Session #FS5

Return of *Title IV* (R2T4) Basic Principles for Foreign Schools

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U.S. Department of Education
2019 FSA Foreign Schools Training

December 2019
Agenda

- R2T4 Basic Principles
- Definitions and Ground Rules for Return of *Title IV* (R2T4)
- R2T4 Worksheet Calculation
- Aid to Include in an R2T4 Calculation
- Aid that Could Have Been Disbursed
- Withdrawal Date and Amount Completed
- Post-Withdrawal Disbursements
- Institutional Charges
Basic Principles

• *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

• Students earn *Title IV* aid equal to the amount of attendance in a payment period or period of enrollment
  • The percentage of aid earned is equal to the percentage of the period completed on the withdrawal date
Basic Principles

- 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.
Basic Principles

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

• Institutional refund policies 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
Consumer Information

- Any refund policy with which the school must comply
- Requirements for the treatment of *Title IV* funds after withdrawal
- Requirements and procedures for officially withdrawing from the school
  - Includes naming the administrative offices that handle the official withdrawal process for your campus
Failure to Begin Attendance

If an institution cannot document that a student commenced attendance for the PP or POE, 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
Failure to Begin Attendance

- Direct Loan (DL) funds credited to the student’s account must be returned
- For DL funds disbursed directly to the student:
  - The institution may choose to return the funds itself; or
  - The DL servicer must be notified, and the funds immediately repaid by the student
Definitions and Ground Rules for R2T4

Withdrawal date: The date that a student ceased attendance at an institution.

Date of determination: The date that the institution determined that the student ceased attendance.
Required to Take Attendance?

• For purposes of determining a student’s withdrawal date, there are two types of institutions:
  • Institutions required to take attendance
  • Institutions NOT required to take attendance
An institution is “required to take attendance” if:

• An outside entity requires that attendance be taken;
• The institution has its own requirement that instructors take attendance; or
• An outside entity or the institution has a requirement that can only be met by taking attendance
Institutions Required to Take Attendance

An institution required to take attendance must use its official attendance records to determine a student’s withdrawal date.
Institutions Not Required to Take Attendance

An institution not required to take attendance is any institution that does not fall into one of the categories for institutions required to take attendance

- Most institutions fall into this category
- Institutions not required to take attendance have more options for determining when a student has withdrawn
Institutions Not Required to Take Attendance

Types of withdrawals at institutions not required to take attendance:

• The earlier of the date the student began the official withdrawal process or the date the student otherwise provided official notification of intent to withdraw

• Date related to accident, grievous personal loss, or other such circumstances beyond the student's control, if those things prevented the student from officially withdrawing
Types of withdrawals at institutions not required to take attendance (continued):

- Date the student began a leave of absence (if he/she does not return, or if the leave does not meet federal requirements)
- Midpoint of the period (if the student gives no notice; sometimes called an “unofficial withdrawal”)
- Last date of attendance or an academically-related activity (optional) supported by institutional documentation
A leave of absence (LOA) is a temporary interruption in a program of study instead of a withdrawal.

**Conditions for an approved LOA:**

1. Formal written policy
2. Student follows the formal policy in requesting the LOA
3. There is a reasonable expectation that the student will return from the LOA
4. The school approves the LOA in accordance with its policy
5. The student is not assessed additional institutional charges
6. The number of days on an approved LOA cannot exceed 180 days within a 12-month period
7. Loan recipients must be told about the effects on their grace period if they do not return
Leave of Absence

- For standard term or non-standard term programs, the student must resume training at the same point the student began the LOA.
- For non-term credit hour programs, the student does not have to resume training at the same point the student began the LOA.
- If a student’s LOA does not meet regulatory requirements, student must be considered a withdrawal as of the beginning of the LOA.
Date of Determination

For an institution that is required to take attendance:

• The date that the student provides notification that he or she is ceasing attendance
• If no notification is provided, no later than 14 days after the last date of attendance (except in unusual circumstances)

NOTE: An institution is not required to administratively withdraw a student after 14 days, but should be aware that the 14th day begins the time frame for calculations/returns.
Deadlines Related to Date of Determination

