Volume 5
Withdrawals and the Return of Title IV Funds
Table of Contents

Introduction to Volume 5 5–1
Chapter 1—Withdrawals and the Return of Title IV Funds 5–3
Withdrawals 5–3
General requirements 5–4
When a student is considered to have withdrawn 5–4
If a student remains enrolled only in non-Title IV-eligible courses 5–4
When a student who fails to begin attendance in all the courses he or she was scheduled to attend withdraws 5–5
Worksheets and the R2T4 Web product 5–6
Consumer information 5–6
General Title IV Principles with Special Applicability in the Return of Title IV Aid 5–7
Definition of a Title IV recipient 5–7
Verification 5–8
When verification is completed before the R2T4 deadlines, When verification is not completed before the R2T4 deadlines, When verification is completed after the R2T4 deadlines
Approved leave of absence 5–10
Written formal policy required, Reasonable expectation of return, Completion of coursework upon return in term-based credit-hour programs, Completion of coursework required upon return in clock-hour and non-term-credit-hour programs, A student may return early from a leave of absence, Leaves of absence versus the grade of incomplete, No additional charges for students on an LOA, No additional Title IV assistance while a student is on LOA, An LOA may not exceed 180 days in any 12-month period
When a student fails to return from a leave of absence 5–14
Explanation of the consequences of withdrawal to loan recipients granted an LOA
Unapproved leaves of absence 5–15
Institutional charges 5–15
Use of institutional charges in determining a school's responsibility for returning funds 5–15
When to prorate charges 5–16
Effects of waivers on institutional charges 5–17
Institutional versus noninstitutional charges 5–17
Returning equipment 5–18
Demonstrating a real and reasonable opportunity 5–18
Graphic, Example of institutional charges versus non-institutional charges 5-18
Treatment of Title IV credit balances when a student withdraws 5–19

Time frame for returning an unclaimed Title IV credit balance 5–20
Graphic, Example of a school performing a Return calculation for a student whose account has a Title IV credit balance 5–21
Principles with unique applications in the Return of Title IV Aid 5–22
Date of the institution's determination that the student withdrew 5–22
Date of determination at institutions that are required to take attendance 5–22
Graphic, When a student enrolled in a series of modules fails to return as scheduled 5–23
Use of payment period or period of enrollment 5–25
Payment period 5–25
Period of enrollment 5–25
Applicability 5–26
Rounding 5–26
Funds to include in a R2T4 calculation 5–27
Graphic, Limits on Title IV funds that may be included as Aid that could have been disbursed 5–27
FSEOG Program funds 5–27
If a resolved overaward becomes an overpayment 5–28
Treatment of students who withdraw from clock-hour programs, non-term credit hour programs, and nonstandard term credit-hour programs with terms that are not substantially equal (and in which no term is less than 9 weeks in length), and then transfer to a new school or reenter the same school in a similar program 5–29
Reentry within 180 days 5-29
What to do when a student whose overpayment has been referred to Default Resolution Services reenters within 180 days 5-30
Graphic, Example of Reentry within 180 days 5–31
When a student reenters in a new award year 5-32
Reentry after 180 days, return to the same school in a new program, or transfer to a new school 5-33
Eligibility of transfer students for additional Title IV funds 5-34
Graphic, Loan principles applicable to reentry in and transfer to clock-hour programs, non-term credit hour programs, and nonstandard term credit-hour programs with terms that are not substantially equal (in which no term is less than 9 weeks in length) 5–35
Directions for Adjusting Direct Loans 5–36
Directions for Adjusting Pell Grants 5-37
Graphic, Adjusting a Pell Grant When a Student Reenters in a New Award Year 5-37
Breaks in Attendance for Students Enrolled in Programs Measured in Credit Hours without Academic Terms 5–38
Changing or Correcting a Return Calculation 5–38
Applicable Deadlines 5–39

Chapter 2—The Steps in a Return of Title IV Aid Calculation 5–41

Step 1: Student's Title IV Aid Information 5–41
Title IV Aid disbursed 5–41
Title IV Aid that could have been disbursed 5–42
Exception to including funds as Aid that could have been disbursed when a student has a disqualifying comment code 5–44

