

Return of Title IV Funds (R2T4) Policy

Scope

Applies to students within Mayo Clinic College of Medicine and Science (MCCMS) who received Federal Financial Aid.

Purpose

The MCCMS Return of Title IV Funds Policy (R2T4) is designed for students who wish to discontinue their enrollment in their educational program or for those students who cease attendance without officially notifying MCCMS. This policy outlines the potential financial ramifications of withdrawing from MCCMS.

Policy

Federal regulations require that Title IV financial aid funds to be awarded and disbursed under the assumption that the student will attend the institution for the entire period in which federal assistance was provided. When a student withdraws from all courses for any reason the student may no longer be eligible for the full amount of Title IV funds that the student was originally scheduled to receive. The return of funds is based on the premise that students earn their financial aid in proportion to the amount of time in which they are enrolled. A prorated schedule is used to determine the amount of federal aid the student will have earned at the time of the withdrawal.

Please Note:

- Institutional funds are not subject to the R2T4 policy.
- If a student withdraws from all courses after the 60th percentile of the payment period, the Return of Title IV refund calculation is not required.
- Prior to completing the Return of Title IV Funds calculation, MCCMS will evaluate student eligibility for a post-withdrawal disbursement and, if eligible, the post-withdrawal disbursement will be made.

This calculation must be completed if a student receives federal funds and:

- completely withdraws prior to the 60th percentile of the payment period, or
- does not complete all modules (courses that are not scheduled for the entire payment period), or
- stops attending before completing the payment period.

How the earned financial aid is calculated?

Students who receive federal financial aid must “earn” the aid they receive by enrolling and participating in classes. The amount of federal financial aid assistance the student earns is on a prorated basis. Students who withdraw or do not complete all registered classes during the payment term may be required to return some of the federal financial aid they received.

If a student completely withdraws, 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 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 of earned aid 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 time frame for which federal funds were provided to the student. However, for students enrolled in modules (courses which are not scheduled for the entire semester or term), the payment period only includes those days for the module(s) in which the student is registered.
- The percent of unearned aid is equal to 100 percent minus the percent earned.

For students enrolled in modules (block scheduling):

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. Each MCCMS school has agreed to notify the Financial Aid Office when students cease their enrollment in a module (a group of courses in a program that do not span the entire length of the payment period combined to form a payment term). If a student officially drops courses 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 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, MCCMS considers the student to have withdrawn and begins the R2T4 process immediately. However, if the student does return to their program in the same term, even if the student 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.

Determining the withdrawal date

For an official withdrawal, the effective withdrawal date is the first date of notification by the student to the MCCMS school. 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 MCCMS 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. MCCMS 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 last 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 MCCMS 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. MCCMS does not accept a student's self-reported last date of attendance.

Steps Involved in the Return of Title IV Funds Calculation

Step 1: Student's Title IV Information

Financial Aid Office will determine:

- The total amount of 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 Title IV aid disbursed, plus the aid that could have disbursed (if any) for the term in which the student withdrew.

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.

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

If the calculated percentage exceeds 60%, the student is considered to have "earned" all aid for the period and there is no need to return any federal funds.

****Important note:** The date the student earns more than 60% of aid does not coincide with the MCCMS Tuition Refund Policy 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).

$\text{Total Aid Disbursed} \times \text{Percentage Completed} = \text{Earned Aid}$

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 Mayo student account, and the student 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, the Financial Aid Office will calculate a post-withdrawal disbursement.
 - If the post-withdrawal disbursement contains Federal Direct loan funds, the student may elect to decline these funds so as not to incur additional loan debt. The student will be notified, in writing via their school and personal email, within 30 days of the date that the last date of attendance was determined. Student must accept or decline the Federal loan funds within 14 days of the notification of eligibility. If the student does not respond within these 14 days, the loan funds will not be disbursed.
 - If the post-withdrawal disbursement is from Federal Pell Grant funds, these funds will automatically be credited to the student's account if there are eligible outstanding charges.

Students are strongly advised to meet with a member Financial Aid Office to discuss the financial consequences of dropping out of or withdrawing from MCCMS before doing so.

Determination of aid for students who fail all courses in a term

Financial aid is awarded under the assumption that the student will attend MCCMS for the entire term for which federal assistance was disbursed.

When the student has failed all courses in a 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 academic-related activity. If the school cannot verify that the student attended, 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 document that they have participated in a 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.

Order of funds returned

The order of return of unearned funds at MCCMS is prescribed by the Department of Education and is as follows:

1. Unsubsidized Federal Direct Loan
2. Subsidized Federal Direct Loan
3. Federal Direct Graduate PLUS Loan
4. Federal Direct Parent PLUS Loan
5. Federal Pell Grant

Unearned Title IV funds must be returned to the U.S. Department of Education within 45 days of when the school determines the student's last date of attendance.

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, Subsidized Direct Loans will begin on the day of the withdrawal from the MCCMS. The student should contact their loan servicer if the student has questions regarding the grace period or repayment status.

Policy Notes

Contact the MCCMS Financial Aid Office if you have questions regarding this policy.

Related Procedures

Withdrawal and Tuition Refund Policy

Related Documents

N/A

Definitions

N/A

References

N/A

Owner

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Contact

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