

RETURN OF TITLE IV AID (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, 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. 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, or
- Does not complete all modules/sessions (courses that are not scheduled for the entire semester or payment period for which he/she has registered at the time those modules/sessions began). Based on this calculation, Mercy College of Ohio 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 enroll in courses and do not attend must repay all financial aid disbursed for the term.

How a withdrawal affects academics

The following policies will help students understand that a withdrawal potentially affects them academically as well as financially. The financial aid staff members encourage students to read all the information below prior to making a final decision.

- Mercy College of Ohio tuition refund policy is separate from the federal regulations to repay unearned aid. Whether or not a student receives a tuition refund has no bearing on the amount he/she must repay to the federal aid programs. The tuition refund policy is stated in an earlier section. Contact the Business Office for further inquiries.

How the earned financial aid is calculated

Students who receive federal financial aid must “earn” the aid they receive by remaining enrolled in classes. The amount of federal financial aid assistance students earn is on a pro-rated basis. Students who withdraw or do not complete all classes for which they are enrolled during a semester may be required to return some of the financial aid awarded.

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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 determination of a student’s withdrawal. For example, if a student completes 30% of the payment period, they earn 30% of the aid they were originally scheduled to receive. This means 70% 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 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 number of 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.

For students enrolled in modules (sessions)

A student is considered withdrawn if the student does not fulfill all the days in the payment period that the student was scheduled to complete. Mercy College of Ohio will track enrollment in each session to determine if a student began enrollment in all scheduled courses. If a student officially drops courses in a later session while still attending a current session, the student is not considered as withdrawn based on not attending the later session. However, a recalculation of aid based on a change in enrollment status may still be required.

Effective July 1, 2021: Students who provide written confirmation to the Financial Aid Office at the time of ceasing attendance in a module that they plan to attend another course later in the same payment period are not considered to have withdrawn from the term.

Note: written confirmation of a later class is required; registration alone does not meet this requirement. If the student does not provide written confirmation of plans to return to school later in the same payment period or term, Mercy College considers the student to have withdrawn and begins the R2T4 process. However, if the student does return to Mercy College in the same term, even if they did not provide written confirmation of plans

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to do so, the student is not considered to have withdrawn after all 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.

Steps in the Return of Title IV funds policy

Mercy College of Ohio will determine:

1. 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.
2. 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.
3. The calculated percentage of Title IV aid was earned as follows: the number of calendar days completed 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 five calendar days or more.

$$\text{Days Attended} \div \text{Days in Enrollment Period} = \text{Percentage Completed}$$

4. If the calculated percentage completed exceeds 60%, then the student has "earned" all the Title IV aid for the enrollment period.
5. The calculated amount of Title IV aid is earned as follows: The percentage of Title IV aid earned multiplied by the total amount of Title IV aid disbursed or that could have been disbursed for the term in which the student withdrew.

$$\text{Total Aid Disbursed (plus aid that could have been disbursed)} \times \text{Percentage Completed} = \text{Earned Aid}$$

6. The Amount of Title IV aid to be disbursed or returned
 - a. If the aid already disbursed equals the earned aid, no further action is required.
 - b. If the aid already disbursed is greater than the earned aid, the difference must be returned to the appropriate Title IV aid program.
 - o $\text{Total Disbursed Aid} - \text{Earned Aid} = \text{Unearned Aid to be Returned}$
 - c. If the amount of unearned aid the school is required to return is less than the amount of unearned aid, then the amount the student is responsible to return would be calculated. Federal loans would be determined first, then grant funds.
 - d. If the aid earned is greater than the amount disbursed, then Mercy College of Ohio will calculate a post-withdrawal disbursement. Once a post-withdrawal disbursement

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is posted to the student account, any credit balance will be disbursed as soon as possible to the student but no later than 14 days from the disbursement date.

