RETURN OF TITLE IV FEDERAL STUDENT AID
UNIVERSITY OF KENTUCKY

Federal regulations prescribe the calculation of a student’s eligibility for federal financial aid funds when the student completely withdraws (officially or unofficially) from the University during the semester. This regulation became effective beginning with the fall semester of 2000.

If a student completely withdraws from school during a semester, a portion of the federal Title IV aid disbursed to the student must be returned to the financial aid programs. The percentage of Title IV aid required to be returned is based on the percentage of time remaining in the semester as of the student’s date of withdrawal. This percentage is equal to the number of calendar days remaining in the semester divided by the total number of calendar days in the semester. Scheduled breaks of more than four consecutive days are excluded from this calculation.

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\text{% of aid to be returned} = \frac{\text{number of calendar days remaining in the semester}}{\text{total number of calendar days in the semester}}
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**Example:** A student who remains enrolled for 10% of a semester will be eligible to keep 10% of the total Title IV aid disbursed to him/her. The balance (or 90%) must be returned to the Title IV program(s). Similarly, a student who remains enrolled for 60% of a semester will be eligible to keep 60% of the total Title IV aid disbursed to him/her. The balance (or 40%) must be returned to the Title IV program(s).

Note: No Title IV aid funds are required to be returned if the student remains enrolled for more than 60% of the semester.

**Covid-19 Policy**
The CARES Act waives the requirement to return unearned funds for students who withdrew due to a qualifying emergency. In an Electronic Announcement updated June 16, 2020, the Department of Education issued guidance extending and clarifying this waiver as follows: “For any student who begins attendance in a payment period or period of enrollment that includes March 13, 2020, or begins between March 13 and the later of December 31 or the last date that the national emergency is in effect, and subsequently withdraws from the period as a result of COVID-19-related circumstances, an institution is not required to return Title IV funds.”

Complete ED guidance on CARES Act flexibilities and requirements related to R2T4 can be found in the separate COVID-19 policy document found at
**Date of Withdrawal:** This is the date a student provides official notification to the UK Registrar’s office of his/her intent to completely withdraw from school. The following web site outlines the procedures for withdrawing from the University. [http://www.uky.edu/Registrar/Withdraw.htm](http://www.uky.edu/Registrar/Withdraw.htm) If a student unofficially withdraws from school, the financial aid office will use the midpoint of the semester to establish the student’s date of withdrawal.

At the time a student withdraws, the financial aid office will automatically use all or a portion of the student’s *institutional refund* as payment toward the amount that must be returned by the school and/or the student to the Title IV programs. **The current UK Bulletin contains more information on the University’s tuition and/or housing refund policy.** The student may also be required to repay a portion of the aid funds that were directly disbursed to him/her in the form of a residual check. The university will return the funds on the student’s behalf; he/she will then owe the university. The student will be notified of (billed for) any grant funds that must be repaid immediately whose return creates a receivable balance. Failure to pay will result in a **HOLD** being placed on the student’s account and s/he will not be allowed to register for classes, obtain grades and/or an academic transcript. Student loan funds are to be repaid in accordance with the ‘terms of the loan’.

Funds will be returned first to the Title IV loan programs and then the Title IV grant programs in the following order:

1. Unsubsidized Direct Stafford Loan
2. Subsidized Direct Stafford Loan
3. Perkins Loan
4. Direct Grad PLUS Loan
5. Direct PLUS Loan
6. Pell Grant
7. Iraq and Afghanistan Service Grant
8. Federal Supplemental Educational Opportunity Grant
9. TEACH Grant

Funds are not required to be returned to the Federal Work-Study Program.

**R2T4 and Modules:** On 9/2/2020, the Department of Education released final regulations revising its approach to R2T4 for students withdrawing from modules in 34 CFR 668.22. The regulations officially take effect 7/1/2021, but ED authorized them for early implementation immediately at the discretion of institutions. The University elected to implement these R2T4 regulations immediately and effective beginning with the fall 2020 semester for the 2020-21 award year.
Students at UK typically encounter modules related to winter and summer term enrollment. Under revised federal regulations, a student in modules within a payment period is not considered to be withdrawn:

- If the student completes the requirements for graduation before completing all scheduled days or hours in the payment period;
- If the student successfully completes one module, or a combination of modules, containing 49% or more of the number of days in the payment period; or
- If the student successfully completes coursework equal to or greater than the definition of half-time enrollment for the payment period.

