



UNIVERSITY OF  
NORTHERN COLORADO

# Withdrawals and the Return of Title IV Funds Policy

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## GENERAL OVERVIEW

The University of Northern Colorado (UNC) adheres to federal regulations (34 CFR 668.22) when completing Return to Title IV funds (R2T4) after a student has withdrawn prior to the end of the term. Title IV Funds include Federal Pell Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Direct Loans, Federal Perkins Loans, and Iraq and Afghanistan Service Grants. State, institutional, and donor awards are excluded from this process and instead follow state, institutional, or donor instructions. Withdrawn is defined as ceasing to attend courses during an enrollment term. UNC is not required to take attendance and uses the payment period basis (34 CFR 668 .4) for the return calculation.

The federal R2T4 calculation determines the amount of Title IV funds a student has earned and how much aid the student can retain. Up through the 60% point in each individual term, a prorated schedule is used to determine the amount of Title IV funds the student has earned at the time of withdrawal and how much Title IV funds are returned to the federal government. If a student withdraws on or after 60% of their individual term, the student has earned 100% of their Title IV funds. If funds disbursed to the student are less than the amount the student has earned, UNC determines the Title IV funds earned by the student and follows procedures for making a post-withdrawal disbursement.

UNC documents engagement for every student who withdraws and is receiving Title IV funds. Engagement in individual courses is confirmed using the institutionally adopted Learning Management System, Canvas. A student can, but is not required to, assist in efforts to confirm engagement. Students with federal loans are documented for engagement in at least one course prior to the date of withdrawal. All withdrawal students with a Federal Pell Grant are documented as engaging in the number of credits to correspond with their prorated award. If a student shows no engagement, funding is sent back to the appropriate federal government agency.

The return calculation dollar amounts are rounded using standard rules to round to the nearest dollar. Percentages are calculated to three decimal places and rounded, except when determining the percentage the student completed of the payment period.

A student who drops or withdraws prior to the first day of class has all federal aid canceled and is determined not to have established eligibility for disbursements made prior to the published first day of the term.

R2T4 calculations are completed, and funds are returned within 45 days of notification of the withdrawal. R2T4 calculations are separate from any refund policies of the University.

## WITHDRAWAL DATE

As defined by U.S. Department of Education (34 CFR 668.22), a notice of intent to withdraw requires a student to contact an office designated by a university as the point where the official withdrawal process begins.

At UNC, students are referred to the Office of the Registrar when withdrawing. UNC uses the official withdrawal date documented by the Office of the Registrar for the purpose of calculating the Return of Title IV funds.

Official notification of intent to withdraw occurs when a student notifies the Office of the Registrar of their intent to withdraw (via telephone, in person, or through written notification).

If a student sends a letter to the Office of the Registrar to provide notification of intent to withdraw, the official withdrawal date is the date that the letter is received by the UNC Registrar.

If a student receives all F or UW grades, they are classified as an “Unauthorized Withdrawal,” and the 50% point of the individual term or the last date of attendance of the term is used for the Return of Title IV Fund calculation. We advise students to complete all classes, if possible, to avoid any financial hardship imposed by this regulation.

When a student dies, the withdrawal date cannot be later than the date of the student’s death. The University maintains documentation received that the student has died and determines an appropriate withdrawal date. The Office of Financial

Aid (OFA) works closely with the Office of the Registrar and Student Account offices when a student had aid disbursed. If the student's aid has not disbursed, then the aid will be canceled depending on the circumstances. In cases of death, UNC makes no post-withdrawal disbursements.

## UNIVERSITY CHARGES

University charges used for R2T4 calculation are tuition and fees, university billed room and board, and other charges that are paid directly to the University. Fees that are required of all students in a program are included in the calculation. Health insurance charges and required course materials that can be purchased outside of the University, such as books, are not included in the calculation. Incidental charges such as a parking pass or a lost ID are not included.

## PERCENTAGE OF AID EARNED

A student's percentage of earned aid is the number of calendar days a student attends divided by the number of calendar days in a term. Institutionally scheduled breaks of five or more consecutive days are excluded from the calculation. The day a student withdraws is counted as a day of attendance. If a student withdraws during a break period, the last day prior to the break is used as the last day of attendance. The official withdrawal date recorded by the Office or the Registrar is used as the last day a student engages.

