

Federal Loan Disbursements & Withdrawals (Different from SAP Policy)

What Faculty Advisors Need to Know

Schedule of Reductions (SOR) Policy | 2026–27 Award Year, Under the One Big Beautiful Bill Act (OB3)

Who to Contact

Faculty Advisors should direct students with questions to finaid@sage.edu.

The Short Version

When a student **withdraws (W) or drops** a class after receiving a federal loan disbursement, it can shrink the loan money they're eligible to receive later in the year. When a student **earns an F, an Incomplete (I), or an RP**, it does **not** affect their loan disbursement — because as far as loan eligibility goes, staying enrolled in the course is what matters, not the grade they end up with.

This matters for advising conversations, especially when a student is considering dropping vs. sticking it out (even toward a low or failing grade), or asking, “will this affect my financial aid?”

Why This Exists

Federal rules require Russell Sage to double-check, after each term, that a student completed the coursework their loan was based on. If they didn't — because they withdrew or dropped rather than because they struggled academically — their loan eligibility gets recalculated, and their next disbursement can be reduced.

What Counts as “Still Enrolled” for Loan Purposes

If a student ends up with...	Counts as completed?	Could reduce next disbursement?
Passing grade (A–D, P, etc.)	Yes	No
F	Yes	No
Incomplete (I)	Yes	No
RP (Report/Research in Progress)	Yes	No
W (Withdrawal)	No	Yes
NC (No-Credit)	No	Yes
Dropped in week 1 / before course start	No	Yes

The key distinction: F, I, and RP all mean the student stayed enrolled and attempted the course for the full term. A W or a drop means the student left the course, so the government doesn't consider that credit hour earned, and the school must recalculate.

NC Grade (Undergraduate)

Applies when the student completes the course. Per the *Undergraduate Catalog* (<https://catalog.sage.edu/grades>):

NC — No-Credit. In courses as approved by the Undergraduate Curriculum Committee, students who make a good faith effort in the course but fail to earn a course grade of C- or higher (WRT 100, WRT 101, and WRT 201) may be assigned a grade of NC. NC does not affect the GPA. The NC may be assigned only once per course; should a student re-take the course and still not achieve a grade of C- or higher, they will receive an F.

F Grades — General Notes

Repeat courses / “replace” F grade: F grades earned in courses completed at Sage must be repeated/taken at Sage. Note: many Sage classes are taught fall only or spring only.

Cumulative GPA concern (example): Student is enrolled in 16 credits, cumulative GPA is 2.100, and they choose to earn F grades in two 3-credit courses...

What This Means in Advising Conversations

- **A struggling student is not automatically a financial-aid risk.** If a student is on track to fail a class but stays enrolled and finishes it, their federal loan disbursement is not affected by that grade alone.
- **Withdrawing or dropping is what triggers a recalculation** — not poor performance. If a student is weighing “should I withdraw or just ride it out,” it's worth knowing that withdrawing could reduce a future loan disbursement, while finishing the course (even with an F) will not.
- **Incomplete is safe, for now.** If a grade is later changed from I or RP to a final grade — including an F — no further loan adjustment happens, because the credit hours were already treated as completed.
- **This is separate from Satisfactory Academic Progress (SAP).** A student can be fine under this policy but still need to be evaluated under SAP if their grades (including F's) affect their overall progress. Those are two different reviews — clearing one doesn't clear the other.

[Undergraduate Satisfactory Academic Progress Policy](#)

[Graduate Satisfactory Academic Progress Policy](#)

What Actually Happens Behind the Scenes

1. When each loan disbursement is certified, Financial Aid records the student's enrollment (credit hours) at that point.
2. At the end of the term, Financial Aid reviews final grades for anyone who received a Direct Loan disbursement.
3. If a student has fewer completed credit hours than what their loan was based on — because of a W or a drop — Financial Aid recalculates their eligibility and may reduce their next disbursement, up to the full shortfall.
4. The student is notified in writing of the change, the reason, and the revised award, before it takes effect whenever possible.

Quick Reference for Advising Conversations

“If I withdraw from this class, will it affect my financial aid?”

→ Possibly yes — a W removes those credit hours from what their loan was based on, which can reduce a future disbursement. Encourage them to check with Financial Aid before finalizing a withdrawal.

“I'm probably going to fail this class — should I withdraw instead?”

→ Failing doesn't affect their loan disbursement but withdrawing might. That's a factor worth weighing alongside the academic and GPA considerations — and they should still loop in Financial Aid and possibly the Registrar.

Student has an Incomplete and is worried about aid:

→ No action needed on the loan side. If the Incomplete is later resolved to any grade, including an F, nothing further changes for loan purposes.

Examples — Undergraduate (UG)

W Grade

15 credits: Student is enrolled in 15 credits and wishes to withdraw from one 3-credit course. Potential consequences:

- Direct loan amount for the next term is not affected
- Pace % is affected; check if student will be SAP or USAP
- GPA is not affected

12–14 credits: Student is enrolled in 12–14 credits and wishes to withdraw from one 3-credit course. Potential consequences:

- Direct loan amount for the next term is affected (reduced)
- Pace % is affected; check if student will be SAP or USAP
- GPA is not affected

F Grade

15 credits: Student is enrolled in 15 credits and chooses an F grade over a W grade for one 3-credit course. Potential consequences:

- Direct loan amount for the next term is not affected
- Pace % is affected; check if student will be SAP or USAP
- GPA is affected; check if the student will be SAP or USAP

12–14 credits: Student is enrolled in 12–14 credits and chooses an F grade over a W grade for one 3-credit course. Potential consequences:

- Direct loan amount for the next term is not affected
 - Pace % is affected; check if student will be SAP or USAP
 - GPA is affected; check if the student will be SAP or USAP
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Bottom line: when in doubt, loop in Financial Aid. This handout covers the general rule, but individual student situations (multiple withdrawals, mid-semester drops, PLUS loans, etc.) may need a closer look from the financial aid office.