

SESSION #18: RETURN OF TITLE IV FUNDS RESOURCES AND Q&A

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U.S. Department of Education

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COVID-19 AND THE CARES ACT

- Section 3508 of the CARES Act provides that, for students who withdraw as a result of COVID-19, institutions are not required to make returns that would otherwise result from the R2T4 requirements. Schools are required to report to the Department the amounts not returned as a result of this CARES Act relief.
- For additional policy guidance related to CARES Act R2T4 relief, please attend or review Session #5, Federal Update: COVID-19 Higher Education Policy.
- For additional operational guidance related to the CARES Act R2T4 relief, please attend or review Session #6: COD Update.

AGENDA

- 01 Basic Principles of the R2T4 Calculation
- 02 How the R2T4 Calculation Works
- 03 Regulatory Changes Effective July 1, 2021
- 04 Questions and Answers
- 05 R2T4 Resources

BASIC PRINCIPLES OF THE R2T4 CALCULATION



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

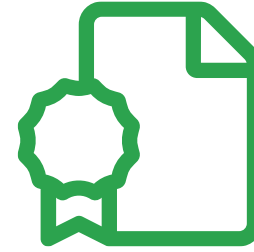


- In a credit hour program, the percentage of *Title IV* funds earned is equal to the percentage of the period completed on the withdrawal date
- In a clock hour program, the percentage of *Title IV* funds earned is equal to the percentage of the period the student was scheduled to complete on the withdrawal date

BASIC PRINCIPLES OF R2T4



- If a school has disbursed more aid than the student has earned, *Title IV* funds must be returned to the Department
- If a school has disbursed less *Title IV* funds than the student has earned, a post-withdrawal disbursement (PWD) will be calculated and must be offered to the student or parent if PWD requirements are met



BASIC PRINCIPLES OF R2T4

- 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

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

HOW THE R2T4 CALCULATION WORKS

Step Two (Credit Hour): 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).

$$\boxed{} \div \boxed{} = \boxed{} . \%$$

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

Step Two (Clock Hour): 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.

$$\boxed{} \div \boxed{} = \boxed{} . \%$$

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 may be 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).

$$\boxed{\text{Box H}} \% \times \boxed{\text{Box G}} = \boxed{\text{I. \$}} \text{ .}$$

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 unearned *Title IV* aid.

L. Institutional charges for the period

Tuition	
Room	
Board	
Other	
Other	
Other	

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 the institution is responsible for returning to ED, the institution must return funds in the statutory order (i.e. loans, then grants).

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	
2. Subsidized Direct Staff Loan	
3. Perkins Loan	
4. Direct Grad PLUS Loan	
5. Direct Parent PLUS Loan	
Total loans the school must return = P. \$. 	
6. Pell Grant	
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 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.

REGULATORY CHANGES EFFECTIVE JULY 1, 2021

DISTANCE EDUCATION AND INNOVATION

- Final rule published September 2, 2020
- Effective July 1, 2021
- Institutions may choose to early-implement any provisions in the rule as of September 2, 2020
- For more information, see Session #12, Regulatory Update - Distance Education



DISTANCE EDUCATION AND INNOVATION

Major changes to R2T4 regulations:

- Programs considered to be “offered in modules”
- Circumstances when a student is considered withdrawn
- Determination of number of days in denominator of calculation for programs “offered in modules”

PROGRAMS OFFERED IN MODULES

Current Regulations

- Any program is “offered in modules” if a course or courses in the program do not span the entire length of the payment period or period of enrollment.

New Regulations

- A program is “offered in modules” if the program *uses a standard-term or nonstandard-term academic calendar, is not a subscription-based program*, and a course or courses in the program do not span the entire length of the payment period or period of enrollment.

STUDENTS CONSIDERED WITHDRAWN

In general, a student is considered withdrawn when:

- In a credit hour program, the student does not complete all the days in the payment period or period of enrollment that the student was scheduled to complete
- In a clock hour program, the student does not complete all of the clock hours and weeks of instructional time in the payment period or period of enrollment that the student was scheduled to complete

STUDENTS CONSIDERED WITHDRAWN

Exceptions – a student is *not* considered withdrawn if:

Current Regulations

- The institution obtains written confirmation that the student will attend a later module in the same payment period of period of enrollment.