## EARNED/UNEARNED FEDERAL AID

Earned federal financial aid is prorated according to the percentage of the individual term completed. The amount of unearned federal aid is the total amount of federal aid less the portion of earned federal aid.

The amount of unearned federal aid is divided into two categories: (A) Unearned aid attributed to university charges (tuition and fees) and (B) unearned aid attributed to all other expenses (non-university expenses). Regardless of the order and method in which tuition and fees are paid, unearned federal aid is attributed toward university charges first, then toward non-university expenses.

## RESPONSIBILITY OF THE UNIVERSITY FOR RETURN OF UNEARNED AID

The University must return the lesser of the calculated total amount of unearned Title IV assistance or an amount equal to the total university charges the student incurs for the payment period multiplied by the percentage of awarded Title IV grant and loan assistance that has not been earned by the student.

If, due to the withdrawal calculation, an overpayment occurs as a result of a portion of the loans or grants received at the beginning of the semester, the University will automatically pay this to the government on the student's behalf. If it results in an account balance, these charges will then appear on the bill the student will receive from the Student Accounts Office.

If we determine a student has received an overpayment of FSEOG funds, we adjust the UNC ledgers, the financial aid records, and the student's account. If a student makes a payment on a FSEOG award in the current year, UNC deposits that money in its federal funds account and awards it to other qualified students. If a student makes a FSEOG payment for a prior year, the funds are returned to the Department. Finally, if UNC receives any payments for previous year's overpayments of Pell, Iraq and Afghanistan Service Grant or TEACH grant, we adjust COD and then return the money to the department.

## RESPONSIBILITY OF THE STUDENT FOR RETURN OF UNEARNED AID

The student is responsible for returning unearned Title IV assistance minus the amount the institution returns.

In the rare instance of student overpayment, UNC notifies the student within 30 days of overpayment to their federal accounts via mail. If the overpayment is a grant of \$50.00 or less this does not make the student ineligible for Title IV aid and UNC make no attempt to recover the overpayment. The overpayment is deleted in NSLDS. When the original overpayment was more than \$50.00 UNC does not write the amount off. Federal grant repayment is limited to 50% of the

unearned aid allocation. Any Title IV loan program is returned in accordance with the terms of the loan and any Title IV grant program as an overpayment of the grant.

If the student owes an overpayment, they remain eligible for Title IV and HEA program funds through the earliest of 45 days from the University notification of the overpayment or 45 days from the date the University was required to notify the student of the overpayment if, during the 45 days, the student repays the overpayment in full to the University or enters into a repayment agreement that is satisfactory with the University with a maximum payment in full within two years. A student is no longer eligible if they do not enter into a repayment agreement within 45 days or fails to meet the terms of the repayment agreement.

Unearned federal aid for non-university expenses allocated to the federal loan programs does not require immediate repayment. The regulation allows repayment to be made following regular repayment procedures for federal loans which are outlined in the letter sent to the student.

## STUDENT NOTIFICATION FOR REPAYMENT

The University must notify a student within 30 days of the University's determination that the student withdrew and owes a Title IV or HEA overpayment in order to recover the overpayment. The notification provides the student with terms to permit the student to repay the overpayment while maintaining Title IV and HEA program funds with repayment of the full amount of the overpayment within two years of the date of the University's determination the student withdrew.

## ORDER OF RETURN OF TITLE IV FUNDS

Unearned aid is allocated and/or returned in the following order: Unsubsidized Federal Stafford Loan; Subsidized Federal Stafford Loan; Federal Perkins Loan; Federal PLUS Loan; Federal Pell Grant; Iraq and Afghanistan Service Grants; Federal Supplemental Educational Opportunity Grant (FSEOG).