Treatment of inadvertent overpayments 5–44
Late arriving aid 5–45
Graphic, Examples of second or subsequent Direct Loan disbursements and an example of a second payment period Pell Grant disbursement 5–46
Step 2: Percentage of Title IV aid earned 5–48
Part 1—Withdrawal date 5–48
Withdrawal date for a student who withdraws from a school that is required to take attendance 5–48
Schools required to take attendance 5–49
When a school has a requirement for taking attendance 5-49
Requirements that can only be met by taking attendance 5-50
Attendance taking requirements for some students 5-51
When a school takes attendance for one day or a limited period 5-51
When attendance taking is required only for some classes 5-52
Determining a student's withdrawal date at a school that is not required to take attendance 5–52
Official notification, School's withdrawal process, Otherwise provides official notification, When a student triggers both dates, Official notification not provided by the student, Withdrawal without student notification due to circumstances beyond the student's control, Withdrawal date when a student dies, All other withdrawals without student notification, Time frame for the determination of a withdrawal date for an unofficial withdrawal, When students fail to earn a passing grade in any class
Graphic, Example of a grading policy that could be used to determine whether a student unofficially withdrew 5-58
Last date of attendance at an academically related activity, Withdrawals after rescission of official notification, Academic attendance and attendance at an academically related activity, Documenting attendance when students are enrolled in distance education courses, Documentation of withdrawal date.
Withdrawals from programs offered in modules 5–62
Determining if a program is offered in modules
Graphic, How to determine whether a student enrolled in a program offered in modules has withdrawn 5–64
Graphic, Examples of using the three questions to determine whether a student who is scheduled to complete two courses in each of the first two of three modules within a payment period has withdrawn 5-65
When a student who has withdrawn returns within a payment period or period of enrollment, Written confirmation of future attendance, When a student drops all future classes between modules, When a student drops classes on the same day the student withdraws, When a student enrolled in modules within a term drops all future courses on the last day of a completed module, Withdrawal date from a program offered in modules, Determining the percentage of the payment period or period of enrollment completed for a student who withdraws from a program offered in modules
Graphic, When a student who failed hours in the payment period withdraws from a non-term credit hour program offered in modules the payment period must be extended 5–72
Graphic, When a Student Who Was Enrolled in a Module Within a Term Withdraws from the Module, and the School Later Determines that the Student Failed to Begin the Term-Long Courses 5–73
Aid to include in the R2T4 calculation 5–74

Part 2—Percentage of Aid Earned 5–76
Percentage of payment period or period of enrollment completed 5–76
Scheduled breaks
Graphic, Example of withdrawal date when a student withdraws during a scheduled break of five or more days 5–77
Graphic, Institutionally scheduled breaks of at least five consecutive days 5–77
Graphic, Temporary closures beyond control of the institution 5–78
Credit-hour programs, Percentage of Title IV aid earned for withdrawal from a non-term credit-hour program
Graphic, Examples of calculating a completion date for a student who withdraws from a non-term credit-hour program 5–80
Clock-hour programs
When a school disburses Title IV aid to a student using different payment periods 5–84
Graphic, Example, Performing a return calculation for a student receiving aid under two payment period definitions 5–84
When a student who received an Loan with an abbreviated loan period withdraws 5-86
Graphic, Example of a R2T4 Calculation with Overlapping Payment Periods 5-87
When a student receiving Title IV aid dies during a payment period or period of enrollment 5–88
Step 3: Amount of Title IV Aid Earned by the Student 5–89
Step 4: Total Title IV Aid to be Disbursed or Returned 5–89
Part 1—Post-withdrawal disbursements 5–89
Disburse grant before loan 5-90
Summary of actions a school must take before making a post-withdrawal disbursement 5-90
Post-withdrawal disbursement of Title IV grant funds, ... 5-91
Post-withdrawal disbursement of Title IV loan funds 5-92
Separate authorization required for educationally related expenses 5-93
Crediting a student's account 5-93
Notice to a student offering a post-withdrawal disbursement—flexibility in notifying students 5–94
Graphic, Example of the post-withdrawal disbursement requirements 5–96
Part 2—Title IV aid to be returned 5–97
Step 5: Amount of unearned Title IV aid due from the school 5–97
Aid disbursed to the student before institutional charges are paid 5–97
Institutional charges 5–98
Use of institutional charges in determining a school's responsibility for return 5–98
Effects of a post-withdrawal reduction in charges 5–99
When to prorate charges 5–99
Effects of waivers on institutional charges 5–99
Step 6: Return of Title IV Funds by the School 5–100
Order of return of Title IV funds 5–100
Time frame for the return of Title IV funds 5–100
Downward adjustment of FSA grant disbursement records and Direct Loan disbursement records required 5–101
Returning Direct Loan funds 5–101
Returning funds after 240 days 5–102

