


R2T4

**Return of Title IV Funds (R2T4)**

**“What Happens When a Title IV Recipient Withdraws?”**

MASFAA  
June 15-17, 2011




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**Basic Premise**

- If school has disbursed *more* aid than the student has earned, money is returned to the programs
- If school has disbursed *less* aid than the student has earned, a post-withdrawal disbursement will be calculated

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**R2T4 Applicability**

- Title IV eligible students who begin attendance and completely withdraw, or otherwise cease attending
  - Student must have actually received Title IV loan funds or met the conditions for a late disbursement (Post-Withdrawal Disbursement)
- If student enrolled but never attended any classes
  - Student did not establish eligibility for any funds
  - All Title IV aid disbursed must be returned

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### R2T4

**R2T4 Concept**

- Student earns Title IV aid through attendance
  - Percentage of aid earned is equal to the percentage of the payment period or enrollment period completed
- *AFTER the 60% point* in a payment period or period of enrollment, a student has earned 100% of scheduled Title IV funds
- School's own refund policy or other outside policies do NOT impact the amount of Title IV aid earned under R2T4 calculation

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**Consumer Information**

School must provide to prospective and current students:

- 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

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**Date School Determined Student Withdrew**

- Official Withdrawal:
  - Date *begins* official withdrawal process; or
  - Provided official notification to designated office
- Unofficial withdrawal: (no notification)
  - No later than 30 days after end of the EARLIER of:
    - The payment period (or period of enrollment)
    - The academic year, or
    - The student's educational program
- If required to take attendance, determine no later than 14 days after student's LDA

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R2T4

**Payment Period or Period of Enrollment**

- Standard term-based program must use payment period (term)
- Nonstandard term or nonterm program may choose either payment period or period of enrollment
  - May choose on a program-by-program basis
  - Must be consistent with method used
- Title IV aid and institutional charges (generally) calculated on a payment period or period of enrollment basis

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**Aid That Could Have Been Disbursed**

- To include aid, must meet conditions for a late disbursement (668.164(g)(2))
  - At time student withdrew -
    - ED processed a SAR or ISIR with official EFC
    - Perkins/FSEOG – made award
    - Direct Loans originated
- However, aid listed in the “could have been disbursed” section CANNOT actually be disbursed if:
  - 1<sup>st</sup> time borrower withdraws before the 30<sup>th</sup> day of the academic program (default rate waivers apply)
  - 2<sup>nd</sup> and subsequent disbursements UNLESS the student *graduated or completed* the loan period
  - Borrower did not sign the MPN
  - Valid ISIR requirements

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**STEP 2: Withdrawal Date**  
**School *Not* Required to Take Attendance**

- Official Withdrawal or Unofficial Withdrawal
  - Official Withdrawal
    - Date student *began* school’s withdrawal process
    - Date student otherwise provided “official” notice
      - Official notification provided to a designated school official in official capacity
      - In writing or orally
        - » School must document oral notifications
  - If both dates triggered, use the earlier date

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**STEP 2: Withdrawal Date**  
**School *Not* Required to Take Attendance**

- Unofficial withdrawal
  - Student withdraws (drops out) without notifying the school; use:
    - Midpoint in period if student did not notify school

*or*

- If student didn't notify due to circumstances beyond student's control, the date related to that circumstance
  - illness, accident, grievous personal loss, etc.

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**STEP 2: Withdrawal Date**  
**School *Not* Required to Take Attendance**

- Date school determines leave began (if student did not return from approved leave of absence)
  - An *approved* leave of absence must meet ED's guidelines\*
  - Schools may have a leave of absence policy different from ED's guidelines
    - Students approved for leave under a policy that doesn't meet ED's guidelines are considered "withdrawn" and an R2T4 must be calculated at the time the leave begins

*\*Usually not applicable to term-based programs*

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**STEP 2: Withdrawal Date**  
**School *Not* Required to Take Attendance**

- **School not required to take attendance always has the option of using the date of student's last attendance at an *academically related activity as documented by the school***

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**STEP 2: Withdrawal Date**  
**School Required to Take Attendance -**  
***CURRENT***

**IF...** school is required to take attendance by outside entity (such as an accrediting agency)

**THEN...** withdrawal date is taken from attendance records

- *Always* the last date of academic attendance

**NOTE:** Requirement might apply only to specific groups of students

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**Required to take attendance –**  
**Final Regulations – effective 7/1/11**

