

# U.S. Department of Education

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## 2012 Fall Webinar Training Series

### Return of Title IV Funds:

### Clock Hour Programs



# Topics

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- Concepts and Definitions
  - Attendance
  - R2T4 Calculation
  - Post-Calculation Actions
- Case Study
- R2T4 on the Web
- Resources/References

# Concepts and Definitions

# Basic Principles

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- Title IV funds are awarded to a student under the assumption that the student will attend school for the entire period for which the assistance is awarded
- When a student withdraws, student may not be eligible for the full amount of Title IV funds the student was scheduled to receive

# Basic Principles

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- Student earns Title IV aid through attendance
  - Percentage of aid earned is equal to the percentage of the payment period or period of enrollment completed
- If a school has disbursed more aid than the student has earned, money is returned to the programs
- If a school has disbursed less aid than the student has earned, a post-withdrawal disbursement will be calculated and may, depending on the circumstances, be disbursed

# Basic Principles

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- After the student completes 60% of the payment period or period of enrollment, the student has earned 100% of the scheduled Title IV funds
- Institutional or other refund policies (state, accreditor) do not impact the amount of Title IV aid earned under an R2T4 calculation
- Schools should use the best information available to determine withdrawal date

# Applicability

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- R2T4 requirements apply to any recipient who withdraws during a payment period or period of enrollment in which the student began attendance
- See 34 C.F.R. 668.22

# Eligible Title IV Recipient

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- If student never commences attendance for the period, the student is not an eligible Title IV recipient
  - R2T4 does not apply
  - Provisions of 668.21 apply
    - All Pell, FSEOG, Perkins, TEACH funds must be returned
    - DL funds credited to student's account must be returned
    - Notify servicer of DL funds disbursed directly to student

# Consumer Information

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- Any refund policy with which school must comply
- School's tuition refund policy
- Requirements for treatment of Title IV funds after withdrawal
- Procedures for official withdrawal
  - Office(s) accepting official withdrawal notices

# Payment Period/Period of Enrollment

- Clock hour programs may choose either payment period or period of enrollment
  - May choose on a program-by-program basis
  - Must treat all students within program consistently
    - Standard term-based programs must use payment period (term)

# Verification and R2T4

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- If verification not complete within timeframe to meet R2T4 deadlines, school excludes aid subject to verification from calculation
- If verification is then completed after R2T4 deadlines but before verification deadlines, school must recalculate R2T4 including verified amounts as aid that could have been disbursed

# Aid That Could Have Been Disbursed

- To include aid, must meet late disbursement requirements in 668.164(g)(2)
- Student meets requirements if before withdrawal:
  - ED processed ISIR/SAR with official EFC
  - Perkins/FSEOG – school made award
  - DL – school originated loan
  - TEACH – school originated grant

# Aid That Could Have Been Disbursed

- Aid listed in the “could have been disbursed” section cannot actually be disbursed if
  - First-time borrower withdraws before the 30<sup>th</sup> day (default rate waivers apply)
  - 2<sup>nd</sup> and subsequent DL disbursements unless the student graduated or completed the loan period
  - MPN not signed by borrower
  - Valid ISIR requirements not met

# Required to Take Attendance

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- Regulatory changes effective July 1, 2011
- School is required to take attendance if:
  - Outside entity requires that attendance be taken, OR
  - School has own requirement that instructors take attendance, OR
  - Outside entity or school has requirement that can only be taken by taking attendance

# Required to Take Attendance

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- Under the new regulations, schools that are required to measure the clock hours that a student completes in a program are considered to be institutions that are required to take attendance for R2T4 purposes
- See preamble page 66898 of October 29, 2010 Federal Register

# Academic Attendance

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- “Academic attendance” and “attendance at an academically related activity” include but not limited to:
  - Physically attending a class with direct interaction
  - Submitting academic assignment
  - Taking exam, interactive tutorial, or computer-based instruction
  - Attending school-assigned study group
  - Participating in online discussion about academic matters
  - Initiating contact with faculty member to ask about subject studied

# Academic Attendance

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- Attendance does not include activities where the student may be present but not academically engaged, such as:
  - Living in school housing or using school meal plan
  - Logging into online course without active participation
  - Participating in academic counseling or advisement

# Determination of Completion

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- In a clock hour program, a student is considered to be a withdrawal if she/he does not complete all scheduled clock hours and weeks of instructional time
- School must document completed courses with passing grade
- If no passing grade in last scheduled course, school must demonstrate student completed period

