

Art Academy of Cincinnati Return of Federal Title IV Funds (R2T4) Policy

How a withdrawal affects financial aid:

Federal regulations require Title IV financial aid funds to be awarded under the assumption that a student will attend the institution for the entire period in which federal assistance was awarded. When a student withdraws from all courses for any reason, including medical withdrawals, he/she may no longer be eligible for the full amount of Title IV funds that he/she was originally scheduled to receive. The return of funds is based upon the premise that students earn their financial aid in proportion to the amount of time in which they are enrolled. A pro-rated schedule is used to determine the amount of federal student aid funds he/she will have earned at the time of the withdrawal. Thus, a student who withdraws in the second week of classes has earned less of his/her financial aid than a student who withdraws in the seventh week. Once 60% of the semester is completed, a student is considered to have earned all of his/her financial aid and will not be required to return any funds.

Federal law requires schools to calculate how much federal financial aid a student has earned if that student:

- completely withdraws, or
- stops attending before completing the semester,

Based on this calculation, Art Academy of Cincinnati (AAC) students who receive federal financial aid and do not complete their classes during a semester or term could be responsible for repaying a portion of the aid they received. Students who do not begin attendance must repay all financial aid disbursed for the term.

The following policies will help you to understand that a withdrawal potentially affects students academically as well as financially. We encourage students to read all the information below prior to making a final decision.

Important:

- *Academic policies on leaving AAC are available in the General Catalog and the Student Handbook.*
- *The Art Academy of Cincinnati's tuition/fee refund policy is separate from the federal regulations to repay unearned aid. Whether or not a student receives a tuition/fee refund has no bearing on the amount he/she must repay to the federal aid programs. Contact the Finance Office for further inquiries regarding tuition/fee refunds or visit the Art Academy's website at www.artacademy.edu.*
- *Students should review the AAC website on [Withdrawal](#) as well as the Registrar's Office Policy on [Withdrawal from the Art Academy](#).*

How the earned financial aid is calculated

Students who receive federal financial aid must "earn" the aid they receive by staying enrolled in classes. The amount of federal financial aid assistance the student earns is on a pro-rated basis. Students who

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withdraw or do not complete all registered classes during the semester may be required to return some of the financial aid they were awarded.

Institutions are required to determine the percentage of Title IV aid “earned” by the student and to return the unearned portion to the appropriate aid programs. Regulations require schools to perform calculations within 30 days from the date the school determines a student’s complete withdrawal. The school must return the funds within 45 days of the calculation. The R2T4 calculation process and return of funds is completed by the Financial Aid Office (FAO).

For example, if a student completes 30 percent of the payment period, they earn 30 percent of the aid they were originally scheduled to receive. This means that 70 percent of the scheduled awards remain “unearned” and must be returned to the federal government. Once 60% of the semester is completed, a student is considered to have earned all of his/her financial aid and will not be required to return any federal funds.

The following formula is used to determine the percentage of unearned aid that has to be returned to the federal government:

- The **percent earned** is equal to the number of calendar days completed up to the withdrawal date, divided by the total calendar days in the payment period (less any scheduled breaks that are at least 5 days long).
- The **payment period** for most students is the entire semester. The **percent unearned** is equal to 100 percent minus the percent earned.

Steps in the return of Title IV funds policy

Step 1: Student’s Title IV information

FAO will determine:

- A. The total amount of Title IV aid disbursed for the semester in which the student withdrew. *A student’s Title IV aid is counted as aid disbursed in the calculation if it has been applied to the student’s account on or before the date the student withdrew.*
- B. The total amount of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the semester in which the student withdrew.

Step 2: Percentage of Title IV aid earned

FAO will calculate the percentage of Title IV aid earned as follows:

The number of calendar days completed by the student divided by the total number of calendar days in the semester in which the student withdrew. *The total number of calendar days in a semester shall exclude any scheduled breaks of more than five days.*

Days Attended ÷ Days in Enrollment Period = Percentage Completed

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If the calculated percentage completed exceeds 60%, then the student has “earned” all the Title IV aid for the enrollment period.

