

Basics of Return to Title IV Funds (R2T4)

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RIASFAA June 2015**

Topics

- Common R2T4 Findings
- Basic Principles
- Types of Institutions
- Payment Period or Period of Enrollment
- Withdrawal Date
- Date of Determination
- Leave of Absence
- Could have been disbursed
- Earned vs. Unearned

Common R2T4 Findings

- R2T4 calculation errors
- Late return of Title IV funds
 - School's policy and procedures not followed
 - Returns not made within allowable timeframe (45 days)
 - Inadequate system in place to identify/track official and unofficial withdrawals
 - No system in place to track number of days remaining to return funds
- Ineligible funds as aid that could have been disbursed
- Incorrect withdrawal date

Basic Principles

- Title IV funds awarded to student with assumption that student will attend for entire period for which assistance is awarded
- When student ceases attendance prior to planned ending date, student may not be eligible for full amount of Title IV funds student was scheduled to receive

Basic Principles

- Student earns Title IV aid equal to amount of attendance (or in the case of clock-hour programs scheduled hours)
- Percentage of aid earned = % of payment period or period of enrollment completed

Basic Principles

- If school has disbursed more aid than student has earned, Title IV aid must be returned to programs
- If school has disbursed less Title IV aid than student has earned, a post-withdrawal disbursement (PWD) must be calculated and offered if certain conditions are met

Basic Principles

- After student completes more than 60%, student has earned 100% of Title IV funds
- Institutional or other refund policies (state, accreditor) do not impact amount of Title IV aid earned under a Return to Title IV funds (R2T4) calculation
- Schools should use best information available to determine withdrawal date

Failure to Begin Attendance

- If student never begins attendance
 - student is not an eligible student for Title IV funds
 - R2T4 (34 CFR 668.22) does not apply
 - 34 CFR 668.21 applies
 - All Pell, FSEOG, Federal Perkins, Iraq Afghanistan Service Grant and TEACH funds must be returned
 - DL funds credited to student's account must be returned
 - DL loan servicer must be notified when funds were disbursed directly to student

Consumer Information

- Any refund policy with which school must comply for the return of unearned funds
 - State / Accrediting agency
- School's refund policy
- Requirements for treatment of Title IV funds after withdrawal
- School's requirements & procedures for officially withdrawing

Payment Period or Period of Enrollment

- For standard term-based program, institution must use payment period
- For non-term or non-standard term program, institution may use either payment period or period of enrollment
 - Must use consistently for all students in a program

Two Types of Institutions

- Institutions Required to Take Attendance
 - All clock-hour programs fall into this category
 - Some credit-hour programs fall into this category
- Institutions Not Required to Take Attendance
 - Only credit-hour programs fit here

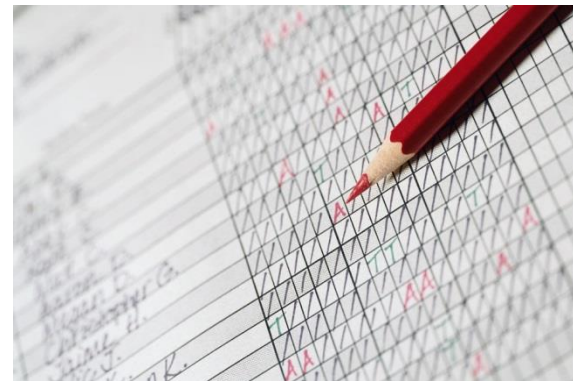


Institution Required to Take Attendance

- Outside entity requires that attendance be taken
- Institution has its own requirement that instructors take attendance
- Outside entity or institution has a requirement that can only be met by taking attendance
 - Clock-hour programs
- Must use its official attendance records to determine withdrawal date (WD)

Institutions Not Required to Take Attendance

- Not required to take attendance by an outside entity
- If institution has requirement to take attendance for limited period of time
 - Considered required to take attendance for that period of time *only*
 - Must use last date of attendance for students who withdraw during that time



Census Date

- A single date where institution takes a snapshot of attendance
 - Having census date does not automatically make school “required to take attendance”
 - For programs with modules – may have up to one census date in each module





Date of Withdrawal vs. Date of Determination That Student Withdrew

- **Date of Withdrawal** is generally the last date the student attended. This is the basis for the percentage earned.
- **Date of Determination** is when the school becomes aware that a student ceased to attend. Many deadlines key off this date.