Within **30 days**, the institution must:
- Perform the R2T4 calculation
- Notify the student of eligibility for a post-withdrawal disbursement (PWD) of loan funds

Within **45 days**, the institution must:
- Return the *Title IV* funds it has responsibility to return

Within **180 days**, an institution must:
- Make any PWD of DL funds
Definitions and Ground Rules for R2T4

Rounding Rules: Dollar Amounts and Percentages

1. Calculation - round to the nearest penny
   - $2,346.00 x 44.6% = $1,046.316 or $1,046.32
   - $2,346.00 x 44.4% = $1,041.624 or $1,041.62

2. Disbursement or refund may be rounded to the nearest dollar
   - $1,046.32 = $1,046
   - $1,041.62 = $1,042

3. Calculate out to four decimal places
   - 45 days / 101 days = .4455
   - 199 hours / 450 hours = .4422

4. Round to third decimal place
   - .4455 = .446 = 44.6%
   - .4422 = .442 = 44.2%
### R2T4 Worksheet Calculation

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

<table>
<thead>
<tr>
<th>Student’s Name</th>
<th>Social Security Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peter Pan</td>
<td>XXX-XX-5555</td>
</tr>
</tbody>
</table>

- **Date form completed**: 04 / 01 / 2020
- **Date of school’s determination that student withdrew**: 03 / 13 / 2020
- **Period used for calculation (check one)**: Payment period

- **Date form completed**: will determine if school met deadline to complete R2T4 calculation
- **Date of determination**: Begins the countdown of the number of days to complete several deadlines
- **Period of enrollment**: Period of time in which the student is earning aid (standard term, nonterm, or non-standard term)
### R2T4 Worksheet Calculation: Step 1

<table>
<thead>
<tr>
<th>Title IV Grant Programs</th>
<th>Amount Disbursed</th>
<th>Amount that Could Have Been Disbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Pell Grant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. FSEOG</td>
<td></td>
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</tr>
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<td>4. Iraq and Afghanistan Service Grant</td>
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**STEP 1: Student’s Title IV Aid Information**

**Title IV Loan Programs**

<table>
<thead>
<tr>
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<th>Net Amount Disbursed</th>
<th>Net Amount that Could Have Been Disbursed</th>
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<tr>
<td>5. Unsubsidized Direct Loan</td>
<td>5,936.00</td>
<td></td>
</tr>
<tr>
<td>6. Subsidized Direct Loan</td>
<td>4,452.00</td>
<td></td>
</tr>
<tr>
<td>7. Perkins Loan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Direct Grad PLUS Loan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Direct Parent PLUS Loan</td>
<td></td>
<td></td>
</tr>
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**Calculation**

\[
E. \text{Total Title IV aid disbursed for the period} = A. + B. + C. = 10,388.00
\]

\[
F. \text{Total Title IV grant aid disbursed and that could have been disbursed for the period} = A. + C. = 10,388.00
\]

\[
G. \text{Total Title IV aid disbursed and that could have been disbursed for the period} = A. + B. + C. = 10,388.00
\]
Aid to Include in an R2T4 Calculation

An institution must determine the total amount of Title IV aid for which a student was eligible as of his/her withdrawal date. This includes:

- Aid disbursed to the student’s account or directly to the student
- Aid that could have been disbursed

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<td>Direct Grad PLUS Loan</td>
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<td></td>
</tr>
<tr>
<td>Direct Parent PLUS Loan</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

STEP 1: Student’s Title IV Aid Information

A. Subtotal
B. 10,388.00
C. Subtotal

E. Total Title IV aid disbursed for the period:

A. + B. 10,388.00
E. $ 10,388.00

F. Total Title IV grant aid disbursed and that could have been disbursed for the period:

A. + B. + C. = F. $ |

G. Total Title IV aid disbursed and that could have been disbursed for the period:

A. + B. + C. + D. = G. $ 10,388.00
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:

- ED processed the ISIR/SAR with an official EFC
- Direct Loan – School originated loan
- Direct PLUS – Satisfactory credit check was received
Origination:

- A Direct Loan is “originated” on the date that the institution creates an electronic origination record.
- The date of origination is the date that the school creates the origination record in its system, not necessarily the date that it transmits the information to the Common Origination and Disbursement (COD) System.
Aid That Could Have Been Disbursed

In some cases, aid is included as “aid that could have been disbursed,” but the school cannot make a post-withdrawal disbursement of that aid. These cases include:

• Second or subsequent disbursements of DL
• Disbursements of DL to first-year, first-time DL borrowers unless the students complete the first 30 days
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.
R2T4 Worksheet Calculation: Step 2

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

**Denominator:** Total number of days in the period

- “Total days” excludes scheduled breaks of five days or more
- “Total days” also excludes leaves of absence
R2T4 Worksheet Calculation: Step 3

- I = amount of *Title IV* aid earned by student
- J = post-withdrawal amount

- 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.
Post-Withdrawal Disbursements

Post-withdrawal disbursements of *Title IV loan funds*:

- Must be offered to the student (or parent in the case of a PLUS Loan) **within 30 days** of the date of determination and school must request confirmation of acceptance
- Must be made **within 180 days** of the date of determination
Post-Withdrawal Disbursements

The institution must:

• Notify the student (or parent) and explain that the borrower may decline all or a portion of the loan disbursement within 30 days of the date of determination.

• Request confirmation of any amount to be credited to the account or directly disbursed to the borrower.

• Explain the obligation to repay the loan.

• Specify a deadline of at least 14 days for required response/confirmation.
Post-Withdrawal Disbursements

Notifications for *Title IV loan* post-withdrawal disbursements:

• If the response is late, the school may decide to disburse or not to disburse. If the school decides to not disburse, it must notify the borrower in writing

• If no response from the borrower, no post-withdrawal disbursement can be made
**Post-Withdrawal Disbursements**

<table>
<thead>
<tr>
<th><strong>POST-WITHDRAWAL DISBURSEMENT TRACKING SHEET</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Student’s Name</strong></td>
</tr>
<tr>
<td><strong>Date of school’s determination that student withdrew</strong></td>
</tr>
</tbody>
</table>

**I. Amount of Post-withdrawal Disbursement (PWD)**

Amount from “Box J” of the Treatment of Title IV Funds When a Student Withdraws worksheet

| Box 1 | $ . |

**II. Outstanding Charges For Educationally Related Expenses Remaining On Student’s Account**

Total Outstanding Charges Scheduled to be Paid from PWD
*(Note: Prior-year charges cannot exceed $200.)*

| Box 2 | $ . |

**III. Post-withdrawal Disbursement Offered Directly to Student and/or Parent**

From the total Post-withdrawal Disbursement due (Box 1), subtract the Post-withdrawal Disbursement to be credited to the student’s account (Box 2). This is the amount you must make to the student (grant) or offer to the student or parent (Loan) as a Direct Disbursement.

| Box 1 | $ . |
| Box 2 | $ . |
| Box 3 | $ . |
STEP 4: Aid to be Disbursed or Returned CONTINUED

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.

\[
10,388.00 \quad 3,303 \quad = \quad \text{k.}$ \quad 7,084.62
\]

Box E \hspace{2cm} Box I
R2T4 Worksheet Calculation: Step 5

- Charges included are those initially assessed for the period, or adjusted prior to the withdrawal.
- Must be prorated if charges are assessed for a period longer than the period used for R2T4 purposes.