Step 3: Amount of Title IV aid earned by the student

FAO will calculate the amount of Title IV aid earned as follows:

The percentage of Title IV aid earned (Step 2) multiplied by the total amount of Title IV aid disbursed or that could have been disbursed for the term in which the student withdrew (Step 1-A).

Total Aid Disbursed x Percentage Completed = Earned Aid

Step 4: Amount of Title IV aid to be disbursed or returned

- If the aid already disbursed equals the earned aid, no further action is required.
- If the aid already disbursed is greater than the earned aid, the difference must be returned to the appropriate Title IV aid program.

Total Disbursed Aid – Earned Aid = Unearned Aid to be Returned

- If the aid already disbursed is less than the earned aid, then FAO will calculate a post-withdrawal disbursement.

Types of withdrawals

For financial aid purposes there are two types of withdrawals: Complete and Unofficial.

Complete

- Official withdrawal from AAC by the student. The current academic year’s policy for a Complete Withdrawal can be found in The Art Academy of Cincinnati’s General Catalog, Student Handbook and Website.

Unofficial

- Federal financial aid regulations consider a student to be an unofficial withdrawal if the student receives all fail (UW/F) grades or a combination of all fail (F) and withdraw (W) grades for the term.

Determination of the withdrawal date

The withdrawal date used in the return calculation of a student’s federal financial aid is the actual date indicated on the official drop form. If a student stops attending classes without notifying AAC, the withdrawal date will be the midpoint of the semester or the last date of academic activity determined by AAC. Additional documentation supporting the last date of academic activity may be provided by the student if they verify a later date of attendance than determined by AAC.

Withdrawing prior to complete 60% of a semester

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Unless a student completes 60 percent of the term in which federal aid was disbursed, the student will be required to return all or part of the financial aid disbursed in the term. This applies to students who have officially (including medical), or unofficially withdrawn.

When a student fails to begin attendance

If a student receives financial aid, but never attends classes, the Financial Aid Office (FAO) must return all disbursed funds to the respective federal and institutional aid programs.

Definition of an academic related activity

Examples of Art Academy of Cincinnati (AAC) academic-related activities include but are not limited to physically attending a class where there is an opportunity for direct interaction between the instructor and students.

Proof of participation:

- Exams or quizzes
- Tutorials
- Computer-assisted instruction
- Completion of an academic assignment, paper or project
- Participating in an online discussion about academic matters
- Initiating contact with a faculty member to ask a question about the academic subject studied in the course
- AAC required study group where attendance is taken

Documentation not acceptable as proof of participation:

- Student's self-certification of attendance that is not supported by school documentation
- Verification of Enrollment form issued by the Registrar's Office
- Living in AAC housing
- Participating in academic counseling or advising

Repayment calculation of unearned aid as a result of a withdrawal

As a result of a withdrawal, students who received federal funds will be required to repay "unearned" aid. The repayment calculation is performed utilizing the federal government's repayment worksheet:

["Treatment of Title IV Funds When a Student Withdraws from a Credit-Hour Program"](#)

The amount of the assistance earned is determined on a pro-rated basis. For example, if a student completed 30% of the term, they have earned 30% of the assistance they were originally scheduled to receive. Once a student has completed more than 60% of the term, the student earns all the assistance they were scheduled to receive for the term.

Student notification of repayment

A notification letter outlining the amount returned to the federal and institutional program(s) along with the federal government's repayment worksheet will be mailed to the student's permanent address. AAC will return funds on the student's behalf to the appropriate federal and institutional aid program(s) and

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subsequently will bill the student's bursar account. A statement reflecting these charges will be sent to the student. The student is responsible for all charges and overpayments resulting from a Return of Title IV calculation.

Repayment to federal and institutional aid programs

Federal regulations and Institutional policy require that the following aid programs be subject to the repayment calculation if the student did not attend 60% of the term:

- Federal Direct Loans: Unsubsidized and Subsidized
- Federal Direct Grad PLUS Loans
- Federal Direct Parent PLUS Loans
- Federal Pell Grant
- Federal Supplemental Educational Opportunity Grant (FSEOG)
- Institutional Grants and Scholarships

Repayment of unearned funds

The Financial Aid Office (FAO) will notify students if they owe federal funds back to the U.S. Department of Education (ED). Amounts that must be returned by the student will first be applied to federal loans. The student/parent will be permitted to repay loans based on the terms of the Master Promissory Note (MPN) which usually consists of scheduled payments to the holder of the loan over a period of time. Any grant overpayment the student has to return to the federal government must be repaid within 45 days after the student receives notification from FAO. If the grant overpayment cannot be paid in full, a repayment plan may be arranged with the U.S. Department of Education.