Withdrawal Date

- Date used by institution to determine earned and unearned amounts of Title IV Funds
- For institution required to take attendance
 - Last date of attendance
 - Based on attendance records institution is required to maintain
 - Must have process to make determinations of when a student has ceased attendance
 - GEN-04-12

Withdrawal Date

- Withdrawal date for institution not required to take attendance
 - Date student began formal withdrawal process or provided official notification (if both dates triggered, use the EARLIER of the dates)
 - Mid-point, if no notification
 - Date of illness, accident, etc.
 - Beginning of LOA if student does not return
 - Last date of an academically-related activity

Withdrawal Date

- An institution must have a process for determining if student completed the period:
 - A student with at least one passing grade may be considered to have completed the period
 - If no passing grade, institution must document completion of the period
 - Grading policy that differentiates between “Failing”, “Completed and Failing” and “Did Not Complete”

Academically-Related Activity

- Includes, but is not limited to:
 - Physically attending a class with direct interaction
 - Academic assignment submission
 - Taking an exam, interactive tutorial, or a computer-based instruction
 - Attending a school-assigned study group
 - Participating in an online discussion that is academically-related
 - Interacting online with faculty about subject matter or to ask course-related questions

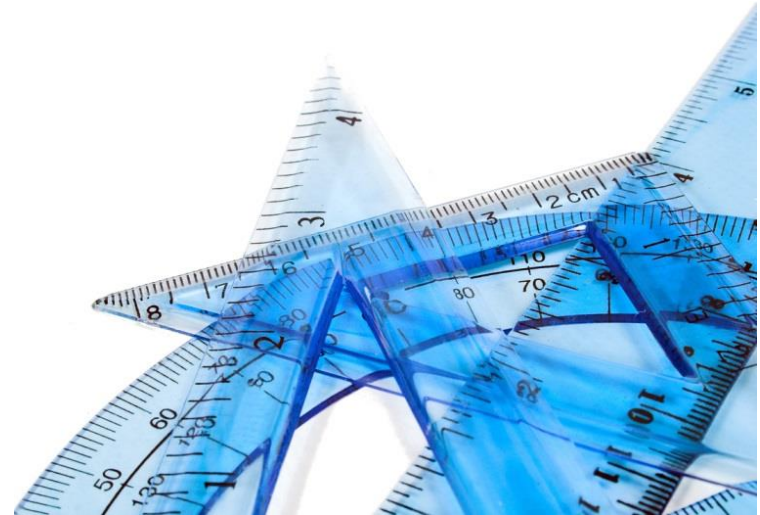
Academically-Related Activity

- Does not include
 - Living in institutionally provided housing or participating in the meal plan
 - Logging into an online course without active participation
 - Participating in academic counseling or advisement



Academically-Related Activity

- Institution not required to take attendance may always use last date of an academically related activity as withdrawal date
- School must document
 - Activity is academically related, AND
 - Student's attendance at activity



Date of Determination

- For institution required to take attendance
 - Date student provides notification that he or she is ceasing enrollment
 - Last date of attendance (LDA)
 - Institution must have process to determine when student's absence is withdrawal
 - Process must ensure institution's determination of withdrawal no later than 14 days after LDA (GEN-04-12)

Date of Determination

- For institution not required to take attendance
 - Date student provides notification or begins withdrawal process, whichever is LATER
 - Date institution becomes aware that the student ceased attendance
- Determination must be made within 30 days after the end of the earlier of the
 - 1) Payment period or the period of enrollment,
 - 2) Academic year, or
 - 3) Student's educational program

Deadlines Following Date of Determination

- Within 30 days institution must
 - Perform R2T4 calculation
 - Notify student of any grant overpayment
 - Notify student of eligibility for post-withdrawal disbursement (PWD)
- Institution must
 - Return TIV funds it has responsibility to return within 45 days
 - Make PWD to student &/or parent within 45 days for grants and 180 days for loans



Leave of Absence (LOA)

