

R2T4 Clock Hours

Return of Title IV Funds

Clock Hour Programs

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Topics

- Concepts and Definitions
 - Attendance
 - R2T4 Calculation
 - Post-Calculation Actions
- Case Study
- R2T4 on the Web
- Resources/References



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Concepts and Definitions



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R2T4 Clock Hours

Basic Principles

- Title IV funds are awarded under the assumption that the student will attend school for entire period for which assistance is awarded
- When a student withdraws, student may not be eligible for the full amount of Title IV funds the student was scheduled to receive
- In clock hour programs, student is a withdrawal if she/he does not complete all scheduled clock hours/weeks of instructional time



Basic Principles

- Student earns Title IV aid through attendance
 - Percentage of aid earned is equal to the percentage of the payment period or period of enrollment completed
- If a school has disbursed more aid than the student has earned, money is returned to the programs
- If a school has disbursed less aid than the student has earned, a post-withdrawal disbursement will be calculated and may, depending on the circumstances, be disbursed



Basic Principles

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



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Applicability

- R2T4 requirements apply to any recipient who withdraws during a payment period or period of enrollment in which the student began attendance
- See 34 C.F.R. 668.22

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Eligible Title IV Recipient

- If student never commences attendance for the period, the student is not an eligible Title IV recipient
 - R2T4 does not apply
 - Provisions of 668.21 apply
 - All Pell, FSEOG, Perkins, TEACH, ACG and SMART funds must be returned
 - DL funds credited to student's account must be returned
 - Notify servicer of DL funds disbursed directly to student

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Consumer Information

- Any refund policy with which school must comply
- School's tuition refund policy
- Requirements for treatment of Title IV funds after withdrawal
- Procedures for official withdrawal
 - Office(s) accepting official withdrawal notices

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Payment Period/Period of Enrollment

- Clock hour programs may choose either payment period or period of enrollment
- May choose on a program-by-program basis
- Must treat all students within program consistently

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Verification and R2T4

- If verification not complete within timeframe to meet R2T4 deadlines, school excludes aid subject to verification from calculation
- If verification is then completed after R2T4 deadlines but before verification deadlines, school must recalculate R2T4 including verified amounts as aid that could have been disbursed

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Aid That Could Have Been Disbursed

- To include aid, must meet late disbursement requirements in 668.164(g)(2)
- Student meets requirements if before withdrawal:
 - ED processed ISIR/SAR with official EFC
 - Perkins/FSEOG – school made award
 - DL – school originated loan
 - TEACH – school originated grant

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Aid That Could Have Been Disbursed

- Aid listed in the “could have been disbursed” section cannot actually be disbursed if
 - First-time borrower withdraws before the 30th day (default rate waivers apply)
 - 2nd and subsequent DL disbursements unless the student graduated or completed the loan period
 - MPN not signed by borrower
 - Valid ISIR requirements not met

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Required to Take Attendance

- Regulatory changes effective July 1, 2011
- School is required to take attendance if:
 - Outside entity requires that attendance be taken, OR
 - School has own requirement that instructors take attendance, OR
 - Outside entity or school has requirement that can only be taken by taking attendance

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Required to Take Attendance

- Under the new regulations, schools that are required to measure the clock hours that a student completes in a program are considered to be institutions that are required to take attendance for R2T4 purposes
- See preamble page 66898 of October 29, 2010 Federal Register

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Withdrawal Date (Required to Take Attendance)

- Last date of attendance must be withdrawal date
- Date of determination of withdrawal cannot be more than 14 calendar days after withdrawal date

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Approved Leave of Absence (LOA)

- An LOA is only considered an approved LOA for Title IV purposes if –
 - School has formal written LOA policy
 - Student must follow policy in requesting LOA
 - Student must request LOA in writing
 - School has reasonable expectation student will return
 - No additional charges are imposed during or because of the leave
 - If the student is a Title IV loan recipient, school must explain effect of failure to return from leave on loan repayment

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Approved Leave of Absence (LOA)

