

# Return of Federal Financial Aid Funds Covered Under Title IV Funding:

As part of the Higher Education Amendment Act of 1998, Congress passed regulations that dictate what happens to a student's federal financial aid when a student completely withdraws, official or unofficially, from the College during any given semester.

- Federal financial aid consists of:
  - Federal loans: federal Direct loan, federal Perkins loan, and federal PLUS loan.
  - Federal grants: federal Pell grant, federal TEACH grant, and Federal Supplemental Educational Opportunity Grant (FSEOG).
- Federal financial aid is awarded to a student under the assumption that the student will attend school for the entire semester for which the funds are awarded. Even though federal funds may be disbursed at the beginning of the semester, the student is required to "earn" the financial aid by attending classes up to the point that at least 60% of the semester has expired. (Students who complete more than 60% of the semester are considered to have earned 100% of their financial aid.)
- The R2T4 (Return to Title IV) calculation determines what percentage of disbursed financial aid the student has earned. It is based on the number of days completed divided by total number of days in the semester.
- Any unearned financial aid must be returned to the federal government. Students with "unearned" financial aid funds must repay these funds to the College.
- The Return of Title IV Funds policy is separate from the College's tuition refund policy. A student who withdraws from the semester may be required to return unearned Title IV financial aid funds and may still owe the College for institutional charges.
- The College must return unearned funds for which it is responsible as soon as possible, but no later than 45 days from the determination of a student's withdrawal.
- Funds are returned to the programs from which the student received aid in the following order, up to the net amount disbursed from each source:
  - (1) Unsubsidized Direct Loans (other than Direct PLUS Loans)
  - (2) Subsidized Direct Loans
  - (3) Federal Perkins Loans
  - (4) Direct PLUS Loans
  - (5) Federal Pell Grants
  - (6) Federal Supplemental Educational Opportunity Grants (FSEOG)
  - (7) TEACH Grants
  - (8) Iraq and Afghanistan Service Grants
- If the student receives less federal student aid than the amount earned, the school must offer a disbursement of the earned aid that was not received. This is called a post-withdrawal disbursement.

- A post-withdrawal disbursement must be made from available grant funds before available loan funds. The College must obtain confirmation from a student, or parent for a Direct Parent PLUS Loan, before making any disbursement of loan funds from a post-withdrawal disbursement. Grant funds, however, may be credited without permission for current charges for tuition, fees, and room and board up to the amount of outstanding charges.
- The College must disburse any amount of a post-withdrawal disbursement of grant funds that is not credited to the student's account. Moreover, the school must make the disbursement as soon as possible but no later than 45 days after the date of the school's determination that the student withdrew
- There are three types of withdrawals that fall under the R2T4 federal calculation regulations:
  - (1) Official Withdrawals: Student has completed the formal drop process with the Registrar's Office, via [My NDC](#), or contacting the Registrar at [registration@ndc.edu](mailto:registration@ndc.edu).
  - (2) Unofficial Withdrawals: If a student begins to attend class, receives federal Title IV aid, but then ceases to attend class without providing official notification to the College, the federal government considers this to be an "unofficial withdrawal." The withdrawal date used in the calculation is based on the last date of attendance or academically-related activity, defined as:
    - 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 (must be documented by faculty).
    - 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.
  - (3) Module Withdrawals: A module (or sub-session) is defined as a course or courses in a program that do not span the entire length of the semester. If a student withdraws from an individual module and does not complete all of the days s/he was initially scheduled to prior to ceasing attendance, an R2T4 calculation must be performed to determine the percentage of financial aid earned. The days in all modules for which the student initially registered are included in the total number of calendar days within the payment period.

If a student provides written confirmation of his/her intent to attend a future module within the semester, it is not necessary to perform the R2T4 calculation; however the student's future attendance within the semester must be tracked. If it is determined that the student failed to attend a future module, the R2T4 must be performed.