

# Knox County Career Center Financial Aid Policies and Procedures

## Returning to Title IV

**I. Department:** Financial Aid  
**Topic:** Return to Title IV

**II. Guidelines:**

**Explanation**

Title IV funds include government funds that you qualified for like PELL and Direct Student loans. The Federal Government has guidelines that the school must follow when determining when, how much and how Title IV funds are to be returned when a student withdraws. The U.S. Department of Education calls this process is called "R2T4"; short for return of (or to) Title IV funds. The financial aid (Title IV funds) and other third party payments may be adversely affected by a withdrawal or termination. This is an explanation of when and how it is determined that Title IV funds need to be returned.

Title IV funding is available to a student based on the assumption that a student will attend school for the entire period for which the funding is awarded. Students at KTC do not have the option of an "incomplete" grade. Our programs are non-term and by Department of Education definition are not made up of "modules". Programs that some people may refer to as modular are better referred to as sections within a program.

**Definitions**

- **Payment Period** – A payment period is how the Department of Education defines eligibility for Title IV fund disbursement. After confirmation of both your attendance (must be at 90%) and grades (must be at 70%), the school makes disbursements. The timing of your disbursement is determined by the school and estimated on your Award Letter. Disbursement dates can change if you have not successfully completed a payment period by having 89% attendance or less or by having 69% grade point average or less. If so, you will be notified through the financial aid department by e-mail or letter with the option to set up a meeting to discuss your current situation for future disbursements. Disbursement dates are confirmed before actual disbursement. You will receive Direct Loan notification from both the KTC (written letter from billing department) and the Department of Education (email).
- **Clock hour school** – The way the Title IV is disbursed is different based on the Federal Guidelines for the type of school. Semester Schools and Clock-Hour Schools have separate requirements. KTC is a clock-hour school. We must take attendance daily and track the hours a student is in school to determine the Title IV aid.
- **Overpayments** – This is what the Department of Education calls any Title IV funding that is due back to them by a student. It occurs when a student has received more money than they are entitled to receive. This can happen because a payment period is for a full period of time noted in the chart below. If a student does not complete the hours within the payment period, an overpayment can occur. If a student has not completed at least 60% of the payment period hours, it triggers calculations that may lead to an overpayment due back by the student to the Department of Education.
- **Post Withdrawal Disbursement** – This is a Title IV disbursement that occurs after a student has left the school. It is due within 180 days after the school determined the student withdrew if it is a student loan and within 45 days if it is

PELL. A student is to be notified of the post-withdrawal opportunity no later than 30 days after we determine that a student has withdrawn. See the last page of this section for more about the conditions causing a Post Withdrawal Disbursement. The packet will include instructions on how to proceed, timeline for completing, and any related referral documents.

**Conditions for Return**

Funds may be returned under several circumstances.

- A. When a student is no longer enrolled
- If a student voluntarily withdraws within 60% of a payment period.
  - When a student fails to complete verification processes within the time limit.
  - When a student involuntarily withdraws due to Unsatisfactory Academic Progress including either grades or attendance.
  - When a student involuntarily withdraws due to incarceration.
  - If a student does not return from an approved LOA.

Other Conditions:

- B. Because it is not administratively feasible for the school to distribute funds before a student begins, it is not necessary to return funds if the student’s plans change and the student does not show up for the first night of class.

**Payment Periods**

The following chart will help you to determine what a payment period is for your program: (PP = Payment Period)

Program	1 <sup>st</sup> PP	2 <sup>nd</sup> PP	3 <sup>rd</sup> PP	4 <sup>th</sup> PP
Automotive Technician	1 – 350 Hrs	351 – 700 Hrs and 21 weeks		
Cosmetology	1 – 450 Hrs	451 – 900 Hrs and 17 weeks	901 – 1200 Hrs and 37 weeks	1201 – 1500 Hrs and 50 weeks
IT Computer Systems & Networking	1 - 310 Hrs	311 – 620 Hrs and 18 weeks		
Health Information Technician	1 – 450 Hrs	451 – 900 Hrs and 21 weeks		
HVACR	1 – 343 Hrs	344 –685 Hrs and 23 weeks		
LPN to RN Transition	1 – 450	451 – 900 Hrs and 26 weeks		
Massage Therapy	1 – 408 Hrs	409 – 817 Hrs and 23 weeks		
Medical Assistant	1 – 450 Hrs	451 – 900 Hrs and 21 weeks		
Practical Nursing	1 – 450 Hrs	451 – 900 Hrs and 26 weeks	901 – 1340 Hrs and 52 weeks	
Welding	1 – 343 Hrs	344 – 685 Hrs and 21 weeks		

**Timing for Returning Unearned Title IV Funds After Withdrawal:**

Unearned Title IV funds are to be returned to the Department of Education based on the type and who owes the money back. If it is the school, both PELL and grant money are to be returned as soon as possible but within 45 days of the date the school determined the student withdrew. Another way to describe this is that the school has 45 days after finding out a student is not returning. The student has 45 days from the date the school was required to send your notice to return PELL money. When you are notified of the need to return the money, we also give you the deadline. Loan money is to be returned according to the terms of the loan. The KTC will also have notified you within 30 days of the determination of your withdrawal date that there is a refund due back by you of Title IV funds. It would be within 45 days of that time that you would be required to return the funds.