- An LOA is only considered an approved LOA for Title IV purposes if –
 - Leaves of absence cannot exceed 180 days in any 12-month period
 - School approved the LOA
 - Upon completion of leave, student is allowed to complete coursework started prior to leave
- Approved LOA is not considered a withdrawal unless student fails to return from leave

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Failure to Return From Approved LOA

- Withdrawal date is last date of academic attendance prior to LOA
- Grace period starts retroactively to withdrawal date

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Date of Determination & Deadlines

- Within 30 days, school must:
 - Perform R2T4 calculation
 - Notify student of grant overpayment
 - Notify student of eligibility for a post-withdrawal disbursement (PWD)
- School must return Title IV funds within 45 days
- School must make PWD to student or parent within 180 days

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Percentage of Title IV Aid Earned (Clock Hour Programs)

- Numerator is clock hours scheduled to be completed as of student's LDA
- Scheduled hours per day times number of days of scheduled class from first day of period to LDA
- Denominator is clock hours scheduled to be completed in payment period/period of enrollment

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Rounding Rules for Percentages

- Calculate out to four decimal places
 - $45 \text{ days} / 101 \text{ days} = .4455$
 - $199 \text{ hours} / 450 \text{ hours} = .4422$
- Round to third decimal place
 - $.4455 = .445 = 44.6\%$
 - $.4422 = .442 = 44.2\%$

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Rounding Rules for Dollar Amounts

- Round to the nearest penny
 - $\$2,346.00 \times 44.6\% = 1,046.316$ - $\$1,046.32$
 - $\$2,346 \times 44.4\% = 1,041.624$ or $\$1,041.62$
- Disbursement or refund may be rounded to nearest dollar
 - $\$1,046.32 = \$1,046$
 - $\$1,041.62 = \$1,042$

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Institutional Charges

- Institutional charges include:
 - Tuition and fees
 - Room and board if contracted with school
 - Course materials if no real and reasonable opportunity to purchase elsewhere
- Based on charges initially assessed to student
- Only adjusted by changes to student charges prior to withdrawal

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Return of Funds by School

- Due no later than 45 calendar days after date of determination of withdrawal
- R2T4 calculation must be completed within 30 calendar days of date of determination of withdrawal
- Law determines order to Title IV programs to which funds must be returned

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Amount Due From Student

- Amount due from student is based on amount due from school (Step 5) subtracted from Title IV aid to be returned (Step 4)
- *If this amount includes any loan funds, the funds are repaid in accordance with the terms of the promissory note*

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Grant Funds Due From Student

- Any grant repayment due from a student is considered an overpayment
- 50% of grant funds due from student protected
- Student not required to repay funds to any program to which the student owes \$50 or less
- Law specifies order of Title IV programs to which funds must be returned

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Grant Overpayment

- School must notify student of overpayment within 30 days of date of determination of withdrawal
- Student retains Title IV eligibility for 45 days following notification by school

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Grant Overpayment

- During 45 day period, student must:
 - Repay in full to school
 - Make satisfactory arrangements to repay with school (school option)
 - Make satisfactory arrangements to repay with ED
- School must report and refer overpayment to ED (NSLDS) if not paid in full or no repayment arrangements made within 45 days

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Title IV Credit Balances

- Hold all Title IV Credit Balances until R2T4
- Credit Balance is “Aid Disbursed”
- Determine if Credit Balance changes because of a Refund Policy or R2T4
- Use Credit Balance to repay Grant on behalf of student
- Release Credit Balance within 14 days

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Post-Withdrawal Disbursements (PWD)

- Box J in Step 4 of worksheet
- Must meet late disbursement requirements
- Must be made from available grant funds before available loan funds

PWD – Notification Requirements

- Within 30 days of date of determination, school must notify student/parent of any loan PWD:
 - Explain student/parent may decline all or a portion of the disbursement
 - Request confirmation of any amount to be credited to the student's account, or disbursed directly to borrower
 - Explain obligation to repay loan funds
 - Specify deadline of at least 14 days for response

