

Return of Title IV Funds (R2T4) Basics

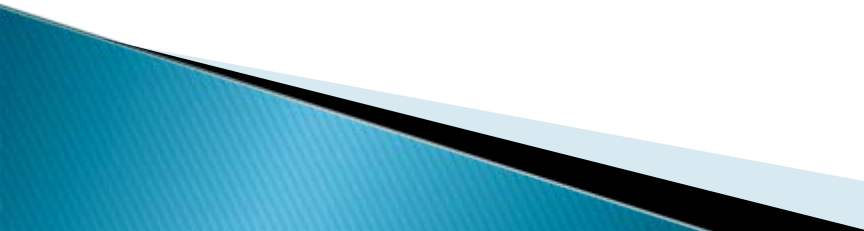
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Return of Title IV Fund Regulations:

- ▶ How funds are handled when a student ceases to be enrolled prior to the end of the payment period or period of enrollment.
- ▶ For all programs offered in modules (a program or class that does not extend to the full length of the term), a student is a withdrawal for Title IV purposes if the student ceases attendance at any point prior to completing the payment period or period of enrollment. Unless the school obtains written confirmation from the student at the time of the withdrawal that he/she will attend a module that begins later in the same payment period or period of enrollment.

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Return of Title IV Fund Regulations:

- ▶ Do not dictate an institutional refund policy
 - ▶ School determines the portion of earned and unearned Title IV aid
 - ▶ Refunds are calculated through the 60% point in each payment period
 - ▶ After the 60% point of each payment period, a student has earned 100% of the Title IV funds they were scheduled to receive during the period
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Return of Title IV Fund Regulations:

Refund calculation looks at the following Title IV Funds:

- ▶ Pell Grants
- ▶ TEACH Grant
- ▶ FSEOG Grant
- ▶ Iraq & Afghanistan Service Grant
- ▶ Federal Direct Loans
(Subsidized, Unsubsidized, PLUS, Grad PLUS)
- ▶ Perkins Loans

FWS funds are not included in refund calculations.



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Return of Title IV Fund Regulations:

Requirements apply to Title IV grant or loan recipients who withdraw or leave school before completing the payment period or period of enrollment

The regulations for returning Title IV aid do not apply to non-Title IV aid the student receives

Schools ARE allowed to use their own refund policies or refund policies of outside agencies to determine how much non-Title-IV aid will be returned when institutional charges are reduced for some reason, such as the student's withdrawal.

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Return of Title IV Fund Regulations:

A recipient of grant or loan assistance is a student who has actually received Title IV funds or has met the conditions that entitled the student to a late disbursement


Students begin earning Title IV funds on their first day of attendance

- Even if a student withdraws before a school census date, you must still calculate a refund
- Even if the school does not charge the student, if the student attended you must still calculate a refund/post withdrawal disbursement.

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Determining the Withdrawal Date:

Schools required to take attendance

- ▶ A school that is required to take attendance by an outside entity, requires its instructors to take attendance, or has a requirement that can only be met by taking attendance is considered a school that is required to take attendance for purposes of calculating the amount of Title IV program assistance earned when a student withdraws
 - ▶ A school that elects to take attendance, including a school that voluntarily complies with an optional attendance requirement of an outside entity, is not considered a school that is required to take attendance
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Determining the Withdrawal Date:

Schools required to take attendance


- ▶ The student's withdrawal date for those schools required to take attendance is the last day of academic attendance as documented by the school's records. (This date should be no later than 14 days after the student's last date of attendance.)

Schools not required to take attendance

- ▶ For student's who officially withdraw, the withdrawal date is the date on which
 - The student began the school's official withdrawal process; or
 - Officially notified the school of intent to withdraw
- ▶ For student's who do not begin the official withdrawal process or provide notification of their intent to withdraw, the withdrawal date is the date on which
 - The calendar midpoint (the 50 percent point) of the payment period
 - The documented last date of an academically-related activity (exams, turning in a class assignment, attending a study group, etc)

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Leave of Absence (LOA):

- ▶ A leave of absence is a temporary interruption in a student's program. It applies to a period of time in an academic program which a student is not in attendance.
 - ▶ A school is not required to have a LOA policy
 - ▶ School's policy must meet regulatory requirements to be an approved LOA for Title IV purposes
 - ▶ A student who takes an unapproved LOA or fails to return from an approved LOA is considered to have withdrawn
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Leave of Absence (LOA):

