Southwestern Michigan College Financial Aid Office
Withdrawal from College and Return of Title IV Funds Policy
(effective July 2011; modified September 2012)

In accordance with the federal code of regulations 34 CFR 668.22, the Office of Financial Aid is required by federal statute to recalculate federal financial aid eligibility for students who withdraw, drop out or take a leave of absence prior to completing 60 percent of a payment period or term. The federal Title IV financial aid programs must be recalculated in these situations.

The calculation is made for all federal financial aid recipients to determine whether a student who completely withdraws during a term has "earned" the monies disbursed. A student “earns” his/her aid based on the period of time they remain enrolled. During the first 60% of the term a student “earns” student aid funds in direct proportion to the length of time he/she remains enrolled. After the 60% point in the payment period or period of enrollment, a student has earned 100% of the Title IV funds he or she was scheduled to receive during the period. Any aid received in excess of the earned amount is considered unearned. If a student earned less aid than was disbursed, the institution would be required to return a portion of the funds and the student may be required to return a portion of the funds.

**Academic Calendar**

SMC operates on credit hours with standard terms offered in modules. Fall and Spring semesters are 15-weeks of instruction, and Summer term is 12-weeks. All terms include non-semester length courses, i.e., modules that do not span the entire length of the term. (Note: Spring was formerly Winter semester and Summer was formerly Spring term prior to Fall 2012.)

**Payment Period and Total Number of Calendar Days**

A return of title IV funds (R2T4) is computed for a payment period. A payment period is a term, i.e., fall semester, spring semester, and summer term.

For R2T4, the total number of calendar days in a term is defined by the student’s scheduled course enrollment, i.e., start and end dates of courses, excluding scheduled breaks of at least five consecutive days. The days are counted from the start date of the earliest course to the end date of the last course scheduled to complete (i.e., has the latest end date), excluding
scheduled breaks. This may be less than the full length of a term that is 15 weeks in the fall and spring and 12-weeks in the summer.

**Scheduled Breaks**

Scheduled breaks must be at least five consecutive days. It includes periods when SMC is not scheduled in session, e.g., holidays, and when the student is not scheduled to attend a course within the term.

**Treatment of Drop/Add Courses (in programs offered in modules)**

In the count of total days in the payment period, a course that is officially dropped prior to a student ceasing attendance is not included as days that a student was scheduled to attend, unless the student remained in enrolled in other courses for those days.

A course that is officially added prior to the student ceasing attendance is included, even if the student never began attending.

**Does Not Require Taking Attendance**

Effective Spring term 2012, Southwestern Michigan College does not require taking attendance.

**Designated Official(s) or Office(s) to be Notified of College and Course Withdrawal**

SMC has designated the Records and Registration Office to be notified of a college or course withdrawal.

**Withdrawal from College**

In accordance with the federal code 34 CFR 668.22(a)(2)(i), a student is considered to have withdrawn from a term if the student does not complete all the days in the term that the student was scheduled to complete.

Note: The definition of withdrawal for standard (semester) term credit hour programs changed effective July 1, 2011. Prior to July 1, successful completion of at least one course in a term was treated as having completed a term, and there was no R2T4 calculation.
### Completed Scheduled Days – Not a College Withdrawal

A student has completed a term if:

- passing grades are received in all courses that the student was scheduled to attend during the term
- a non-passing grade in the last course or courses the student was scheduled to attend, can be documented to have been completed.

### Did Not Complete Scheduled Days -- College Withdrawal

For federal aid purposes, a student will be treated as a college withdrawal, unless determined otherwise, if a student:

- submits course withdrawal(s) from all courses scheduled for the term
- submits a course withdrawal from the last course or courses scheduled to attend, i.e., the course with the latest end date in the scheduled enrollment, whether or not any other course(s) was completed prior to ceasing attendance.
- takes all non-passing grades in the courses scheduled for the term
- takes a non-passing grade in the last course or courses scheduled to attend, i.e., the course with the latest end date in the scheduled enrollment.

### Withdrawal Date

For the purpose of calculating Return of Title IV Funds (R2T4), a student's withdrawal date depends on the type of withdrawal.

**Student-Initiated Notification – Official Withdrawal**

- An official withdrawal occurs when a student withdraws (and/or drops) from:
  - all courses in the term or
  - all course(s) scheduled to complete for which a grade(s) is yet to be assigned.

