



Return of Title IV Funds Policy

The Return of Title IV Funds (R2T4) Policy applies to anyone who receives federal student financial aid, begins classes, and then subsequently either withdraws from all classes, stops attending, or fails to receive passing grades during the term. If a recipient of Title IV grant or loan funds withdraws from a school after beginning attendance, the school must perform an R2T4 calculation to determine the amount of Title IV aid earned by the student.

A student is not considered to have withdrawn if they dropped courses after the term started but *did not actually attend any classes*. If a student who does not attend any classes receives a 100% tuition refund, all of their financial aid will be returned, and an R2T4 calculation is not required.

Establishing Withdrawal Date

The withdrawal date used will normally be the date you began the school withdrawal process by contacting Enrollment Services. If you wish to withdraw or take a leave, visit Enrollment Services <https://inside.artcenter.edu/pub/course/view.php?id=5> and complete a Withdrawal or Leave of Absence form. If this is not possible, contact Enrollment Services so they can begin the process for you.

For an **official withdrawal**, Enrollment Services determines the withdrawal date based upon:

- official notice provided by the student in the form of intent to withdraw via in person, written communication, or forms submitted

For an **unofficial withdrawal**, it is the date the institution becomes aware that the student is no longer attending the institution:

- notification of non-attendance via online enrollment tools or professor contact
- documented last dates of academic attendance or attendance in academically-related activities by online class participation or verbal or written communication by faculty
- for an unofficial withdrawal due to the student failing all classes (non-attendance fail), the effective withdrawal date is the midpoint of the term or the last date of attendance reported by instructors, whichever is later.

If you are considering withdrawing from all classes **prior** to completing 60% of the term, you should contact the Financial Aid Office to see how your withdrawal will affect your financial aid.

General Requirements

Title IV funds are awarded to a student under the assumption that the student will attend school for the entire period for which the assistance is awarded. When a student withdraws, the student may no longer be eligible for the full amount of Title IV funds that the student was originally scheduled to receive.

Students who withdraw from all classes prior to completing more than 60% of a term will have their eligibility for federal aid recalculated based on the percent of the term completed.

After the 60% point in the payment period or period of enrollment, a student has earned 100% of the Title IV funds the student received and, was scheduled to receive during the period.

General Tenets

- If Title IV funding is disbursed to a student and the disbursed amount exceeds the amount a withdrawn student actually earned, the unearned funds must be returned.
- If Title IV funding is disbursed to a student and the amount disbursed is less than the amount a withdrawn student actually earned, the student may be eligible to receive a post-withdrawal disbursement of the earned aid that was not received.
- ArtCenter fulfills its return responsibility by returning a student's financial aid directly back to the Department of Education. This is done as soon as possible but no later than 45 days after determining the student has withdrawn.

Post Withdrawal Disbursement

Post-withdrawal disbursements are required when a student has completed all necessary forms, was enrolled at time of disbursement or earned more Title IV aid than received. A student is then entitled to receive their full aid eligibility based on the earned percentage.

The institution has up to 45 days to disburse any grant funding to the student. If a post withdrawal disbursement is identified the student is then notified via email of their additional aid eligibility.

Loans must be offered to the student within 30 days, allowing the student at least 14 days to respond. The student or parent must respond within the 14 calendar days in order to be eligible for disbursement.

Credit Balance

All post-withdrawal disbursements are applied to the student account first, and any resulting credit balance on the student's account must be disbursed as soon as possible **and no later than 14 days after the calculation of R2T4.**

Verification Pending

It may occur that a student withdraws and an R2T4 calculation is performed before the student has submitted the required documents for federal verification. If a student provides all documents required for verification after withdrawing, but before the verification submission deadline, and in time for the institution to meet the 30-day R2T4 deadline, the institution performs the R2T4 calculation including all Title IV aid for which the student has established eligibility as a result of verification and for which the conditions of a late disbursement had been met prior to the student's loss of eligibility due to withdrawal. The school must provide the student or parent the minimum 14-day (or longer if it chooses) response period for post-withdrawal disbursements of Direct Loan funds.

Returning of Unearned Funds

Funds will be returned to federal programs in the following order:

- Federal Direct Unsubsidized Loan**
- Federal Direct Subsidized Loan**
- Federal Direct PLUS Loans**
- Federal Pell Grant**
- Federal Supplemental Educational Opportunity Grant (SEOG)**

Overpayment Resolution

The Financial Aid Office processes the return of funds on behalf of the student who owes an overpayment.

First, the college will restore to the appropriate federal fund source a proportional share of the federal financial aid that went toward your institutional charges.

In the situation where Pell Grant or SEOG Grant was overpaid the Financial Aid Office will resolve the overpayment by returning funds and billing the student accordingly.

In regards to student loans, the institution will normally return the loan funds on behalf of the student or parent. In the event an overpayment is returned on behalf of the student or parent, and a balance is created the student is responsible for paying the balance back to the institution. The ramifications concerning institutional services if the balance is not paid are listed below.

If you must return any loan funds refunded to you for living expenses, you may also choose to repay them in the same way you would have if you had completed the term, by the original terms of your loans, usually a 10-year repayment term after a grace period. Students/parents may reaffirm the debt by signing and agreeing that they acknowledge they received more funding than eligible and have sole responsibility of repaying the debt.

ArtCenter Ramifications

If the balance owed to ArtCenter is not paid by the end of the term, a hold will be placed on a student's account that will prevent any future registration.

The student's account will be sent to ECSI (billing service) and payments will be made to ECSI.

A student will not receive any future Title IV disbursements unless the student is enrolled at least part-time and is eligible to receive federal funds.

Eligible students will be subject to the ArtCenter Institutional Refund Policy as outlined in the ArtCenter Catalog.

Please note that the Federal Return of Title IV Funds policy does not impact the amount of tuition the Accounting Office returns to you. The Accounting Office refunds a certain percentage of tuition and fees through Week 5 of the term as specified on the withdrawal form. Therefore, depending on the date of withdrawal and the amount and type of financial aid received, you could owe a substantial balance to the College by withdrawing.

Institutional Funds and State Grants

Other non-federal forms of financial aid may also be returned because of a withdrawal. ArtCenter Scholarships and Cal Grants will be returned following the Institutional Tuition Refund policy. For example, if the school refunds 80% of tuition, 80% of the scholarship will be returned to the scholarship fund and 80% of the Cal Grant will have to be returned to the California Student Aid Commission. Since the Accounting Office policy refunds tuition through Week 5 of the term only, Cal Grants and scholarships will generally not be returned after that point if a student does not receive a tuition refund.

Private Loans

If, after tuition charges have been adjusted and other financial aid has been returned to programs as appropriate, there is a credit balance on your tuition account, we will contact you for your authorization to return the excess funds to your private lender. We strongly counsel that these funds be returned in order to reduce your overall debt burden.