



## **Financial Aid**

### **Return to Title IV (R2T4)/Withdrawal Policy**

Federal Title IV financial aid funds are awarded under the assumption that a student will remain in attendance for the entire semester for which the funds were awarded. These funds include, Federal Pell Grant, Federal Direct Loan Funds, and the Federal Supplemental Educational Opportunity Grant (FSEOG). Scholarship funds, Federal Work Study and Cal Grant funds are not subject to Return to Title IV (R2T4) calculations.

Students who withdraw from all courses prior to completing more than 60% of the semester will have their financial aid eligibility recalculated based on the percentage of the semester completed and will be required to pay any unearned financial aid they may have received in accordance with Return to Title IV guidelines as mandated by the U.S. Department of Education. Students who fail to earn a passing grade in any course enrolled in a payment period are assumed to have unofficially withdrawn.

When a student withdraws from all courses, regardless of any reason, he/she may no longer be eligible for the entire amount of Title IV aid 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 he/she remains enrolled. The Return of Title IV (R2T4) calculation process will calculate the prorated amount of financial aid a student has earned based on the percentage of time he/she remained enrolled in class. Once the 60% point of the semester has occurred, a student is considered to have earned all of the financial aid originally awarded and will not be required to repay any funds as a result of withdrawal.

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

- Completely withdraws from all Title IV eligible courses;
  - Stops attending before the end of the semester; or
  - Fails to complete courses in which the student was enrolled; or
  - Fails to earn a passing grade in at least one course enrolled during a payment period.
  - Exemptions to R2T4 applies to students in the following scenarios:
    - If student completed all requirements for graduation from their program before completing the days in the period the student was scheduled to complete
    - For student enrolled in modules:
      - A student completes one or more modules that includes 49% or more of the number of days in the payment period, excluding scheduled breaks of five or more consecutive days between modules
      - If student completes coursework equal to or greater than equivalent to half-time enrollment (6 or more units completed)
      - If at the time of withdrawal the student will attend another module within the same semester, than it is not considered a withdrawal if the student provides written confirmation to the financial aid office that they will be enrolling in a short term course.
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## Types of Withdrawals

The calculation for the R2T4 federal financial aid funds are based on whether a withdrawal is classified as official or unofficial.

An **official** withdrawal is initiated by the student and is determined by the student's date of notification, the withdrawal date, or the student's last date of attendance in an academically related activity, as reported by the Admissions and Records Office.

An **unofficial** withdrawal occurs when there is no notification or official withdrawal by the student, so the withdrawal date is based on the date that the college becomes aware that the student has ceased attendance, the last date of attendance in an academically related activity or the midpoint of the payment period, whichever is applicable. If the student does not officially drop classes and fails to receive a passing grade for any course in a term, it will be considered an unofficial withdrawal.

**Modules** are courses that do not span the entire length of the semester. If a student withdraws and does not attend a subsequent module, it is considered a complete withdrawal and a R2T4 calculation must be completed. If at the time of withdrawal the student will attend another module within the same semester, than it is not considered a withdrawal if the student provides written confirmation to the financial aid office that they will be enrolling in a short term course.

Students who **fail to begin attendance** in any class for which he/she was registered in a term will have awarded aid canceled. Any funds received are considered unearned and will be required to be repaid by the student. See Change of Enrollment Status section later in this policy.

A student who **withdraws from a course (and remains in a minimum of one additional course)** is not required to have a R2T4 calculation completed because they have not completely withdrawn. However, when a student changes enrollment status, they will have their aid recalculated based on their enrollment status as of the published freeze date each semester. If at any time a student withdraws from courses and as a result of that withdraw changes enrollment status, the student will be responsible for repaying the aid in which they were not eligible. Please refer to the Change of Enrollment Status section discussed later in the policy.

## R2T4 Calculation of Earned Federal Financial Aid Funds

Financial aid recipients earn the aid originally received by remaining in the courses in which they were paid for. The amount of federal assistance earned is based on a pro-rated system in accordance with federal regulations, 34 CFR 668.22. Saddleback College is required to perform this calculation within 30 days of the date the school learns that a student has completely withdrawn. The school must return Title IV funds for which it is responsible within 45 days of the date of determination. The date of determination is based on the date the R2T4 report is generated in the financial aid system, according to the R2T4 schedule. The R2T4 calculation is completed by the designated Financial Aid Specialist, using the financial aid system.

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 percent of unearned funds is equal to 100 percent minus the percent earned.
- Scheduled breaks in course attendance, based on the academic calendar, of 5 days or longer are not included in the total number of days for the payment period.

Institutional scholarship funds, Federal Work Study and Cal Grant funds are not subject to the R2T4 policy.

For **official** withdrawals, the calculation of the percentage of the semester attended is determined \_\_\_\_\_

by using the student's date of notification, the withdrawal date, or the student's last date of attendance in an academically related activity, as reported by the Admissions and Records Office.

For **unofficial** withdrawals, the calculation of the percentage of the semester attended is based on the date that the college becomes aware that the student has ceased attendance the student's last date of attendance at an academically-related activity, as reported by the Admissions and Records Office, or the midpoint of the payment period, whichever is applicable.

### **Post-withdrawal Disbursement**

If a student did not receive all funds that he/she earned, the student may be due a post-withdrawal disbursement (PWD) after they have completely withdrawn from all courses during a semester. Please note, there may be scheduled Title IV financial aid funds that cannot be disbursed once a student withdraws from all courses due to other eligibility requirements. If eligible for a PWD, Saddleback College will notify students who requested loans prior to withdrawing, of their eligibility to receive a disbursement within 30-days of the date of withdrawal determination. Loans will only be disbursed to students who provide written verification of acceptance of the PWD. Saddleback College will ensure any post-withdrawal disbursement of grants that is due to a student is disbursed no later than 45 days from the date of the school's date of determination.

