

# 2019 FASFAA Annual Conference

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## R2T4

### The Basics of Return of Title IV Funds

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— — — **Roadmap to Success** — — —

# Disclaimers

- Modeled on 2017 FSA Training Conference
  - *Return of TIV Funds (R2T4): Basic Concepts*
- Standard Term Credit Hour Schools
- Using Payment Period (not Period of Enrollment)
- Introduction to the concepts - not a step-by-step training on how to process a R2T4

# R2T4 Compliance Concerns

#1 Program Review and Audit finding

R2T4 Problems

- Late Returns
- R2T4 Errors
- R2T4 not done

\*\*One of the highest liability producing deficiencies

# Consumer Information

- Any refund policy with which the school must comply, as specified by the State / accrediting agency
- Institution's tuition refund policy
- Requirements for the treatment of Title IV funds after withdrawal
- Procedures for official withdrawal: including the administrative office(s) that will accept an official withdrawal notice.

# Failure to Begin Attendance

If an institution cannot document that a student began attendance for the payment period, the student is not an eligible student for Title IV funds for that period. Therefore:

- The provisions of 34 CFR 668.22 (**R2T4**) do not apply
- Instead, the provisions of 34 CFR 668.21 (**Non-Attendance**) apply

# Pell Recalculation

- Before the R2T4 can be processed, Pell recalculation is often required.
- If the student does not begin attendance in all classes, the institution must recalculate Pell Grant eligibility before processing R2T4.
- Pell Recalculation
  - *34 CFR 690.80*
    - 1718 FSA Handbook, Volume 3, Chapter 3, Page 69
    - 1718 FSA Handbook, Volume 5, Chapter 1, Page 5

# R2T4 Applicability

Title IV eligible students who begin attendance and completely withdraw, or otherwise cease attending

- *Student must have actually received Title IV loan funds or met the conditions for a late disbursement (Post-Withdrawal Disbursement)*

# Basic Principles

- After the student completes (or is scheduled to complete) more than 60% of the payment period, the student has earned 100% of the scheduled Title IV funds.
- Institutional or other refund policies (State, accrediting agency) do not impact the amount of Title IV aid earned under a R2T4 calculation.
- Schools should use the best information available to determine the withdrawal date.



# Basic Principles

$$\frac{\text{Days attended}}{\text{Days in period}} = \% \text{ completed}$$

$$\text{Total aid} \times \% \text{ completed} = \text{Earned aid}$$

$$\text{Disbursed aid} - \text{Earned aid} = \text{Unearned aid}$$

# Completed Days and Scheduled Days

- The institution calculates the percentage of the period that was completed:
  - *NOTE: If greater than 60%, student earned 100%*
- Numerator: Number of days attended (completed) in the period
- Denominator: Total number of (scheduled) days in the period

$$\frac{\text{Days attended}}{\text{Days in period}} = \% \text{ completed}$$

# Scheduled Days (Days in Period)

- The total number of days in an institution's payment period constitutes the denominator of the R2T4
  - *Count every day, including weekends and holidays except:*
    - scheduled breaks of five days or more
    - Days of approved leave of absence
    - periods in which the student was not enrolled in any modules

# Scheduled Days (Days in Period)

- Institutionally scheduled breaks of five or more consecutive days are excluded from both the numerator and the denominator of the R2T4 calculation
- Breaks of less than five consecutive days are included in the R2T4 calculation

**Thanksgiving Break:** If break begins on Wednesday, and no classes are held on the weekend, those 5 days must be excluded. If break is only Thursday through Sunday, those 4 days do not need to be excluded.

**Spring Break:** Full week is always more than 5 days and must be excluded.

# Scheduled Days (Days in Period)

Fall 2019 – R2T4 Term Dates					
	Start Date	End Date	# of Days	# of Days to 60%	60% Date
Full Term*	8/26/19	12/14/19	111	67	10/31/19
Session A	8/26/19	10/12/19	48	29	09/23/19
Session B	10/21/19	12/7/19	48	29	11/18/19
A+B**	8/26/19	12/7/19	96 - 8 = 88	53	10/18/19

\*No scheduled breaks of 5 days or more during Fall term.

\*\*A + B Sessions has a break of 8 days between sessions.

# Days Attended: Determining Withdrawal Date

- A student's withdrawal date determines the number of days the student is considered to have completed, and helps determine the numerator of the R2T4 calculation
  - *"Completed days" excludes scheduled breaks of five days or more*
  - *"Completed days" also excludes leaves of absence and periods in which the student was not enrolled in any modules*

$$\frac{\text{Days attended}}{\text{Days in period}} = \% \text{ completed}$$

# Required to Take Attendance?

- For the purposes of determining a student’s withdrawal date, there are two types of institutions:
  - *Institutions required to take attendance (All clock-hour programs)*
  - *Institutions NOT required to take attendance (Most institutions)*
- Institution is an “Institution Required to Take Attendance” if:
  - *Outside entity requires that attendance be taken*
  - *Institution has its own requirement that instructors take attendance*
    - Institutional level – all faculty required to take attendance
    - Departmental level – specific academic departments have an attendance taking requirement
    - Program level – a specific program requires attendance taking
    - NOTE: If a faculty member independently chooses to take attendance, that alone does not meet the definition of “An Institution Required to Take Attendance”
  - *Outside entity or the institution has a requirement that can only be met by taking attendance*
- Institutions required to take attendance must use official attendance records to determine a student’s withdrawal date.