Step 7: Initial amount of unearned Title IV aid due from the student 5–103
Step 8: Repayment of student loans 5–103
Step 9: Title IV grant funds to be returned by a student 5–103
Step 10: Return of Title IV grant funds by the student 5–104
A school's responsibilities in the return of Title IV funds by the student 5–104
Grant Overpayments 5–104
When a student receives additional funds during the 45-day period of extended eligibility 5–106
Graphic, Examples of the relationship between the date of notification and the expiration of the 45-day period 5–107
Student overpayments of $50 or less 5–108
Payments on a student's behalf 5–109
Recording student payments and reductions in the Title IV grant programs 5–109
Recording student payments and reductions in the Direct Loan Program 5–111
Notifying the Department 5–112
Reporting and referring overpayments 5–113
Required referrals 5–115
Accepting payments on referred overpayments 5–117
Corrections or recalls of referred overpayments 5–118
When a student loses eligibility at a former school while receiving aid at a second school 5–119
Chart–*Withdrawal Dates for a School that is Not Required to Take Attendance* 5–120
Sample Summary of the Requirements of 34 CFR 668.22 (*To Provide to Students as Part of Consumer Information*) 5–121
Chart, Return of Title IV Funds Requirements and Deadlines 5–123
Chart, Return of Title IV Funds Requirements for Notification 5–124

Chapter 3—Case Studies in Withdrawal and Return of Title IV Aid 5–125

Appendix—Forms Associated with a Return of Title IV Aid Calculation 5-203
Worksheet—*Treatment of Title IV Funds When a Student Withdraws From a Credit-Hour Program* 5–204
Worksheet—*Treatment of Title IV Funds When a Student Withdraws From a Clock-Hour Program* 5–207
Form—*Information Required when Referring Student Overpayments to Default Resolution Group* 5–210

Introduction to Volume 5

An overpayment occurs when the student receives more aid than he or she was eligible to receive. One kind of overpayment, traditionally called an overaward, results from changes in the student's aid package; a second occurs when a student withdraws. This volume covers how a school should respond when a student withdraws.

Here, we provide a summary of the changes and clarifications presented in greater detail in the chapters that follow. **Alone the text herein does not provide schools with the guidance needed to satisfactorily administer the Title IV HEA programs**. For more complete guidance, you should refer to the text in the chapters cited, the Code of Federal Regulations (CFR), and the Higher Education Assistance Act (HEA) as amended.

Throughout this volume, new information is indicated with the following symbol:

NEW

When the text represents a clarification rather than a change, it is indicated with:

Clarification

When we believe that historically there might be some misunderstanding of a requirement, we indicate that with:

Reminder

If we want to point out a bit of helpful information, we indicate it with:

TIP

Finally, if we want to draw your attention to something, we indicate it with:

!

Notes on Active Links

At the top of each page you will find links to Dear Colleague Letters, the Code of Federal Regulation, and the Federal Student Aid Glossary and Appendices.

Glossary CFR DCL

Major Changes

Chapter 1—Withdrawals and the Return of Title IV Funds

- We remind schools that they must include in the R2T4 calculation all forms of Title IV aid that were disbursed or that could have been disbursed, even if the student receives a full tuition refund.
- We remind schools that Tuition refunds following a student's withdrawal have no impact on the amount of Title IV Aid that the student has earned under a Return calculation.
- We have updated the example under *Prorating charges* because of recent changes to the Cash Management regulations.

Chapter 2—The Steps in A Return of Title IV Aid Calculation

- We clarify the withdrawal date for withdrawals without student notification and schools not required to take attendance by an outside entity.
- We remind schools that if a school cannot document attendance for a student who fails to complete a course the student must be treated as one who never began attendance for the payment period.
- We clarify that when a student enrolled in modules within a term drops all future courses on the last day of a completed module, the student is not considered a withdrawal, but a recalculation of the student's eligibility is required. In addition, we remind schools that if the student fails to begin classes in the next scheduled term, the school must adjust the loan period in COD.
- We clarify that if a student with an abbreviated loan period is enrolled in a non-term credit hour program or clock hour program in which the completion date of the period depends on the individual student's progress, the school has a choice in how it prorates the funds used in the calculation and loan and payment period end dates.

