



**Appropriations Committee
House Bill 539
Public Institutions of Higher Education – Student Withdrawal Policy
Reimbursement of Tuition and Fees
February 13, 2024
Favorable with Amendment**

Chair Barnes, Vice Chair Chang, and members of the committee, thank you for the opportunity to offer testimony on House Bill 539. The bill requires institutions to adopt a policy authorizing students to withdraw for extenuating circumstances such as illness, injury, hospitalization, and mental health and wellness. The University System of Maryland (USM) supports students, and mental health is taken as seriously as physical health, and our campuses support this step. The bill also requires a provision for “reimbursement” of tuition and fees. The USM urges support of the bill and its intent but respectfully requests amending the word “reimburse,” which could cause confusion about the process required. We all want students with mental health or physical health concerns to be impacted as little as possible financially and in terms of their educational opportunities.

USM institutions work closely with students experiencing challenges with physical and mental health to help them complete their studies or return to campus after a hiatus. All USM campuses have policies to allow students experiencing extraordinary circumstances to withdraw from the institution. The decision for any member of our community to withdraw from an institution is not one that should be taken lightly. First, the well-being of the student is the priority. Proper medical assessment by a licensed physician, diagnosis, and a plan of treatment can help the student ease their struggle. That work, on the part of the student and their health provider, outweighs everything else. Generally, campus staff and faculty work closely with students experiencing challenges with physical and mental health to help them complete their studies or return to campus after a hiatus.

Withdrawal policies begin with the first day of instruction, and the failure to attend the university or attend classes does not change this policy. The funds schedule may vary campus-to-campus, but generally, students can expect a 90% refund in the 1st week; 50% in the second week; and 25% in the 3rd week. Beyond that timeframe, our focus is to work with students so they may complete the course successfully. Institutions and students must, however, consider the implications of withdrawal for the purposes of the return of federal financial *or Return of Title IV funds (R2T4)*.

The federal government requires that when a Title IV aid recipient (Direct Stafford/Plus loan, Carl Perkins Loan, Pell Grant and SEOG) withdraws from a university during a period of enrollment in which the recipient began attendance, the university must calculate the percentage of Title IV assistance the student did not earn and return those funds to the federal government. Once 60 percent of the enrollment period has elapsed, 100 percent of the aid is determined to be earned, and no aid has to be returned. If a student withdraws at that point, and tuition was paid by federal aid or state aid, the student will not be “reimbursed” because the student did not technically pay. Students receiving Title IV federal financial aid must also complete exit counseling as a condition of their loan

agreement. That process begins here: <https://studentaid.gov/exit-counseling/>. Students are allowed by the federal government a certain amount of money based on credits attempted, credits earned, and amount borrowed to date. The rules around these processes cannot be altered by campuses and are subject to federal audit. State aid also has certain guidelines that have to be followed.

As institutions work with students in extraordinary circumstances, they may not be able to “reimburse” a student, as the bill calls for, but they may be able to adjust charges, and aid, to minimize the financial impact on the student. They must, however, remain within federal and state regulations for aid. *We therefore recommend amending 15-138 (B) (2) (line 6) so that “reimburse a student for tuition and fees” is replaced with “cancel or reduce student tuition and fee costs.”*

Thank you for allowing the USM to share our position on House Bill 539.

