

Withdrawal and Return of Title IV Funds (R2T4) Policy

Note: If you received financial aid, an official or unofficial withdrawal will affect your current financial aid, your future financial aid eligibility, and your personal finances.

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, they may no longer be eligible for the full amount of Title IV funds that they were 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 they will have earned at the time of the withdrawal. Thus, a student who withdraws in the second week of classes has earned less of their 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.

The Department of Education has established withdrawal exemptions which, if met, allows a student who has withdrawn or stopped attendance to NOT be considered a withdrawn student for Title IV purposes, which means that no R2T4 calculation is required for that student. The University of Arizona must first review the student's circumstances to see if the student qualifies for any of the R2T4 withdrawal exemptions prior to conducting of a R2T4 calculation. These exemptions, are confirmed below pertaining to programs offered in modules.

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, University of Arizona (UA) 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.

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.

Important:

- *Academic policies on leaving UA are available in the General Catalog.*
- *The [University of Arizona's tuition/fee refund policy](#) is separate from the federal regulations to repay unearned aid. Whether or not a student receives a tuition/fee refund has no bearing on the amount he/she must repay to the federal aid programs. Contact the Bursar's Office for further inquiries regarding tuition/fee refunds or visit their [website](#).*
- *Students should review the **Registrar's Office Policy** website on [Withdrawal](#).*

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 based on the Return of Title IV (R2T4) Calculation. **Once 60% of the semester is completed, a student is considered to have earned all their financial aid and will not be required to return any federal funds.**

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 Office of Scholarships and Financial Aid (OSFA).

For example, if a student completes 30 percent of the payment period, they earn 30 percent of the aid they were originally scheduled to receive. This means that 70 percent 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** for most students is the entire semester. 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 unearned** is equal to 100 percent minus the percent earned.

For students enrolled in modules

A student is considered withdrawn if the student does not complete all the days in the payment period that the student was scheduled to complete. University of Arizona (UA) 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, summer sessions) 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, 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 OSFA 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, UA considers the student to have withdrawn and begins the R2T4 process immediately. However, if the student does return to UA in the same term, even if they did not provide written confirmation of plans 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. OSFA 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 earned and recalculated based on the pro-rated policy as described for federal financial aid funds. Tuition/fee refunds also affect the recalculation of institutional financial aid.

Withdrawal exemptions for programs offered in modules

- In a program offered in modules, a student is not considered withdrawn if the student successfully completes the following:
 - One module that includes at least 49% of the number of days in the payment period, excluding scheduled breaks of five or more consecutive days and all days between modules OR
 - modules that when combined contain at least 49% of the number of days in the payment period, excluding scheduled breaks of five or more consecutive days and all days between modules.
- A student is not considered to have withdrawn if they successfully complete coursework equal to or greater than half time.
 - * Successful completion means that the student has earned a passing grade or grades as outlined within the University of Arizona overall academic grading policy.

Steps in the return of Title IV funds policy

Step 1: Student's Title IV information

OSFA 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

OSFA 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

OSFA 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 OSFA will calculate a post-withdrawal disbursement.

Types of withdrawals

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

Complete

- Official withdrawal from UA by the student. The current academic year's policy for a Complete Withdrawal can be found in [The University of Arizona's General Catalog – Academic Policies - Leaving the University](#).

Unofficial

- Federal financial aid regulations consider a student to be an unofficial withdrawal if the student receives all fail (E/F) grades or a combination of all fail (E/F) and withdraw (W) 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 form. If a student stops attending classes without notifying UA, the withdrawal date will be the midpoint of the semester or the last date of academic activity determined by UA. 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 UA.

Withdrawing prior to completing 60 percent of a term

Unless a student completes 60 percent 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.

Example:

Term	Period	60% of term
Semester A	7/25/2022-12/16/2022	10/19/2022
Semester B	1/2/2023-6/9/2023	4/06/2022

Determined on a case by case basis – see section on withdrawing from a module.

When a student fails to begin attendance

If a student receives financial aid, but never attends classes, the Office of Scholarships and Financial Aid (OSFA) 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 UA 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. For more information regarding this topic see the section Students who receive all failing grades at the end of the term.

Students who receive all failing grades at the end of the term

Financial aid is awarded under the assumption that the student will attend The University of Arizona (UA) 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 UA academic-related activity. If the school cannot verify that the student attended UA, all financial aid must be repaid to the federal and institutional programs. The student's bursar account will be charged and the student will be responsible for any balance due.

When the student has a combination of fail and withdraw grades for the term, approximately 50% of the financial aid must be repaid. The student's bursar account will be charged, and the student will be responsible for any balance due.

If the student can prove to have participated in a UA 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 UA's records may submit supporting documentation to OSFA. 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.

Repayment calculation process

Once grades are posted for the student who receives all failing grades, OSFA will return all unearned aid back to the federal and institutional programs and the student's bursar account will be charged. OSFA will mail a notification letter with the repayment amount(s) to the student's permanent address. The student's bursar account will be updated, and the student will be responsible for any balance due. A statement reflecting these charges will be sent to the student by the Bursar's Office.

