



Electronic Access Conference
2001 ACCESS FOR ALL

Student Financial Assistance

THE U.S. Department of
EDUCATION



Electronic Access Conference
2001 ACCESS FOR ALL

Session 30

Return of Title IV Funds: Regulatory Review

THE U.S. Department of
EDUCATION

Session 30- 2



Return to Title IV Funds

■ TODAY'S AGENDA:

- Questions from the community and Answers with examples
- Free R2T4 Software web address reminder



R2T4 Computational Issues: Applicability of Return to Title IV

- **Q:** Does R2T4 apply when a student withdraws if the institution decides not to charge the student?
- **A:** YES (assuming an otherwise eligible student began attendance)
 - Student earned a portion of the TIV funds (disbursed or could have been disbursed)
 - Adjustments to charges after WD have no bearing on the application of R2T4 continued



R2T4 Computational Issues: Applicability of Return to Title IV continued

- **A:** Institution **MUST** use the originally/initially assessed charges
- **A:** EXCEPTION:
 - If the institution processed an adjustment to the charges prior to the withdrawal (change of enrollment status) and then the student withdraws, the institution would use the adjusted charges existing prior to withdrawal



Electronic Access Conference
2001 ACCESS FOR ALL

R2T4 Computational Issues: Consortiums

- **Q:** Student enrolled in a degree program at school A, attends school B (instead of A) for one term under a consortium agreement. Student ceases enrollment at B where charges were assessed and aid paid. What is school A's responsibility in R2T4 determination and to return funds?



R2T4 Computational Issues: Consortiums

- **A:** Under 34 CFR 600.9, an eligible institution may enter into an agreement where school B provides all or a portion of the educational program
 - The written agreement must establish which institution is responsible for the R2T4 determination and the return of funds.
 - The eligible institution that drew down TIV funds is ultimately responsible.



R2T4 Computational Issues: Applicability of Return to Title IV

- **Q:** What if the student NEVER began attendance?
- **A.** Provisions of 34 CFR 668.22 do not apply
 - Provisions of 34 CFR 668.21, 682.604(d)(3) or (4), and 685.303(b)(3) apply
 - All funds are returned to the Title IV programs



R2T4 Computational Issues: Applicability of Return to Title IV

- **Q:** How must an inst. treat tuition waivers?
- **A:** The treatment of waivers must be consistent for the purpose of calculating the student's COA for Title IV aid
 - An institution may only include a Tuition and Fee charge in the COA that is actually made to the student and is paid by the student or on his behalf (including some form of financial assistance)

continued



Electronic Access Conference
2001 ACCESS FOR ALL

R2T4 Computational Issues: Treatment of Waivers

- Rule of thumb -
 - “Would the student be required to pay the charges if another source does not pay on behalf of the student?”
 - An audit trail must establish that actual funds were used to pay all tuition and fee charges, i.e. the amount due may not be “written off”.

continued

THE U.S. Department of
EDUCATION

Session 30-10



Electronic Access Conference
2001 ACCESS FOR ALL

R2T4 Computational Issues: Treatment of Waivers

- Impact on need -
 - If the institution treats a waiver as a payment of Tuition and Fees actually charged = financial aid resource.
 - The COA would include the full amount of the Tuition and Fees.
 - Any R2T4 calculation would be based on the full original charge for Tuition and Fees.

continued

THE U.S. Department of
EDUCATION

Session 30-11



Electronic Access Conference
2001 ACCESS FOR ALL

R2T4 Computational Issues: Treatment of Waivers

■ For example - Part I

- Out of state student is charged \$2,900 in Tuition and Fees
- In-state student is charged \$900 in Tuition and Fees
- The institution grants a \$2,000 Tuition and Fees waiver for a number of Out-of-State Honors recipients
- If the institution treats the waiver as a payment, the full amount of the charges would be \$2,900 and included in the COA
- Subsequent transaction on account shows \$2,000 waiver

continued



Electronic Access Conference
2001 ACCESS FOR ALL

R2T4 Computational Issues: Treatment of Waivers

■ For example - Part II

- If the institution's policy is to never charge the additional \$2,000 to the Out-of-State Honors recipient, the additional amount was "Waived" then -
 - The waiver is not considered a financial aid resource
 - It is not included in the COA
 - It is not included in the R2T4 computation of institutional charges, so the institutional charges would be \$900 for the determination calculation



Electronic Access Conference
2001 ACCESS FOR ALL

R2T4 Computational Issues: Agency Funds

- **Q:** If a TIV recipient's tuition & fees are paid by an outside agency such that all TIV funds are provided to the student, is the inst. required to return TIV funds as a result of the calculation?
- **A:** Yes, there is a presumption that all TIV funds are first used to pay institutional costs (see 64 FR 59032).