The withdrawal date will be the date the Records and Registration Office receives written notification from a student of his or her intent to withdraw via personal, postal, electronic, or fax delivery, or a phone call. The written notification may be an SMC Course Withdrawal Form or a written request.
*The last day of official withdrawal from a course is included in the academic calendar of each term. See Academic Calendar.*

**No Student-Initiated Notification – Unofficial Withdrawal**

An unofficial withdrawal occurs when a student:

- receives all non-passing grades in courses scheduled to complete.
- receives a non-passing grade in the last course(s) scheduled to complete, i.e., the course with the latest end date in the student’s enrollment schedule.

The withdrawal date will be the midpoint of the term, except that SMC may use the last date of attendance at an academically-related activity, if documented by a College.

If there is no student-initiated notification because of circumstances beyond the student’s control, i.e., illness, accident, grievous personal loss or other circumstances, the date related to the onset of that circumstance will be used as the withdrawal date. A student should file a Request for Exception for a Late Refund or a Late Withdrawal Form prior to the last day of class, which will be considered by the Exception Request committee.

**Last Date of Attendance**

The College may always use as the withdrawal date the date that is reported as the last date of attendance at an academically related activity by a faculty member on a class roster, grade roster/sheet, online grading system, or other documented source. The faculty member will maintain the documentation of the last date of attendance.

**Date of Determination of Withdrawal**

The date of determination that a student withdrew varies depending upon the type of withdrawal.

**Student-Initiated Notification – Official Withdrawal**

For an official withdrawal, the date of determination of withdrawal is the same date as SMC recorded as the withdrawal date.

**No Student-Initiated Notification – Unofficial Withdrawal**
For an unofficial withdrawal, the date of determination of withdrawal is the date of the report used to identify that a student had withdrawn. The date will be within 30 days of the end of the term.

If circumstances beyond a student’s control cause an unofficial withdrawal, the date of determination is the date Records and Registration Office makes a decision and establishes a college withdrawal date.

**Calculating Earned and Unearned Financial Aid**

**Federal Aid Used in R2T4 Calculation**

Federal aid used in the R2T4 calculation includes Federal Pell Grant, Supplemental Educational Opportunity Grant (SEOG), Federal Iraq Afghanistan Service Grant (IASG), Direct Subsidized Loans, Direct Unsubsidized Loans, and PLUS loans that have been disbursed or are yet to be disbursed. Federal Work Study is excluded.

The amount of *earned* financial aid is calculated on a daily basis from the first day of classes. The process uses calendar days rather than business days. *Earned* aid is determined by taking the number of days attended before withdrawing divided by the total number of days in the term (first day of instruction until the last day of finals). Breaks of at least 5 days are excluded.

For example, if you completed 30% of your payment period or period of enrollment, you earn 30% of the assistance you were originally scheduled to receive; therefore, 70% of the assistance would be considered as *unearned*. Once you have completed more than 60% of the payment period or period of enrollment, you earn all the assistance that you were scheduled to receive for that period.

**Total Days Scheduled to Complete**

Total days scheduled to complete is the denominator in the calculation of percentage of earned aid. The days are counted from the start date of the earliest course to the end date of the last course scheduled to complete (i.e., has the latest end date), excluding scheduled breaks.
Total Days to Date of Withdrawal

Total days to date of withdrawal are the numerator in the calculation of percentage of earned aid. The number of days reported is the total from the start date of first course to the withdrawal date, excluding scheduled breaks of at least five consecutive days.

Calculating the amount of Title IV aid to be returned

Once the earned and unearned aid percentages are determined, the next step is to calculate the dollar amount of unearned aid that must be returned. The Return amount is determined by multiplying the unearned aid percentage by the total of all Title IV aid received.

The responsibility to repay the unearned Title IV aid is shared by Southwestern Michigan College and the student. For example, the calculation may require Southwestern Michigan College to return a portion of federal funds to the Federal Title IV programs. In addition, the student may also be required to return funds based on the calculation.

Calculating the amount of Title IV aid due by the School

The amount of unearned aid that must be returned by SMC is a percentage of the institutional charges for the term. The school must return the lesser of –

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

Institutional charges

Institutional charges are tuition, fees, and other educationally related costs assessed by a College. Allowable charges are tuition and fees and do not require student permission to pay with federal aid funds. Other educationally related expenses require a student authorization.