PWD - Loans

- Must receive confirmation prior to disbursement
- If timely response, disbursement must be made within 180 days of date of determination
- If response is late, school may or may not disburse
 - If school chooses not to disburse, must notify borrower in writing of outcome
- If no response from borrower, no disbursement can be made

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PWD – Grant Funds

- No student confirmation required to pay current outstanding charges
- If disbursed directly to student, must be disbursed within 45 days of date of determination
- Must be disbursed to student account within 180 days after date of determination
- Must obtain authorization to pay for other allowable charges on account

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Return After Withdrawal

- *Clock hour programs*
 - If the student returns to the same program within 180 days –
 - the student is treated as if he/she never left and returns to the same payment period

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Return After Withdrawal

- *Clock hour programs*
- If withdrawn student re-enters same program of study after 180 days, or transfers into new program at any time and at least some hours transfer in
 - Student begins new payment period upon re-entry or transfer
 - Remaining portion of program treated as length of entire program for awarding Title IV funds

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Worksheet Calculations

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Calculation Scenario

- 900 clock hour program over 26 weeks
- Payment periods are each 450 clock hours
- Students attend 35 clock hours per week
- R2T4 calculations done by payment period
- Payment period began 1/15/13
- Student last date of attendance was 2/18/13

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Calculation Scenario

- As of the date of withdrawal, the student received the following disbursements:
 - \$900 Federal Pell Grant
 - \$990 Unsubsidized Direct Loan
 - \$1,733 Subsidized Direct Loan
- Institutional charges for payment period are \$4,500

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**R2T4 Clock Hour:
Hand Calculation**

Treatment Of Title IV Funds When A Student Withdraws From A Clock-Hour Program

Student's Name Social Security Number

Date form completed Date of school's determination that student withdrew

Period used for calculation (check one) Payment period Period of enrollment

Monetary amounts should be in dollars and cents (rounded to the nearest penny). When calculating percentages, round to three decimal places. (For example, .4486 = .449, or 44.9%)

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Calculation Step 1

STEP 1: Student's Title IV Aid Information

Title IV Grant Programs		Amount Disbursed	Amount that Could Have Been Disbursed	E. Total Title IV aid disbursed for the period.
1. Pell Grant		<input type="text" value="950"/>	<input type="text" value="0"/>	$\begin{array}{r} A. 950 \\ + B. 2723 \\ \hline E. \$ 3673 \end{array}$
2. Academic Competitiveness Grant		<input type="text" value="0"/>	<input type="text" value="0"/>	
3. National SMART Grant		<input type="text" value="0"/>	<input type="text" value="0"/>	
4. FSEOG		<input type="text" value="0"/>	<input type="text" value="0"/>	
5. TEACH Grant		<input type="text" value="0"/>	<input type="text" value="0"/>	
6. Iraq Afghanistan Service Grant		<input type="text" value="0"/>	<input type="text" value="0"/>	
A.	950	C.	0	
Subtotal				

Title IV Loan Programs		Net Amount Disbursed	Net Amount that Could Have Been Disbursed	F. Total Title IV grant aid disbursed and that could have been disbursed for the period.
7. Unsubsidized FFEL/ Direct Stafford Loan		<input type="text" value="990"/>	<input type="text" value="1733"/>	$\begin{array}{r} A. 950 \\ + B. 2723 \\ \hline F. \$ 950 \end{array}$
8. Subsidized FFEL/ Direct Stafford Loan		<input type="text" value="0"/>	<input type="text" value="0"/>	
9. Perkins Loan		<input type="text" value="0"/>	<input type="text" value="0"/>	
10. FFEL/ Direct PLUS (Graduate Student)		<input type="text" value="0"/>	<input type="text" value="0"/>	
11. FFEL/ Direct PLUS (Parent)		<input type="text" value="2723"/>	<input type="text" value="0"/>	
B.	2723	D.	0	$\begin{array}{r} A. 950 \\ + B. 2723 \\ \hline G. \$ 3673 \end{array}$
Subtotal				