# Withdrawal Date

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## (Required to Take Attendance)

- Last date of attendance must be withdrawal date
- Date of determination of withdrawal cannot be more than 14 calendar days after withdrawal date

# Approved Leave of Absence (LOA)

- An LOA is only considered an approved LOA for Title IV purposes if –
  - School has formal written LOA policy
    - Student must follow policy in requesting LOA
  - Student must request LOA in writing
  - School has reasonable expectation student will return
  - No additional charges are imposed during or because of the leave
  - If the student is a Title IV loan recipient, school must explain effect of failure to return from leave on loan repayment

# Approved Leave of Absence (LOA)

- An LOA is only considered an approved LOA for Title IV purposes if –
  - Leaves of absence cannot exceed 180 days in any 12-month period
  - School approved the LOA
  - Upon completion of leave, student is allowed to complete coursework started prior to leave
- Approved LOA is not considered a withdrawal unless student fails to return from leave

# Failure to Return From Approved LOA

- Withdrawal date is last date of academic attendance prior to LOA
- Grace period starts retroactively to withdrawal date

# Date of Determination & Deadlines

- Within 30 days, school must:
  - Perform R2T4 calculation
  - Notify student of grant overpayment
  - Notify student of eligibility for a post-withdrawal disbursement (PWD)
- School must return Title IV funds within 45 days
- School must make PWD to student or parent within 180 days

# R2T4 and Title IV Credit Balances

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- If a withdrawn student has a Title IV credit balance, prior to performing the R2T4 calculation –
  - Do not release any portion of the Title IV credit balance to the student
  - Do not return any portion of the Title IV credit balance to ED
  - Schools must retain these funds even if you would otherwise be required to release them under the 14-day rule for credit balances

# R2T4 and Title IV Credit Balances

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- Perform the R2T4 calculation including any existing Title IV credit balance for the period as disbursed aid
- Apply any applicable (state, accreditor or institutional) refund policy to determine if a new or larger Title IV credit balance is created

# R2T4 and Title IV Credit Balances

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- After performing the calculation, any Title IV credit balance must be allocated first to repay any grant overpayment owed by the student for the current withdrawal
- Funds must be returned to the Title IV grant account within 14 days of the date the R2T4 calculation is performed

# R2T4 and Title IV Credit Balances

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- Within 14 days of performing the R2T4 calculation, any remaining Title IV credit balance must be released -
  - To pay authorized charges at the institution
  - To the student (or parent)
    - If the student or parent cannot be located, the credit balance must be returned to the applicable Title IV program
- Schools may not use a Title IV credit balance to return funds for which it is responsible to return as a result of Step 5 of the calculation

# Percentage of Title IV Aid Earned (Clock Hour Programs)

- Numerator is clock hours scheduled to be completed as of student's LDA
- Scheduled hours per day times number of days of scheduled class from first day of period to LDA
- Denominator is clock hours scheduled to be completed in payment period/period of enrollment

# Rounding Rules for Percentages

- 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
  - $.4455 = .445 = 44.6\%$
  - $.4422 = .442 = 44.2\%$

# Rounding Rules for Dollar Amounts

- Round to the nearest penny
  - $\$2,346.00 \times 44.6\% = 1,046.316 - \$1,046.32$
  - $\$2,346 \times 44.4\% = 1,041.624$  or  $\$1,041.62$
- Disbursement or refund may be rounded to nearest dollar
  - $\$1,046.32 = \$1,046$
  - $\$1,041.62 = \$1,042$

# Calculation Steps 3 and 4

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- Calculate amount of aid earned by student based on percentage of period completed
- If amount earned is greater than amount disbursed, post-withdrawal disbursement (PWD) may be due
- If amount earned is less than amount disbursed, Title IV funds must be returned

# Institutional Charges

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- Institutional charges include:
  - Tuition and fees
  - Room and board if contracted with school
  - Course materials if no real and reasonable opportunity to purchase elsewhere
- Based on charges initially assessed to student
  - Only adjusted by changes to student charges prior to withdrawal

# Unearned Institutional Charges

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- Step 5 of calculation
- Amount of unearned institutional charges used to determine amount of unearned funds due from school
- Institutional charges multiplied by percentage of unearned aid ( $100\% - \text{percentage earned}$ )
- School returns lesser of amount of aid to be returned (from Step 4) or the result of this calculation

# Return of Funds by School

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- Due no later than 45 calendar days after date of determination of withdrawal
- R2T4 calculation must be completed within 30 calendar days of date of determination of withdrawal
- Law determines order to Title IV programs to which funds must be returned