New Regulations

- The institution obtains written confirmation that the student will attend a later module in the same payment period of period of enrollment;
- The student completes the requirements for graduation;
- The student completes one or more modules that, together, comprise at least 49% of the days in the payment period; or
- The student completes coursework equal to or greater than the coursework required for half-time enrollment.

EXAMPLE 1: STUDENTS CONSIDERED WITHDRAWN

A student is enrolled in a term comprised of two modules, each 50 days in length. There is a four-day break between the modules. The student is enrolled in 3 hours in the first module and 3 hours in the second module.

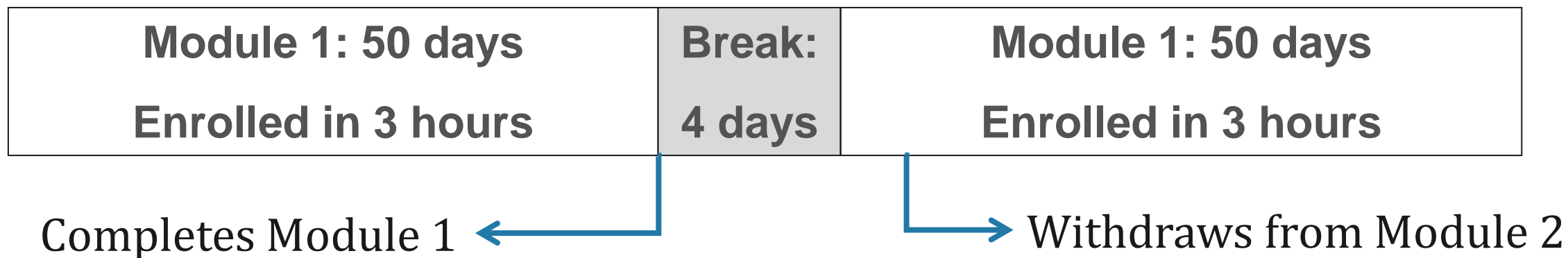
Enrollment:

Module 1: 50 days Enrolled in 3 hours	Break: 4 days	Module 1: 50 days Enrolled in 3 hours
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EXAMPLE 1: STUDENTS CONSIDERED WITHDRAWN

The student successfully completes Module 1 and begins attendance in Module 2. However, after only 6 days of attendance in Module 2, the student withdraws.

Enrollment and Attendance:



EXAMPLE 1: STUDENTS CONSIDERED WITHDRAWN

The student successfully completes Module 1 and begins attendance in Module 2. However, after only 6 days of attendance in Module 2, the student withdraws.

Is the student considered withdrawn?

Current Regulations

- **Yes.** The student ceased attendance before completing the days that the student was scheduled to complete in Module 2.

New Regulations

- **No.** The student successfully completed Module 1, which included 49% or more of the days in the payment period.

EXAMPLE 2: STUDENTS CONSIDERED WITHDRAWN

A student is enrolled in a term comprised of three modules, each 30 days in length. The student is enrolled in 6 hours in the first module and 3 hours in the second module. The student is not enrolled in the third module. The institution defines half-time enrollment as 6 to 8 hours.

Enrollment:

Module 1: 30 days Enrolled in 6 hours	Module 2: 30 days Enrolled in 3 hours	Module 3: 30 days Not enrolled
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EXAMPLE 2: STUDENTS CONSIDERED WITHDRAWN

The student successfully completes all classes in Module 1. The student never attends the class in Module 2 and neglects to officially withdraw. The institution later determines that the student never attended Module 2.

Enrollment and Attendance:

Module 1: 30 days Enrolled in 6 hours	Module 2: 30 days Did not attend	Module 3: 30 days Not enrolled
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Completes Module 1 ←

EXAMPLE 2: STUDENTS CONSIDERED WITHDRAWN

The student successfully completes all classes in Module 1. The student never attends the class in Module 2 and neglects to officially withdraw.

Is the student considered withdrawn?

Current Regulations

- **Yes.** Upon ceasing attendance after completing Module 1, the student was still scheduled to attend the days in Module 2.

New Regulations

- **No.** The student successfully completed 6 hours of coursework, which is the minimum required for half-time enrollment status.

DAYS A STUDENT IS SCHEDULED TO COMPLETE

Current Regulations

- The number of days that a student is scheduled to complete includes days in all the classes in which the student is enrolled at the time the student ceases attendance.

