



901 SW 37<sup>TH</sup> STREET  
TOPEKA, KANSAS  
66611

TEL: 785-266-2500  
FAX: 785-2662501

[www.midwestbarbercollege.com](http://www.midwestbarbercollege.com)

# 2020-2021

## Federal Return of Title IV Funds (R2T4)

*Mission Statement: To inspire its students by creating and maintaining a student-centered occupational environment which culminates in gainful employment.*



## **RETURN OF TITLE IV FUND & COURSE CANCELLATION POLICY**

### **RETURN OF TITLE IV, HIGHER EDUCATION ACT (HEA) POLICY**

When a student applies for financial aid, the student agrees that financial aid funds will be used for educational purposes only. Therefore, if a student withdraws before completing their program, a portion of the funds received may have to be returned. Midwest Barber College (MBC) will calculate the amount of financial aid to be returned to the Title IV, HEA programs according to the policies listed below.

The law requires that when you withdraw during a payment period, the amount of SFA program assistance that you have earned up to that point is determined by a specific formula. If you received (or the school received on your behalf) less assistance than the amount you earned, you will be able to receive those additional funds. If you received more assistance than you earned, the excess funds must be returned. For the purpose of determining the amount you owe, you shall be deemed to have withdrawn from the course when any of the following occurs:

- a. You notify school of your withdrawal or the actual date of withdrawal.
- b. the School terminates your enrollment.
- c. You fail to attend classes for a 14-day period,
- d. You fail to return from a leave of absence. In this case, the date of withdrawal shall be deemed to be the last date of recorded attendance.

The amount of assistance that you have earned is determined on a pro-rata basis. That is, if you complete 30 percent of the payment period, you can earn 30 percent of the assistance you were originally scheduled to receive. Once you have completed more than 60 percent of the payment period or period enrollment, you earn all of your assistance.

If you received excess funds that must be returned, your school must return a portion of the excess equal to the lesser of:

- Your institutional charges multiplied by the unearned percentage of your funds, or
- The entire amount of excess funds. If the amount paid is more than the amount owed, then a refund will be made within 45 days of withdrawal. If the amount owed is more than the amount paid, then you will have to make arrangements to pay it.

Title IV, HEA funds are awarded to the student under the assumption that he/she will attend school for the entire period for which the aid is awarded. When a student withdraws, he/she may no longer be eligible for the full amount of Title IV, HEA funds that were originally scheduled to be received. Therefore, the amount of Federal funds earned must be determined. If the amount disbursed is greater than the amount earned, unearned funds must be returned.



**RETURN OF TITLE IV (R2T4) POLICY**

This policy applies to students who officially withdraw, unofficially withdraw, fail to return from a leave of absence, or are dismissed from enrollment at Midwest Barber College. The Federal Return of Aid Policy is mandated by the U.S. Department of Education.

The amount of Title IV (federal) aid earned is based on the amount of time a student spent in academic attendance and the total aid received; it has no relationship to student’s incurred institutional charges. Because these requirements deal only with Title IV, HEA funds, the order of return of unearned funds do not include funds from sources other than the Title IV, HEA programs.

Title IV, HEA funds are awarded to the student under the assumption that he/she will attend school for the entire period for which the aid is awarded. When a student withdraws, he/she may no longer be eligible for the full amount of Title IV, HEA funds that were originally scheduled to be received. Therefore, the amount of Federal funds earned must be determined. If the amount disbursed is greater than the amount earned, unearned funds must be returned.

**THE INSTITUTIONAL REFUND POLICY IS AS FOLLOWS:**

If a student (or in the case of a student under legal age, his/her parent or guardian) cancels his/her contract and demands their money back, within three (3) business days of the signing of the enrollment agreement or contract, all monies collected by the school shall be refunded.

The cancellation date will be determined by the postmark or written notification, or the date said information is delivered to the school administrator in person.

If a student cancels his/her enrollment after three (3) business days but prior to entering classes, he/she shall be entitled to a refund of all monies paid to the school, less the application fee (which shall not exceed \$100).