- An institution is required to take attendance if:
  - An outside entity (such as an accrediting or State agency) OR the *institution* itself requires instructors to take attendance
    - Either at the program/department/institutional level
  - An outside entity OR the *institution* has a requirement that can only be met by taking attendance or a comparable process
    - Example – requiring students in a program to demonstrate attendance in the program’s classes, or a portion of that program

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**Required to take attendance –**  
**Final Regulations – effective 7/1/11**

- If required to only take attendance for *some* of its’ students, the institution would use attendance records to determine withdrawal dates for those students
- If required to only take attendance for a *limited* time period, the institution would use attendance records to determine withdrawal dates during limited time period
- If required to take attendance *on a specific date for census* reporting requirements, the institution is NOT considered to be required to take attendance
- If faculty *choose* to take attendance (but not required), then school is NOT required to take attendance

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**Required to take attendance –  
Final Regulations – effective 7/1/11**

- Attendance could be academic attendance and attendance at an academically-related activity
  - Includes:
    - Physically attending class with direct interaction
    - Submitting academic assignment
    - Taking exam, interactive tutorial or computer-based instruction
    - Attending school assigned study group
    - *Participating in online discussions about academic matters and/or initiating contact with faculty to ask questions about subject studied*

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**Required to take attendance –  
Final Regulations – effective 7/1/11**

- Attendance could be academic attendance and attendance at an academically-related activity
  - Does NOT include:
    - Living in school housing
    - Using school meal plan
    - *Logging into an online course without active participation*
    - Academic counseling or advisement
  - Student's certification of attendance without school documentation is not acceptable

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**Step 2 - Calendar Days  
Credit-Hours**

Count every day, including weekends and holidays, except:

- Scheduled break of five or more consecutive days when no classes are offered
- Days of leave of absence are not included in total days
- *If modules, count all days in modules student scheduled to attend*

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R2T4

**Step 2 - Clock Hours**

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

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**Rounding Rules for Percentages**

- Calculate out to 4 decimal places
  - 45 days / 101 days = .4455
  - 199 hours / 450 hours = .4422
- Round to third decimal place
  - .4455 = .446 = 44.6%
  - .4422 = .442 = 44.2%

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**Rounding Rules for Dollar Amounts**

- Round to the nearest penny
  - \$2,346.00 x 44.6% = \$1,046.316 or \$1,046.32
  - \$2,346.00 x 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

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R2T4

**Institutional Charges**

- Charges include:
  - Tuition and fees
  - Room and board (if contracted with school)
  - Course materials if no real and reasonable opportunity to purchase outside of school
- Charges *initially* assessed student for the payment period/period of enrollment
  - Only adjusted by changes prior to withdrawal

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**Timeframe to Return Funds**

- Return funds to Direct Loan program as soon as possible, but no later than **45 calendar days** after the *date of determination of withdrawal*
  - Calculation must be completed within **30 calendar days** of the *date of determination of withdrawal*
  - Law specifies order of Title IV programs to which funds must be returned

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**Step 8: Repayment of Student's Loans**

- Student is responsible to repay any loan funds not returned by the school*
- Loans are repaid in accordance with terms of the promissory note

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R2T4

**Step 10: Return of Funds by Student**

- Any grant repayment due from student is considered an overpayment
- Student is responsible for repayment
  - Amounts of \$50 or less in any program are set aside
  - Grant 50% protection
- Law specifies order of Title IV programs to which funds must be returned

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**Grant Overpayment**

- School must notify student within 30 days of school's determination of withdrawal
- Student retains Title IV eligibility for 45 days
  - During that time, he must either:
    - Repay in full to school
    - Make satisfactory arrangements to repay with school (school's option)
    - Make satisfactory arrangements to repay with Department of Education
      - Student referred to ED within 45 days if not paid in full or no payment arrangements with school

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**Post-Withdrawal Disbursements (PWD)**

- When Title IV aid disbursed is less than Title IV aid earned
- Must meet Late Disbursement rules
- Sample worksheet in FSA Handbook and in Participant Guide
- Box J on R2T4 Worksheet

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**Notification of PWD**

- School must provide written notification within 30 days of *date of determination of withdrawal*
  - Must identify type and amount of funds
    - Amount crediting student’s account and/or direct disbursements to student/parent
  - Must explain option to accept or decline some or all of funds
  - Must explain obligation to repay any loan funds disbursed
  - Must provide a deadline for response
    - At least 14 days

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**Post-Withdrawal Disbursement of Grant Funds**

- No student confirmation required
- Disbursed directly to student - as soon as possible, but no later than 45 calendar days after date of determination
- Disbursed as credit to account – within 180 days after date of determination