New Regulations

- The number of days that a student is scheduled to complete includes days in all coursework used to determine the amount of the student's eligibility for *Title IV* funds for the payment period or period of enrollment.

DAYS A STUDENT IS SCHEDULED TO COMPLETE

- Institutions may now use a student's schedule at a fixed point to determine the number of days the student is scheduled to attend during the period for R2T4 purposes.
- The Department does not prescribe a specific date that institutions must use as the fixed point for determining the number of days the student is scheduled to attend, and may use (for example) its Pell recalculation date for this purpose.

QUESTIONS AND ANSWERS

QUESTIONS AND ANSWERS

Question 1: A student attends part of the semester and drops all classes. Because of special circumstances, the school decides to refund all tuition and also deletes the course from the student's transcript. Should an R2T4 calculation be performed, or is the student ineligible for aid because there is no record of attendance?

Answer 1: If an institution has determined that a student attended at least one day during a payment period or period of enrollment, it must perform an R2T4 calculation to determine the amount of aid for which the student is eligible.

Deleting grades has no effect on this requirement.

QUESTIONS AND ANSWERS

Question 2: What steps does an institution need to take if a student withdraws, and then returns within 180 days in a nonterm program? If the student's parents borrowed a PLUS Loan, is another credit check necessary at this time?

Answer 2: When a student withdraws, but returns to coursework within 180 days, the student is treated as returning to the same payment period. Aid previously disbursed should be re-disbursed from the same award year.

QUESTIONS AND ANSWERS

Whether a PLUS Loan credit check must be performed for a student who returns after 180 days depends on the circumstances.

If the school is merely adding a disbursement to a PLUS Loan Award on which a credit check had already been performed, or increasing the amount of an existing disbursement, no new credit check will occur. However, if the institution originates and disburses a new PLUS Loan award, then a new credit check will be performed at that time.

QUESTIONS AND ANSWERS

Steps an institution should take when a student returns less than 180 days following withdrawal:

- Identify amounts of *Title IV* aid previously returned and re-disburse the same amounts
- Extend Direct Loan academic years and loan periods
- Update the student's enrollment status in NSLDS
- If a student overpayment had been referred to the Department's Default Resolution Group, the school must contact that Group to void the overpayment.

QUESTIONS AND ANSWERS

Question 3: How does the grant protection process in the R2T4 calculation work? In some cases my students have some grant funds protected, but in others they do not? Is this because we included funds as “aid that could have been disbursed” in some cases?

Answer 3: Grant protection applies to amounts of Title IV grant aid that a student is responsible for returning, as determined in Step 9 of the R2T4 calculation. Whether grants are included as “aid disbursed” or “aid that could have been disbursed” *does* affect whether grant protection applies.

Let's look at an example.

QUESTIONS AND ANSWERS

Example: Student received the following disbursements:

- Direct Unsub Loan = \$1,708
- Direct Sub Loan = \$1,154
- FSEOG = \$150

Aid that could have been disbursed:

- Pell Grant = \$1,058

The student completed 4 of 85 days in the payment period and earns 4.7% of her aid.

The total amount earned is \$191.29 and the amount to be returned is \$2,820.71.

Institutional charges for the period were only \$470.65. That amount multiplied by the percentage unearned (95.3%) = \$448.53 that the institution is responsible for returning. The remainder, \$2,372.18, is the responsibility of the student.

QUESTIONS AND ANSWERS

Example (continued): The institution returns \$448.53 in Direct Unsub funds.

In Steps 8 through 10 of the R2T4 calculation, the institution determines what to do with the amount to return of \$2,372.18 for which the student is responsible. The full amount can be applied to the student's loan; the student repays in accordance with the MPN.

There was no grant protection in this case because grant protection only applies when there is an amount to return for which the student is responsible that *exceeds the student's remaining loan funds*.

If the institution had disbursed the \$1,058 in Pell Grant funds before the student's withdrawal, grant protection *would have applied*.

QUESTIONS AND ANSWERS

Question 4: Does R2T4 apply in the same way for domestic and foreign institutions?

Answer 4: Generally, yes. The R2T4 calculation is the same for domestic and foreign institutions. However, foreign institutions must first perform a currency conversion (if applicable) prior to performing the calculation.

