

Purpose:

Federal regulations require Title IV grants and loans to be awarded on the assumption that a student will attend the institution for the entire period in which the 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. A pro-rated schedule is used to determine the amount of federal student aid funds the student will have earned at the time of the withdrawal. The unearned portion must be returned to the federal government.

Definitions:

Title IV (Four) funds; These are US federal grant and loan fund programs that have been designated for post-secondary education. The term originated in 1965 from the year's Higher Education Act, signed by Lyndon B. Johnson. At Franklin University these funds include subsidized, unsubsidized and PLUS loans.

R2T4; Return of Title IV funding. The acronym refers to the required calculation of Title IV fund eligibility for any students who drop all classes during a semester and the subsequent return of unearned funds that the University must complete.

Voluntary Withdrawal; When a student initiates a withdrawal from all enrolled courses during a semester due to circumstances unique to the student and obtains written permission from the University to withdraw from classes. Or if a student does not initiate a withdrawal but is subsequently determined to have stopped attending classes during the semester and receives all F grades.

Involuntary Withdrawal; If there is sufficient evidence that a student is engaging in or likely to engage in behaviors that present a real danger of substantial harm to self or others, the University may seek to withdraw the student. The University will determine the date of withdrawal and notify the student and the Office of Financial Aid.

Date of Withdrawal; The date of withdrawal determines the length of attendance during the semester and thus the amount of aid earned for the student. For official withdrawals, the University will use the withdrawal date as notified by the Registrar's Office. For unofficial withdrawals, the University will use the midpoint of the semester or the last date of attendance as confirmed by an instructor, whichever is of more advantage to the student.

Policy:

As a US Foreign school, Franklin University Switzerland is not permitted to participate in any federal grant programs so the following policy refers only to aid from the Federal Direct Loan Program.

The federal government requires the Office of Financial Aid to recalculate federal aid eligibility for any students who enroll in courses during a semester and subsequently withdraw (official or unofficial withdrawal) from all enrolled courses. Students must complete at least 60% of the semester in order to earn 100% of their scheduled aid. 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 (determined) 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 is the entire semester.
- The percent unearned is equal to 100 percent minus the percent earned.

Example; if a student completes 30 days of a 112 day semester, they earn 28% percent of the aid they were originally scheduled to receive ($30/112 = 26.78\%$). This means that 72% of the scheduled awards remain “unearned” and must be returned to the federal government. If the student was awarded a total of \$2,750 in federal loans for the semester, \$1,980 must be returned to the federal government as unearned aid ($2750 * 72\% = \$1,980$).

Days Attended ÷ Days in Enrollment Period = Percentage Completed

Total Aid Disbursed x Percentage Completed = Earned Aid

Total Disbursed Aid – Earned Aid = Unearned Aid to be Returned

Once 60% of the semester is completed, a student is considered to have earned all of their financial aid and will not be required to return any federal funds.

Students who wish to withdraw from the semester must notify the Registrar’s Office of their intent to withdraw as outlined in the University’s Academic Policies listed in the academic catalog.

The order in which the federal funds must be returned is as follows:

- Unsubsidized Federal Direct Loans
- Subsidized Federal Direct Loans
- Parent or Graduate PLUS loans

If the R2T4 calculation determines that the University must return unearned funds to the federal government, the student will be notified via email of the subsequent balance due on their student account. The University is required to return any unearned funds to the federal government within 45 days of the withdrawal date. Repayment of any remaining loan funds is still the responsibility of the student and will count towards their aggregate loan limits.