Electronic Access Conference
2001 ACCESS FOR ALL

R2T4 Computational Issues: Paid Cash before Title IV

- **Q:** If the student paid all institutional charges (tuition & fees) via cash and ceased enrollment prior to TIV being disbursed, is the inst. required to make a R2T4 determination?
- **A:** Yes, if the student began attendance and could have been disbursed TIV funds prior to withdrawal, under 668.22(a)(3), the institution must determine any amount of TIV funds the student has earned in excess of the amount disbursed and follow the procedures for making a post-withdrawal disbursement in accordance with the provisions of 668.164(g)(2).



Withdrawal from a module: Within a Standard-term

- Characteristics of the examples to be given
 - Some or all of the courses within the program are offered in modules (sequentially)
 - The institution has chosen to have 2 or more modules make up the standard-term
 - Students can begin attendance at the start of any module
 - Students can skip one or more modules/term

continued



Electronic Access Conference
2001 ACCESS FOR ALL

Withdrawal from a module: Within a Standard-term

- Characteristics of the examples to be given
 - Students enroll up-front for courses in all modules they plan to attend for the entire term
 - Some students may subsequently add or drop a course later in a later module.

continued



Withdrawal from a module: Within a Standard-term

■ Principle #1 -

- If a student withdraws after completing at least 1 course in one module within the term, the student is not considered to have withdrawn
- The requirements of 34 CFR 668.22 DO **NOT** apply
- Federal Pell requires recalculation (690.80(b)(2)(ii)) continued



Electronic Access Conference
2001 ACCESS FOR ALL

Withdrawal from a module: Within a Standard-term

■ Principle #1 -

- Recalculate the living expense for any campus-based aid
- Re-determination of COA
- A change to $< 1/2$ time would not affect a student's eligibility for any Direct Loan or FFEL loan PREVIOUSLY RECEIVED by the student

continued



Withdrawal from a module: Within a Standard-term

■ Principle #2 -

- If a student withdraws without completing at least 1 course in 1 module, it is considered a withdrawal and the provisions of 34 CFR 668.22 **DO** apply,
- **UNLESS** - the institution has obtained a confirmation from the student that he/she intends to continue in the program and attend a later module in the same term

continued

THE U.S. Department of
EDUCATION

Session 30-20



Electronic Access Conference
2001 ACCESS FOR ALL

Withdrawal from a module: Within a Standard-term

■ Principle #3 -

- When a student withdraws without completing at least 1 course in 1 module, the payment period to be used in the R2T4 calculation includes all of the modules that the student was scheduled to attend in the term, beginning with the module that included the first day of attendance for the term

continued

THE U.S. Department of
EDUCATION

Session 30-21



Withdrawal from a module: Within a Standard-term

■ Principle #3 -

– For example

- Student enrolls in 1st and 3rd modules of a three module term
- Each module is 35 days in duration
- Student withdraws after completing 21 days in module 1
- Percentage of payment period completed is 21/70 or 30%

continued



Electronic Access Conference
2001 ACCESS FOR ALL

Withdrawal from a module: Within a Standard-term

■ Principle # 4 -

- A student who has not completed at least 1 course in a payment period does not have to be considered to have withdrawn if the institution has obtained a confirmation from the student of his/her intent to continue in the program and attend a later module in the term
- The confirmation must be obtained subsequent to withdrawal (cannot rely on previous registration)



Electronic Access Conference
2001 ACCESS FOR ALL

Withdrawal Date: Not Required to Take Attendance

- **Q:** What is the withdrawal date for R2T4 purposes when a student informs the designated office of his/her intention to withdraw at a later date?
- **A:** It would be the date the student came into the designated office - NOT, the later date. 668.22(c)(1)(ii)



Electronic Access Conference
2001 ACCESS FOR ALL

Withdrawal Date: Not Required to Take Attendance

- **Q:** Student mails a letter stating intent to withdraw, what is the withdrawal date?
- **A:** The date of the letter?
 - The postmark date?
 - The date the letter was received by the institution?
 - The date the letter was received by the designated office?