## FORMULAS USED IN R2T4 AND EXAMPLES

- $\% \text{ of earned federal aid} = (\text{number of calendar days completed}) / (\text{number of calendar days in the enrollment term}) \times 100$ . Breaks of 5 or more days are excluded.
- $\% \text{ of unearned federal aid} = 100\% - (\% \text{ of earned federal aid})$
- $\text{Total amount of unearned federal aid} = (\% \text{ of unearned federal aid}) \times (\text{total amount of federal aid disbursed})$
- $\text{Amount of unearned aid attributed to university charges} = (\% \text{ of unearned federal aid}) \times (\text{university charges})$
- $\text{Amount of unearned aid attributed to non-university expenses} = (\text{total amount of unearned federal aid}) - (\text{amount of unearned aid attributed to university charges})$

### EXAMPLE 1

A student completes 40 days of a 110-day enrollment period. He received a total of \$2,650 in federal financial aid as follows: \$1,650 Federal Pell Grant; \$1,000 Federal Supplemental Educational Opportunity Grant (FSEOG). Their total university charges are \$1,200.00.

1.  $\% \text{ of earned federal aid} = 40/110 = 36.4\%$
2.  $\% \text{ of unearned federal aid} = 100\% - 36.4\% = 63.6\%$
3.  $\text{Total amount of unearned federal aid} = 63.6\% \times \$2,650.00 = \$1,685.40$
4.  $\text{Amount of unearned federal aid attributed to university charges} = 63.6\% \times \$1,200.00 = \$763.20$ 
  - a. The school must return \$763 to the Federal Pell Grant program. The student must repay the full amount since the return of grant funds occurred under the University charges category.
  - b. The remaining amount of the student's Federal Pell Grant =  $\$1,650.00 - \$763.20 = \$886.80$
5.  $\text{Amount of unearned federal aid attributed to non-university expenses} = \$1,685.40 - \$763.20 = \$922.20$

- a. \$886.80 is allocated to the Federal Pell Grant. Federal regulation requires the student pay only 50% of the initial allocation. The student must pay \$444 back to the Federal Pell Grant program.
  - b.  $\$922.20 - \$886.80 = \$35.40$  is allocated to FSEOG. Federal regulation requires the student pay only 50% of the initial allocation. The student must pay \$18 back to the FSEOG program.
  - c. The student must repay a total of  $\$444 + \$18 = \$421$  under this category. UNC returns these funds to the respective programs and bills the student for repayment.
6. The student owes a total of \$1,206 in unearned federal aid: \$763 for university charges and \$444 for non-university expenses.

## EXAMPLE 2

A student withdraws before the drop/add date and completes 15 days of a 110-day enrollment period. She received a total of \$6,742 in federal financial aid as follows: \$1,650 Federal Pell Grant; \$2,667 subsidized Federal Stafford Loan; \$2,425 unsubsidized Federal Stafford Loan. Their total university charges are \$1,725.00.

1. % of earned federal aid =  $15/110 = 13.6\%$
2. % of unearned federal aid =  $100\% - 13.6\% = 86.4\%$
3. Total amount of unearned federal aid =  $86.4\% \times \$6,742 = \$5,825.09$
4. Amount of unearned federal aid attributed to university charges =  $86.4\% \times \$1,725.00 = \$1,490.40$ 
  - a. The University must return \$1,490 to the student's Unsubsidized Federal Stafford Loan.
  - b. The remaining balance of the student's unsubsidized Federal Stafford Loan =  $\$2,425 - \$1,490 = \$935$
5. Amount of unearned federal aid attributed to non-university expenses =  $\$5,825.09 - \$1,490.40 = \$4,334.69$ 
  - a. \$935 is allocated to the unsubsidized Federal Stafford Loan and \$2,667 is allocated to the subsidized Federal Stafford Loan. Federal regulation allows repayment to be made in accordance with the regular repayment schedule of the loan.
  - b. \$733 is allocated to Federal Pell Grant. Federal regulation requires the student repay only 50% of the initial allocation. This means that the student must pay \$367 back to the Federal Pell program. UNC returns these funds and bills the student for the repayment. The student owes a total of \$367 in Federal Pell Grant, \$2,668 in Subsidized Stafford loan and \$935 in Unsubsidized Stafford loan. The University repays \$1,490 to the Unsubsidized Stafford loan program.

