

Gill-Tech Academy RETURN OF TITLE IV FUNDS (R2T4) POLICY

When a student applies for Title IV funding utilizing the FAFSA application, the student is signing a statement that she / he will use the funds for educational purposes only. If a student withdraws prior to completing their program of study, a portion of the funds received may need to be returned to the Department of Education. The Financial Aid Office is required by federal statute to recalculate federal financial aid eligibility for students who withdraw, drop out, are dismissed, or take a leave of absence and do not return. The School recommends that students planning to withdraw from class contact the Financial Aid Office for advisement before withdrawing from their program.

The Financial Aid Administrator is the School's designated official who accepts official notification of withdrawal and administers the Return to Title IV Funds Calculation (R2T4). The School Director can also accept official notification of withdrawal, but will forward the notification to the Financial Aid Administrator, who will administer the R2T4.

The R2T4 is completed for all students who withdraw (officially, unofficially, or who fail to return from a leave of absence or dismissed from enrollment at the School) and who are utilizing Title IV Grant or Loan assistance to fund their educational costs and includes only Direct Stafford Loans and Pell Grants. The R2T4 is based on earned Title IV assistance and is calculated based on the payment period.

Financial Consequences of Withdrawing or Not Passing Classes

Withdrawing or stopping attendance may result in financial debt for the student and may also make the student ineligible for future financial aid, including loans. Gill-Tech Academy strongly urges students to consult with the Financial Aid Office to help them with decisions about withdrawing.

Official Withdrawal Process

If a student wishes to withdraw from Gill-Tech Academy, they must notify the School Director or Financial Aid Administrator, either in writing or orally. The date the notification is received is the date of determination. The Financial Aid Administrator must begin the withdrawal process.

Unofficial Withdrawals

If a student does not officially withdraw from the program but fails to attend class for 14 consecutive days, federal aid regulations require that we assume the student has "unofficially withdrawn." Unofficial withdrawals require a Title IV refund calculation at the point of the student's last day of attendance. The reduction of federal aid may create a balance due to the institution that must be repaid.

Earned vs. Unearned Federal Aid and R2T4 Calculations

Gill Tech Academy is required to perform an R2T4 calculation within 14 days of the date of determination to determine the amount of Title IV financial aid the student has earned. In general, federal regulations assume that students "earn" federal financial aid in direct proportion to the percentage of the term they complete. Title IV, HEA aid is earned in a prorated manner on a per diem basis (clock hours) up to the 60% point in the payment period. Title IV, HEA aid is viewed as 100% earned after that point in time. If a student withdrawal occurs after 60% of the scheduled hours has lapsed for that payment period, the student will have earned 100% of the financial aid received and no Return of Title IV funds will be required. If the student withdraws before 60% of the scheduled hours for

the payment period has lapsed, Title IV funds may be required to be returned to the U. S. Department of Education.

Gill-Tech Academy is required to perform an R2T4 calculation within 14 days of the date of determination to determine the amount of Title IV Financial Aid the student has earned. The school measures progress in scheduled clock hours and uses the payment period for the period of calculation.

Breakdown of Payment Periods in the Cosmetology Program 1550 hour

- 1-450 - hour Payment Period
- 451- 900 - hour Payment Period
- 901- 1225 - hour payment Period
- 1226-1550 - hour payment Period

Examples

- A. Student who withdrew after 60% of the scheduled hours in the payment period.

The student withdrew from school after 276 scheduled hours in the payment period. The school divides scheduled hours (276) by the number of hours in the payment period (450) to determine the percentage of Title IV Financial Aid the student earned.

$$276 \text{ (scheduled hours)} \div 450 \text{ (hours in payment period)} = .6133 \text{ or } 61\% \text{ (percentage earned)}$$

The student earned over 60% of the Title IV Financial Aid for the payment period and therefore, is eligible for 100% of the financial aid they received.

- B. Student leaves the School prior to completing 60% of a payment period.

The student withdrew from school after 210 scheduled hours and had received \$2,500 in Title IV Financial Aid. To determine the percentage of Title IV Financial Aid the student earned the school divides scheduled hours (210) by the number of hours in the payment period (450).

$$210 \text{ (scheduled hours)} \div 450 \text{ (hours in payment period)} = .4666 \text{ or } 46.6\% \text{ (percentage earned)}$$

The school calculated the Title IV Financial Aid disbursed to the student and multiplies that by the percentage of the Title IV Financial Aid earned.

$$46.6\% \times \$2,500 \text{ (Title IV aid disbursed)} = \$1,165 \text{ Amount earned by student}$$

The school is required to return the unearned portion to the Department.

$$\$2,500 - \$1,165 = \underline{\$2,335} - \text{Amount to be returned to the U.S. Department of Education}$$

Keep in mind that the student is responsible for any charges that remain on their student account after the unearned Title IV when Title IV funds are returned, the student borrower may owe a debit balance to the School.

Time Frame for Return of R2T4 Funds

Gill-Tech Academy has 45 days from the determination date (the date that the School determines that the student withdrew) to return all unearned funds for which it is responsible. The School is required to notify the student, via written notice, if they owe a repayment.

Order of Return

In accordance with Federal regulations, when Title IV, HEA Financial Aid is involved, the calculated amount of the R2T4 Funds returned in the following order:

Federal Direct Unsubsidized Stafford loans

Federal Direct Subsidized Stafford loans

Federal Direct Parent PLUS loans

Federal Pell Grants

Returns must be made as soon as possible to the federal programs but no later than 45 days after the date of determination.

The law requires that a student is responsible for all unearned Title IV program assistance that the school is not required to return. This is determined by subtracting the amount returned by the school from the total amount of unearned Title IV funds to be returned.

Post-Withdrawal Disbursements

A post-withdrawal disbursement (a type of late disbursement) applies to a student who withdraws completely from the School. The amount of the disbursement is determined by the Return of Title IV (R2T4) calculation required when a student withdraws from school. If the total amount of Title IV grant and/or loan assistance that the student earned as calculated under the Return of Title IV Program Funds calculation is greater than the total amount of Title IV grant and/or loan assistance that was disbursed to the student on or on behalf of the student in the case of a PLUS loan, the student may be eligible to receive a post-withdrawal disbursement. The school will offer the student a disbursement of the earned aid that was not received at the time of their withdrawal, which is called a post-withdrawal disbursement.

Post-withdrawal disbursements will be made from Pell Grant funds first, if the student is eligible. If there are current educational costs still due the school at the time of withdrawal, a Pell Grant post-withdrawal disbursement will be credited to the student's account. Any remaining Pell funds must be released to the student without the student having to take any action. The funds must be released as soon as possible but no more than 45 days after the date of determination. A student or parent must be notified of any federal loan program from which a student may receive a post-withdrawal disbursement. Gill-Tech Academy must advise the student or parent that they have 14 calendar days from the date that the School sent the notification to accept a post-withdrawal disbursement. If a response is not received from the student or parent within the allowed time frame or the student declines the funds, the School

will return any earned funds that the school is holding to the Title IV, HEA programs. Gill-Tech Academy must disburse any loan funds that the student has approved within 180 days of the date of the school determined with the student's last day of attendance.