Electronic Access Conference
2001 ACCESS FOR ALL

Withdrawal Date: Not Required to Take Attendance

- **Q:** Student mails a letter stating intent to withdraw, what is the withdrawal date?
- **A:** The date of the letter?
 - The postmark date?
 - **The date the letter was received by the institution!**
 - The date the letter was received by the designated office?



Withdrawal Date: Not Required to Take Attendance

- **Q:** When a student informs one office of his intent to withdraw on one day and then actually starts the paperwork with another designated office on another day, which is the withdrawal date?
- **A:** The earlier of the two dates, UNLESS
 - The institution chooses to use a documented last date of academically-related attendance



Withdrawal Date: Not Required to Take Attendance

- **Q:** What is the date of withdrawal if the student officially withdraws during a scheduled break?
- **A:** If the withdrawal occurs during the officially scheduled break of 5 or more consecutive days, it is the last scheduled class attendance



Withdrawal Date: Not Required to Take Attendance

■ **For example - Part I**

- Last day of scheduled class before break is Friday, March 7th
- Scheduled break is Saturday, March 8th - Sunday, March 16th
- Student calls to withdraw on Wednesday, March 12th
- The withdrawal date is March 7th
- The date of determination is March 12th

continued



Withdrawal Date: Not Required to Take Attendance

■ **For example - Part II**

- What if the student indicates that he/she only has class scheduled on Mondays through Thursdays?
- ?????

■ **If the break is < 5 consecutive days**

- The withdraw date is the date the student contacts the institution or March 12th



Withdrawal Date: Not Required to Take Attendance

- **Q:** An inst. voluntarily takes attendance every two weeks and the inst. records show the student attended week 2,4,6, but was gone as of week 8 and beyond, can it use the 50% attendance rule?
- **A:** If the student did not begin the institution's withdrawal process or otherwise provide notice, the institution may consider either the midpoint as the withdrawal or the last date of attendance on the week 6 roster as an institutionally documented academically-related activity (Sec 668.22(c)(3)(ii)).



Withdrawal Date: Required to Take Attendance

- **Q:** Is a statement by an outside entity/ agency that attendance is not required sufficient to meet the definition of an institution “not required to take attendance” for the purpose of the Return to Title IV Funds requirements?
- **A:** Not necessarily ...

continued



Withdrawal Date: Required to Take Attendance

- If any requirement of an outside entity results in an institution having to take attendance, the institution would be considered to be an institution required to take attendance for R2T4 purposes.
- **For example** - if the agency required monitoring the withdrawal date and the only way an institution could comply is to take attendance.

continued



Withdrawal Date: Required to Take Attendance

■ **Another example:**

- The State required the institution to drop students after 5 days of missed classes
- While the entity may say that attendance taking is not required, if that is the only manner to comply with the requirements, then ED considers the institution to meet the definition of an institution required to take attendance for R2T4



Title IV Aid That Could Have Been Disbursed

- **Q:** Does an undisbursed second or subsequent disbursement of DL or FFEL count as aid that could have been disbursed in the R2T4 determination?
- **A: Principle #1** - Yes, a 2nd or subsequent disbursement of a Direct or FFEL loan is counted in the computation of earned aid (ex. WD in 2nd PP or multiple disbursement within a PP)
- **A: Principle #2** - it cannot be disbursed as a PWD

continued



Electronic Access Conference
2001 ACCESS FOR ALL

Title IV Aid That Could Have Been Disbursed

- **Q:** If an institution is exempt from 30-day delay, makes multiple disbursements, but chooses to retain that practice, would the 1st installment of the loan be considered aid that “could have been disbursed”?
- **A:** YES
 - Can be a Post-Withdrawal Disbursement (assuming the student is otherwise eligible)