## POST-WITHDRAWAL DISBURSEMENT

If the amount disbursed to the student is less than the amount the student earned, and the student is eligible for the funds, the student may be eligible for a post-withdrawal disbursement. A student is eligible for a post-withdrawal disbursement of aid if the student has met the required conditions necessary for a late disbursement. These conditions include a student having a valid SAR/ISIR with an official EFC and a university originated loan; originated prior to the withdrawal date.

Post-withdrawal disbursements are made within 180 days of the date the University determines the student withdrew. Loan funds are disbursed within this timeframe when a student or parent confirms they accept the loan amounts. UNC determines how much a student is eligible for in a post-withdrawal disbursement by using the return calculation and entering the aid as aid that could have been disbursed.

UNC makes the post-withdrawal disbursement of grant funds no later than 45 days after the date the school determined the student withdrew (34 CFR 668.22 (a) (5) (ii) (B) (1)).

If a student is eligible for a post-withdrawal disbursement in grants and loans, the disbursement is from the available grant funds first and then the loans as stated in 34 CFR 668.22 (5) (i).

UNC informs the parent or student in writing of their acceptance/possibility of a post-withdrawal disbursement of loans within 30 days of the University's determined date of withdrawal. This notification includes information that:

- Identifies the type and amount of the loan funds UNC wishes to make to the student's account or disburse directly to the student or parent.
- Explains to the student or parent they may accept or decline all, or a portion of the funds.
- Explains to the student or parent the obligation to repay the loan funds whether the funds are disbursed to the student's account, or the student or parent receives the credit balance from the loan.
- Points out advantages of keeping loan debt to a minimum.
- Makes clear that a student and/or parent may not receive a direct disbursement of loan funds that the University wishes to credit to the student's account unless the University agrees to do so.
- Makes clear to the parent or student they do not have to accept some or all the loan funds and UNC will not disburse those funds. The confirmation of the amount of loan funds accepted must be received in writing.
- Includes the deadline for response from the student or parent. UNC sets a deadline of 14 days as of the date the letter is sent to the student or parent. UNC makes it clear that if the student or parent does not respond the University is not required to make a post withdrawal disbursement. However, UNC may choose to accept a late response from the student or parent if the University chooses. If the University chooses not to make the post withdrawal disbursement because of a late response UNC must notify the student or parent why they chose not to make the disbursement and that notification must be in writing.
- Makes clear that UNC documents and maintains the result of the notification process and final disbursement determination.

UNC does not need the student's permission to make a post-withdrawal disbursement of grant funds if the funds would pay down current charges on a student's account; however, UNC must have the student's permission to use the grant funds for charges other than current charges on a student's account. If a student contacts the University and does not wish to have the grant funds disbursed, then the University is not required to disburse the funds. UNC must receive the request in writing for documentation with Bear email being an acceptable written confirmation (34 CFR 668.22(a) (5) (iii) (A)).

## UNOFFICIAL WITHDRAWALS

There are two types of unofficial withdrawals. The first is when a student does not begin the withdrawal process or notify the school of the intent to withdraw (possible examples might include but are not limited to illness, accident, grievous personal loss, or other circumstances beyond the student's control). The withdrawal date is the date the University determines that the student ceased attendance because of circumstances beyond the student's control (34 CFR 668.22 (c)(1)(iv)).

The second type of unofficial withdrawal is all other withdrawals where official notification is not provided by the student. In these circumstances the withdraw date is the midpoint of the payment period (50%) or the last date of participation in an academically related activity. (34 CFR 668.22 (c)(1)(iii))

For unofficial withdraws the University must determine a student's withdrawal date within 30 calendar days from the earlier of the end of the payment period, the end of the academic year, or the end of the student's educational program (34 CFR 668.22 (j)(2)).

Additionally, if a student fails to earn passing grades in all course(s) attempted, the University must determine if the student earned the failing grades by completing the course(s) for the semester or if the student has unofficially withdrawn (DCL GEN-04-03, February 2004). This process is initiated and finalized through OFA utilizing the last date of attendance as recorded in the University ERP (Banner) system and/or the institutionally adopted Learning Management System, Canvas.