Withdrawals and the Return of Title IV Funds

CHAPTER 1

This chapter will discuss the general requirements for the treatment of Title IV funds when a student withdraws.

WITHDRAWALS

This chapter explains how Title IV funds are handled when a recipient of those funds ceases to be enrolled (100% withdrawal) prior to the end of a payment period or period of enrollment. These requirements do not apply to a student who does not actually cease attendance at the school. For example, when a student reduces his or her course load from 12 credits to 9 credits, the reduction represents a change in enrollment status, not a withdrawal. Therefore, no Return of Title IV Funds (R2T4) calculation is required.

The R2T4 regulations do not dictate an institutional refund policy. Instead, a school is required to determine the earned and unearned portions of Title IV aid as of the date the student ceased attendance based on the amount of time the student spent in attendance or, in the case of a clock-hour program, was scheduled to be in attendance. Up **through the 60% point** in each payment period or period of enrollment, a pro rata schedule is used to determine the amount of Title IV funds the student has earned at the time of withdrawal. **After the 60% point** in the payment period or period of enrollment, a student has earned 100% of the Title IV funds the student was scheduled to receive during the period.

For a student who withdraws after the 60% point-in-time, there are no unearned funds. However, a school must still determine whether the student is eligible for a post-withdrawal disbursement (PWD).

The R2T4 regulations do not prohibit a school from developing its own refund policy. However, the school must comply with refund policies required by a state or other outside agencies. Although a school, state or agency refund policy will determine the charges a student will owe after withdrawing, those policies will not affect the amount of Title IV Aid the student has earned under the R2T4 calculation.

Return of Title IV funds
HEA, Section 484B
34 CFR 668.22

Terminology

In other Handbook volumes when we speak of collectively of —
- Pell Grants
- Iraq and Afghanistan Service Grants
- TEACH Grants
- FSEOG Grants
- Direct Loans
- Perkins Loans

we use the term "federal student aid programs." In this volume, because the requirements of 34 CFR 668.22 are commonly referred to as the Return of Title IV Funds requirements, we use "Title IV Programs."

Reporting required

If a school determines that a student has withdrawn, the student is no longer considered to be enrolled and in attendance. Therefore, the student is no longer eligible for in-school status or an in-school deferment, and the school must report the student as withdrawn in NSLDS Enrollment Reporting. Schools are encouraged to access the National Student Loan Data System (NSLDS) Professional Access Website at https://www.nsldsfap.ed.gov/nslds_FAP/ and update the student's enrollment status to "W" to ensure the timeliest processing of the information.

34 CFR 685.309 (b) and 34 CFR 682.610 (c))

The FSA Assessment module

that can assist you in understanding and assessing your compliance with the provisions of this chapter is "Return of Title IV Funds," at:

https://ifap.ed.gov/qahome/qaassessments/returntivfunds.html

Reminder

When a Student Withdraws Before a School's Census Date

A student begins earning Title IV funds on his or her first day of attendance. Therefore, even if a student withdraws before a school's census date, the school must perform an R2T4 calculation using the number of days the student attended or the number of scheduled clock hours the student attended class (see Step 2: Percentage of Title IV Aid earned in Chapter 2.

The school must include in the R2T4 calculation all forms of Title IV aid that were disbursed or that could have been disbursed, even if the student receives a full tuition refund.

Reminder

Tuition Refunds

Tuition refunds following a student's withdrawal have no impact on the amount of Title IV Aid that the student has earned under a R2T4 calculation. If a student withdraws during a term and a school provides a full tuition refund for that term (for example, for special circumstances such as medical reasons), the school may not return more Title IV aid than the R2T4 calculation specifies unless it seeks, and subsequently receives, the student's permission to do so.

General requirements

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, the student may no longer be eligible for the full amount of Title IV funds that the student was originally scheduled to receive.

If a recipient of Title IV grant or loan funds withdraws from a school after beginning attendance, the amount of Title IV grant or loan assistance earned by the student must be determined. If the amount disbursed to the student is greater than the amount the student earned, the unearned funds must be returned. If the amount disbursed to the student is less than the amount the student earned, and for which the student is otherwise eligible, he or she is eligible to receive a post-withdrawal disbursement of the earned aid that was not received.