QUESTIONS AND ANSWERS

Returns from foreign bank accounts:

- Remember that if the institution is using a foreign bank account, the institution will begin the process of a refund in G5, and complete a wire form that is generated containing the Department's bank information so that non-US banks can wire the funds to the Department.

QUESTIONS AND ANSWERS

Question 5: How does R2T4 work when a student is temporarily enrolled at another institution through a consortium agreement? Do we always use the home school's academic calendar to determine the number of days in the payment period, or must we use the host school's calendar?

Answer 5: When a student is taking classes at a host institution through a consortium that apply toward the student's Title IV eligibility, the institution must use the host institution's academic calendar to determine the number of days in the payment period.

QUESTIONS AND ANSWERS

Example of R2T4 denominator in a consortium agreement:

Fall Term at Home Institution:

August 17 – December 4

110 days

Fall Term at Host Institution

September 14 – December 18

96 Days

QUESTIONS AND ANSWERS

Student enrolled only at host institution:

Fall Term at Home Institution:

August 17 – December 4

110 days

Fall Term at Host Institution

September 14 – December 18

96 Days



R2T4 payment period (denominator) = 96 days

QUESTIONS AND ANSWERS

Student enrolled at BOTH home and host institution:

Fall Term at Home Institution:

August 17 – December 4

110 days

Fall Term at Host Institution

September 14 – December 18

96 Days

R2T4 payment period (denominator) = 124 days

QUESTIONS AND ANSWERS

Remember, in consortium agreements:

- Loan periods and academic years may use the home institution's calendar
- Disbursements may be made 10 days prior to the earlier of the beginning of the home or host school's calendar
- R2T4 calculations must be performed using the number of days that the student is actually scheduled to complete at the host school (and, if applicable, at the home school).

QUESTIONS AND ANSWERS

Question 6: When is a student considered to have entered a subsequent payment period (PP) for R2T4 purposes?

Example for a clock hour program:

PP = 10 weeks/300 hours

Student has completed 12 weeks

Earned 296.43 hours on 2/5/2020

Earned 300.43 hours on 2/6/2020

Withdraws on 2/6/20.

Which PP is the basis for R2T4?

Answer 6: A student completes a payment period on the day that the student completes both the weeks and the hours in that payment period. *The student begins the next payment period on the next day.*

In this situation, the R2T4 calculation would be based on the first PP. Had this student withdrawn on 2/7, the second PP would have been the basis for the calculation.

QUESTIONS AND ANSWERS

Question 7: Our grading policy differentiates between “F” and “W” grades depending on whether a student has reached the 60% point in the term. Students who fail to pass 60% receive a “W” while those who pass 60% receive an “F.” Can we use this grading policy to identify students who have “completed” and not withdrawn if they have at least one “F” grade?

Answer 7: No. For R2T4 purposes, an institution may use a grading policy to differentiate between students who have completed a course, but failed to meet course objectives (e.g., “F”) and those who have failed to complete the course (e.g., “W”). But in this case, an “F” does not represent a completed course – it represents a course that is partially completed (past the 60% point.)

R2T4 RESOURCES

R2T4 RESOURCES

[2019 FSA Conference:](#)

- Session 20: Return of *Title IV* Funds: Resources and Q&A
- Session FS5: Foreign Schools: Return of *Title IV* (R2T4) Basic Principles for Foreign Schools

[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 Training Learning Track: Student Withdrawals](#)

R2T4 RESOURCES

- [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](#)
- [Final Regulation published Nov. 1, 2002](#)
- [Final Regulations published Oct. 29, 2010](#)
- [Final Regulations published September 2, 2020](#)
- [2020-2021 FSA Handbook, Volume 5](#)
- [IFAP – Program Integrity Q&As – Return of *Title IV* Funds](#)

R2T4 RESOURCES

- [Dear Colleague Letter GEN-00-24](#)
- [Dear Colleague Letter GEN-04-03](#)
- [Dear Colleague Letter GEN-04-12](#)
- [Dear Colleague Letter GEN-05-16](#)
- [Dear Colleague Letter GEN-11-14](#)
- [Dear Colleague Letter GEN-14-23 \(R2T4 and Competency-Based Programs\)](#)

QUESTIONS?

Please send your inquiries about the general administration of the Title IV programs to AskAFed@ed.gov.

The Ask A Fed email box is staffed every business day by a team of FSA Training Officers ready to assist schools with their questions.

CONTACTS

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