

Withdrawal and Return of 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, Holy Cross College 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.

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.

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 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. The school must return the funds within 45 days after the student withdrawals.

For example, if a student completes 50% of the payment period, they earn 50% of the aid they were originally scheduled to receive. This means that 50% 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** is the entire semester.
- The **percent unearned** is equal to 100% minus the percent earned.

Steps in the return of Title IV funds policy

Step 1: Student's Title IV information

The financial aid office 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

The financial aid office 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

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

The financial aid office 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 the financial aid office will calculate a post-withdrawal disbursement.

Determination of the withdrawal date

The withdrawal date used in the return calculation of a student's federal financial aid is determined by the registrar. If a student stops attending classes without notifying the college, the withdrawal date will be the last date of academic activity determined by Holy Cross. 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 Holy Cross.

Withdrawing prior to completing 60% of a term

Unless a student completes 60% 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.

Post withdrawal Disbursements

If a student did not receive all of the funds earned, the student maybe be due a post withdrawal disbursement. Grant funds will be disbursed within 45 days. If the post withdrawal disbursement includes loan funds, they will be offered to the student within 30 days. Holy Cross College must obtain the student's permission within 14 days in order to disburse the loan funds to the student account. The student can choose to decline some or all of the loan funds.

All post withdrawal funds are applied to a student's account for current charges for tuition, fees, and room and board (if the student contracts with the school) up to the amount of outstanding charges.

When a student fails to begin attendance

If a student receives financial aid, but never attends classes, the financial aid office must return all disbursed funds to the respective federal and institutional aid programs.

When a student fails to earn a passing grade in any class

If the student has not completely withdrawn but has failed to earn a passing grade in at least one class for the term, federal regulations require the school to determine whether the student established eligibility for financial aid. Eligibility is based on if the student attended at least one class or participated in any Holy Cross College academic-related activity. All disbursed funds must be returned to the respective federal and institutional aid programs if the student cannot prove that he/she began attendance.

If the student can prove to have participated in a Holy Cross class or academic-related activity past the 60% date, the student will not be required to return any disbursed financial aid. The student's bursar account will be updated and the student will be responsible for any other charges that may have been applied to their account.

Students who are able to verify attendance beyond Holy Cross's records may submit supporting documentation to the financial aid office. The student must submit supporting documentation within 30 days from the last date of the term. Recalculations for aid eligibility will not be performed for documentation received after that date.

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. Holy Cross will return funds on the student's behalf to the appropriate federal and institutional aid program(s) and subsequently will bill the student's 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
- Federal Direct Loans: Subsidized
- Federal Direct Parent PLUS Loans
- Federal Pell Grant
- Iraq and Afghanistan Service Grant
- Federal Supplemental Educational Opportunity Grant (FSEOG)
- TEACH Grant
- Institutional Grants and Scholarships

Overpayment of federal grant funds

Federal regulations provide that 50% of the unearned amount of all federal grants is protected by the federal calculation. Any grant amount subject to repayment will be billed to the student's bursar account as an overpayment. Upon receipt of payment from the student, Holy Cross will return the funds to the appropriate grant program(s).

Additional loan information to consider when withdrawing from any class

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. Any questions regarding a student's grace period or repayment status should be directed to his/her lender.

School and student responsibility for return of unearned federal funds

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. If the calculation results in a credit on the student's account, it will be disbursed no later than 14 days after the calculation of the R2T4.

Consequences of non-repayment

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 Holy Cross to cover their 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.

School responsibilities in regard to the R2T4 policy & process

Holy Cross College's 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 Holy Cross 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.