Students will also receive notice from FAO regarding repayment of institutional funds. If the student owes any money to the AAC resulting from the return of federal or institutional funds, the student will be billed by the AAC Finance Office.

Consequences of non-payment

If a student does not repay the grant funds that are owed to the government within 45 days, the account will be turned over to the U.S. Department of Education (ED) as an overpayment of federal funds. Students who owe an overpayment of Title IV funds are ineligible for further disbursements from federal financial aid programs at any institution until the overpayment is paid in full or payment arrangements are made with the U.S. Department of Education.

If a student does not pay funds due to AAC to cover their Bursar balance, the student's records will be placed on financial hold. This means he/she will not be permitted to register for classes or receive transcripts until the balance is paid.

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School and Student responsibilities in regard to the R2T4 policy and process

The student and the school are both responsible for returning unearned federal financial aid to the federal government. The student will be billed for any amount due as a result of the return of federal aid funds (R2T4) calculation.

Art Academy of Cincinnati responsibilities in regard to the Return of Title IV funds

1. Providing each student with the information given in this policy;
2. Identifying students affected by this policy and completing the Return of Title IV Funds (R2T4) calculation;
3. Informing the student of the result of the R2T4 calculation and any balance owed to AAC as a result of a required return of funds;
4. Returning any unearned Title IV aid that is due to the Title IV programs and, if applicable, notifying the borrower's holder of federal loan funds of the student's withdrawal date;
5. Notifying student and/or Plus borrower of eligibility for a Post-Withdraw Disbursement, if applicable.

Student's responsibilities in regard to the Return of Title IV funds

1. Becoming familiar with the Return of Title IV Funds (R2T4) policy and how withdrawing from all courses affects eligibility for Title IV aid;
2. Resolving any outstanding balance owed to the AAC resulting from a required return of unearned Title IV aid;
3. Resolving any repayment to the U.S. Department of Education as a result of an overpayment of Title IV grant funds.

How institutional aid is affected by a withdrawal

All institutional aid provided by the Art Academy of Cincinnati is based on need and academic achievement. Any change in enrollment status may cause the amount of the award to be recalculated. A drop in enrollment to 0 units requires the funds to be repaid up to 100% of the disbursed amount. Credit balances will not be released to a student until institutional aid has been repaid.

Loan information to consider when withdrawing

The federal repayment calculation also has additional loan amounts that the student and parent may be responsible to return directly to the U.S. Department of Education (see step 8 of the federal government's repayment worksheet).

Important: Anytime a student is enrolled less than part-time the grace period begins. The student's grace period for loan repayments for Federal Direct Unsubsidized and Subsidized Loans will begin on the day of the withdrawal from the school. If the student is not enrolled part-time for more than 6 months, the loans will go into repayment. The student must contact the U.S. Department of Education (ED) or his/ her lender(s) to make payment arrangements. Loans must be repaid by the loan borrower (student/parent) as outlined in the terms of the borrower's promissory note. The student should contact the lender if he/she has questions regarding their grace period or repayment status.

How a withdrawal affects future financial aid eligibility

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Refer to the Financial Aid Office [Satisfactory Academic Progress Policy](#) to determine how a withdrawal will impact future financial aid eligibility.

Note: The procedures and policies listed above are subject to change without advance notice based on changes to federal laws, federal regulations, or school policies. If changes are made, students must abide by the most current policy. The Federal Refund Policy (R2T4) is very encompassing and this is intended to be an overview of the policies and procedures that govern regulations pertaining to Title IV Refund (R2T4). For further guidance on R2T4 policies and procedures please see the reference material found in Volume 5 of the Federal Student Aid Handbook under Withdrawals. You may access a copy in the AAC Financial Aid Office.