

Policy on Term Adjustments in Relation to Federal Title IV Aid

Purpose

This policy establishes the institutional parameters under which Reading Area Community College (RACC) may adjust or forgive tuition and fee charges following a student withdrawal, while maintaining full compliance with federal Title IV financial aid regulations governing the Return of Title IV Funds (R2T4).

Policy Statement

When a Title IV aid recipient withdraws from all coursework prior to completing more than 60% of the term, RACC is required under **34 CFR 668.22** to perform a **Return of Title IV Funds (R2T4)** calculation.

The R2T4 determines the amount of federal aid the student earned up to the date of withdrawal and the amount that must be returned to the U.S. Department of Education.

The R2T4 calculation is always based on the institutional charges in effect at the time of the student's withdrawal.

Institutional adjustments to tuition and fees made after that date—whether reductions, waivers, or term adjustments—**do not and cannot alter** the R2T4 outcome.

Institutional Term Adjustment Process

After completion of the federally required R2T4, RACC may, at its discretion, consider a **Term Adjustment** for tuition and fee forgiveness when the student documents **external circumstances beyond their control** that prevented successful completion of the term.

The Term Adjustment:

- Is an **institutional action** and **not part of Title IV aid administration**.
- May be approved **only after** the R2T4 calculation has been completed and posted.
- Does **not change** the amount of aid earned, unearned, or returned under federal regulation.
- Is **limited to one occurrence per student** based on documented extraordinary circumstances.

All approvals must be supported by written documentation and maintained in the student's financial record for **audit and program review** purposes.

Separation of Federal and Institutional Processes

To maintain compliance with Title IV regulations:

1. The **R2T4 calculation** must always be performed **prior to** any institutional charge adjustments.
2. The **Term Adjustment** process may reduce or eliminate the institutional balance remaining after R2T4, but this reduction is **institutional relief only** and is **not a return or redistribution of federal funds**.
3. Any forgiveness approved under this policy must be clearly documented as a **post-R2T4 institutional action**, with no revision to federal aid disbursement records.

Recordkeeping

RACC maintains all R2T4 worksheets, supporting documentation, and Term Adjustment records in accordance with **34 CFR 668.24** (Record Retention and Examination).

Documentation must clearly show:

- The date the R2T4 was completed,
- The original institutional charges used in the calculation,
- The date and rationale for the Term Adjustment, and
- Approval under the institutional Term Adjustment policy.

Summary

The Term Adjustment process provides an equitable institutional mechanism for addressing exceptional student circumstances **after** all federal Title IV requirements have been satisfied. This process shall never alter, replace, or substitute for the federally mandated Return of Title IV Funds procedures.