When a student is considered to have withdrawn

A student is considered to have withdrawn from a payment period or period of enrollment if

- in the case of a program that is measured in credit hours, the student does not complete all the days in the payment period or period of enrollment that the student was scheduled to complete;
- in the case of a program that is measured in clock hours, the student does not complete all of the clock hours and weeks of instructional time in the payment period or period of enrollment that the student was scheduled to complete; or
- for a student in a non-term or nonstandard-term program, the student is not scheduled to begin another course within a payment period or period of enrollment for more than 45 calendar days after the end of the module the student ceased attending, unless the student is on an approved leave of absence, as defined later in this chapter.

Please see ***Withdrawals from programs offered in modules*** in Chapter 2 for more information about withdrawals from modular programs.

If a student remains enrolled only in non-Title IV-eligible courses

A student's schedule sometimes includes courses the student is taking for credit and for which he or she may receive Title IV funds, and courses for which the student may not receive Title IV funds—courses the student is auditing, completing (courses in which he or she previously received an "Incomplete"), or repeating for a second or greater time (See *Satisfactory Academic Progress* in Volume 1, and *Retaking Coursework in Term-based Programs* in Volume 3 for additional information).

If a student ceases attendance (drops or withdraws) from all his or her Title IV eligible courses in a payment period or period of enrollment, the student must be considered a withdrawal for Title IV purposes.

The principle is the same for programs offered in modules **within terms**. For example, a student is scheduled to attend one course in each of five modules during a semester. The student receives an incomplete in course number two in the second module and, because the student may not progress to course number three until course number two is completed, the student completes the remaining portion of course number two in the third module. While the student is completing the incomplete portion of module number two in the period during which the student was to have been taking the third module, he or she is not considered to be enrolled in the course for Title IV purposes, so attendance of just that course does not count as attendance for purposes of the R2T4 requirements. Therefore, in accordance with the requirements for the treatment of students in a program offered in modules, the institution would need to obtain written confirmation of future attendance in a Title IV eligible course later in the semester at the time that would have been a withdrawal in accordance with 34 CFR 668.22(a)(2)(ii), or put the student on an approved leave of absence, for the student not to be considered a withdrawal for Title IV purposes. In the absence of written confirmation of future attendance or being placed on an approved leave of absence, an R2T4 calculation would be required. However, if the student subsequently returns to a Title IV eligible course later in the period, the student's R2T4 calculation would be undone in accordance with 34 CFR 668.22(a)(2)(iii).

For the student enrolled in modules within terms not to be considered a withdrawal for Title IV purposes, in accordance with the requirements for the treatment of students in programs offered in modules, the school would need to either: (1) obtain written confirmation of future attendance in a Title IV eligible course later in the term; or (2) put the student on an approved leave of absence. Of course, if the student subsequently returns and begins attending a Title IV eligible course later in the period, the student's R2T4 calculation would be undone in accordance with 34 CFR 668.22(a)(2)(iii).

When a student who fails to begin attendance in all the courses he or she was scheduled to attend withdraws

Anytime a student begins attendance in at least one course but does not begin attendance in all the courses the student was scheduled to attend regardless of whether the student is a withdrawal, the school must determine if it is necessary to recalculate the student's eligibility for Pell Grant and Campus-Based funds based on a revised enrollment status and cost of education. If the student is a withdrawal, this recalculation must be done before performing an R2T4 calculation, and the school must use the recalculated amounts of aid in the R2T4 calculation.

TIP See the discussion under *Title IV Aid that could have been disbursed* later in this chapter for a complete discussion of that topic.

Technical Questions

Technical questions on the Return of Title IV funds Web product are handled by the CPS at:

1-800-330-5947

or via email at

cpssaig@ed.gov

Access to R2T4 Web Product via CPS Online

Individual staff members must be enrolled in the SAIG in order to have access to the Return Web product.

Your school's SAIG Destination Point Administrator (DPA) can enroll the selected staff members via the SAIG Enrollment website at:

http://fsawebenroll.ed.gov

Consumer information
HEA Sec. 485(a)(1)(F), 34 CFR 668.43

For more information, see ***Appendix F—Institutional Reporting and Disclosure Requirements.***

Changing the Basis of the Calculation

A school may change the basis for its R2T4 calculations for new students as they begin classes. However, for continuing students, since the institution's Return policy must be included in the published materials the school provides to students as part of the consumer information requirement, the school would have to change its catalog, its written policies and procedures, and its enrollment agreements (if any), and allow sufficient time for those continuing students who would be governed by the new policy to receive and review the materials.

