WITHDRAWAL & RETURN OF FINANCIAL AID FUNDS
UNIVERSITY OF KENTUCKY

Return to Title IV (R2T4) Federal Student Aid Policy:
Federal regulations prescribe the calculation of a student’s eligibility for federal financial aid funds when the student completely withdraws (officially or unofficially) from the University during the semester.

If a student completely withdraws from school during a semester, a portion of the federal Title IV aid disbursed to the student must be returned to the financial aid programs. The percentage of Title IV aid required to be returned is based on the percentage of time remaining in the semester as of the student’s date of withdrawal. This percentage is equal to the number of calendar days remaining in the semester divided by the total number of calendar days in the semester. Scheduled breaks of more than four consecutive days are excluded from this calculation.

% of aid to be returned = \frac{\text{number of calendar days remaining in the semester}}{\text{total number of calendar days in the semester}}

Example: A student who remains enrolled for 10% of a semester will be eligible to keep 10% of the total Title IV aid disbursed to him/her. The balance (or 90%) must be returned to the Title IV program(s). Similarly, a student who remains enrolled for 60% of a semester will be eligible to keep 60% of the total Title IV aid disbursed to him/her. The balance (or 40%) must be returned to the Title IV program(s).

Note: No Title IV aid funds are required to be returned if the student remains enrolled for more than 60% of the semester.

Covid-19 Policy:
The CARES Act waives the requirement to return unearned funds for students who withdrew due to a qualifying emergency. In an Electronic Announcement updated June 16, 2020, the Department of Education issued guidance extending and clarifying this waiver as follows: “For any student who begins attendance in a payment period or period of enrollment that includes March 13, 2020, or begins between March 13 and the later of December 31 or the last date that the national emergency is in effect, and subsequently withdraws from the period as a result of COVID-19-related circumstances, an institution is not required to return Title IV funds.”
Complete ED guidance on CARES Act flexibilities and requirements related to R2T4 can be found in the separate COVID-19 policy document found at J:\Policies & Procedures Manual\Return to Title IV\Return of Title IV Covid-19.docx.

**Date of Withdrawal:**
This is the date a student provides official notification to the UK Registrar’s office of his/her intent to completely withdraw from school. The following web site outlines the procedures for withdrawing from the University.
http://www.uky.edu/Registrar/Withdraw.htm If a student unofficially withdraws from school, the financial aid office will use the midpoint of the semester to establish the student’s date of withdrawal.

At the time a student withdraws, the financial aid office will automatically use all or a portion of the student’s ‘institutional refund’ as payment toward the amount that must be returned by the school and/or the student to the Title IV programs. The current UK Bulletin contains more information on the University’s tuition and/or housing refund policy. The student may also be required to repay a portion of the aid funds that were directly disbursed to him/her in the form of a residual check. The university will return the funds on the student’s behalf; he/she will then owe the university. The student will be notified of (billed for) any grant funds that must be repaid immediately whose return creates a receivable balance. Failure to pay will result in a HOLD being placed on the student’s account and s/he will not be allowed to register for classes, obtain grades and/or an academic transcript. Student loan funds are to be repaid in accordance with the ‘terms of the loan’.

Funds will be returned first to the Title IV loan programs and then the Title IV grant programs in the following order:
1. Unsubsidized Direct Loan
2. Subsidized Direct Loan
3. Direct Grad PLUS Loan
4. Direct Parent PLUS Loan
5. Federal Pell Grant
6. Federal Supplemental Educational Opportunity Grant
7. TEACH Grant
8. Iraq and Afghanistan Service Grant

Funds are not required to be returned to the Federal Work-Study Program.

**R2T4 and Modules:**
On 9/2/2020, the Department of Education released final regulations revising its approach to R2T4 for students withdrawing from modules in 34 CFR 668.22. The regulations officially take effect 7/1/2021, but ED authorized them for early implementation immediately at the discretion of institutions. The University elected to implement these R2T4 regulations effective with the winter intersession beginning on 12/9/2020 for the 2020-21 award year.
Students at UK typically encounter modules related to winter and summer term enrollment. Under revised federal regulations, a student in modules within a payment period is not considered to be withdrawn:

- If the student completes the requirements for graduation before completing all scheduled days or hours in the payment period;
- If the student successfully completes one module, or a combination of modules, containing 49% or more of the number of days in the payment period; or
- If the student successfully completes coursework equal to or greater than the definition of half-time enrollment for the payment period.

Note on 49% calculation: Per regulation, scheduled breaks of five or more consecutive days and all days between modules are excluded from the total number of days used to calculate completion percentage of the payment period.

Return of Funds Policy for State Funds Administered by Kentucky Higher Education Assistance Authority (KHEAA):
State aid is treated differently than federal financial aid when a student withdraws during a term. Pursuant to regulations governing state aid programs, the University has established the below policy regarding return of state aid funds when students withdraw.

State aid refunds are calculated proportionally based on the percentage of tuition and registration fees to be refunded to the student per the University Fee Liability Policy. According to this policy, following the fourth week of the term, no tuition or registration fees will be refunded; therefore, no state aid will be returned. Pursuant to state regulations, Kentucky state grant and scholarship funding administered by KHEAA will be returned in full at any time that tuition and fees are reduced to zero ($0.00).