### **Returning Unearned Funds**

After Saddleback College determines the withdrawal date for a student who completely withdraws, an R2T4 calculation will be completed within 30 days. If the student has been overpaid, he/she will be notified of the amount and program of funds that are required to be repaid by the student. The student will be given 45 days to notify the college of intent to repay the debt owed. If notification is not received and no payment has been made within 45 days of the date of notification, a student's information will be referred to the Department of Education for any student portion owed. During the initial 45 days, a hold will be placed on the student's account at Saddleback College which will prohibit registration for subsequent semesters or receiving academic transcripts until the debt is repaid. If unpaid after 45 days, the hold at Saddleback College will be lifted, however, a student's account information will be referred to the Department of Education and a hold will be placed on the National Student Loan Data System (NSLDS) and the student will lose financial aid eligibility until the funds have been repaid.

Order of return of funds:

The order of the R2T4 federal funds by Saddleback College are as follows:

1. Unsubsidized Direct Loans
2. Subsidized Direct Loans
3. Federal Perkins Loans
4. Federal Pell Grant
5. Federal Supplemental Educational Opportunity Grant (FSEOG)

### **Refund Policy/Institutional Charges**

Students should be aware that while Saddleback College's school policy determines the charges a student will owe after withdrawing, the refund policy will not affect the amount of Title IV aid that the student earns under the federal return calculation. Mandatory fees, which include enrollment fees, health fees, campus center fees and transportation fees are still a student's responsibility to pay to the institution.

You can refer to the Admission and Record's refund policy at:

<https://www.saddleback.edu/spo/refund-policy>

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## **Refund of State Funds**

State funds include any source of funding received from the California Student Aid Commission (CSAC). This includes, Cal Grant B, Cal Grant C and CHAFEE Grant.

1. Students who withdraw from courses prior to completing more than 60% of the semester, will have their pending disbursements cancelled and adjusted in the Web Grant system. No further state disbursement will be made when this occurs.
2. Students who withdraw after 60% of the semester will not be required to return any funds to state programs. The students file will be notated of the withdrawal. The Web Grant system will be updated accordingly.
3. The Web Grant System and PowerFails will be reconciled. This reconciliation will be documented in PowerFails and within the student's financial aid record.
4. In the event of an over award, funds are adjusted in Web Grants and the District will repay the California Student Aid Commission accordingly. If the student owes a balance, the college collects payment from the student. If a balance is owed from the student, a hold will remain on the students account until the debt is repaid in full.

## **Change of Enrollment Status**

Students who change enrollment status after the time of disbursement may also be subject to repayment of financial aid funds. In the event a student changes enrollment status by withdrawing from one or more courses but still remains enrolled in at least one Title IV eligible course, a recalculation of their aid will be done.

- Students who have decreased and changed enrollment status after a financial aid disbursement has been made will be identified by the Financial Aid Office by running redetermination on all files and then running the quality control report to identify all students with a negative award eligibility in PowerFails.
- If at the time the quality control report is ran and an adjustment to a student's eligibility occurs that results in an overpayment, the student will be billed for the amount owed.
- Notification will be sent to the student informing them of the deadline to repay the debt owed within 30 days of the date of determining the debt is owed from the student.
- Students will have 30 days from the date of the notification to repay the debt to the Student Payment Office.
- The Financial Aid Office will update NSLDS to reflect the overpayment owed and will place a hold on the student's record at Saddleback College. This hold will prevent the student from registering for classes or requesting academic transcripts.
- If after 30 days the student has not repaid the debt owed, the Financial Aid Office will refer the student to Borrower Services with the Department of Education for further collections.
- The Financial Aid Office will update NSLDS to reflect "TRF-TRANSFER" once the account has been referred to Borrower Services.
- A letter will be mailed to the student informing them of the referral to Borrower Services and will provide the student with Borrower Services contact information.

## **Overpayment/Over Awards**

If a student is paid by more than one institution for the same term or more than their entitlement or exceeds their unmet need then the student is subject to repayment.

- If an overpayment occurs, the student will be notified within 30 days of the college learning of the overpayment on a student's record by their Specialist.
- Once an overpayment is identified, NSLDS will be updated and a hold will be placed on the student's record.
- If the student repays the debt owed within the timeframe specified, NSLDS will be

updated, the hold at the college will be removed and funds will be returned to the appropriate financial aid program.

- If the student does not repay the debt owed, within the timeframe specified, the student's information will be forwarded to the Department of Education for collection by referring the student to Borrower Services. NSLDS will be updated to reflect "TRF-TRANSFER" once this has occurred.
- A letter will be mailed to the student informing them of the referral to Borrower Services and will provide the student with Borrower Services contact information.
- In cases of an overaward, the college may choose to enter into a repayment agreement with the student, in which case the college will pay the funds owed by the student, and the debt will be owed to the college.

### **R2T4 Exceptions due to COVID-19**

- Per the Electronic Announcement Dated May 15, 2020 (Updated June 16, 2020) the CARES Act waives the requirement for schools and students to return unearned Title IV grant and loan assistance as a result of the R2T4 calculation for students who withdraw from a qualifying period because of a qualifying COVID-19 emergency. This flexibility will end with the period that includes the last date that the national emergency is in effect.
    - If a student is identified to have all EWs and it is determined by Admissions and Records to be related to a qualifying COVID-19 emergency. At the time of the calculation a student identified as having withdrawn due to qualifying COVID-19 related emergencies, the R2T4 calculation will be made, but no funds will be required to be returned by the school or the student.
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