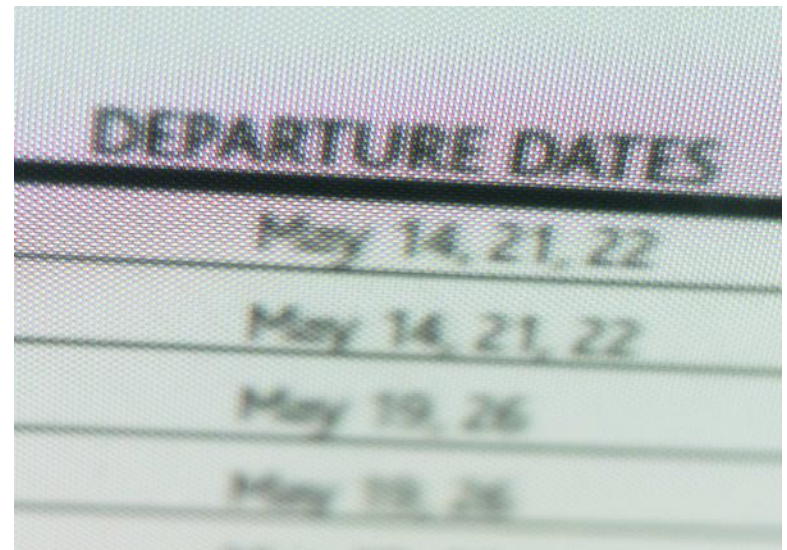
- Temporary interruption in a program of study
- Conditions for an approved LOA
 - Formal written policy that student followed in requesting LOA
 - Reasonable expectation that student will return from LOA
 - School must approve LOA in accordance with its policy
 - No additional institutional charges may be assessed
 - Approved LOA may not exceed 180 days within a 12 month period
 - Loan recipients must be notified of effects on grace period if they do not return from LOA

Leave of Absence (LOA)

- For standard term or non-standard term programs – the student must resume training at the same point the student began the LOA.
- For non-term credit-hour programs – the student does not have to resume training at the same point the student began the LOA.

Failure to Return from an LOA

- Withdrawal date
 - At institution not required to take attendance is date LOA began
 - At institution required to take attendance is last date of attendance (LDA)



DEPARTURE DATES
May 14, 21, 22
May 14, 21, 22
May 19, 26
May 19, 26

Aid that Could Have Been Disbursed

- Aid that could have been disbursed included in R2T4 calculation if
 - Conditions for late disbursements were met prior to withdrawal date
 - ED processed ISIR/SAR with an official EFC
 - Perkins/FSEOG – school made award
 - Direct Loan – school originated loan
 - TEACH – school originated grant

Earned & Unearned Title IV Aid

- Earned funds = percentage of Title IV grant and loan assistance equal to percentage of payment period or period of enrollment student completed
- Unearned funds = percentage of Title IV grant and loan assistance that has not been earned

Determining Amount of TIV Aid Earned

- Calculations based on withdrawal date

Programs measured in credit-hours

$$\frac{\text{\# of days in attendance}}{\text{\# of days in PP or POE}} = \% \text{ of TIV aid earned}$$

Programs measured in clock-hours

$$\frac{\text{\# of scheduled clock-hours}}{\text{\# of clock-hours in PP or POE}} = \% \text{ of TIV aid earned}$$

Possible R2T4 Calculation Outcomes

- Amount of Title IV funds exceeded amount earned so funds must be returned
- Amount of Title IV funds less than amount earned so post-withdrawal disbursement must be made
- Amount of Title IV funds equals amount earned

Post-Withdrawal disbursement (PWD)

- When amount of earned TIV aid exceeds amount disbursed, student is owed a PWD
- Post-withdrawal disbursements must
 - meet late disbursement requirements
 - be made or offered if certain conditions are met
 - be made, if eligible, from grant funds before loan funds
- PWD comprised of grant funds may be used to pay current charges
 - Tuition, fees and room and board (if contracted with institution)

PWD – Grant Funds

- No confirmation required to pay current outstanding charges for tuition, fees, room, and board or for minor prior year charges
- Written confirmation required for all other current charges
- If disbursed directly to student, must be disbursed ASAP, but within 45 days of date of determination

PWD – Loan Funds

- If Title IV loan funds are part of PWD–
 - Must be disbursed within 180 days of date of determination
 - Cannot be a second or subsequent disbursement of Direct Loan (DL)
 - School cannot make late disbursement of DL if student was first-year, first-time borrower unless student completed first 30 days of program or school was not subject to that restriction

PWD – Loan Funds

- If Title IV loan funds are part of PWD–
 - Must offer the student (or parent in the case of a PLUS) PWD within 30 days of date of determination and request confirmation that PWD is accepted
 - Must obtain authorization to pay for charges other than current charges

PWD – Loan Funds

- Within 30 days of date of determination, school must notify student/parent (in case of PLUS)
 - Explain that borrower may decline all or portion of loan disbursement
 - Request confirmation of any amount to be credited to student's account or directly disbursed to borrower
 - Specify deadline of at least 14 days for required response/confirmation
- Explain obligation to repay loan