Note on 49% calculation: Per regulation, scheduled breaks of five or more consecutive days and all days between modules are excluded from the total number of days used to calculate completion percentage of the payment period.

Policy Regarding Funds Administered by Kentucky Higher Education Assistance Authority (KHEAA): Pursuant to 11 KAR 5:170 the University will refund KHEAA grant programs after Return to Title IV regulations have been satisfied and a credit balance remains on the student’s account. KHEAA grant programs will be refunded in the following order:
1. CAP Grant,
2. Kentucky Tuition Grant (not awarded at UK)
3. Go Higher Grant
4. Teacher Scholarship,
5. Kentucky Educational Excellence Scholarship (KEES),
6. Kentucky Coal County College Completion Scholarship
7. National Guard Tuition Assistance, and
8. Early Childhood Development Scholarship.

Policy Regarding Funds Administered by University Departments & External Entities: For award types designated to cover actual tuition and fees, any reductions in tuition and fee charges will require equivalent reduction of the tuition-specific award amount to align with actual charges.

In order to process credits consistently the return of funds is prioritized. Credit balances will be returned to units, departments and outside donors in the following order:
1. Academic Scholarships through the Academic Scholarship Office
2. Restricted types of aid that are not on the restricted aid list: Donovan, tuition waivers, etc.
3. Departmental Scholarships – when scholarships from more than one department are involved and the refund amount will not fully refund each scholarship, then the refund is pro-rated between the scholarships according to the percentage each scholarship is to the total of the departmental scholarships involved.
4. Outside Scholarships are those made by donors external to the University – SFA Scholarship Coordinator is notified of credit balance. SFA Scholarship Coordinator will determine appropriate action.

Post Withdrawal Disbursement (PWD) of Title IV Aid: The financial aid office determines if a student is eligible to receive Title IV funds that were awarded but not yet disbursed to the student at the time of his/her withdrawal from school. Any PWD will first apply to a student’s outstanding university charges (if any). Grant PWD do not require an authorization from the student. Before any loan funds are applied to a student’s outstanding university charges, the student (or parent) will be notified of the award type, amount of the PWD, any residual balance created by the PWD and given the opportunity to cancel all or part of the loan amount offered. The student/parent must respond within 30 days of the date of the notice. No loan PWD will released without confirmation. The residual balance of the accepted amount of any remaining PWD will be sent directly to the student (or to the parent if so designated on the parent PLUS). Revised 04/12/2017.

Worksheets used to determine the amount of refund or Return of Title IV aid are available upon request from the Office of Student Financial Aid.

Students Aid Recipients Receiving ALL E Grades: Any financial aid recipient receiving all E grades for a semester is subject to Return to Title IV regulations. This is referred to as an “unofficial withdrawal.” This must be done no later than 45 days after the school determines the student “unofficially” withdrew. Within these 45 days, instructors are asked to attest to the student’s last date of attendance in an academically related activity. Documentation must be submitted by the deadline date specified by SFA. Late documentation will be considered within the fiscal year. Documentation of attendance beyond the 60 per cent point of the term requires no reduction to financial aid. In cases where no information on last date of attendance is received or available from instructors, R2T4 will be performed assuming withdrawal at the midpoint (50 per cent point) of the semester.

Retroactive Withdrawals: It is not necessary to perform R2T4 calculations in cases of retroactive withdrawal. The retroactive withdrawal process at UK provides academic and/or financial reprise on an institutional level and does not alter TIV requirements or deadlines for R2T4. Students must have received grades in coursework to submit a request for retroactive withdrawal; therefore, completion of the retroactively withdrawn term is assumed. If all grades in the term in question had been failing, the student would have been subject to the unofficial withdrawal policy.

Effective date: 04/11/2014.

Revised 11/01/2020.