Title IV Aid That Could Have Been Disbursed

- **Q:** Institution is exempt from making multiple disbursements within the regular term, and student withdraws after 1st disbursement, but prior to subsequent disbursements, are the other disbursements included as aid that “could have been disbursed”?
- **A:** YES, but the subsequent disbursements may not be made as PWDs



Post-Withdrawal Disbursements

- **Q:** The regs allow an institution to use any funds under a PWD to pay outstanding charges. What are considered “outstanding institutional charges” on the student’s account?
- **A:** The institution may credit with all or a portion of the PWD, up to the amount of outstanding charges.
- **A:** The institution can automatically credit charges for tuition, fees, room and board (if contracted).

continued



Post-Withdrawal Disbursements

- **For example -**
 - \$450 PWD due Julia Jones
 - Of the original \$2,300 institutional charges, the institution may only keep \$700 of those charges (per its own refund policy) and \$0 has been paid
 - Student also owes \$50 for a bus pass
 - All of the \$450 may be used for tuition
 - Remember authorization is required for charges other than current tuition, fees, room & board

continued



Electronic Access Conference
2001 ACCESS FOR ALL

Percentage of Title IV Earned

- **Q:** Is the day the student withdraws counted as a completed day in the computation when determining days completed from a credit hour program?
- **A:** YES



Return of Funds

- **Q:** Is there a *de minimus* amount of a return?
- **A:** If, as a result of the computation, the original amount of the Title IV grant overpayment owed by the student (after the 50% reduction is applied to the initial amount of the overpayment) is less than \$25, the student is not considered to owe a grant overpayment.



Return of Funds

■ *De minimus* amounts

- The amount under \$25 should neither be reported nor referred
- The concept of a de minimus amount does not apply when the original amount of the TIV grant overpayment is \$25 or more and paid down to an amount of less than \$25. The entire amount must be fully repaid

continued



Return of Funds

- **Q:** If the school chooses to repay the Title IV grant overpayment for the student and the student does not repay the institution may the debt be referred to ED Collections?
- **A:** No, once the institution repays the overpayment there is no longer a debt that may be referred to ED.



Return of Funds

- **Q:** If the institution determines that it must return \$1,000 to an unsubsidized and \$200 to subsidized loan for the spring payment period, may the institution apply the entire amount of the return to the student's unsub loan (considering he had sub and unsub in the fall term) rather than splitting the amount between sub and unsub?



Return of Funds

- **A:** Per 668.22 (i)(1) the unearned funds must be credited to outstanding balances on Title IV loan made to the student for the **payment period** for which a return of funds is required in the following order:
 - Unsub FFEL
 - Sub FFEL
 - Unsub DL
 - Sub DL
 - Fed Perkins
 - Fed PLUS
 - Fed Pell
 - Fed SEOG
 - Other IV funds



Electronic Access Conference
2001 ACCESS FOR ALL

Consumer Information Requirements

- **Q: *What are the student consumer disclosure requirements when the institution returns funds to a TIV program?***
- **A: *The institution is required to make readily available -***
 - *any refund policy with which the institution is required to comply*
 - *the requirements and procedures for officially withdrawing from the institution*
 - *a summary of the requirements under 668.22 for the return to Title IV*



Electronic Access Conference
2001 ACCESS FOR ALL

Consumer Information Requirements

- **Also -**
- **A:** Under 682.607(a)(2) the institution is required to notify the FFEL recipient if it makes a return payment to a Title IV program on behalf of the recipient. The same provisions apply to Direct Loans under 685.306(a)(2).



Electronic Access Conference
2001 ACCESS FOR ALL

Free R2T4 Software

- Go to ifap.ed.gov
- Under “Related Links” on the right-hand side of the screen and select “Additional Links”
- From the listing you can select sfadownload.ed.gov
- Select “Software” on the left-hand side index
- And scroll down to *Return to Title IV Funds* Version 1.1.1
 - Important Note: If you are performing an initial installation of the software, the “Full Version 1.1 must first be loaded prior to downloading the Service Release 1.1.1



Electronic Access Conference
2001 ACCESS FOR ALL

Thanks !!

Dan Klock

email: Dan.Klock@ed.gov



Electronic Access Conference
2001 ACCESS FOR ALL

Questions?

THE U.S. Department of
EDUCATION

Session 30-50