<b>PERIODS OF OBLIGATION (SCHEDULED HOURS)</b>	<b>AMOUNT OF TOTAL TUITION &amp; FEES OWED TO THE SCHOOL</b>
0.01% - 10%	10%
10.01% - 25%	50%
25.01% - 50%	75%
50.01% and over	100%



## **TIMELINE FOR RETURNING TITLE IV FUNDS**

Midwest Barber College will return any unearned Title IV funds it is responsible for returning within 45 calendar days of the date MBC determined the student withdrew and offer any post-withdrawal disbursement of funds within 30 calendar days of that date.

Students are asked to notify the school immediately upon withdrawal. Any student absents without contact with the school for a period of 14 consecutive calendar days will automatically be dropped and the cancellation and settlement policy will take effect. All required refunds are made within 45 days from the date of determination.

Students who receive financial assistance from Title IV Programs (Federal Pell Grants, Stafford loans, PLUS loans) and withdraw from school are subject to the Return to Title IV Funds (R2T4) requirements of the U. S. Department of Education.

Once a student has completed 60% of the scheduled hours for any payment period, no refund is due. Prior to the 60%, the R2T4 calculation is based on a pro-rated number of scheduled hours over the payment period hours. Once the R2T4 calculation is completed, students are then subject to the school's institutional refund policy.

*Examples of R2T4 and institutional refund calculations are published in the school's consumer information and are also available in the financial aid office for student review.*

### **TITLE IV CREDIT BALANCE:**

Credit balance occurs after a student Ledger show a balance of zero (\$00.00). All Credits are given to students after Mid-Point Review of Clock Hours in the payment period. SAP (Satisfactory Academic Progress) report must be Yes on Smart School Management Software or No if you appealed and the appeal was granted

If the student has a Title IV credit balance when s(he) drops, no funds are returned prior to performing the Return calculation, even if Midwest Barber College would otherwise be required to release them to the student. Midwest Barber College return policy is applied to determine if it creates a new or larger Title IV credit balance.

The existing Title IV credit balance is included in the calculation as disbursed aid.

Any Title IV credit balance is allocated as follows:

- A. Is allocated first to repay any grant overpayment owed by the student as a result of the current withdrawal. Midwest Barber College returns this credit balance to the Title IV grant account within 14 days of the date the calculation is performed.
- B. Any credit balance from a prior period is not included in the Return calculation. However, any balance remaining from a prior period when the student drops is included as Title IV funds when the amount of the final Title IV credit balance is determined. Midwest Barber College uses the final credit balance first to satisfy any current student grant overpayment.
- C. Within 14 days of the date the Return calculation was made, the remaining Title IV credit balance are paid in one or more of the following ways:



## **EXCESS FUNDS PROCEDURE**

If a credit balance exists after the disbursement of Title IV aid, the student/parent is given the choice:

- o to credit the excess back on the principle balance of the loan (signature required) or
  - o Refund given to the student and/or parent (for plus loans) to be used for educational purposes, following the FSA Handbook guidelines.
- If the student or parent chooses a refund from the credit balance, the FAA notifies the CFO of the amount and to whom the check is to be written.
  - The CFO then writes the appropriate credit balance check to the student.
  - The credit balance check is given to the student as soon as possible within 14 days of disbursement.
  - If the student/parent requests credit balance loan money to be paid back on the principle balance of a Federal Direct loan, the credit balance will be deposited into the Direct Loan account and the Third Party Servicer will be notified to send the credit balance back on the principle balance of the student's loan(s).
    - o The FAA will notify the servicer of the student's / parent's request.
    - o Servicer will administer repayment to the Direct Loan Servicing Center and provide documentation for the student's file.
    - o This will be completed within the 14-days from date of COD disbursement

## **WHEN A STUDENT IS CONSIDERED A WITHDRAW:**

The student is considered to have withdrawn from the program when the student does not complete all of the clock hours and weeks of instructional time in the payment period or period of enrollment that the student was scheduled to complete.

### **A. OFFICIAL WITHDRAWAL**

When the student gives formal notification of his/her intention to withdraw, the last date of attendance (LDA) is the date the school determined the student withdrew. For purposes of returning title IV funds, refunds will be made within 45 calendar days from the LDA.