To qualify as an approved LOA

- ▶ the school must have a formal written policy regarding leaves of absence requiring that all requests for leaves of absence be submitted in writing and include the reason for the student's request;
- ▶ the student must follow the school's policy in requesting the LOA;
- ▶ there must be a reasonable expectation that the student will return from the LOA;
- ▶ the school must approve the student's request for an LOA in accordance with the school's policy;
- ▶ the institution may not assess the student any additional institutional charges, the student's need may not increase, and therefore, the student is not eligible for any additional Federal Student Aid;
- ▶ the LOA together with any additional leaves of absence must not exceed a total of 180 days in any 12-month period

A student granted an LOA that meets the criteria in this section is not considered to have withdrawn, and no Return calculation is required. Upon the student's return from the leave, he or she continues to earn the Federal Student Aid previously awarded for the period


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Rescinding an Official Withdrawal Notice:

A school may allow a student to rescind their withdrawal

- ▶ Request must be in writing
- ▶ Must indicate that they will finish payment period or period of enrollment

If the student subsequently withdraws before finishing the period, the withdrawal date is either:

- ▶ The date the student first began the withdrawal process or officially notified the school; or
 - ▶ The student's last date of an academically related activity
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Determine the student's Title IV Aid Information (Step 1):

Title IV Grant and Loan Programs:

- ▶ Net Amount of Aid Disbursed
- ▶ Net Amount of Aid That Could Have Been Disbursed

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Determine the Percentage of Title IV Aid Earned (Step 2):

- ▶ Based on the percentage of the period completed
- ▶ Calculation of percentage completed is the only difference between credit-hour and clock-hour programs
- ▶ Student who has completed more than 60% of the period has earned 100% of their Title IV aid for the period

$\% \text{ earned} = \text{completed days in period} / \text{total days in period}$




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Determine the Amount of Title IV Aid Earned by the Student (Step 3):

- ▶ Multiply the percentage earned from Step 2 to the amount of Title IV aid disbursed plus the amount of Title IV aid that could have been disbursed


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Determine the Amount of Aid to be Returned (Step 4):

- ▶ If amount disbursed is less than the amount earned, the school must determine the amount of the post-withdrawal disbursement
 - ▶ If the amount disbursed equals the amount earned, no further action must be taken
 - ▶ If the amount disbursed is greater than the amount earned, unearned Title IV funds must be returned
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Determine the School's Amount of Title IV Aid To Be Returned (Step 5):

- ▶ Determine the institutional charges for the period
 - ▶ Multiply the institutional charges for the period by the percentage of unearned Title IV aid.
 - ▶ School must return the lessor of the amount of Title IV aid to be returned or the amount of unearned charges.
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Return Unearned Aid Back to Title IV Programs (Step 6):

- ▶ Allocation order (loans allocated ahead of grants)
 - Unsubsidized Stafford
 - Subsidized Stafford
 - Perkins Loan
 - Graduate PLUS
 - Parent PLUS
 - Pell Grant
 - FSEOG
 - TEACH Grant
 - Iraq & Afghanistan Service Grant
- ▶ School returns fund in this order

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Initial Amount of Unearned Title IV Aid Due from Student (Step 7):

- ▶ The amount of Title IV aid to be returned minus the amount the school returned.
- ▶ If this amount is $\leq \$0$, no refund is due from the student.
- ▶ If this amount is $> \$0$, then go to Step 8

Repayment of Student's Loans (Step 8):

- ▶ The Amount of loans that a student is still responsible for paying.

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Grants Funds to be Returned from Student (Step 9):

- ▶ The amount of Title IV aid to be returned from the student minus the loan amount to be repaid = grant for student to return.
- ▶ Multiply the total of Title IV grant aid disbursed and that could have been disbursed by 50%.
- ▶ Take the initial amount of Title IV grants for student to return and subtract the 50% of grants disbursed/could have been disbursed.
- ▶ If this amount is $> \$0$, then go to Step 10.

Return of Grant Funds by the Student (Step 10):

- ▶ There is a specific order in which grants must be returned.
- ▶ Student is not responsible for returning funds to any program to which the student owes \$50 or less.


