

## **Withdrawal, Return of Title IV Funds (R2T4) and Refund 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 sixth week. Once 60% of the semester is completed, a student is considered to have earned all 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, or
- Does not complete all modules (courses which are not scheduled for the entire semester or payment period for which he/she has registered at the time those modules began.)

Based on this calculation, Gustavus Adolphus College (GAC) 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.

### **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. 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.

For example, if a student completes 20 percent of the payment period, they earn 20 percent of the aid they were originally scheduled to receive. This means that 80 percent of the scheduled awards remain “unearned” and must be returned to the federal government. After 60% of the semester is completed, a student is considered to have earned all 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 must 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. However, for students enrolled in modules (courses which are not scheduled for the entire semester or term including J-Term), the payment period only includes those days for the module(s) in which the student is registered.
- The **percent unearned** is equal to 100 percent minus the percent earned.

### ***For students enrolled in modules:***

A student is considered withdrawn if he/she does not complete all the days in the payment period that the student was scheduled to complete. Gustavus Adolphus College will track enrollment in each module (a group of courses in a program that do not span the entire length of the payment period combined to form a term, for example, J-Term) to determine if a student began enrollment in all scheduled courses. If a student officially drops courses in a later module while still attending a current module, he/she is not considered as withdrawn based on not attending the later module. However, a recalculation of aid based on a change in enrollment status may still be required.

Students who provide written confirmation to the Financial Aid Office at the time of ceasing attendance that they plan to attend another course later in the same payment period are not considered to have withdrawn from the term. If the student does not provide written confirmation of plans to return to school later in the same payment period or term, GAC considers the student to have withdrawn and begins the R2T4 process immediately. However, if the student does return to GAC in the same term, even if he/she did not provide written confirmation of plans to do so, the student is not considered to have withdrawn and is eligible to receive the Title IV funds for which the student was eligible before ceasing attendance. Financial Aid will then reverse the R2T4 process and provide additional funds that the student is eligible to receive at the time of return.

Institutional funds are not subject to the R2T4 policy. Return of MN State funding is governed by the MN Office of Higher Education.

## **Determining the withdrawal date**

For an official withdrawal, the effective withdrawal date is the first date of notification by the student to Dean of Student, Registrar or Financial Aid Offices or designated official as noted by a signature on the College withdrawal form. We may use a last date of attendance for the effective withdrawal date if the last date a student attended class or submitted coursework is verified by an employee at GAC who has knowledge of a student's class attendance, or if there is an emergency situation and there is third party documentation that verifies a student has not attended class. GAC does not accept a student's self-reported last date of attendance. For an unofficial withdrawal, it is the date the institution becomes aware that the student is no longer attending the institution.

For an unofficial withdrawal, due to the student failing all classes, the effective withdrawal date is the midpoint of the term if there is no late date of attendance reported by instructors. The withdrawal date for students who are academically dismissed is the date of the notification of their dismissal. We may use a last date of attendance for the effective withdrawal date if the last date a student attended class or submitted coursework is verified by an employee at GAC who has knowledge of a student's class attendance, or if there is an emergency situation and there is third party documentation that verifies a student has not attended class. GAC does not accept a student's self-reported last date of attendance.

## The Return of Title IV Funds

The federal formula requires a return of Title IV aid if you received federal assistance in the form of a Pell Grant, Supplemental Educational Opportunity Grant (SEOG), Federal Perkins Loan, Federal Direct Subsidized/Unsubsidized Loan or Federal Direct PLUS Loan and withdrew on or before completing 60 percent of the semester.

The federal government mandates that if you withdraw from all classes, you may only keep the financial aid you have "earned" up to the time of withdrawal. The Title IV funds that were disbursed more than the earned amount must be returned to the federal government by the College and/or you.

### Step 1: Student's Title IV Information

Financial Aid Office will determine:

- The total amount of all Title IV aid disbursed (if any) for the term the student withdrew. (Title IV aid is counted as aid disbursed in the calculation if it has been applied to the student account on or before the date the student withdrew.)
- The total amount of all Title IV aid disbursed, plus the aid that could have disbursed (if any) for the term in which the student withdrew.
  - Pell Grant and SEOG will be automatically credited to your account for open charges.
  - Federal Direct Loans and Perkins Loan funds can only be

### Step 2: Percentage of Aid Earned

Financial Aid Office will calculate the percentage of aid earned as follows:

The number of calendar days completed by the student divided by the total number of calendar days in the term (weekends included) in which the student withdrew. (*Days Attended / Days in Enrollment Period = Percentage Completed*)

If the calculated percentage exceeds 60%, then you have "earned" all aid for the period and we will not have to return any federal funds.