### **B. UNOFFICIAL WITHDRAWAL**

In the case of unexplained consecutive absences, the school will determine withdrawal no later than 14 days after the students last date of academic attendance as determined by the school from attendance records. This date (day 14) is recorded as the date the school determined that the student withdrew. For purposes of returning Title IV funds, refunds will be made within 45 calendar days from the date the school determined the student withdrew. If the student provides notification to the school of his or her withdrawal prior to the date that the school normally would determine that the student withdrew, the date of determination is the date of the student's notification.



## **EXPELLED STUDENT**

The student that is expelled by the school is considered to have not completed all the clock hours and weeks of instruction time in the payment period or period of 14 enrollment that the student was scheduled to complete. The LDA is the date the school will use to determine termination. For purposes of returning title IV funds, refunds will be made within 45 calendar days from the LDA.

## **DETERMINING AID EARNED**

To determine the amount of aid you earned up to the time of withdrawal, MBC will calculate the percent of scheduled hours earned in the payment period. The resulting percentage is then used, along with your institutional costs and total federal funds that you received (funds that were disbursed directly to your student account and possibly refunded to you) or that you were eligible to receive (disbursement owed) to determine the amount of aid that you are allowed to keep. In the case of a program that is measured in clock hours, the percentage of the payment period or period of enrollment completed is determined by dividing the total number of clock hours in the payment period or period of enrollment into the number of clock hours scheduled to be completed as of the student's withdrawal date.

The scheduled clock hours used must be those established by the institution prior to the student's beginning class date for the payment period or period of enrollment and must be consistent with published materials describing the institution's programs, unless the schedule was modified prior to the student's withdrawal.

## **WITHDRAWAL BEFORE 60% POINT OF THE PROGRAM**

Barber College must perform a R2T4 calculation to determine the amount of earned aid up through the 60% point of scheduled hours earned in the payment period of enrollment.

MBC will use the U.S. Department of Education's prorate schedule to determine the amount of R2T4 funds the student has earned at the time of withdrawal.

## **WITHDRAWAL AFTER 60% POINT OF THE PROGRAM**

For a student who withdraws after the 60% point of scheduled hours earned in the payment period of enrollment, a student has earned 100% of the Title IV funds he or she was scheduled to receive during the period. Thus, there are no unearned funds. Midwest Barber College must still perform a R2T4 to determine the amount of aid that the student has earned and whether or not the student is eligible for a post withdrawal disbursement.

Payment Periods are defined according to the following hours:

Payment Period 1 = 0 -450 hours,

Payment Period 2 = 451 -900 hours,

Payment Period 3 = 901 – 1200 hours,

Payment Period 4 = 1201 -1500 hours



Order of Return In accordance with Federal regulations, when Title IV, HEA financial aid is involved, the calculated amount of the R2T4 funds is retracted in the following order:

1. Unsubsidized Direct Loan
2. Subsidized Direct Loan
3. Direct Plus Loan 4. Pell Grant

After the Return of Aid has been completed it may result in the student owing for tuition that was once awarded from Title IV Aid. In addition, the student may be required to refund monies back to the Title IV Program.

### **POST-WITHDRAWAL DISBURSEMENT**

A student may be eligible for a post-withdrawal disbursement if, prior to withdrawing, the student earned more federal financial aid than was disbursed. If a student is eligible for a post-withdrawal disbursement for Title IV funds, it will be processed for the student and a refund will be issued within 14 days of the credit balance.

Midwest Barber College may automatically use all or a portion of the post-withdrawal disbursement of grant funds for tuition and fees. However, the college needs the student's permission to use the post-withdrawal grant disbursement for all other college charges.

If the student does not give his/her permission, the student will be offered the funds. However, it may be in the student's best interest to allow the college to keep the funds to reduce the student's debt. Additionally, accepting the disbursement of grant funds will reduce the remaining amount of grant funds available to the student should the student continue his/her education at a later time.

### **RETURN TO TITLE IV QUESTIONS**

If you have questions regarding Title IV, HEA program funds after visiting with or emailing SFAS, you may call the Federal Student Aid Information Center at 1-800-4-fedaid (800-433-3243). TTY users may call 800-730-8913.

Information is also available at Student Aid on the Web [www.studentaid.ed.gov](http://www.studentaid.ed.gov).