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Rounding of Numbers Rule

- ▶ When calculating refunds, there are specific rules on rounding numbers
 - Enter dollars and cents using standard rounding rules to round to the nearest penny
 - Final repayment amounts that the school and student are each responsible for returning may be rounded to the nearest dollar
- ▶ Percentages are calculated to four decimal places, and rounded to three decimal places
- ▶ The third decimal place is rounded up if the fourth decimal place is 5 or above
 - $.1775 = 17.8\%$
 - $.1774 = 17.7\%$

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Timeframes / Deadlines

- ▶ A school must return any unearned Title IV funds it is responsible for returning within 45 days of the date the school determined that the student has withdrawn
 - ▶ A school must offer any post-withdrawal disbursement to the student within 30 days of the date the school determined that the student has withdrawn
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Withdrawals – Programs Offered In Modules

A program is offered in modules if a course(es) in the program do not span the entire length of the payment period or period of enrollment.

A student is a withdrawal for Title IV purposes if student ceases attendance at any point prior to completing the payment period or period of enrollment – unless the school obtains written confirmation from the student at the time of the withdrawal that he/she will attend a module that begins later in the same payment period or period of enrollment.

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Withdrawals – Programs Offered In Modules

Non-term or nonstandard-term program offered in modules, a student is considered to have withdrawn from the program if the student is not scheduled to begin another course within the payment period or period of enrollment for more than 45 calendar days after the end of the module the student ceased attending, unless the student is on an approved leave of absence.

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Withdrawals – Programs Offered In Modules

If a school obtains a written confirmation of future attendance but student does not return, the student is considered to have withdrawn and the student's withdrawal date & total # of calendar days would be the as if the student had not provided written confirmation of future attendance.

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Re-entry:

If a student who withdraws from a clock-hour, non-term credit hour, term-based module program, or credit-hour module program returns to the same program at the school within 180 calendar days, the student is treated as though he/she did not cease attendance and school must “undo” the Return of Title IV Funds calculation.

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How to determine if a student in modules has withdrawn:

1. After beginning attendance did the student cease to attend or fail to begin attendance in a course he or she was scheduled to attend?

If no, not a withdrawal. If yes, go to #2.

2. When student ceased to attend/failed to begin attendance, was the student still attending other courses?

If yes, not a withdrawal. If no, go to #3.

3. Did student confirm attendance in a course in module beginning later in the period (watch 45 day rule)?


If yes, this is not a withdrawal unless student does not return. If no, this is a withdrawal & Return of Title IV funds requirements apply.

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Example: Determine whether a student scheduled to complete two courses in each of the first two of three modules within a payment period has withdrawn:

Student begins attendance in both courses in the first module, but ceases to attend both courses after just a few days & does not confirm that he will return in modules two or three.

Answer: Student is a withdrawal because he ceased to attend courses he was scheduled to attend (yes to question 1); was not still attending any other course (no to question 2); and did not confirm attendance in course in module beginning later in the period (no to question 3).



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Example: Determine whether a student scheduled to complete two courses in each of the first two of three modules within a payment period has withdrawn:

Student begins attendance in both courses in the first module, but drops one of the courses after just a few days, the student is not a withdrawal.

Answer: Although the student ceased to attend a course he was scheduled to attend (yes to question 1), the student was still attending another course (yes to question 2). Of course, the student's eligibility must be recalculated.

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Example: Determine whether a student scheduled to complete two courses in each of the first two of three modules within a payment period has withdrawn:

Student completes both courses in module one, but officially drops both courses in module two while still attending the courses in module one, the student is not a withdrawal.

Answer: Because the student officially dropped both courses in module two before they began, the student did not cease to attend or fail to begin attendance in a course he was scheduled to attend (no to question 1). However, because the student did not begin attendance in all courses, other regulatory provisions concerning recalculation may apply.

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Example: Student who completes first module, withdraws on day 7 of second module of period comprising of two eight-week modules with a four day break in between.

The total # of calendar days in the period would be:

Total number of days in each module (8 weeks x 7 days = 56 days) x 2 modules = 112 days plus 4 days in between modules = 116 total calendar days.

