Education on behalf of the student. By returning these funds, KCC ensures the student does not have a "Federal Grant Overpayment" flag in the National Student Loan Data System (NSLDS). Consequently, the amount returned by the college becomes a direct debt owed by the student to Kirtland Community College.

Billing and Communication:

1. **COD Update:** The FAO adjusts the student's award in PowerFAIDS and sends the revised disbursement record to COD.
2. **Billing:** The Student Accounts Office (Business Office) generates a billing statement reflecting the balance created by the return of funds. This statement and a notification letter are sent to the student via USPS.

Repayment and Collection:

- **Repayment Agreements:** Students may contact the Student Accounts Office to discuss payment options or enter into a repayment agreement to resolve the institutional debt.
- **Future Eligibility:** Because KCC has returned the funds to the Department of Education, the student remains eligible for Title IV aid at other institutions (provided they meet all other eligibility criteria). However, they will be unable to continue their education at Kirtland until the institutional balance is satisfied.