**\*\*Important note:** The date the student earns more than 60% of aid **does not coincide** with the tuition refund schedule for dropped classes and is only used to determine the amount of financial aid we must return (if any).

### Step 3: Amount of Aid Earned by Student

The Financial Aid Office will calculate the amount of 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 disbursed for the term in which the student withdrew (Step 1). (*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. This means that a balance may be created on the GAC student account, and he/she will then be billed and responsible for paying all charges. (*Total Disbursed Aid - Earned Aid = Unearned Aid to be Returned*)
- If the aid already disbursed is less than the earned aid, Financial Aid will calculate a post-withdrawal disbursement. If this post- withdrawal disbursement contains loan funds, the student may elect to decline these funds as to not incur additional debt. Loan funds must be accepted or decline by the student within 14 days of notification of eligibility. If the student does not respond, the loan funds will not be disbursed to the account. Federal grant funds (Pell Grant and SEOG) for open student account charges will be applied to the student account. The College is required to obtain a student's permission to credit their account with federal grant funds more than open charges. The student will be notified of any additional disbursements via email to his/her GACaccount.

When students fail to attend their classes, they could leave the College owing money because their charges for tuition, fees, housing and their meal plan exceed the amount of financial aid that they have earned. For these reasons, students are strongly advised to meet with a member of the Financial Aid Office to discuss the financial consequences of dropping out of or withdrawing from the College before doing so.

#### **Determination of aid for students who fail to earn a passing grade in any class**

Financial aid is awarded under the assumption that the student will attend Gustavus Adolphus College (GAC) for the entire term for which federal assistance was disbursed. When the student 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 funds disbursed by attending at least one class or participating in any GAC academic-related activity. If the school cannot verify that the student attended GAC, all financial aid must be repaid to the federal programs. The student's account will be charged and the student will be responsible for any balance due.

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

Students who can verify attendance beyond GAC's records may submit supporting documentation to the Financial Aid Office.

## **Order of funds returned**

The order of return of funds is prescribed by the Department of Education regulations as follows:

1. Unsubsidized Federal Direct Loan
2. Subsidized Federal Direct Loan
3. Federal Perkins Loan
4. Federal Direct Parent PLUS Loan
5. Federal Pell Grant
6. Federal Supplemental Educational Opportunity Grant (SEOG)

Loans must be repaid by the loan borrower as outlined in the terms of the borrower's promissory note.

The grace period for loan repayments for Federal Unsubsidized and Subsidized Direct Loans and Federal Perkins Loans will begin on the day of the withdrawal from GAC. The student should contact the servicer if he/she has questions regarding the grace period or repayment status.

## The Gustavus Refund Policy

For either semester and regardless of whether a student is a recipient of federal financial aid, the following credits will be applied to the student's account upon withdrawal for any reason:

**Tuition:** If the date of withdrawal is before the first day of classes, 100 percent credit.

For students in their first semester of attendance at Gustavus, after attending at least one class, but before the end of the 60 percent point in the term (see dates below), 35 percent credit.

For all other students, after attending at least one class, but before the end of the twentieth day of classes, 35 percent credit.

**Room:** The entire room fee is non-refundable after classes have begun. The College's expenses related to the operation of the residence halls do not decline substantially when a student withdraws.

**Meal Plan:** The meal fee will be divided by the number of weeks in the term (usually 15) to determine a per-week amount. Then the per-week amount will be multiplied by the number of weeks remaining in the term as of the date of withdrawal. This result will then be multiplied by a food cost factor of 35 percent to determine the actual credit. The fixed costs involved with operating the dining service do not decline substantially when a student is no longer enrolled.

**New Student Fee, Student Government Fee, and One-Time Transcript Fee:** These fees are non-refundable after classes have begun.

No refund or credit of any charges will be made to a student who is suspended or dismissed from the College for any reason on or after the first day of class in a semester.

### Important Dates for Fall and Spring Semesters 2023–2024:

- First Day of Classes: September 5 and February 5
- Twentieth Calendar Day of Classes: September 24 and February 24
- 60 Percent Point of Term: November 3 and April 12