

UNIVERSITY OF SAINT MARY OF THE LAKE

WITHDRAWAL AND RETURN TO TITLE IV FUNDS (R2T4) POLICY

How a Withdrawal Affects Financial Aid

Title IV (TIV) (federal) financial aid funds are awarded under the assumption that a student will remain in classroom attendance for the entire period (semester) for which the funds were awarded.

When a student withdraws from all courses, regardless of the reason, s/he may no longer be eligible for the full amount of TIV funds originally awarded. The return of funds to the federal government is based on the premise that a student earns financial aid in proportion to the length of time during which s/he remains enrolled. A pro-rated schedule determines the amount of federal student aid funds s/he will have earned at the time of full withdrawal. For example, a student who withdraws in the second week of the semester has earned less of his/her financial aid than a student who withdraws in the fifth week. Once the 60% point in the semester is reached, a student is considered to have earned all of the financial aid originally awarded and will not be required to return any funds.

Federal regulations require a recalculation of financial aid eligibility if a student:

- Completely withdraws;
- Stops attending before the semester's end;

USML students who receive federal financial aid and who do not remain in attendance through the end of the semester could be responsible for repaying a portion of the financial aid originally received.

Students who do not begin attendance in classes are not eligible for federal financial aid and must repay all aid originally received.

NOTE: USML's institutional tuition refund policy is separate from federal regulations to return unearned aid. Receiving a tuition/fee refund from USML will have no impact on the amount the student must repay to the federal aid programs.

How Earned Financial Aid is Calculated

Financial aid recipients "earn" the aid they originally received by remaining in classes. The amount of federal assistance earned is based on a pro-rated system. Students who withdraw or do not complete all classes in which they were enrolled may be required to return some of the aid originally awarded.

USML is required to determine the percentage of TIV aid “earned” by the student and return the “unearned” portion to the appropriate federal aid programs. USML is required to perform this calculation within 30 days of the date the school determines that a student has completely withdrawn. The school must return the funds within 45 days of the calculation. The R2T4 calculation is completed by the Financial Aid Office.

The following explains the formula used to determine the percentage of unearned aid 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 number of calendar days in the payment period.
- The payment period for most students is the full, 15-week fall and spring semesters or the full, 6-week summer semester.
- The percent unearned is equal to 100 percent less the percent earned.
- Breaks of 5 days or longer are not included in the count of total days in the payment period.
- Institutional scholarship funds are not subject to the R2T4 policy.

For Students Enrolled in Modules

A student is considered withdrawn if the student does not complete all of the days in the payment period that the student was scheduled to complete. USML tracks enrollment in each module that doesn’t span the entire 6-week summer or 15-week fall or spring semesters and combines them to form a semester. If a student withdraws from a course in a later module while still attending a current module, the student is not considered as withdrawn based on not attending the later module. However, a recalculation of aid based on the change in enrollment status may be required.

If a student provides written notice to the Financial Aid Office at the time of withdrawal from a current module that s/he plans to attend a later module in the same payment period, s/he is not considered a withdrawal. If the student does not provide that written confirmation, the R2T4 recalculation of aid will be done. However, if the student does return in a later module in the same payment period, regardless of whether prior written confirmation was received, the R2T4 process will be reversed and the student will be awarded the funds that s/he is eligible to receive at the time of return.

R2T4 Process

- A copy of the withdrawal form, complete with instructors’ signatures and indicating the last date of attendance, is received in the Financial Aid Office. The latest date of attendance in the classes in which the student was enrolled will be used as the withdrawal date.
- The Financial Aid Office determines the amount of TIV aid originally awarded and whether it is “disbursed” or “could have been disbursed.”
- The Business Office provides the student’s original tuition and fee and bookstore charges.