<table>
<thead>
<tr>
<th>Charges for the period</th>
<th>Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>Room</td>
<td>$3,000.00</td>
</tr>
<tr>
<td>Board</td>
<td>$3,000.00</td>
</tr>
<tr>
<td>Other</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>Total Institutional Charges</td>
<td>[ \text{Total} = \text{L.}$ ] 17,000.00</td>
</tr>
</tbody>
</table>

- \[ \text{Percentage of unearned Title IV aid} = \frac{100\% - \text{Box H}}{\text{Box H}} \] 31.8\% = M. 68.2\% |

\[ \text{Amount of unearned charges} = \text{L.} \times \text{M.} = \text{N.}\$ \] 11,594.00 |

- Amount for school to return: \[ \text{O.}\$ \] 7,084.62
Institutional Charges:

• Tuition, fees, and room and board (if contracted with the school);
• Required course materials (books, kits, tools, supplies, etc.) if the student does not have a real and reasonable opportunity to purchase the materials from any place but the school

Non-Institutional Charges:

• Required course materials that a school can document a student had a real and reasonable opportunity to purchase elsewhere;
• Group health insurance fees if the insurance is required for all students and coverage extends after the withdrawal; and
• Discretionary, educationally-related expenses (e.g., parking or library fines, etc.)
Excludable Costs:

- May be excluded from institutional charges, such as the documented cost of unreturnable equipment and documented cost of returnable equipment if not returned in good condition within 20 days of withdrawal.
- The excludable cost is the amount the *institution* paid for the materials, which is not necessarily the amount it charged students.
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.
R2T4 Worksheet Calculation: Step 6

<table>
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<td>5. Direct Parent PLUS Loan</td>
<td></td>
</tr>
<tr>
<td><strong>Total loans the school must return</strong></td>
<td><strong>7,084.62</strong></td>
</tr>
<tr>
<td>6. Pell Grant</td>
<td></td>
</tr>
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- Order of return
- U.S. dollars
- Time frame of return
Returns by the School

• An institution must return the Title IV funds it has responsibility to return as soon as possible, but no later than **45 days after the date of determination**

• A return is completed on the date that the institution:
  • Deposits or transfers the funds into the school’s depository bank account, and then awards and disburses the funds to another eligible student; or
  • Returns the funds to the Department electronically using the “Refund” function in G5
R2T4 Worksheet Calculation: Steps 7 and 8

**STEP 7: Initial Amount of Unearned Title IV Aid Due from the Student**

From the amount of Title IV aid to be returned (Box K) subtract the Amount for the school to return (Box O).

\[
\begin{align*}
7,084.62 & - 7,084.62 = Q. \$ & 0.00
\end{align*}
\]

- If Box Q is \leq 0, STOP
- If greater than zero, go to Step 8

**STEP 8: Repayment of the Student’s Loans**

From the Net loans disbursed to the student (Box B) subtract the Total loans the school must return (Box P) to find the amount of Title IV loans the student is still responsible for repaying (Box R). These loans consist of loans the student has earned, or unearned loan funds the school is not responsible for repaying. They are repaid to the loan holders according to the terms of the borrower’s promissory note.

\[
\begin{align*}
10,388.00 & - 7,084.62 = R. \$ & 3,303.38
\end{align*}
\]

- If Box Q is less than or equal to Box R, STOP
  - The only action a school must take is to notify the holders of the loans of the student’s withdrawal date.
- If Box Q is greater than Box R, proceed to Step 9.

- **Unearned Title IV funds**
- **Student’s responsibility**
R2T4 Worksheet Calculation: Steps 9 and 10

• Not applicable to foreign schools:

**STEP 9:** Grant Funds to be Returned

**STEP 10:** Return of Grant Funds by the Student
R2T4 on the Web Tool

• Currently available in COD
  • Core-functionality and calculations did not change
  • “Override” functionality will be included for certain modular or non-term credit hour situations

• Training available on fsatraining.ed.gov
  • R2T4 in COD: https://fsatraining.ed.gov/course/view.php?id=283
  • Navigating COD Tools Tab:
Other Resources

- Section 484B of the HEA
- 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’s & A’s – Return of *Title IV* Funds
CONTACTS

• Email: FSA.Foreign.Schools.Team@ed.gov
• Phone: 202-377-3168
• Fax: 202-377-3486
• Mail:
  U.S. Department of Education
  Multi-Regional and Foreign School Participation Division
  Union Center Plaza, 7th Floor
  830 First Street, NE
  Washington DC, 20202 (20002-5340 if overnight/courier)
Questions and Answers