

Return of Title IV Funds (R2T4) Policy
University of Arkansas – Fort Smith
(Reference CFR668.22)

The return of Title IV funds is administered by The University of Arkansas - Fort Smith (UAFS) Financial Aid Office. This policy applies to students who withdraw (official, unofficially) or are dismissed from enrollment at UAFS. It is separate and distinct from the UAFS Refund Policy; (see Refund of Tuition under Tuition and Fees in the University General Catalog). Therefore, the student may still owe funds to the school to cover unpaid institutional charges. The school will attempt to collect from the student any Title IV program funds that the school was required to return. The calculated amount of the "Return of Title IV Funds" that is required for students affected by this policy are determined according to the following definitions and procedures, as prescribed by regulation.

The Institution has 45 days from the date the institution determines that the student withdrew to return all unearned funds for which it is responsible. The school must advise the student or parent by written notice that they have 14 calendar days from the date the school sent the notification to accept a post-withdrawal disbursement. If a response is not received from the student or parent within the permitted time frame or the student declines the funds, the school will return any earned funds that the school is holding to the Title IV programs. **Post-withdrawal disbursement must occur within 120 days of the date the student withdrew.**

Title IV funds are awarded to a student under the assumption that he/she will attend school for the entire period for which the assistance is awarded. When a student withdraws from all of his/her 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.

A school is required to determine the earned and unearned Title IV aid a student has earned as of the date the student ceased attendance based on the amount of time the student was scheduled to be in attendance.

If the student withdraws from all of his/her courses prior to completing over 60% of a semester, he/she will be required to repay a portion of the federal financial aid that he/she received for that term. A pro rata schedule is used to determine the amount of federal student aid funds he/she will have earned at the time of the withdrawal. Federal aid includes Federal Stafford Loan (subsidized and unsubsidized), Parent Plus Loan, Pell Grants, SEOG Grants, TEACH and any other Title IV funds.

The return of funds is based upon the concept that students earn their Title IV aid in proportion to the number of days they attended within a payment/enrollments period. Under this reasoning, a student who withdraws in the second week of classes has earned less of his/her financial aid than a student who withdraws in the seventh week. Once 60% of the

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semester is completed, a student is considered to have earned all of his financial aid and will not be required to return any funds.

Withdrawals:

UAFS students officially withdrawing must go through the proper process which is explained in the Student Handbook and the General Catalog. Students must complete a Change of Schedule form, note the reason for the withdrawal, and after the official reporting day obtain the signatures of their academic advisor, faculty member for the course to be dropped, and a financial aid representative and submit the form to the Records Office. The withdrawal date is the date that the student brings their completed and signed Change of Schedule form to the Records Office and the student is dropped from their classes.

UAFS does not allow students to take a Leave of Absence during a semester.

Students who earn all failing grades will be considered an unofficial withdrawal for the purposes of Return to Title IV. The mid-point of the semester is utilized as the withdrawal date.

Withdrawal before 60%:

UAFS must perform a R2T4 to determine the amount of earned aid up through the 60% point in each *payment period*. The percentage of the period completed is determined by dividing the number of calendar days completed in the payment period or period of enrollment, as of the day the student withdrew, by the total number of calendar days in the same period. The number of calendar days in the numerator or denominator includes all days within the period, except for institutionally scheduled breaks of five or more consecutive days.

Withdrawal after 60%:

A student who withdraws after the 60% point has earned all of their Title IV funds.

The return of Title IV funds formula and calculations

******UAFS uses the built-in functionality of the Banner system to calculate R2T4******

Step 1

The total amount of Title IV aid disbursed (*Not aid that could have been disbursed*) for the semester in which the student withdrew.

- A) 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.

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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 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.

If the calculated percentage exceeds 60%, then the student has “earned” all their Title IV aid for the enrollment period.

Step 3

Amount of title IV Aid Earned by the Student

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-B)

Total Aid Disbursed x Percentage Completed = 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, the student will receive a Post-Withdrawal Disbursement will be generated.

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In accordance with federal regulations, unearned aid for federal programs is returned in the following order:

- ✓ Unsubsidized Federal Direct Stafford Loan
- ✓ Subsidized Federal Direct Stafford Loan
- ✓ Federal Direct PLUS Loan
- ✓ Federal Pell Grant
- ✓ SEOG
- ✓ TEACH Grant

UAFS will return the amount of Title IV Aid it is required to return and will charge the student's account that same amount. This will create a balance on the student's account that will be due immediately.

Post-Withdrawal Disbursements

If a student earns more aid than was disbursed, the student may be eligible to receive a post withdrawal disbursement. Students are notified by mail of their eligibility for such a disbursement. If the post withdrawal disbursement is from a loan, the student is notified of the amount of the loan they are eligible for and they are advised that they must repay it. The student then has 14 business days to confirm that they do want the loan.

A post withdrawal of grant funds is automatically credited to the student's account.

If a student is eligible for a post withdrawal disbursement and they have an outstanding balance, the refund will first be applied to pay outstanding institutional charges before being paid directly to the student.

The procedures and policies listed above are subject to change without advance notice