



6004 S County Rd G • P.O. Box 5009 • Janesville, WI 53547-5009  
(608) 758-6900 • [info@blackhawk.edu](mailto:info@blackhawk.edu) • [blackhawk.edu](http://blackhawk.edu)

## Return of Title IV Federal Funds Policy (R2T4)

This policy explains how Title IV federal student aid (FSA) funds are handled when a recipient of those funds ceases to be enrolled (100% withdrawal) prior to the end of a semester. These requirements do not apply to a student who does not actually begin attendance for a semester.

FSA funds (including Pell Grant, Supplemental Education Opportunity Grant (SEOG), Iraq and Afghanistan Service Grant (IASG), and Federal Direct Student Loans (subsidized, unsubsidized, and Parent PLUS) are awarded under the assumption that the student will complete the entire period for which FSA is being awarded. Based on their withdrawal date, students who do not complete the entire period may not have earned the total amount of FSA that they were initially awarded. BTC makes this determination by completing a Return of Title IV Funds (R2T4) calculation, which is explained below.

For the purposes of this policy, the word “courses” refers to classes that are required for graduation from a student’s declared program of study (major) that is eligible for FSA funding. In other words, if a student withdraws from all of the courses required for graduation from their program but remains in courses that are not required, the student may be considered to be 100% withdrawn for financial aid purposes.

### TYPES OF WITHDRAWALS

**Official withdrawal** – when a student withdraws from their courses by following the withdrawal procedure described in the Student Handbook under “Adding/Dropping Courses”  
(<https://catalog.blackhawk.edu/registration-and-records/adding-dropping-courses/>)

**Unofficial withdrawal** – when a student does not officially withdraw but ceases to attend their courses

**Administrative withdrawal** – when BTC withdraws a student from their courses

### WITHDRAWAL FROM A PROGRAM OFFERED IN MODULES

BTC offers some courses in modules. Modules are courses that start and end within a semester but are shorter than a full semester. If a student enrolled in modules withdraws officially or unofficially from all of their current courses, the student is considered to be withdrawn for FSA purposes unless the student qualifies for one of the R2T4 exemptions listed below or provides BTC with written confirmation that they will attend a future module scheduled to begin in the same semester and within 45 days after then scheduled end of the module from which they withdrew. The student must provide the written confirmation at the time of withdrawal. The student must also be registered for the future module. If the student fails to attend the future module, the student is then considered to be withdrawn from the semester.

## R2T4 Exemptions for students enrolled in modules

A student who withdraws or ceases to attend during a semester in which they were enrolled exclusively in modules is not considered to be withdrawn for FSA purposes, nor are they subject to an R2T4 calculation, if they meet one of the following exemptions:

s

- They complete all of the requirements for graduation; \*
- They successfully complete a course or multiple courses that comprise at least 49 percent of the days in the semester; or
- They successfully complete a course or multiple courses that comprise at least half-time enrollment within the semester.

*\* This R2T4 exemption applies to all students, regardless of whether the student is enrolled in modules.*

**R2T4 Freeze Date** – Colleges have the option to utilize a Pell Grant R2T4 freeze date for students enrolled in modules. BTC does not use an R2T4 freeze date.

## PERCENTAGE OF FSA EARNED

Except as noted under **R2T4 Exemptions for students enrolled in modules** above, when an FSA recipient withdraws from a semester after beginning attendance but before completing 60% of the semester, BTC will determine the amount of FSA earned by completing a Return of Title IV Funds (R2T4) calculation. The percentage of earned aid is determined by dividing the number of days the student completed in the semester by the number of calendar days in the semester, including weekends and holidays and excluding any scheduled breaks of five or more consecutive days. A student is considered to have earned 100% of their FSA once they have completed 60% of the semester, and no R2T4 calculation is required.

**Example:** If the fall semester begins on August 21 and ends on December 15, there are 117 calendar days between the two dates. If the semester includes a six-day break from November 21 through November 26, 111 days (117 calendar days – 6 break days) are used as the denominator in the calculation. If a student's withdrawal date is October 9 (the 50<sup>th</sup> day of the semester), the student has earned 45% (50 days completed ÷ 111 total days) of their FSA.

$$\begin{array}{r} 117 \text{ calendar days (8/21-12/15)} \\ - 6 \text{ break days (11/21-11/26)} \\ \hline 111 \text{ days in semester} \end{array}$$

$$50 \text{ days completed} \div 111 \text{ days in semester} = \underline{\underline{45\% \text{ FSA funds earned}}}$$

## WITHDRAWAL DATE

For a student who officially withdraws, the official withdrawal date is used to calculate the percentage of FSA the student earned. When a student unofficially withdraws during the semester, the withdrawal date is the last date of documented academically related activity or the mid-point of the semester. If a student is administratively withdrawn, the withdrawal date is the date of the administrative withdrawal or the last date of academically related activity. If a student ceases attendance (drops or withdraws) from all his or her federal financial aid eligible courses in a payment period or period of enrollment, the student must be considered a withdrawal for FSA purposes.