# Amount Due From Student

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- Amount due from student is based on amount due from school (Step 5) subtracted from Title IV aid to be returned (Step 4)
- *If this amount includes any loan funds, the funds are repaid in accordance with the terms of the promissory note*

# Grant Funds Due From Student

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- Any grant repayment due from a student is considered an overpayment
- 50% of grant funds due from student protected
- Student not required to repay funds to any program to which the student owes \$50 or less
- Law specifies order of Title IV programs to which funds must be returned

# Grant Overpayment

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- School must notify student of overpayment within 30 days of date of determination of withdrawal
- Student retains Title IV eligibility for 45 days following notification by school

# Grant Overpayment

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- During 45 day period, student must:
  - Repay in full to school
  - Make satisfactory arrangements to repay with school (school option)
  - Make satisfactory arrangements to repay with ED
- School must refer overpayment to ED if not paid in full or no repayment arrangements made within 45 days

# Grant Overpayments (School Responsibilities)

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- Must report overpayments to NSLDS
  - Mark appropriate flag corresponding to action taken
- Must report immediately after
  - Student fails to repay overpayment or sign agreement with school within 45 day period
  - Student wishes to make payment arrangements but school does not wish to service that arrangement
  - Student fails to meet terms of agreement signed with school

# Post-Withdrawal Disbursements (PWD)

- Box J in Step 4 of worksheet
- Must meet late disbursement requirements
- Must be made from available grant funds before available loan funds

# PWD – Grant Funds

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- No student confirmation required to pay current outstanding charges
  - Must be disbursed to student account within 180 days after date of determination
  - If disbursed directly to student, must be disbursed within 45 days of date of determination
- Must obtain authorization to pay for other than current charges on account

# PWD – Notification Requirements

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- Within 30 days of date of determination, school must notify student/parent of any loan PWD:
  - Explain student/parent may decline all or a portion of the disbursement
  - Request confirmation of any amount to be credited to the student's account, or disbursed directly to borrower
  - Explain obligation to repay loan funds
  - Specify deadline of at least 14 days for response

# PWD - Loans

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- Must receive confirmation prior to disbursement
- If timely response, disbursement must be made within 180 days of date of determination
- If response is late, school may or may not disburse
  - If school chooses not to disburse, must notify borrower in writing of outcome
- If no response from borrower, no disbursement can be made

# Return After Withdrawal

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- *Clock hour programs*
- If withdrawn student re-enters same program of study after 180 days, or transfers into new program at any time and at least some hours transfer in
  - Student begins new payment period upon re-entry or transfer
  - Remaining portion of program treated as length of entire program for awarding Title IV funds

# In-School Transfer

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- If student transfers into new program at same school she can be considered in same payment period if:
  - Continually enrolled
  - Coursework transferring out of is substantially similar to coursework in new program
  - Payment periods are substantially equal in clock hours and weeks
  - Little or no changes to institutional charges for payment period
  - Clock hours transfer



# Worksheet Calculations

# Calculation Scenario

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- 900 clock hour program over 26 weeks
- Payment periods are each 450 clock hours
- Students attend 35 clock hours per week
- R2T4 calculations done by payment period
- Payment period began 1/15/13
- Student last date of attendance was 2/18/13

# Calculation Scenario

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- As of the date of withdrawal, the student received the following disbursements:
  - \$950 Federal Pell Grant
  - \$990 Unsubsidized Direct Loan
  - \$1,733 Subsidized Direct Loan
- Institutional charges for payment period are \$4,500

# R2T4 Clock Hour: Hand Calculation

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

Student's Name	Max Sharp	Social Security Number	XXX-XX-XXXX
Date form completed	03 / 04 / 2013	Date of school's determination that student withdrew	02 / 18 / 2013
Period used for calculation (check one)	<input type="checkbox"/> Payment period	<input checked="" type="checkbox"/> Period of enrollment	

*Monetary amounts should be in dollars and cents (rounded to the nearest penny).  
When calculating percentages, round to three decimal places. (For example, .4486 = .449, or 44.9%)*

# Calculation Step 1

## STEP 1: Student's Title IV Aid Information

### Title IV Grant Programs

Title IV Grant Programs	Amount Disbursed	Amount that Could Have Been Disbursed
1. Pell Grant	950	
2. Academic Competitiveness Grant		
3. National SMART Grant		
4. FSEOG		
5. TEACH Grant		
6. Iraq Afghanistan Service Grant		
<b>A.</b>	950	<b>C.</b> 0
	Subtotal	Subtotal

E. Total Title IV aid disbursed for the period.

<b>A.</b>	950
<b>B.</b>	2723
<b>E. \$</b>	3673 .