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Calculation Steps 2 and 3

STEP 2: Percentage of Title IV Aid Earned

Withdrawal date

H. Determine the percentage of the period completed: Divide the clock hours scheduled to have been completed as of the withdrawal date in the period by the total clock hours in the period.

$$\begin{array}{r} 175 \\ \text{Hours completed} \\ \hline \text{Total hours in period} \\ 450 \\ \hline 38.9 \% \end{array}$$

If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.
If this percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3. **H. 38.9 %**

STEP 3: Amount of Title IV Aid Earned by the Student

Multiply the percentage of Title IV aid earned (Box H) by the Total Title IV aid disbursed and that could have been disbursed for the period (Box G).

$$\begin{array}{r} 38.9 \% \times 3673 \\ \text{Box H} \quad \text{Box G} \\ = 1. \$ 1428.80 \end{array}$$

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Calculation Step 4	
STEP 4: Title IV Aid to be Disbursed or Returned	
<ul style="list-style-type: none"> ► If the amount in Box I is greater than the amount in Box E, go to Item J (Post-withdrawal disbursement). ► If the amount in Box I is less than the amount in Box E, go to Title IV aid to be returned (Item K). ► If the amounts in Box I and Box E are equal, STOP. No further action is necessary. 	
J. Post-withdrawal disbursement From the Amount of Title IV aid earned by the student (Box I) subtract the Title IV aid disbursed for the period (Box E). This is the amount of the post-withdrawal disbursement.	
$1428.80 - 367.50 = \boxed{J.\$ \hspace{10pt} 0.00}$ <small>Box E</small>	
If there's an entry for "J." Stop here, and enter the amount in Box 1 on Page 3 (Post-withdrawal disbursement tracking sheet).	
K. Title IV aid to be returned From the Total Title IV aid disbursed for the period (Box E) subtract the Amount of Title IV aid earned by the student (Box I). This is the amount of Title IV aid that must be returned.	
$367.50 - 1428.80 = \boxed{K.\$ \hspace{10pt} 2244.20}$ <small>Box I</small>	

Calculation Step 5

STEP 5: Amount of Unearned Title IV Aid Due from the School

L. Institutional charges for the period

Tuition	4500
Room
Board
Other
Other
Other

Total Institutional Charges
(Add all the charges together) **= L. \$ 4500.**

M. Percentage of unearned Title IV aid

100% - **[38.9 %] = [M. 61.1 %]**
Box H

N. Amount of unearned charges
Multiply institutional charges for the period (Box L) by the Percentage of unearned Title IV aid (Box M).
[45.00] X [61.1 %] = [N. \$ 2749.50]
Box L Box M

O. Amount for school to return
Compare the amount of Title IV aid to be returned (Box K) to Amount of unearned charges (Box N), and enter the lesser amount.
[O. \$ 2244.20]

Calculation Steps 6 and 7

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R2T4 on the Web

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What is R2T4 on the Web?

- Free web-based software that calculates and manages the return of Title IV funds
- Available through FAA Access to CPS Online
- Must be enrolled on SAIG Enrollment web site – <https://www.fsawebenroll.ed.gov/>
- Once enrolled, R2T4OW can be accessed at www.fafsa.ed.gov/FOTWWWeb/faa/fafajsp

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Resources & References

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Resources and References

- FSA Handbook, Volume 5
- 34 CFR 668.22
- DCL GEN-00-24, GEN-04-03, GEN-11-14
- FSA Assessments
 - <http://www.ifap.ed.gov/qahome/qaassessments/retrntivfunds.html>
- Federal Register – October 29, 2010
- R2T4 Demo Site
 - <http://fafsademo.test.ed.gov/>

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- Go to <http://s.zoomerang.com/s/DavidBartrnck>
 - Evaluation form is specific to David Bartrnck
 - This feedback tool will provide a means to educate and inform areas for improvement and support an effective process for “listening” to our customers
 - Additional concerns about training can be directed to joann.borel@ed.gov

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