Disbursing Credit Balances

Mercy College of Ohio has partnered with BankMobile to deliver all credit balances due to students. All refunds of excess aid are processed by the Bursar's office via BankMobile. If a credit balance exists after any tuition adjustment and the R2T4 is applied, the credit balance will be disbursed as soon as possible to the student but no later than 14 days after the calculation of the R2T4.

Post-Withdrawal Disbursements

When the total amount of the Title IV assistance earned as of the withdrawal date is more than the amount that was disbursed to the student, the difference between the two amounts will be treated as a post-withdrawal disbursement.

Post-Withdrawal Disbursement of Federal Grant Funds

If a post-withdrawal federal grant is earned, Mercy College will credit the student's account with a late disbursement of Pell Grant and FSEOG funds for current institutional charges. Excess funds will be refunded to the student through BankMobile, the college's partner for disbursing student refunds. The post-withdrawal disbursement will be made within 45 days of the date the institution determined the student withdrew.

Post-Withdrawal Disbursement of Federal Loan Funds

If a post-withdrawal disbursement includes federal loan funds, Mercy College must obtain the students, or parent if a PLUS loan, permission before it can be disbursed. The borrower (student and/or parent) will be notified of this option within 30 days of the date the school determines the student's last date of attendance. The student will have 14 days to respond. Otherwise the loan funds will be cancelled. If the federal loan funds are accepted, Mercy College will credit the student's account with a late disbursement towards current institutional charges. Excess funds will be refunded to the student through BankMobile, the college's partner for disbursing student refunds. The post-withdrawal disbursement will be made within 45 days of the date the institution determined the student withdrew.

Types of Withdrawals

For financial aid purposes there are two types of withdrawals: Official and Unofficial.

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Official – An official withdrawal from Mercy College of Ohio by the student. For the policy and procedure of Official Withdrawals review the Mercy College of Ohio College Catalog or contact the Student Records Office for more information.

Unofficial – Federal financial aid regulations consider a student to be an unofficial withdrawal if the student receives all “F” (failure) grades or a combination of “F” and “W” (withdraw) grades for the term.

Determination of the Withdrawal Date

The withdrawal date used in the return calculation of a student’s federal financial aid is the actual date indicated on the official drop/withdrawal form. If a student stops attending classes without notifying Mercy College of Ohio, the withdrawal date will be the midpoint of the semester or the last date of academic activity determined by Mercy College of Ohio. Additional documentation supporting the last date of academic activity may be provided by the student if he/she verifies a later date of attendance than determined by Mercy College of Ohio.

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 or unofficially withdrawn.

When a student fails to begin attendance

If a student receives financial aid, but never attends classes, Mercy College of Ohio will return all disbursed funds to the respective federal aid programs. If the student owes money to Mercy College of Ohio resulting from the return of federal funds, the student will be billed by the Business Office. If the student does not pay the funds due to Mercy College of Ohio, a business hold will be placed on the student’s account. This means he/she will not be permitted to register for classes or receive transcripts until the balance is paid.

Students who do not receive an earned grade in a term

Financial aid is awarded under the assumption that the student will attend Mercy College of Ohio for the entire term for which federal assistance was disbursed. Mercy College of Ohio is required to have a procedure for determining whether a Title IV recipient who began attendance during a period completed the period or should be treated as a withdrawal. Students who

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attended class but failed to meet the academic requirements of the course are awarded a grade of “F”. This is an earned grade. Students who started a course but stopped attending class at some point and were given a grade of an “F”(failure), “W”(withdrawal), “IW”(instructor withdrawal), “WP”(withdrawal passing), or “WF” (withdrawal failing) are considered an “unofficial” withdrawal, and will be reviewed to determine the last date of an academically-related activity or the midpoint of the semester.

Repayment calculation process

Once grades are posted for the student who receives either all F’s, or “F” and “W” grades, Mercy College of Ohio will return all unearned aid to the federal aid programs and the student’s billing account will be charged. The Business Office will mail a bill to the student’s permanent address. The student is responsible for any balance due.