Unearned Funds – School’s Responsibility

- Institution must return funds within 45 days of date of determination
- Title IV funds returned to program accounts in order specified on worksheet

STEP 6: Return of Funds by the School	
The school must return the unearned aid for which the school is responsible (Box O) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.	
Title IV Programs	<small>Amount for School to Return</small>
1. Unsubsidized FFEL/Direct Stafford Loan	
2. Subsidized FFEL/Direct Stafford Loan	
3. Perkins Loan	
4. FFEL/Direct PLUS (Graduate Student)	
5. FFEL/Direct PLUS (Parent)	
Total loans the school must return = P. \$.	
6. Pell Grant	
7. Academic Competitiveness Grant	
8. National SMART Grant	
9. FSEOG	
10. TEACH Grant	
11. Iraq Afghanistan Service Grant	

Unearned Funds - Student's Responsibility



- Loan funds will be repaid under terms of promissory note
- Grant funds are subject to a 50% reduction
- Student may make satisfactory arrangements to repay

Rounding Rules = \$ and %



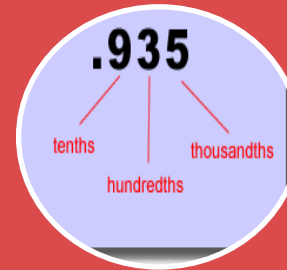
Calculation - round to nearest penny

- $\$2,346.00 \times 44.6\% = \$1,046.316$ or $\$1,046.32$
- $\$2,346.00 \times 44.4\% = \$1,041.624$ or $\$1,041.62$



Disbursement or refund may be rounded to nearest dollar

- $\$1,046.32 = \$1,046$
- $\$1,041.62 = \$1,042$



Calculate out to 4 decimal places

- 45 days / 101 days = .4455
- 199 hours / 450 hours = .4422

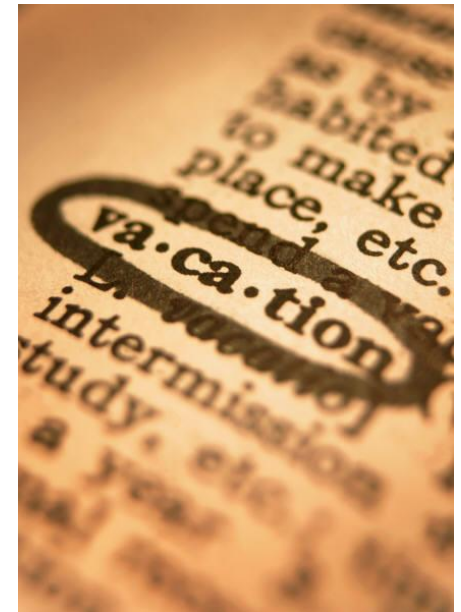


Round to third decimal place

- $.4455 = .446 = 44.6\%$
- $.4422 = .442 = 44.2\%$

Institutionally Scheduled Breaks

- Institutionally scheduled breaks of 5 or more consecutive days are excluded from both numerator and denominator of R2T4 calculation



R2T4 on the Web

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- View students' SAR information
- Compare two ISIR transactions for the same student
- Submit a signature flag for an application in a signature hold status
- Enter a FAFSA or Renewal FAFSA
- Correct a processed FAFSA
- Continue working on a saved FAFSA or Correction
- Enter Identity Verification Results
- Request ISIR data
- Analyze ISIR data as a basis for improving your verification process
- Calculate and manage the return of Title IV funds

Select [Next](#) to continue.

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Resources

- Section 484B of the HEA
- Final Regs published 11/01/99, 11/01/02 & 10/29/10
- Dear Colleague Letters
 - GEN-00-24
 - GEN-04-03
 - GEN-04-12
 - GEN-05-16
 - GEN-11-14



More Resources

- IFAP – Program Integrity Q’s & A’s – Return of Title IV Funds
 - <http://www2.ed.gov/policy/highered/reg/hearulemaking/2009/return.html>
- R2T4 recorded training
 - <http://ifap.ed.gov/dpcletters/ANN1227.html>
- FSA Assessments
 - <http://ifap.ed.gov/qahome/qaassessments/returntivfunds.html>

QUESTIONS?



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Training Evaluation

- To ensure quality training, we ask all participants to complete an online evaluation for each session

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Contact Information

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