# Required to Take Attendance?

- A census date (sometimes called the “add/drop” date) is a single date where the institution takes a snapshot of attendance:
  - *Having a census date does not cause an institution to be required to take attendance*
  - *If you have a program taught in modules, you can have up to one census date in each module without being considered an institution required to take attendance*



# Withdrawal Date

- For an institution NOT required to take attendance, a student's withdrawal date is:
  - *Date student began the formal withdrawal process or provided official notification;*
  - *Mid-point, if no notification;*
  - *Date of illness, accident, etc.;*
  - *Beginning of a LOA if student does not return; or*
  - *Last date of an academically-related activity.*

# Academically-Related Activity Includes:

- 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

\*An institution NOT required to take attendance may always use the last date of an academically-related activity as the W/D date.

# Academically-Related Activity is NOT:

- Living in institutionally provided housing
- participating in the meal plan
- Logging into an online course without active participation
- Participating in academic counseling or advisement
- Attending a student-led study group

\*Student's certification of attendance without school documentation is not acceptable.

# Official Withdrawal

- The date the student **began** the school's official withdrawal process or **officially** notified the school of the intent to withdraw.
  - *Usually based on the registration records.*
  - *May also use a documented date of attendance in an academically-related activity.*

# Unofficial Withdrawal

- Student drops out or stops attending without notifying the school.
- Withdrawal date is the midpoint of the payment period, or;
- May use a documented last date of attendance in an academically-related activity.

# Unofficial Withdrawal: All “F” Test

- A school not required to take attendance must treat a student as having unofficially withdrawn if the:
  - *Student fails to earn a passing grade in any course in the payment period; and*
  - *School cannot document the student actually completed the requirements for at least one course.*
- Grading policy may differentiate between earned and unearned failing grade.
  - *Last Date of Attendance recorded with Failing Grades*
- There is added complexity to this rule if student was enrolled in modules.

# Calculating Earned Aid

- To avoid penalizing students just because the school may not have disbursed all aid for the period, both aid **actually disbursed** and **aid that could have been disbursed** are included in total aid.
  - *Why? The greater amount of total aid, the greater amount of earned aid, and less aid that must be returned.*
- The institution determines the precise amounts of Title IV aid for which a student was eligible at the time of the withdrawal.

$$\text{Total aid} \times \% \text{ completed} = \text{Earned aid}$$

# Aid That Could Have Been Disbursed

- In addition to the Title IV aid that was disbursed, include aid that could have been disbursed if conditions for late disbursements in 34 CFR 668.164(j)(2) were met prior to the withdrawal date:
  - *All Title IV – ED processed the ISIR/SAR with an official EFC*
  - *FSEOG – school made the award*
  - *Direct Loan – school originated loan*
  - *TEACH Grant – school originated grant*



# Aid That Could Have Been Disbursed

- Aid listed as “could have been disbursed” CANNOT actually be disbursed if:
  - *1<sup>st</sup> time borrower withdraws before the 30<sup>th</sup> day of the program (if school is not exempt from 30 days delay)*
  - *2<sup>nd</sup> and subsequent disbursements*
  - *Borrower did not sign the MPN*

# R2T4 Calculation: Determining Earned and Unearned Aid

- The percentage completed is multiplied by the total amount of Title IV aid for which the student was eligible
  - *If the amount earned is **less** than the amount disbursed, a return to ED is required.*
  - *If the amount earned is **greater** than the amount disbursed, a PWD is required.*

$$\text{Total aid} \times \% \text{ completed} = \text{Earned aid}$$

$$\text{Disbursed aid} - \text{Earned aid} = \text{Unearned aid}$$

# R2T4 - Unearned Aid Due From School

- The amount of funds due from the institution is calculated by adding all the institutional charges incurred by the withdrawal date, then multiplying that total by the percentage of the period the student DID NOT complete.
- Institutional charges include:
  - *Tuition and fees*
  - *Housing and meals (if contracted with school)*
  - *Course materials if no real and reasonable opportunity to outside of school*
- Charges initially assessed for the payment period – only adjusted for by changes prior to withdrawal.

# R2T4 - Unearned Aid Due From School

- The institution must return unearned aid for which the school is responsible by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.
  1. *Unsubsidized Direct Loan*
  2. *Subsidized Direct Loan*
  3. *Direct Grad PLUS Loan*
  4. *Direct Parent PLUS Loan*
  5. *Pell Grant*
  6. *SEOG*
  7. *TEACH Grant*
  8. *Iraq and Afghanistan Service Grant*

# R2T4- Unearned Aid Due from Student

- If unearned aid exceeds the amount due from the school, the student is responsible for the return of that aid.
  - *Loans are repaid in accordance with terms of the promissory note*
  - *Any grant repayment due from student is considered an overpayment*
  - *Amounts of \$50 or less in programs are not required to be repaid*
  - *There is a 50% grant protection*

# Post-Withdrawal Disbursement (PWD)

- When Title IV aid disbursed is less than Title IV aid earned
- Must meet Late Disbursement rules
- School must provide student written notification within 30 days of date of determination of withdrawal
- Student must confirm acceptance of a post-withdrawal loan disbursement within 14 days
- PWD of grant funds does not require student acceptance

# R2T4 Deadlines – From the Date of Determination

- Within 30 days, the institution must:
  - *Perform the R2T4 calculation*
  - *Notify the student of any grant overpayment*
  - *Notify the student of eligibility for a post-withdrawal disbursement (PWD) of loan funds*
- Institution must return the Title IV funds within 45 days
- Institution must make a PWD of grant funds to the student within 45 days
- Institution must make a PWD of loan funds to a student's account within 180 days

# Questions?