- An R2T4 worksheet on the “FAA Access” site is completed using the above data. The calendar for the payment period will have previously been entered and saved.
- The Financial Aid Office will post the recalculated amount of aid for which the student is eligible (as per the results of the R2T4 worksheet) to his/her account.
- A copy of the worksheet is maintained in the Financial Aid Office and electronically scanned and made part of the student’s record after the end of the semester.
- A second copy of the worksheet is forwarded to the Business Office for the purposes of checking the accuracy of data entry and for student billing purposes.
- USML will return funds to the federal programs on the student’s behalf and will bill the student.
- In the instances in which a student owes a federal grant repayment in addition to what USML has returned to the federal programs, the student is notified in writing and the amount is reported by the Financial Aid Office as an overpayment.
- The student is responsible for all USML charges and federal overpayments resulting from an R2T4 calculation.

Post-Withdrawal Disbursement of Loan Proceeds

When the R2T4 calculation results in the student’s being eligible to receive either Federal Direct Stafford Subsidized or Unsubsidized Loan proceeds, s/he will be contacted via e-mail and US Mail by the Financial Aid Office. Written authorization from the student will be requested and is required before loan proceeds can be processed and awarded to the student.

Determination of Withdrawal Date

The withdrawal date used in the R2T4 calculation is the actual last date of attendance as provided by the instructors on the withdrawal form.

Withdrawing Prior to the 60% Point of a Payment Period

Unless and until a student completes 60% of the term in which financial aid was awarded, the student will be required to return all or part of the financial aid originally awarded for the term.

When a Student Fails to Begin Attendance

If financial aid is processed for a student who never begins attendance in any class for which s/he registered in a term, all aid will be canceled.

The Registrar provides a “no show” report after the census date of the payment period. This report lists the students and the classes in which they never attended. Financial aid originally awarded is canceled for students who failed to begin attendance in all classes in which they were originally enrolled and is adjusted for those

who fail to begin attendance in a portion of the classes in which they were originally enrolled.

When a Student Fails All Classes

If a financial aid recipient who has not officially withdrawn fails to receive a passing grade in at least one class during the term, the Financial Aid Office will determine whether the student actually established eligibility for the aid originally awarded. Instructors will be contacted and asked to provide information on the student's attendance. If the student did not begin attendance, or stopped attending during the payment period, the financial aid originally awarded will be canceled or adjusted.

Order of Return to Federal Aid Programs

In accordance with federal regulations, unearned aid will be returned to the federal programs in the following order:

- Federal Direct Loans: Unsubsidized, then Subsidized
- Federal Direct Parent Loans
- Federal Pell Grant
- Federal Supplemental Educational Opportunity Grant

Information Regarding Loan Repayment

The R2T4 calculation may result in the student's and parent's being responsible for directly returning additional loan amounts to the US Department of Education.

The loan grace period begins on the withdrawal date from the school, or when a student ceases to be enrolled on at least a half-time basis. If the student does not re-enroll as a half-time student within 6 months of withdrawal or less than half-time enrollment, the loans enter repayment. The student should contact the loan servicer or the US Department of Education to make repayment arrangements. The promissory note signed by the borrower outlines repayment obligations. The student should contact the servicer or the US Department of Education with any questions.

Consequences of Non-Repayment

Students who owe the US Department of Education for an overpayment of TIV funds are not eligible for any additional federal financial aid until the overpayment is paid in full or payment arrangements are made with the US Department of Education.

Students who owe USML because of an R2T4 calculation will be placed on a financial hold. They will not be allowed to register for subsequent semesters or receive academic transcripts until the balance is paid.

How a Withdrawal Affects Future Financial Aid Eligibility

Refer to the Financial Aid Office Satisfactory Academic Progress Policy to determine how a

withdrawal impacts aid eligibility.

NOTE: This policy is subject to revision without notice based on changes to federal laws and regulations or USML policies. If changes are made, the student is held to the most current policy. This statement is intended to provide an overview of policies and procedures related to a complicated and very encompassing regulation. Additional information, including examples of R2T4 calculations, is available in the Financial Aid Office.