Definition of an academic-related activity

Examples of Mercy College of Ohio academic-related activities include, but are not limited to, physically attending a class where there is an opportunity for direct interaction between the instructor and students.

Proof of participation:

- Exams or quizzes
- Tutorials
- Computer-assisted instruction
- Completion of an academic assignment, paper or project
- Participating in online discussion about academic matters
- Initiating contact with a faculty member to ask a question about the academic subject in the course

Documentation not acceptable as proof of participation:

- Student’s self-certification of attendance that is not supported by school documentation
- Living in Hillcrest Apartments as a Mercy College of Ohio student
- Participating in academic counseling or advising

Repayment of Federal Aid Programs

Federal regulations require that the following aid programs be subject to the repayment calculation if the student did not attend 60% of the term in the following order:

1. Unsubsidized Direct Stafford Loan (undergraduate and graduate)
2. Subsidized Direct Stafford Loan (undergraduate)

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3. Direct PLUS (Parent) Loan (undergraduate and graduate)
4. Federal Pell Grant (undergraduate)
5. Federal Supplemental Education Opportunity Grant (SEOG)(undergraduate)

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 federal grant money subject to repayment is returned by Mercy College of Ohio and that amount will be billed to the student's billing account as a debt to Mercy College of Ohio.

Additional loan information to consider when withdrawing

When 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 or his/her lender(s) to make payment arrangements. Loans must be repaid by the loan borrower (student/parent) as outlined in the terms of the borrower's promissory note. The student should contact the lender if he/she has questions regarding the grace period or repayment status.

Repayment of unearned funds and consequences

Mercy College and the student are both responsible for returning unearned funds to the appropriate programs in specific loan and grant order. Mercy College must return the lesser of:

1. The amount of Title IV funds that the student does not earn, or
2. The amount of institutional charges that the student incurred for the payment period multiplied by the percentage of funds that was not earned

Amounts that must be returned will first be applied to federal loans and then to federal grants.

The student's responsibility regarding repayment of student loans are repaid by the student according to the terms of the student's promissory note(s). The student's responsibility regarding Title IV grant funds to be returned are limited to the amount by which the original grant overpayment exceeds half of the total Title IV grant funds disbursed and could have been disbursed to the student.

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The student will also be billed for any amount due to Mercy College resulting from the return of federal aid funds that were used to cover tuition and fees. For example, if Mercy College is required to return federal aid which was used to pay a portion of a student's charges for the enrollment period, then the student must pay the college for that unpaid portion of their tuition. The Bursar's office will place a billing hold on the student's account until the balance due is paid in full. This means the student will not be permitted to register for future classes or receive academic transcripts until the balance is paid in full.

School and Student responsibilities regarding the R2T4 policy & process

Mercy College of Ohio's responsibilities

1. Provide each student with the information given in this policy
2. Identify students affected by this policy and completing the R2T4 calculation
3. Inform the student of the result of the R2T4 calculation and any balance owed to Mercy College of Ohio as a result of a required return of funds
4. Return 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. Notify student and/or PLUS borrower of eligibility for a Post-Withdraw Disbursement, if applicable

Student's responsibilities

1. Become familiar with the R2T4 policy and how withdrawing from all courses impacts eligibility for Title IV aid
2. Resolve any outstanding balance owed to Mercy College of Ohio
3. Resolve any repayment to the U.S. Department of Education as a result of an overpayment of Title IV grant funds

How a withdrawal affects future financial aid eligibility

Refer to the Mercy College of Ohio Satisfactory Academic Progress Policy to determine how a withdrawal will impact future financial aid eligibility.

Note: The procedures and policies listed above are subject to change without advance notice based on changes to federal laws, federal regulations, or school policies. If changes are made, students must abide by the most current policy. For further guidance on R2T4 policies and procedures please contact the Mercy College of Ohio Financial Aid Office