Aid will be returned in the following order, up to the total net amount disbursed from each source:

a) Federal Direct Unsubsidized Loans  
b) Federal Direct Subsidized Loans  
c) Federal Perkins Loans  
d) Federal Parent (PLUS) Loans  
e) Federal Pell Grants
Once the institution’s portion of the return of funds has been calculated, the financial aid office will reduce the student’s original financial aid award and return the funds within 45 days to the appropriate program(s). If this creates a balance owed to SMC, the student will be responsible for repaying the amount to the Business Office. The student will not be allowed to register, receive an official transcript, and/or receive future financial aid until the balance has been paid in full.

**Calculating the amount of Title IV aid due by the Student**

After the school returns the correct amount of aid, any amount of the total *unearned* aid that remains becomes the student’s portion of the return. The student portion of the return is calculated by subtracting the amount that the school had to return from the total unearned aid. Depending on the remaining sources of aid after the school return, the student portion of the return is distributed back to the aid program from which it was awarded. Please be aware that if you (the student) are required to return either your entire Direct Loan or a portion thereof, the loan proceeds will be returned based on the terms and conditions of your Master Promissory Note (MPN). You will not be billed for these funds upon withdrawal.

Any amount of unearned grant funds that you (the student) must return is called an overpayment. The grant funds returned by the student are applied in order as indicated below, up to the amount disbursed from that grant program minus any grant funds the school is responsible for returning to that program.

**Note that the student is not responsible for returning funds to any program to which the student owes $50.00 or less.**

- a) Federal Pell Grants
- b) Federal Supplemental Opportunity Grant
- c) Iraq Afghanistan Service Grant

Keep in mind that when Title IV funds are returned, the student borrower may owe a debit balance to the institution. If a student earned more aid than was disbursed to him/her, the institution will offer the student a post-withdrawal disbursement via a letter, which, if accepted, must be paid within 180 days of the student’s withdrawal. The student must accept or decline the post withdrawal disbursement within the time frame indicated in the letter.

**Post-Withdrawal Disbursements**
If the total amount of the Title IV grants and/or loan 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. In the event that there are outstanding charges on the student's account, SMC will credit the student's account for all or part of the amount of the post-withdrawal disbursement of grant assistance (not loan), up to the amount of the allowable charges (i.e., tuition, fees and housing).

**Post-Withdrawal Disbursement of Grant Funds**
A post-withdrawal disbursement of grant funds is applied towards outstanding term charges on the student's account and may pay up to the amount of the allowable charges (i.e., tuition and fees).

Any remainder of grant aid is paid to the student. The student will be notified within 30 days of the date of determination of withdrawal of the post-withdrawal disbursement. A refund will be sent as soon as possible but no later than 45 days of the date that SMC determined that the student withdrew (officially or unofficially).

**Post-Withdrawal Disbursement of Loan Funds**
A post-withdrawal disbursement of loan funds may be paid if the student is eligible to receive the funds. The student (or parent if a PLUS loan) will be notified within 30 days of the date of determination of withdrawal that loan funds are available. The student will be given the opportunity to accept, decline, or reduce the amount of loan. Upon receipt of a timely response from the student (or parent), SMC will disburse the loan funds as soon as possible but no later than 180 days of the date of determination of the student's withdrawal date. Loan funds will be applied towards the outstanding term charges on the student's account and may pay up to the amount of the allowable charges (i.e., tuition and fees). Any remainder will be paid directly to the student (or parent).

SCM maintains the right to decide whether or not to make a post-withdrawal disbursement if the student (or parent if a PLUS loan) responds after 14 days of the date that the notification was sent. If SMC decides not to make the post-withdrawal disbursement, it will inform the student in writing within 15 days of the decision.
**Enrollment After Title IV Funds Have Been Returned**

When a student returns to a College within a term after withdrawing, and unearned Title IV funds have been returned to their respective program accounts, the aid may be reinstated if SMC is able to recover the funds for disbursement and the student is eligible.

**NOTE:** The return of Title IV funds is separate from the College's tuition and fee refund policy.

The requirements for Title IV program funds when you withdraw are separate from any refund policy that Southwestern Michigan College has. Therefore, it is possible that you (the student) may still owe funds to Southwestern Michigan College to cover unpaid institutional charges. As mentioned previously, SMC may also charge you for any Title IV program funds that the school was required to return. For additional information regarding Return of Title IV or SMC’s Refund policy, please contact: The Business Office.