

## **Return of Federal Financial Aid Funds Covered Under Title IV Funding (R2T4)**

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 programs that MCC participates in that require a R2T4 calculation if the student withdraws from the College are:
  - Federal loans: Direct loans and Parent PLUS loans
  - Federal grants: Pell 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
  - (2) Subsidized Direct Loans
  - (3) Direct PLUS Loans
  - (4) Federal Pell Grants
  - (5) Federal Supplemental Educational Opportunity Grants (FSEOG)

- 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