Definition of an academic related activity

Examples of University of Arizona (UA) 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 an online discussion about academic matters
- Initiating contact with a faculty member to ask a question about the academic subject studied in the course
- UA required study group where attendance is taken

Documentation not acceptable as proof of participation:

- Student's self-certification of attendance that is not supported by school documentation
- Verification of Enrollment form issued by the Registrar's Office
- Living in UA housing
- Participating in the school's meal plan
- Participating in academic counseling or advising

Return of Title IV funds for students enrolled in modules

Overview

These new regulations aim to provide for consistent and equitable treatment of students who withdraw from a program measured in credit hours, regardless of whether courses in the program span the entire term or consist of shorter modules.

Program integrity principles

- Title IV funds are awarded to a student to attend an entire payment period or period of enrollment, and the funds are intended to cover the student's educational and living expenses for the entire period.
- Federal law specifies that a student earns Title IV funds on a pro-rated basis through 60 percent of a period based on the actual days completed. For the purposes of federal aid programs, UA must be able to document a student's active participation in an academic activity.

Regulatory requirements

- A student is considered to have withdrawn from a payment period or period of enrollment in which the student began enrollment if the student ceased attendance in all scheduled courses without completing all of the days the student was scheduled to complete in the period.
- However, if a student provides written confirmation to UA before ceasing attendance that the student plans to attend another course later in the same period, the student is not considered to have withdrawn. For a nonstandard-term or non-term program, the next course the student plans to attend during the period must begin within 45 days after the end of the course the student ceased or failed to attend in order for the student not to be considered withdrawn. If a student does not resume attendance within the scheduled timeframe, the student is considered to have withdrawn as of the date on which attendance ceased.
- If a student does not provide written confirmation of plans to return to school later in the same period, a school considers the student to have withdrawn and performs a return of Title IV funds (R2T4) calculation to determine if any funds must be returned. However, if the student does return to school in the same period — 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 Title IV funds for which the student was eligible before ceasing attendance. UA must reverse the R2T4 process and provide any additional funds the student is eligible to receive at the time of return.
- This new rule replaces prior guidance provided in *Dear Colleague Letter* GEN-00-24 regarding student withdrawals in term-based programs that include courses shorter than the length of an entire term.

- The rule impacts all programs offering courses shorter than an entire term, including semester-based programs with a summer term consisting of two consecutive six-week summer sessions.

Repayment calculation of unearned aid as a result of a withdrawal

As a result of a withdrawal, students who received federal funds will be required to repay "unearned" aid. The repayment calculation is performed utilizing the federal government's repayment worksheet: "[Treatment of Title IV Funds When a Student Withdraws from a Credit-Hour Program](#)"

The amount of the assistance earned is determined on a pro-rated basis. For example, if a student completed 30% of the term, they have earned 30% of the assistance they were originally scheduled to receive. Once a student has completed more than 60% of the term, the student earns all the assistance they were scheduled to receive for the term.

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. UA will return funds on the student's behalf to the appropriate federal and institutional aid program(s) and subsequently will bill the student's bursar 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 and Subsidized

Federal Direct Grad PLUS Loans

Federal Direct Parent PLUS Loans

Federal Pell 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 (see steps 9 and 10 of the federal government's repayment worksheet). 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, UA will return the funds to the appropriate grant program(s).

Additional loan information to consider when withdrawing

The federal repayment calculation also has additional loan amounts that the student and parent may be responsible to return directly to the U.S. Department of Education (see step 8 of the federal government's repayment worksheet).

Important: 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. 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 their grace period or repayment status.

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.

Repayment of unearned funds

The Office of Scholarships and Financial Aid (OSFA) will notify students if they owe federal funds back to the U.S. Department of Education (ED). Amounts that must be returned by the student will first be applied to federal loans. The student/parent will be permitted to repay loans based on the terms of the Master Promissory Note (MPN) which usually consists of scheduled payments to the holder of the loan over a period of time. Any grant overpayment the student has to return to the federal government must be repaid within 45 days after the student receives notification from OSFA. If the grant overpayment cannot be paid in full, a repayment plan may be arranged with the U.S. Department of Education.

Students will also receive notice from OSFA regarding repayment of institutional funds. If the student owes any money to the UA resulting from the return of federal or institutional funds, the student will be billed by the UA Bursar's Office.

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 UA to cover their Bursar 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 and Student responsibilities in regard to the R2T4 policy & process

University of Arizona'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 UA 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.

Student's responsibilities in regard to the Return of Title IV funds

1. Becoming familiar with the Return of Title IV Funds (R2T4) policy and how withdrawing from all courses affects eligibility for Title IV aid;
2. Resolving any outstanding balance owed to the UA resulting from a required return of unearned Title IV aid;
3. Resolving any repayment to the U.S. Department of Education as a result of an overpayment of Title IV grant funds.

How institutional grant aid is affected by a withdrawal

All institutional aid provided by the University of Arizona is based on need and academic achievement. Any change in enrollment status may cause the amount of the award to be recalculated. A drop in enrollment to 0 units requires the funds to be repaid up to 100% of the disbursed amount. Credit balances will not be released to a student until institutional aid has been repaid.

How a withdrawal affects future financial aid eligibility

Refer to the Office of Scholarships and Financial Aid [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. The Federal Refund Policy (R2T4) is very encompassing and this is intended to be an overview of the policies and procedures that govern regulations pertaining to Title IV Refund (R2T4). For further guidance on R2T4 policies and procedures please see the reference material found in Volume 5 of the Federal Student Aid Handbook under Withdrawals. You may access a copy in the UA Office of Scholarships and Financial Aid.