



Return of Title IV Funds (R2T4): Requirements

What you will learn

R2T4:

- What it is
- To whom it applies
- Requirements
- Importance

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What is it?

- ED's formula to determine Title IV eligibility for a Title IV recipient who:
 - was enrolled
 - started attending classes
 - completely withdrew before the end of a payment period or enrollment period;or
 - failed all classes due to non-attendance

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Who is a Title IV recipient?

- A student who has actually received Title IV funds or has met conditions that entitled the student to a late disbursement

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Title IV aid

- School required to determine earned and unearned aid based on:
 - total number of hours scheduled to be completed for clock hour program
 - total number of days completed for credit hour program

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Date of determination

- Date school determines student has withdrawn can vary depending on:
 - if school required to take attendance
 - type of withdrawal
 - official withdrawal
 - unofficial withdrawal

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Date of determination

- Schools required to take attendance
 - procedures to monitor
 - within 14 days after student's last date of attendance
- Schools not required to take attendance
 - no later than 30 days from end of earliest of:
 - payment period or period of enrollment
 - academic year
 - student's educational program

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Withdrawal date

- Date student withdraws as determined by school
 - date most accurately reflecting point when student ceases academic attendance
 - requirements to determine withdrawal date depend on if school required to take attendance

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Withdrawal date

- Schools required to take attendance
 - always last date of attendance according to records

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Withdrawal date

- Schools not required to take attendance
 - official notification provided by following school's withdrawal process:
 - date student begins withdrawal process
 - other official notification:
 - date student provides notification

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Withdrawal date

- Schools not required to take attendance
 - unofficial withdrawals
 - start date of events beyond student's control that prevent notification
 - date school determines student ceased attendance
 - dropouts
 - midpoint of period
 - last date of participation in academic activity

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Withdrawal date

- Students who fail to earn a passing grade in any of their classes
 - school must assume student unofficially withdrew—unless can document student completed period
 - must have procedure for determining if a student withdrew

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Withdrawal date

Important Note

- Beginning of withdrawal process must:
 - be defined
 - available to students

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Percentage of the period completed

- Represents percentage of earned aid
- Calculation differs depending on whether program is:
 - credit hour
 - clock hour

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Percentage of the period completed

- Credit-hour program
 - $$\frac{\text{total number of days completed}}{\text{total number of days in period}} = \text{\% of period completed}$$
 - example:
 - 44 days completed \div 110 calendar days = 40%

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Percentage of the period completed

- Clock-hour program
 - number of clock hours student was scheduled to complete in period
 - ÷
 - total number of clock hours in period
 - =
 - % of period completed
- example:
 - 150 hrs scheduled to be completed ÷ 450 total hrs = 33.3%

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Percentage of the period completed

- If student completes more than 60 percent of the period:
 - 100 percent of aid earned
 - post-withdrawal disbursement may be due

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Earned aid

- Title IV aid disbursed
 - aid credited to account or delivered to student
- Title IV aid that could have been disbursed
 - undisbursed aid for period used in Return calculation

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Amount of aid earned by student

$$\begin{aligned} & \% \text{ Title IV aid earned} \\ & \times \\ & (\text{aid disbursed} + \text{aid that could have been} \\ & \quad \text{disbursed}) \\ & = \\ & \text{amount of aid earned by student} \end{aligned}$$

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Title IV aid information

- Inadvertent overpayment
 - included as aid that could have been disbursed
 - school allowed to hold while determining if student eligible for PWD
- Late arriving aid
 - not included in Return calculation

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Questions?



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Earned aid calculations

- Amount earned > amount disbursed
 - post-withdrawal disbursement
- Amount earned < amount disbursed
 - unearned portion returned to programs
- Amount earned = amount disbursed
 - no further action required

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Earned aid

- Aid that could have been disbursed
 - processed SAR/ISIR with official EFC
 - school certified the loan
 - school made FSEOG award to student
 - school made Perkins loan to student
 - for ACG & National SMART grants - student was full-time

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Earned aid

- Counted as aid that could have been disbursed, but cannot be PWD
 - for certain programs, student didn't reach later of midpoint of loan period or completed half of coursework or clock hours in loan period
 - second disbursement, if student did not graduate or successfully complete period
 - borrower has not signed p-note

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Earned aid

- Counted as aid that could have been disbursed, but cannot be PWD (cont.)
 - for certain program, grant disbursement when student didn't complete earlier payment period in which grant payment had already been made
 - loan disbursement to a first-year, first-time borrower who withdraws before 30th day of program
 - grant disbursement if school doesn't receive valid SAR/ISIR before ED's deadline

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Earned aid

Post-withdrawal disbursement (PWD)

- Late disbursement no more than 180 days after the student withdrew or became ineligible

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Earned aid

PWD counseling – loan funds

- School must contact borrower
 - obtain confirmation to disburse
 - explain obligation to repay
- Must document contact, result and final determination in student's file
- Notification must be sent within 30 days

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Earned aid

PWD counseling

- The notice must:
 - identify type and amount of funds
 - allow borrower to decline all or a portion
 - advise of response deadline
 - if borrower does not respond timely, school not required to disburse

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Unearned aid

- Institutional charges
 - tuition
 - fees
 - room and board
 - other education-related charges

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Unearned aid

Non-institutional charges

- May include charges:
 - student had a *real and reasonable* opportunity to purchase elsewhere
 - group health insurance
 - to student's account for discretionary, education-related expenses

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Determining unearned aid

institutional charges
X
% of unearned aid
=
unearned aid due returned by school

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Unearned aid

- School must return the lesser of:
 - amount of aid student did not earn
 - amount of institutional charges incurred for period multiplied by percentage of funds not earned

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Unearned aid

Order of return of Title IV funds

- Unsubsidized Stafford loans
- Subsidized Stafford loans
- Perkins loans
- PLUS loans (graduate student)
- PLUS loans (parent)

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Unearned aid

Order of return of Title IV funds (cont.)

- Pell grants
- Academic Competitiveness grants
- National SMART grants
- FSEOG
- TEACH grants

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Unearned aid

- Initial amount unearned aid due from the student:

total amount of unearned aid to be returned
-
amount returned by the school
=
initial amount due from the student

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Return of funds by the student

- Funds returned by student applied in same order as funds returned by school
- Grant overpayments reduced by 50 percent
- \$50 tolerance for grant overpayments

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What you learned

- What it is
- To whom it applies
- Requirements
 - date of determination
 - withdrawal date
 - percentage of period completed
 - earned and unearned aid
 - order funds must be returned

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Questions?



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More Information

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