The total # of days completed would be:

56 days of first module + 4 days of break + 7 days of second module totaling 67 days.

% of period completed = 67 divided by 116 days = 57%

Return of Title IV funding must be calculated.

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Example: Credit Hour Program

Days attended / Days in Period = Percentage completed

Semester: January 24, 2011 to May 21, 2011

Federal Holiday: no classes scheduled February 21, 2011

Spring Break: no classes March 18, 2011 – March 27, 2011,
classes resume March 28, 2011

Date of withdrawal: April 3, 2011

Attended 61 days

Total days of term: 109 days (include federal holiday, but exclude
spring break of more than 5 days)

Percentage completed: $61 \div 109 = 56.0\%$

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Refund Examples – Percentage Completed

Scheduled Clock Hours / Clock Hours = Percentage
at withdrawal in period completed

Example: Clock Hour Program

Payment Period: January 3, 2011 to April 17, 2011

Federal Holiday: no classes scheduled February 21, 2011

450 clock hours in the payment period

Date of withdrawal: February 4, 2011

Completed 150 clock hours

Percentage completed: $150 \div 450 = 33.3\%$

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Refund Examples – Aid Earned

Total Aid / % completed = Earned Aid

Example:

First year, first time student

Enrolls 9/4/09 and withdraws 9/27/09

Percentage of period completed = 20%

Aide awarded for period: \$2,775 Pell Grant, \$550 FSEOG and \$1,750
Subsidized Stafford Loan

Pell Grant and FSEOG have been disbursed

Disbursed aid = \$3,325

Aid that could have been disbursed = \$1750 Subsidized Stafford Loan

Total Aid = \$5,075 (Aid disbursed + Aid that could have been disbursed)

Aid Earned = \$5,075 x 20% = \$1,015

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Refund Examples– Unearned Aid

Total Disbursed – Earned Aid = Unearned Aid to be returned

Example:

Disbursed aid = \$3,325

Aid that could have been disbursed = \$1,750 Subsidized Stafford Loan

Total Aid = \$5,075 (Aid disbursed + Aid that could have been disbursed)

Aid Earned = \$5,075 x 20% = \$1,015

\$3,325 – \$1,015 = \$2,310 (Unearned aid to be returned)

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Refund Examples – Institution's Share of Aid to be returned

Lesser or

- Amount of unearned aid or
- Amount equal to student's institutional charges multiplied by % of unearned aid

Example:

Tuition charge for full time, full term = \$3,500

Student dropped at the institutional refund point of 50%, so they were charged \$1,750

Percentage of Unearned Title IV aid is $100\% - 20\% = 80\%$

Amount of unearned charges = $\$1,750 \times 80\% = \$1,400$

Amount of Title IV aid to be returned by school

Unearned aid = \$2,310

Unearned charges = \$1,400

\$1,400 is the Title IV aid that must be returned by the school

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Refund Examples – Allocating Returning Aid

Aid will be returned in the following order (using disbursed aid only)

- ▶ Allocation order (loans allocated ahead of grants)
 - Unsubsidized Stafford – not awarded
 - Subsidized Stafford – not disbursed
 - Perkins Loan – not awarded
 - Graduate PLUS – not awarded
 - Parent PLUS – not awarded
 - Pell Grant – \$1,400 of disbursed amount of \$2,775 will be returned
 - FSEOG
 - TEACH Grant

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Refund Examples – Student’s Share of Aid to be returned

Total Title IV Aid to be returned	–	Title IV Aid returned by school	=	Student’s Share of Title IV aid to return
\$2,310	–	\$1,400	=	\$910

Return loans first

- ▶ Total loans disbursed – loans returned by school = Loans student is responsible for paying

No loans disbursed

Return grants second

- ▶ Title IV due from stud – loans repaid by stud = Grants to be returned
- ▶ \$910 – 0 = \$910
- ▶ Grant Protection = 50%
- ▶ \$910 x 50% = \$455
- ▶ Student must repay \$455 of Pell Grant

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Resources

- ▶ <http://ifap.ed.gov>
 - Handbook Volume 5 Chapter 2 – Withdrawals & Return of Title IV Funds
- ▶ <http://www.faaaccess.ed.gov>
 - R2T4 Web Product via CPS Online

▶ **QUESTIONS???**