Here is an example:

Withdrawal date and notice: May 1st 2019

Your notice that PELL Title IV funds are to be returned by you: May 30st, 2019

Date we must have returned funds: June 14th, 2019

Date you would return Title IV funds: July 14th, 2019

**More About How the Length of Time is Determined for Returning Title IV Funds:**

The school has a time frame that they must work within when returning federal student aid (Title IV funds). If a student does not notify us of withdrawal, then we are required to determine the withdrawal date within 30 days after the payment period ends. We are also required to return funds to the Department of Education no later than 45 days after the date we determined a student withdrew.

**When Refunds Are Due Back to the U.S. Department of Education (Overpayments):**

Necessary Title IV refunds (called Overpayments) that a student must repay back to the U.S. Department of Education have a specific time line. We are to notify the student within 30 days of when we have determined you owe money and give you an opportunity to re-pay it through us. If the re-payment is not available from the student in full, then the student is referred to Debt Resolution Services as soon as possible.

**How the Date of Withdrawal is Determined for Calculation of Return of Title IV Funds:**

A student is responsible for notifying the school right away of the intent to withdraw. Regardless of the date of notification, it is the last date of attendance that is used for the calculation to return funds. So if the date of withdrawal was May 1st, 2014, but the student did not notify the school until May 8th, 2014, it is the May 1st date that will be used in the calculation of how much Title IV funds need to be returned.

Example:

Student last day of class: May 1st

Student notifies School: May 4th

Date used for calculations is May 1st

As a side note, it is also May 1st that will be used for determining when your loan repayments are to begin.

**Order of Title IV Fund Returns:**

The Department of Education requires Title IV funds be returned in the following order.

1. Unsubsidized loan
2. Subsidized loans
3. PELL

When a student withdraws, a calculation occurs based on federal guidelines (see below) and once the amount is determined, it is then that the order is determined based upon what types of Title IV usage is outstanding.

**Procedure for Calculating the Amount of Title IV Program Funds That a Student Has Earned Upon Withdrawal:**

This simple example is of a student who attended a 900 hour program in a clock hour school and left during the first payment period at 50% of the enrollment time. The student had completed 225 clock-hours of enrollment. Because the amount to be returned is \$3,752, that amount is then placed against the amount used returning first the Unsubsidized loan and then the subsidized loan. In this case there is no PELL to be returned. The remaining Subsidized loan debt owed by a student would be returned based on your agreement with the loan servicer.

Program: 900 Hours; 450 hours in 1 <sup>st</sup> payment period, completed 50% of those hours at 225 hours and 24 weeks		How much is returned: Total amount = \$3,752
PELL amount distributed	\$2,823	
Unsubsidized loan distributed	\$2,949	\$2,949
Subsidized loan distributed	\$1,732	\$803
Total distributed	\$7504	
Percent of attendance based on last date of attendance	50%	
Calculation	$\$7,504 \times .50 = \$3,752$	

Another Example: In this example the elected not to take any unsubsidized loan money. As above, the remaining subsidized loan debt owed by a student would be repaid based on the agreement with the loan servicer.

Program: 700 hours; 350 hours in 1 <sup>st</sup> payment period, completed 30% of those hours a 105 hours and 26 weeks		How much is returned: Total amount = \$1,463.40 Subsidized loan
PELL amount	\$2,196	
Unsubsidized loan amount	\$0	
Subsidized loan amount	\$2,682	\$1,463.40/Rounded
Total disbursed	\$4,878	
Percent of attendance based on last date of attendance	30%	
Calculation	$\$4,878 \times .30 = \$1463.40$	

**Conditions For a Payment of Title IV Funds by the Department of Education due the Student After Withdrawal (Post Withdrawal Disbursement):**

If the disbursement for the payment period has not yet occurred and the student has withdrawn, then Title IV money may still be available. The exception would be that no disbursement is possible if the Verification process has not yet been completed. Any PELL disbursements due in this case are placed against the school debt first. Then any left-over amount would go to the student, if applicable. Student loans may or may not also be available. If they are not available, it is because the student withdrew before a loan origination or Verification process occurred. If they are available, a student must approve disbursement before the disbursement occurs. A student is notified first by email and/or mail and has a period of time to respond. So, in essence, the school will not disburse any additional student loans after a student has withdrawn without the student's approval. And, like in the case of PELL, the student loan debt approved by the student will be placed against the school debt first and remaining dollars would go to the student. When notified of the possibility of a student loan post withdrawal disbursement, you will be given a specific amount of time to respond and must respond within that period. This period is normally two weeks, but can be different if the withdrawal notification date interferes with federal guidelines.

**Credit Balances:**

These are balances left on an account after all financial obligations have been met including returning Title IV funds. These dollar amounts are returned to the student within 45 days, even if there is no Title IV funding involved. If Title IV funding is involved and we cannot locate you to disburse the funds to you, the funds are returned to the Department of Education no later than 240 days after the date the first check was issued.

**Questions and/or Additional Explanations:**

Please feel free to contact our Financial Aid Coordinator or Administrative Coordinator noted below for further information.

**III. Responsible Staff:**

1. Sheryl Mickley, Financial Aid Coordinator  
740-393-2933  
smickley@knoxcc.org

**IV. Policy Effective Date:** August 19, 2020

**V. Review Date:** August 19, 2020

**VI. Revised Date:** n/a