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

<b>A.</b>	950
<b>C.</b>	0
<b>F. \$</b>	950 .

### Title IV Loan Programs

Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed
7. Unsubsidized FFEL/Direct Stafford Loan	990	
8. Subsidized FFEL/Direct Stafford Loan	1733	
9. Perkins Loan		
10. FFEL/Direct PLUS (Graduate Student)		
11. FFEL/Direct PLUS (Parent)		
<b>B.</b>	2723	<b>D.</b> 0
	Subtotal	Subtotal

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

<b>A.</b>	950
<b>B.</b>	2723
<b>C.</b>	0
<b>D.</b>	0
<b>G. \$</b>	3673 .

# Calculation Steps 2 and 3

STEP 2: Percentage of Title IV Aid Earned	
Withdrawal date	02 / 18 / 2013
<b>H. Determine the percentage of the period completed:</b> 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.	
<input type="text" value="175"/> <small>Hours scheduled to complete</small>	$\div$ <input type="text" value="450"/> <small>Total hours in period</small>
$=$ <input type="text" value="38.9 %"/>	
<p>▶ If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.</p> <p>▶ If this percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3.</p>	
<b>H.</b> <input type="text" value="38.9 %"/>	
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).	
<input type="text" value="38.9 %"/> <small>Box H</small>	$\times$ <input type="text" value="3673"/> <small>Box G</small>
$=$ <input type="text" value="I.\$ 1428.80"/>	

# Calculation Step 4

## STEP 4: Title IV Aid to be Disbursed or Returned

- ▶ 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.

$$\begin{array}{r} \boxed{1428.80} \\ \text{Box I} \end{array} - \begin{array}{r} \boxed{3673} \\ \text{Box E} \end{array} = \text{J.} \$ \quad \boxed{0.00}$$

If there's an entry for "J," **Stop here**, and enter the amount in Box 1 on Page 3 (Post-withdrawal disbursement tracking sheet).

### K. Title IV aid to be returned

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.

$$\begin{array}{r} \boxed{3673} \\ \text{Box E} \end{array} - \begin{array}{r} \boxed{1428.80} \\ \text{Box I} \end{array} = \text{K.} \$ \quad \boxed{2244.20}$$

# Calculation Step 5

STEP 5: Amount of Unearned Title IV Aid Due from the School	
<b>L. Institutional charges for the period</b>	Tuition <input type="text" value="4500"/>
	Room <input type="text"/>
	Board <input type="text"/>
	Other <input type="text"/>
<i>Total Institutional Charges (Add all the charges together)</i>	= <b>L.\$</b> <input type="text" value="4500"/>
<b>M. Percentage of unearned Title IV aid</b>	
100% - <input type="text" value="38.9 %"/>	= <b>M.</b> <input type="text" value="61.1 %"/>
<small>Box H</small>	
<b>N. Amount of unearned charges</b>	
Multiply institutional charges for the period (Box L) by the Percentage of unearned Title IV aid (Box M).	
<input type="text" value="4500"/>	<b>X</b> <input type="text" value="61.1 %"/>
<small>Box L</small>	<small>Box M</small>
= <b>N.\$</b> <input type="text" value="2749.50"/>	
<b>O. Amount for school to return</b>	
Compare the amount of Title IV aid to be returned (Box K) to Amount of unearned charges (Box N), and enter the lesser amount.	
<b>O.\$</b> <input type="text" value="2244.20"/>	

# Calculation Steps 6 and 7

<b>STEP 6: Return of Funds by the School</b>	
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.	
<b>Title IV Programs</b>	Amount for School to Return
1. Unsubsidized FFEL/Direct Stafford Loan	990.00
2. Subsidized FFEL/Direct Stafford Loan	1254.20
3. Perkins Loan	
4. FFEL/Direct PLUS (Graduate Student)	
5. FFEL/Direct PLUS (Parent)	
<b>Total loans the school must return = P.\$ 2244.20</b>	
6. Pell Grant	
7. Academic Competitiveness Grant	
8. National SMART Grant	
9. FSEOG	
10. TEACH Grant	
11. Iraq Afghanistan Service Grant	

  

<b>STEP 7: Initial Amount of Unearned Title IV Aid Due from the Student</b>	
From the amount of Title IV aid to be returned (Box K) subtract the Amount for the school to return (Box O).	
2244.20	- 2244.20 = Q.\$ 0.00
<small>Box K</small>	<small>Box O</small>
▶ If Box Q is ≤ zero, <b>STOP</b> . If greater than zero, go to Step 8.	

