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Return of Title IV Funds (R2T4)




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Loan Program

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What you will learn

- What it is
- Who it applies to
- What requirements are
- Importance of R2T4




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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 or enrollment period
 - 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

- A school is required to determine the earned and unearned Title IV aid for a student who completely withdraws




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Date of determination

- Date school determines student has withdrawn
 - official withdrawal
 - unofficial withdrawal




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Date of determination

- Schools required to take attendance
 - procedures to monitor
 - no later than 14 days after student's last date of attendance
- Schools not required to take attendance
 - no later than 30 days




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Withdrawal date

- Date student withdraws as determined by school
- Requirements to determine withdrawal date depend on if school is required to take attendance




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Withdrawal date

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




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Withdrawal date

- Schools not required to take attendance
 - date student begins withdrawal process or otherwise provides notification
 - official
 - unofficial




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Withdrawal date

- Schools not required to take attendance
 - start date of events beyond student's control that prevent notification
 - date student began leave of absence
 - midpoint of the period
 - no passing grades




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Withdrawal date

Important Note



- Procedure for determining if a student withdrew
- In consumer information
- Consistent application



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Questions?




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Percentage of the period completed

- Upon determining withdrawal date, school calculates percentage of the period completed
- This represents percentage of aid earned by student




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Programs

- Credit-hour programs
 - all days excluding breaks
 - excluding LOA days




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Programs

- Credit-hour calculation:
 - number of days completed / total number of days in period = percentage of period completed
 - example:
 - 44 days completed / 110 calendar days = 40%




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Programs

- Clock-hour programs
 - scheduled hours used since HERA enacted




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Programs

- Clock-hour calculation:
 - hours scheduled to be completed / total hours in period = percentage of period completed
 - example:
 - 150 hrs scheduled to be completed / 450 total hrs = 33.3%




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“Magic Time”



60% point



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Questions?




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Earned aid


- Title IV aid disbursed
- Title IV aid that could have been disbursed



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Amount of aid earned by student


$$\begin{array}{c}
 \% \text{ Title IV aid earned} \\
 \times \\
 (\text{aid disbursed} + \text{could have been disbursed}) \\
 = \\
 \text{amount earned by student}
 \end{array}$$


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Student's Title IV aid information

- Inadvertent overpayments
- Late arriving aid




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Amount earned calculations

- Amount earned > amount disbursed
 - possible 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

Post-withdrawal disbursement (PWD)

- Aid to be disbursed
- PWD must meet current conditions for late disbursements prior to loss of eligibility
 - processed SAR/ISIR with official EFC
 - loan app certified
 - first-time, first-year borrower completed 30 days of program
 - second disbursement, borrower graduated or completed period for which loan intended




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Earned aid

Post-withdrawal disbursement (PWD)

- Late disbursement no more than 120 days after the student withdrew or became ineligible




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Earned aid

PWD counseling – loan funds

- School must contact borrower
 - confirm funds still required
 - explain obligation to repay
- Must document contact, result and final determination in student's file




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Earned aid

PWD counseling



- The notice must:
 - identify type and amount of funds
 - direct disbursement or credit to account
 - allow borrower to decline all or a portion
 - advise of 14 calendar days
 - if borrower does not respond timely, school not required to make disbursement.



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Questions?



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Unearned aid

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




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Unearned aid

Excludable costs

- Costs school may exclude from total institutional costs, for example:
 - returnable/non-returnable equipment
 - application fees




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Unearned aid

Excludable costs

- Costs school may exclude from total institutional costs, for example:
 - waiver of tuition and fees in some circumstances




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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

- Formula for determining unearned aid to be returned:


$$\begin{array}{r}
 \text{institutional charges} \\
 \times \\
 \% \text{ of unearned aid} \\
 = \\
 \text{unearned aid due returned by school}
 \end{array}$$


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Unearned aid

- School must return the lesser of:
 - amount student does 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'd

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




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Unearned Aid

- Initial amount unearned aid due from the student:


$$\begin{array}{r}
 \text{total amount of unearned aid to be returned} \\
 - \\
 \text{amount returned by the school} \\
 = \\
 \text{initial amount}
 \end{array}$$


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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%
- \$50 tolerance for grant overpayments




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What you learned



- what it is
- who it applies to
- what requirements are
 - 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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Resources

- *2007-08 FSA Handbook*
- *DCL GEN-04-03 and GEN-00-24*
- *Code of Federal Regulations*, parts 668, 682 and 685
- *Higher Education Act of 1965* (as amended)
- *Common Manual*, October 2006



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More Information

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