## FSA CREDIT BALANCES AT THE TIME OF WITHDRAWAL

If, at the time of withdrawal, a credit balance of FSA funds exists on a student's account, the credit balance will be retained on the student's account until the R2T4 has been completed. After the R2T4 calculation has been completed, any remaining FSA credit balance will be disbursed as soon as possible, but no later than 14 days after the R2T4 completion date.

## POST-WITHDRAWAL DISBURSEMENTS

If the amount disbursed for a withdrawn student is less than the amount earned by the student as determined by the R2T4 calculation, the student may be eligible to receive a post-withdrawal disbursement of the earned FSA funds that had not yet been disbursed to BTC. Post-withdrawal disbursements of grant funds will be disbursed within 45 days of the date the school determined that the student withdrew.

BTC will offer any post-withdrawal disbursement of loan funds within 30 days of the date the school determined the student withdrew. Students have 14 days from the date of notification to accept post-withdrawal disbursements of loans. Accepted post-withdrawal loan disbursements will be processed no later than 180 days from the date BTC determined that the student withdrew.

All post-withdrawal disbursements will be applied first to a withdrawn student's BTC account first. If a credit balance remains after post-withdrawal disbursement funds have been applied toward eligible charges on the account, the credit balance will be disbursed to the student as soon as possible, but no later than 14 days from the date of disbursement.

## RETURN OF UNEARNED FSA FUNDS

If FSA funds disbursed to BTC for a student who withdraws exceed the amount earned by the student as determined by the R2T4 calculation, BTC and/or the student may be required to return unearned funds to the U.S. Department of Education (ED). As part of the R2T4 calculation, the student's repayment obligation is determined after BTC's share is calculated. **The student is obligated to recoup BTC for any unearned funds that BTC is required to return on behalf of the student. As such, withdrawn students may have payment obligations to both BTC and ED in addition to payments for earned Direct Loans.**

### Unearned funds to be returned to ED by BTC

The R2T4 calculation determines the portion of unearned funds that BTC must return to ED. BTC will return an amount equal to the lesser of:

- the unearned FSA funds, and
- the institutional charges incurred for the semester multiplied by the percentage of unearned FSA funds.

BTC must return this amount to ED even if the student has already directly received some, or all, of the FSA funds in the form of a refund from BTC.

BTC will return unearned FSA funds for which the college is responsible within 45 days of the date the school determined the student withdrew. BTC will return unearned FSA funds to ED in the following order, up to the net amount disbursed from each source.

1. Direct Unsubsidized Loan
2. Direct Subsidized Loan
3. Direct PLUS Loan

4. Pell Grant
5. IASG
6. SEOG

#### **Unearned federal loan funds to be returned to ED by a withdrawn student**

If BTC determines that a student (or Parent, for Direct PLUS loan funds) is responsible for returning unearned Federal Direct Student Loan funds to ED, the student or parent will repay their loan servicer the unearned funds under the terms and conditions of the Master Promissory Note under which the loans were disbursed. The total loan balance repayable by the borrower may include both earned and unearned amounts.

#### **Unearned federal grant funds to be returned to ED by a withdrawn student**

The amount of unearned grant funds due from a withdrawn student is called an “overpayment.” Overpayments are initially calculated by subtracting the amount of unearned Federal Direct Student Loans the student owes from the total amount of unearned FSA funds due from the student. Federal regulations limit the amount of grant overpayment due from a student to the amount by which the original grant overpayment exceeds half of the total FSA grant funds disbursed and could have been disbursed to the student for the semester. Students are not required to pay any grant overpayment amount of \$50 or less.

Within 30 days of determining that a student owes an overpayment, BTC will notify the student by mail of their overpayment and the options they have for resolving the overpayment. If the student does not exercise one of the two options listed below within 45 days of the issuance of the notification, the College will notify ED of the unresolved overpayment and will refer the overpayment to ED’s Default Resolution Group for collection. Students with an unresolved grant overpayment are ineligible to use FSA funds at any institution of higher education.

Within the 45-day period following the notification of overpayment status, the student may take either of the following actions to retain eligibility for FSA funds beyond the 45-day period:

- Option 1: The student may repay the overpayment in full to BTC.
- Option 2: The student may sign a repayment agreement with ED.

#### **BALANCES OWED TO BTC**

Withdrawn students are responsible for paying any debit balance that remains on their student account after the completion of the R2T4 calculation and any consequent return of FSA funds to ED by BTC.