



RETURN OF TITLE IV FUNDS POLICY

I. Purpose:

In order to apply the Return to Title IV Refund policy in a consistent manner a written policy is in place.

II. Policy:

Return to Title IV refunds will be administered as written in following procedure:

III. Procedure:

Compass Career College must comply with the refund policy of the U.S. Department of Education

The Return of Title IV Funds regulations do not dictate an institutional refund policy. Instead the 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 amount of time a student spent in attendance. The calculation of Title IV funds earned has no relationship to the student's incurred institutional charges. The Return regulations do not prohibit a school from developing its own refund policy, or complying with refund policies required by a state or other outside agency. Those policies will not affect the amount of Title IV aid the student has earned under the Return Calculation.

- ❖ If a student withdraws or is dropped for any reason a Return to Title IV calculation must be done if the school has received Title IV aid for the student.
- ❖ The Financial Aid Office is required by federal statute to recalculate federal financial aid eligibility for students who withdraw, drop out, are dismissed, or failure to return from a leave of absence prior to completing 60% of a payment period or term.
- ❖ The calculation must be performed even if the student has completed 60% of the payment period to show that the school determined that the student withdrew.
- ❖ To calculate the students R2T4 use the R2T4 form found at www.IFAP.ED.GOV under Worksheets, Schedules and Tables, then click on Return to Title IV Worksheets. Use the worksheet for Clock-hour institutions.

If a student leaves the institution prior to completing 60% of a payment period or term, the financial aid office recalculates eligibility for Title IV funds. Recalculation is based on the percentage of earned aid using the following Federal Return of Title IV funds formula:

Percentage of payment period equals the hours attended or completed up to the withdrawal date divided by the total hours in the payment period.

A payment period is defined as an increment equal to half of the academic year (900 hrs) in clock hours. For programs less than an academic year, total clock hours will be divided into two equal parts which then becomes that programs payment periods in clock hours. For programs greater than an academic year, the first 900 hours are divided into two equal parts and the remaining clock hours will be divided into two equal parts, together that becomes the programs payment periods in clock hours.

This percentage is also the percentage of earned aid. Funds are returned to the appropriate federal program based on the percentage of unearned aid.

If a student earned less aid than was disbursed, the institution would be required to return a portion of the funds and the student can possibly be required to return a portion of the funds. The appropriate refund shall be returned based on the allocation provided below with the allowable timeframe. Keep in mind that when Title IV funds are returned, the student borrower may owe a debit balance to the institution.

If a student earned more aid than was disbursed to him/her, the institution would owe the student a post-withdrawal disbursement which must be paid within 120 days of the date the institution determined that the student withdrew.

Refunds are allocated in the following order:

- Unsubsidized Federal Stafford Loan
- Subsidized Federal Stafford Loan
- Federal Perkins Loan
- Federal Parent (PLUS) Loan
- Federal Pell Grant
- Federal Supplemental Opportunity Grant
- other Title IV assistance
- other state
- private and institutional aid
- the student.

A withdrawal is considered official if a written request to withdraw is received by the school from the student. If a student requests to officially withdraw they should complete the Status Change Form, which is available from student services, and submit to student services. If the student cannot submit a Status Change form a written statement mailed or faxed to the school is acceptable. The student is then directed to contact Financial Aid and schedule an appointment. The student should complete an exit interview. Financial aid then reviews the student's financial aid (perform a return to title four calculation then examines and evaluates the school's internal refund policy). The student may owe the school money or the student may be owed an overpayment. The school may be required to refund money to the United States Department of Education. If a student has received a student loan the school may be required to refund money to the financial institution (example Sallie Mae). An R2T4 calculation is always performed.

A withdrawal is considered unofficial if a written document is not received by the school from the student. If a student incompletes two consecutive classes for attendance, the student is immediately dropped from the program. At the end of each class all student transcripts are updated and checked for incompletes by the Director of Education.

The withdrawal form is attached to an Exit Route Sheet and the students file is then circulated including all attendance and academic information to:

Financial Aid – Reviews student financial file and calculates R2T4 and internal refund policy

Director of Education – Updates students transcript and adds to students file

Student Services – Reviews file for correct documentation and completeness

Accounting – Updated school/student financial obligations and reviews complete file

Financial Aid will calculate the R2T4 for the student and a form is completed to initiate the return to each federal program. Funds must be returned within 45 calendar days from the date of determination of student withdrawal.