

# 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

# How the R2T4 Calculation Works

**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 1: Student's Title IV Aid Information			
<b>Title IV Grant Programs</b>		Amount Disbursed	Amount that Could Have Been Disbursed
1. Pell Grant			
2. FSEOG			
3. TEACH Grant			
4. Iraq and Afghanistan Service Grant			
	<b>A.</b>	<b>C.</b>	
	Subtotal	Subtotal	
<b>Title IV Loan Programs</b>		Net Amount Disbursed	Net Amount that Could Have Been Disbursed
5. Unsubsidized Direct Loan			
6. Subsidized Direct Loan			
7. Perkins Loan			
8. Direct Grad PLUS Loan			
9. Direct Parent PLUS Loan			
	<b>B.</b>	<b>D.</b>	
	Subtotal	Subtotal	
		<b>E. Total Title IV aid disbursed for the period.</b> A. <input type="text"/> + B. <input type="text"/> = <b>E. \$</b> <input type="text"/> .	
		<b>F. Total Title IV grant aid disbursed and that could have been disbursed for the period.</b> A. <input type="text"/> + C. <input type="text"/> = <b>F. \$</b> <input type="text"/> .	
		<b>G. Total Title IV aid disbursed and that could have been disbursed for the period.</b> A. <input type="text"/> B. <input type="text"/> C. <input type="text"/> + D. <input type="text"/> = <b>G. \$</b> <input type="text"/> .	

# How the R2T4 Calculation Works (Credit Hour)

**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

## H. Percentage of payment period or period of enrollment completed

Divide the calendar days completed in the period by the total calendar days in the period (excluding scheduled breaks of five days or more **AND** days that the student was on an approved leave of absence).

$$\boxed{\phantom{000}} \div \boxed{\phantom{000}} = \boxed{\phantom{00}} . \%$$

Completed days                      Total days

- ▶ 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.**  . %



# How the R2T4 Calculation Works (Clock Hour)

**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

**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.

$$\boxed{\phantom{000}} \div \boxed{\phantom{000}} = \boxed{\phantom{00}} . \phantom{00} \%$$

Hours scheduled to complete                      Total hours in period

- ▶ 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.                      .                      %**

# 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.

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).

$$\boxed{\phantom{00}} \% \times \boxed{\phantom{0000}} = \boxed{\phantom{0000000000}} \text{ I. \$ } \boxed{\phantom{0000000000}} \text{ .}$$

Box H                      Box G

# How the R2T4 Calculation Works

**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.

**L. Institutional charges for the period**

Tuition	<input type="text"/>
Room	<input type="text"/>
Board	<input type="text"/>
Other	<input type="text"/>
Other	<input type="text"/>
Other	<input type="text"/>

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

**M. Percentage of unearned Title IV aid**

100% -  % = **M.**  . %  
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).

**X**  % = **N.\$**  .   
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.\$**  .

# How the R2T4 Calculation Works

**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).

<b>STEP 6: Return of Funds by the School</b>	
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.	
<b>Title IV Programs</b>	Amount for School to Return
1. Unsubsidized Direct Loan	<input type="text"/>
2. Subsidized Direct Staff Loan	
3. Perkins Loan	
4. Direct Grad PLUS Loan	
5. Direct Parent PLUS Loan	
<b>Total loans the school must return = P.\$</b>	<input type="text"/>
6. Pell Grant	<input type="text"/>
7. FSEOG	
8. TEACH Grant	
9. Iraq and Afghanistan Service Grant	

# How the R2T4 Calculation Works

**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

- [Section 484B of the Higher Education Act \(20 U.S.C. § 1091b\): Institutional Refunds](#)
- [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