# R2T4 on the Web



# What is R2T4 on the Web?

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- Web-based software that calculates and manages the return of Title IV funds
- Available through FAA Access to CPS Online
- Must be enrolled on SAIG Enrollment web site – <https://www.fsawebenroll.ed.gov/>
- Once enrolled, R2T4OW can be accessed at [www.fafsa.ed.gov/FOTWWeb/faa/faa/jsp](http://www.fafsa.ed.gov/FOTWWeb/faa/faa/jsp)

# FAA Access to CPS Online



START HERE  
GO FURTHER  
FEDERAL STUDENT AID™

## FAA Access to CPS Online

Help FAQs

### FAA Access to CPS Online

NEED HELP?

#### Welcome to the FAA Main Menu

Select an option from the following menu. It will be necessary to provide the TG# for your Destination Point and your Federal School Code:

- [Student Inquiry](#)  
View a student's Student Aid Report (SAR) information, including the Expected Family Contribution (EFC), NSLDS information, and SAR Comments. Compare two ISIR transactions for the same student using **ISIR Compare**. Submit a signature flag for an application in a signature hold status using the **Standalone FAA Signature** feature.
- **Application/Verification Tool Entry**  
Enter a student's FAFSA/Renewal Application or Correction data and submit it to the CPS for processing, or use the Verification Tool to assist with verification of a student's processed ISIR.
  - [FAFSA/Renewal Application](#)
  - [Corrections](#)
  - [Verification Tool](#)
- **Restore a Saved Application**  
Restore a partially completed and saved FAFSA/Renewal Application or Correction and submit it to the CPS for processing.
  - [FAFSA/Renewal Application](#)
  - [Corrections](#)
- [ISIR Request](#)  
Request ISIR data.
- [ISIR Analysis Tool](#)  
Analyze FAFSA information reported on a student's ISIR. Data is used to determine what impact changes to student-reported information had on EFC and Pell eligibility.
- [Return of Title IV Funds on the Web](#)  
Calculate and manage the return of Title IV funds. Data is collected, and the Return of Title IV Funds is calculated according to ED's Student Assistance General Provisions.

NEED HELP?

EXIT

# R2T4 Main Page



FEDERAL STUDENT AID

*We Help Put America Through School*



Home



Help



FAQs



## FAA Access to CPS Online - Return of Title IV Funds on the Web

### Welcome to Return of Title IV Funds on the Web (R2T4)

Return of Title IV Funds (R2T4) is a non-year specific product that processes, calculates, manages and stores students' return of Title IV aid calculation records. Use the links on the left Navigation Bar to set up your school screens, student records and to access reports. The links below explain the R2T4 process and functionality.

#### Before You Start

##### Overview

- [What is R2T4?](#)

##### Gather the following:

- [Student's Withdrawal Information](#)
- [Student's Title IV Aid Information](#)
- [Student's Program Information](#)

#### Using R2T4

##### Setup the School screens:

- [Institutional Charges](#)
- [School Calendar](#)
- [User-Specified Fields](#)

##### Student records:

- [Create a new student](#)
- [Find an existing student](#)

#### Follow Up

##### Overpayment Notification and Tracking reports:

- [Student Notification](#)
- [School Portion of R2T4 to be Returned](#)
- [Student Repayment Arrangement\(s\) - Completed](#)
- [Student Repayment Arrangement\(s\) - Not Completed](#)
- [Notification Tracking](#)

[Student Record Status](#)

[Create New Record](#)

[Find Existing Record](#)

[Institutional Charges](#)

[School Calendar](#)

[User-Specified Fields](#)

[Reports](#)

[Data Export](#)



Local intranet



# Resources & References

# Resources and References

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- FSA Handbook, Volume 5, Chapter 2
- 34 C.F.R 668.22
- DCL GEN-00-24 and GEN-04-03
- FSA Assessments
  - <http://www.ifap.ed.gov/qahome/qaassessments/returntivfunds.html>
- Federal Register – October 29, 2010
- R2T4 Demo Site
  - <http://fafsademo.test.ed.gov/>



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Thank you  
for joining us  
today!