

Session #FS5

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

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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

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

Institutions Not Required to Take Attendance

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

Leave of Absence

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



Calculation - round to the nearest penny

- $\$2,346.00 \times 44.6\% = \$1,046.316$ or $\$1,046.32$
- $\$2,346.00 \times 44.4\% = \$1,041.624$ or $\$1,041.62$



Disbursement or refund may be rounded to the nearest dollar

- $\$1,046.32 = \$1,046$
- $\$1,041.62 = \$1,042$



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

- $.4455 = .446 = 44.6\%$
- $.4422 = .442 = 44.2\%$



R2T4 Worksheet Calculation

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

Student's Name	Peter Pan	Social Security Number	XXX-XX-5555
Date form completed	04 / 01 / 2020	Date of school's determination that student withdrew	03 / 13 / 2020
Period used for calculation (check one)	<input checked="" type="checkbox"/> Payment period	<input type="checkbox"/> Period of enrollment	

- 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

STEP 1: Student's Title IV Aid Information			
Title IV Grant Programs		Amount Disbursed	Amount that Could Have Been Disbursed
1. Pell Grant			
2. FSEOG			
3. TEACH Grant			
4. Iraq and Afghanistan Service Grant			
	A.	C.	
	Subtotal	Subtotal	
Title IV Loan Programs		Net Amount Disbursed	Net Amount that Could Have Been Disbursed
5. Unsubsidized Direct Loan	5,936.00		
6. Subsidized Direct Loan	4,452.00		
7. Perkins Loan			
8. Direct Grad PLUS Loan			
9. Direct Parent PLUS Loan			
	B. 10,388.00	D.	
	Subtotal	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. + C. = F. \$.	
		G. Total Title IV aid disbursed and that could have been disbursed for the period. A. B. 10,388.00 C. + D. = G. \$ 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

STEP 1: Student's Title IV Aid Information			
Title IV Grant Programs		Amount Disbursed	Amount that Could Have Been Disbursed
1. Pell Grant			
2. FSEOG			
3. TEACH Grant			
4. Iraq and Afghanistan Service Grant			
	A.	C.	
	Subtotal	Subtotal	
Title IV Loan Programs		Net Amount Disbursed	Net Amount that Could Have Been Disbursed
5. Unsubsidized Direct Loan	5,936.00		
6. Subsidized Direct Loan	4,452.00		
7. Perkins Loan			
8. Direct Grad PLUS Loan			
9. Direct Parent PLUS Loan			
	B.	D.	
	10,388.00	Subtotal	
	Subtotal	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.	
+		C.	
		F. \$.
G. Total Title IV aid disbursed and that could have been disbursed for the period.			
		A.	
		B.	10,388.00
		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

Aid That Could Have Been Disbursed

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

R2T4 Worksheet Calculation: Step 2

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.

STEP 2: Percentage of Title IV Aid Earned		
02 / 08 / 20	05 / 06 / 20	03 / 13 / 20
Start date	Scheduled end date	Date of withdrawal

A school that is not required to take attendance may, for a student who withdraws without notification, enter 50% in Box H and proceed to Step 3. Or, the school may enter the last date of attendance at an academically related activity for the "withdrawal date," and proceed with the calculation as instructed. For a student who officially withdraws, enter the withdrawal date.

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).

35	÷	110	=	31.8 %
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.	31.8 %
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R2T4 Worksheet Calculation: Step 2

STEP 2: Percentage of Title IV Aid Earned

02 / 08 / 20

Start date

05 / 06 / 20

Scheduled end date

03 / 13 / 20

Date of withdrawal

A school that is not required to take attendance may, for a student who withdraws without notification, enter 50% in Box H and proceed to Step 3. Or, the school may enter the last date of attendance at an academically related activity for the “withdrawal date,” and proceed with the calculation as instructed. For a student who officially withdraws, enter the withdrawal date.

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).

35

Completed days

÷

110

Total days

=

31.8

%

▶ 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.

31.8

%

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

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).

$$31.8 \% \times 10,388.00 = \text{I. \$ } 3,303.38$$

Box H

Box G

- ▶ 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 Total Title IV aid disbursed for the period (Box E). This is the amount of the post-withdrawal disbursement.

$$\text{Box I} - \text{Box E} = \text{J. \$ } .$$

Stop here, and enter the amount in "J" in Box 1 on Page 3 (Post-withdrawal disbursement tracking sheet).

Step 4 continued ▶

- 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

R2T4 Worksheet Calculation: Step 4

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

Box E

—

3,303

Box I

=

K.\$

7,084.62

R2T4 Worksheet Calculation: Step 5

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

L. Institutional charges for the period

Tuition	10,000.00
Room	3,000.00
Board	3,000.00
Other	1,000.00
Other	
Other	

Total Institutional Charges = **L.\$** 17,000.00
(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.\$** 11,594.00
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.\$ 7,084.62

- 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

Institutional Versus Non-institutional Charges

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.)

Institutional Versus Non-institutional Charges

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

R2T4 Worksheet Calculation: Step 5

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

L. Institutional charges for the period

Tuition	10,000.00
Room	3,000.00
Board	3,000.00
Other	1,000.00
Other	
Other	

Total Institutional Charges = **L.\$** 17,000.00
(Add all the charges together)

M. Percentage of unearned Title IV aid

100% - **31.8 %** = **M.** 68.2 %

N. Amount of unearned charges

Multiply institutional charges for the period (Box L) by the percentage of unearned Title IV aid (Box M).

17,000.00 **X** **68.2 %** = **N.\$** 11,594.00
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.\$ 7,084.62

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

STEP 6: Return of Funds by the School

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.

Title IV Programs	Amount for School to Return
1. Unsubsidized Direct Loan	5,936.00
2. Subsidized Direct Staff Loan	1,148.62
3. Perkins Loan	
4. Direct Grad PLUS Loan	
5. Direct Parent PLUS Loan	
Total loans the school must return =	P. \$ 7,084.62
6. Pell Grant	
7. FSEOG	
8. TEACH Grant	
9. Iraq and Afghanistan Service Grant	

- 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).

$$\begin{array}{|c|} \hline 7,084.62 \\ \hline \end{array} - \begin{array}{|c|} \hline 7,084.62 \\ \hline \end{array} = \mathbf{Q.\$} \quad 0.00$$

Box K Box O

▶ If Box Q is \leq zero, **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.

$$\begin{array}{|c|} \hline 10,388.00 \\ \hline \end{array} - \begin{array}{|c|} \hline 7,084.62 \\ \hline \end{array} = \mathbf{R.\$} \quad 3,303.38$$

Box B Box P

▶ 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 nonterm 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:
<https://fsatraining.ed.gov/mod/lesson/view.php?id=7408>

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

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Questions and Answers