Session #20

Return of *Title IV* Funds: Resources and Q&A

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Agenda

• Basic Principles of Return of Title IV (R2T4)
• How the R2T4 Calculation Works
• Resources
• Questions and Answers
Basic Principles of R2T4

• *Title IV* funds are awarded to a student with the assumption that the student will attend school for the entire period for which the assistance is awarded.

• When a student ceases attendance prior to the planned ending date, the student may not be eligible for the full amount of *Title IV* funds the student was scheduled to receive.
Basic Principles of R2T4

• Students earn *Title IV* aid equal to the amount of attendance in a period

• In a credit-hour program, the percentage of aid earned is equal to the percentage of the period completed on the withdrawal date

• In a clock-hour program, the percentage of aid earned is equal to the percentage of the period the student was scheduled to complete on the withdrawal date
Basic Principles of R2T4

• If a school has disbursed more aid than the student has earned, *Title IV* aid must be returned to the Department.

• If a school has disbursed less *Title IV* aid than the student has earned, a post-withdrawal disbursement (PWD) will be calculated and must be offered to the student or parent.
Basic Principles of R2T4

• After the student completes (or is scheduled to complete) more than 60% of the payment period (PP) or period of enrollment (POE), the student has earned 100% of his/her Title IV funds

• Institutional or other refund policies (e.g. 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
Step One: The institution determines the net amounts of Title IV aid for which a student was eligible at the time of the withdrawal, including amounts disbursed and amounts that could have been disbursed.
Step Two: The institution calculates the percentage of the period that was completed. If greater than 60%, the student earned 100% for the period.

Numerator: Number of days attended (completed) in the period

Denominator: Total number of days in the period
Step Two: The institution calculates the percentage of the period that the student was scheduled to complete upon withdrawal. If greater than 60%, the student earned 100% for the period.

Numerator: Number of hours the student was scheduled to complete

Denominator: Total hours in the period
How the R2T4 Calculation Works

Steps Three and Four: The percentage completed (or scheduled to complete) 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 the Department is required.
- If the amount earned is greater than the amount disbursed, a PWD is required.
Step Five: If a return is required, the institution determines the amount of unearned Title IV aid it is responsible for returning.

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.
Step Six: Once the institution determines the total amount of unearned Title IV aid that must be returned to ED, the institution must return funds in the statutory order (i.e. loans, then grants).
Steps Seven through Ten: Once the institution has determined the amounts of each type of unearned Title IV aid that it must return, any remaining unearned funds that were disbursed are the responsibility of the student.

• Remaining unearned Title IV loan funds (e.g. Direct or Perkins Loans) must be repaid by the student in accordance with the terms of the loans. No further action by the institution is required for these unearned funds.

• Remaining unearned Title IV grant funds, if greater than 50% of the total grant assistance disbursed for the period, are considered grant overpayments. The institution must notify the student within 45 days of his/her obligation to repay those funds.
Resources: Past Presentations

2018 FSA Conference:
• Session 18: Return of *Title IV* (R2T4) Funds: Essential Concepts

2017 FSA Conference:
• Session 22: Return of *Title IV* (R2T4) Funds: Basic Principles
• Session 23: Return of *Title IV* (R2T4) Funds: Advanced Concepts

FSA Coach: Managing Student Withdrawals
Resources: Guidance

- Code of Federal Regulations: 34 CFR 668.22
- Final Regulation published Nov. 1, 1999
- Dear Colleague Letter GEN-00-24
- Final Regulation published Nov. 1, 2002
- Dear Colleague Letter GEN-04-03
- Dear Colleague Letter GEN-04-12
- Dear Colleague Letter GEN-05-16
- Final Regulation published Oct. 29, 2010
- Dear Colleague Letter GEN-11-14
- IFAP – Program Integrity Q&As – Return of Title IV Funds
- Dear Colleague Letter GEN-14-23 (R2T4 and Competency-Based Programs)
- FSA Handbook, Volume 5
Questions and Answers