When a student withdraws during a term prior to the end of the fourth week and is due a refund of tuition and registration fees according to the University's policy, with the exception of KEES,* the student will be eligible to retain the same percentage of total state aid charged for tuition and fees. For example, a student entitled to a tuition and fees refund of 80% (responsible for 20% charges) will be eligible to retain 20% of total state aid. The calculated amount to be returned will be allocated in the following order per KHEAA regulations, and standard rounding rules will apply:

1. College Access Program (CAP) Grant
2. Teacher Scholarship
3. Kentucky Educational Excellence Scholarship (KEES)*
4. Kentucky National Guard Tuition Assistance Program (KNGTAP)
5. Early Childhood Development Scholarship
*KEES return of funds: In effort to maximize a student’s KEES utilization within the limited eligibility timeframe, KEES will be retained at 100% at which point the student is no longer entitled to a 100% tuition refund per the University’s policy. However, upon written request and assumption of responsibility by the student for any resulting student account balance, the Office of Student Financial Aid and Scholarships (OSFAS) will return 100% of the KEES award on behalf of the student.


Policy Regarding Funds Administered by University Departments & External Entities:
For all institutionally-administered University funds, refunds are calculated proportionally based on the percentage of tuition and registration fees to be refunded to the student per the University Fee Liability Policy. According to this policy, following the fourth week of the term, no tuition or registration fees will be refunded; therefore, no institutional aid will be returned.

When a student withdraws during a term prior to the end of the fourth week and is due a refund of tuition and registration fees according to the University’s policy, the student will be eligible to retain each institutional aid type at the same percentage charged for tuition and fees. For example, a student entitled to a tuition and fees refund of 80% (responsible for 20% charges) will be eligible to retain 20% of each institutional aid type in the financial aid package. Institutional aid to be returned will be calculated and refunded proportionally based on the dollar amount of each individual award, and standard rounding rules will apply. Note: For funding types restricted to covering actual tuition and fees, any reductions in tuition and fee charges will require equivalent reduction of the tuition-specific aid amount to align with actual charges.

Exceptions: In certain extenuating cases, tuition appeals or retroactive withdrawals may be granted by the University to provide a refund of tuition charges outside of the timeframes published in the University Fee Liability Policy. In such cases, institutional aid will be reduced by the lesser of: the amount equivalent to the percentage of tuition refunded; or, the total amount of the tuition refund less any state aid required to be returned.

For all external funds, unless otherwise specified by explicit written terms of the donor or external funding entity, it will be the responsibility of the student to take any required action related to return of external funds after funding has been received by OSFAS and applied to the student account. The OSFAS external scholarship coordinator will be notified when a student has withdrawn and will determine appropriate action.

Post Withdrawal Disbursement (PWD) of Title IV Aid: The financial aid office determines if a student is eligible to receive Title IV funds that were awarded but not yet disbursed to the student at the time of his/her withdrawal from school. Any PWD will first apply to a student’s outstanding university charges (if any). Grant PWD do not
require an authorization from the student. Before any loan funds are applied to a student’s outstanding university charges, the student (or parent) will be notified of the award type, amount of the PWD, any residual balance created by the PWD and given the opportunity to cancel all or part of the loan amount offered. The student/parent must respond within 30 days of the date of the notice. No loan PWD will released without confirmation. The residual balance of the accepted amount of any remaining PWD will be sent directly to the student (or to the parent if so designated on the parent PLUS).

Worksheets used to determine the amount of refund or Return of Title IV aid are available upon request from the Office of Student Financial Aid.

**Students Aid Recipients Receiving ALL E Grades:** Any financial aid recipient receiving all E grades for a semester is subject to Return to Title IV regulations. This is referred to as an “unofficial withdrawal.” This must be done no later than 45 days after the school determines the student “unofficially” withdrew. Within these 45 days, instructors are asked to attest to the student’s last date of attendance in an academically related activity. R2T4 will be performed assuming withdrawal at the midpoint (50 per cent point) of the semester unless documentation received from an instructor reflects a last date of participation beyond the midpoint, in which case the last date of participation will be used as the withdrawal date. Documentation must be submitted by the deadline date specified by SFA. Late documentation will be considered within the fiscal year. Documentation of attendance beyond the 60 per cent point of the term requires no reduction to financial aid.

**Retroactive Withdrawals:** It is not necessary to perform R2T4 calculations in cases of retroactive withdrawal. The retroactive withdrawal process at UK provides academic and/or financial reprieve on an institutional level and does not alter TIV requirements or deadlines for R2T4. Students must have received grades in coursework to submit a request for retroactive withdrawal; therefore, completion of the retroactively withdrawn term is assumed. If all grades in the term in question had been failing, the student would have been subject to the unofficial withdrawal policy.

Though R2T4 is not required in cases of retroactive withdrawal, it may be necessary to adjust state and/or institutional aid. Pursuant to state regulations, Kentucky state grant and scholarship funding administered by KHEAA will be returned in full at any time that tuition and fees are reduced to zero ($0.00). When 100% tuition and fees are refunded through the retroactive withdrawal process, institutional aid will be reduced by the lesser of: the amount equivalent to the percentage of tuition refunded; or, the total amount of the tuition refund less any state aid required to be returned.

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