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**PWD - Loan Funds**

- Must receive confirmation from the student or parent borrower prior to disbursement
  - Does not have to be in writing but must be documented
  - If received after deadline, school may choose to honor a late response
- Direct disbursements to the student or parent must be made as soon as possible, but no later than 180 days after *date of determination*

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R2T4

**Special Circumstances**

- R2T4 and Credit Balances
- Death of a Student
- Inadvertent overpayments
- Failing to earn a passing grade
- Terms with modules
- Prorating charges
- Student returning within 180 days or transferring into a new program in clock hour and nonterm credit hour programs

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**Withdrawing from Term-Based Programs with Modules/Compressed Courses**  
**CURRENT**

•Current requirements:

- If enrolled in mini-terms *within a term*, if a student completes at least one course, student NOT considered to be withdrawn for TIV purposes (no R2T4)
- If student does not complete a course, considered withdrawn and R2T4 applies
- Student's enrollment status always adjusted for any mini-term enrolled in but *not started* – whether R2T4 applies or not

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**Term-Based Programs with Modules**  
**New Regs – effective 7/1/11**

- Student considered to be withdrawn if:
  - For credit hours, did not complete *all the days* in the payment period (PP) or period of enrollment (PE) student was *scheduled* to complete
- For a payment period or period of enrollment where courses are offered in modules –
  - A student is NOT considered to have withdrawn if obtain written confirmation from student *at the time that would have been a withdrawal* that will attend a later module in same PP/PE
    - If nonterm or nonstandard, next module must start within 45 calendar days after the end of module the student ceased attending (unless on approved LOA)

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**Term-Based Programs with Modules**  
**New Regs – effective 7/1/11**

- If obtained written confirmation for future attendance:
  - Student *may change date* of return to a later module in the same PP or PE as long as –
    - Provided in writing *prior* to the original return date
      - If nonterm or nonstandard, the later module cannot begin later than 45 days after end of the module ceased attending
  - If a student does not receive a passing grade in the course(s) in the last module, school must demonstrate student completed module

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**Term-Based Programs with Modules**  
**New Regs – effective 7/1/11**

- If student does not return as scheduled –
  - Considered withdrawn
  - *Withdrawal date and total number of calendar days* are those that would have applied if written confirmation not provided
    - Courses officially dropped *prior* to ceasing attendance are NOT days student scheduled to attend unless still enrolled in other courses on those days
    - Total number of days in a PP or PE in which courses are offered in modules - do NOT include scheduled breaks of at least 5 days when the student is not scheduled to attend a module or course during that period

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**Term-Based Programs with Modules**  
**New Regs – effective 7/1/11**

- To determine if student in a program with modules has withdrawn - ask 3 questions:
  - (1) Did student cease to attend or fail to begin attendance in a course scheduled to attend? (if yes, go to question 2)
  - (2) When ceased to attend or failed to begin attendance in a scheduled course, was the student attending other courses? (if no, go to question 3)
  - (3) Did the student confirm attendance in a later module in the PP or PE (45 day rule if applicable)
    - If NO, student is a withdrawal

Please note: if not a withdrawal,  
Pell recalculations may apply

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**Term-Based Programs with Modules**  
**New Regs – effective 7/1/11**

- If student withdraws from term-based credit-hour program offered in modules during a PP/PE and
  - Reenters the same program prior to the end of the period (did not confirm but comes back)
    - Student is eligible to receive any Title IV funds for which he or she was eligible prior to withdrawal, including funds that were returned by the institution or student (“undo” R2T4)
      - Provided the student’s enrollment status continues to support the full amount of those funds (Pell recalculations if did not start all classes)

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**Transition Timeframe**

- Electronic Announcement 5/6/11:
  - New R2T4 rules apply to students who withdraw from payment periods (terms) or periods of enrollment that BEGIN ON OR AFTER July 1, 2011.
  - The new rules do NOT apply to students who withdraw from a 2011 crossover payment period
    - Even if the student received Title IV, HEA program funds from the 2011-2012 award year for that crossover payment period.

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**Resources/References**

- FSA Handbook, Vol. 5, Chapter 2
- 34 CFR 668.22
- Dear Colleague Letters - GEN-00-24; GEN-04-03
- FSA Assessments
  - <http://www.ifap.ed.gov/qahome/fsaassessment.html>
- R2T4 Demo Site available at
  - <http://fafsademo.test.ed.gov>
- R2T4 website through FAA Access to CPS Online
  - <http://faaaccess.ed.gov>
  - 10/29/10 Federal Register
    - Final – Program Integrity

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