
Lebanon College of Cosmetology

RETURN OF TITLE IV FUNDS POLICY

The Federal Return of Title IV funds formula (R2T4) dictates and is used in calculating the amount of Federal Title IV aid that must be returned to the federal government by the school and/or the student. The federal formula is a separate policy from the Withdraw and Settlement Policy and (R2T4) is only applied to eligible students receiving federal aid if that student withdraws at any point during the payment period (s).

If a student did not start or begin attendance at the school, the R2T4 formula does not apply.

The federal formula requires a Return of Title IV calculation if the student received or could have received (based on eligibility criteria) federal financial assistance in the form of Pell Grants, Direct Loans or Direct PLUS Loans, FSEOG, TEACH, and Iraq Afghanistan Service Grants (IASG) during the payment period.

The percentage of Title IV aid earned is equal to the percentage of the payment period that was completed as of the withdrawal date if this occurs on or before the 60% point of time. After the 60% point of the payment period the student is considered to have earned 100% of the aid for the period. The percentage that has not been earned is calculated by subtracting the percentage of Title IV aid earned from 100%.

The percentage of the payment period completed is calculated by the hours scheduled in the payment period as of the withdrawal date divided by the scheduled hours in the payment period.

The amount to be returned is calculated by subtracting the amount of Title IV assistance earned from the amount of Title IV aid that was or could have been disbursed as of the withdrawal date.

If a student receives less Title IV funds than the amount earned, 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-withdraw 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. Any federal loan program funds due in a post-withdrawal disbursement must be offered to the student and the school must receive the student's authorization before crediting their account.

If a credit balance still exists on the student's account after the R2T4 and institutional refund calculations are done, that credit balance must be used to pay any grant overpayment that exists based on the current withdrawal within 14 days from the date that the R2T4 calculation was performed. The overpayment must be eliminated prior to offering a credit balance to a student.

The following Title IV return distribution is used for all FSA students.

1. Unsubsidized Direct Loan
2. Subsidized Direct Loan
3. Federal Perkins Loan
4. Direct PLUS Loan (Graduate Student)
5. Direct PLUS Loan (Parent)
6. Federal Pell Grant
7. FSEOG
8. Teach Grant
9. Iraq Afghanistan Service Grant

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.