If a student who has withdrawn did not begin attendance in enough courses to establish a half-time enrollment status, the school may not make a first disbursement of a Direct Loan to the student after the student withdraws. However, the funds are included as *Aid that could have been disbursed i*n the R2T4 calculation. For more information, please see the discussion under ***Withdrawals from programs offered in modules*** in Chapter 2.

Worksheets and the R2T4 Web product

The Department has developed worksheets and software to assist schools in implementing the R2T4 regulations (you can find blank worksheets in the appendix at the end of this volume). There is one worksheet for students who withdraw from credit-hour programs and one for students who withdraw from clock-hour programs. These worksheets are also in portable document file (PDF) format on the Department's Information for Financial Aid Professionals website at:

www.ifap.ed.gov/ifap/wst.jsp

The Department has developed an R2T4 Web product. It is accessible via the main menu of the FAA Access at the CPS Online website:

https://faaaccess.ed.gov/FOTWWebApp/faa/faa.jsp

The Return of Title IV Funds on the Web in FAA Access to CPS Online has not been updated to include Iraq and Afghanistan Service Grants. If schools need to complete an R2T4 calculation for a student who received the Iraq and Afghanistan Service Grant, they should use the worksheets described above.

The use of the Department's worksheets and the Web Product is optional.

Consumer information

In the consumer information a school must make available upon request to prospective and enrolled students, the school must include a statement of

- any refund policy with which the school must comply,
- the requirements for the treatment of Title IV funds when a student withdraws, and
- the requirements and procedures for officially withdrawing from the school.

A school should provide sufficient information for a student or prospective student to determine the procedures for withdrawing and the financial consequences of doing so. In addition, a student should be able to estimate how much Title IV aid the student will retain and how much the student may have to return upon withdrawing. Since the R2T4 provisions do not affect institutional refund policies, a school must provide a student with information on both the school's refund policy and the R2T4 requirements, and explain the interaction between the two. The information should include a discussion of how a school might adjust a student's charges to take into account any return of funds the school might be required to make. Finally, a student or prospective student should be informed that if he or she withdraws, institutional charges that were previously paid by Title IV funds might become a debt that the student would be responsible for paying.

Sample Summary Provided

A sample summary of the requirements of 34 CFR 668.22 is provided at the end of this chapter.

As a part of the institution's disclosure of the procedures for officially withdrawing, the school must identify the offices the school has designated to accept notification of official withdrawals.

Title IV Recipient

In determining whether the requirements of 34 CFR 668.22 apply, a school must first determine whether a student was eligible to receive any Title IV funds.

GENERAL TITLE IV PRINCIPLES WITH SPECIAL APPLICABILITY IN THE RETURN OF TITLE IV AID

Definition of a Title IV recipient

The requirements for the treatment of Title IV funds when a student withdraws apply to any recipient of Title IV grant or loan funds who ceases all attendance. For purposes of these requirements, a recipient of grant or loan assistance is a student who has actually received Title IV funds or has met the conditions that entitled the student to a late disbursement. These conditions are listed in the chart ***Conditions and Limitations on Late Disbursements*** in *Volume 4*. The R2T4 requirements apply only to the receipt of or qualification for aid that can be included in the calculation. For example, the requirements of 34 CFR 668.22 do not apply to Federal Work-Study (FWS) funds. Therefore, the R2T4 requirements do not apply to a student if the only Title IV program assistance that the student has received or could have received was FWS funds.

If a Student Withdraws Before Title IV Funds Are Disbursed

Even if a student paid all institutional charges and ceased enrollment prior to Title IV funds being disbursed, if Title IV funds could have been disbursed, the institution must determine the Title IV funds earned by the student and follow the procedures for making a post-withdrawal disbursement.

Please note that if the student never actually began attendance for the payment period or period of enrollment, 34 CFR 668.22 does not apply. Likewise, if a student began attendance but was not and could not have been disbursed Title IV grant or loan funds prior to withdrawal, the student is not considered to have been a Title IV recipient and the requirements of 34 CFR 668.22 do not apply. In these cases, Title IV funds would be handled in accordance with the regulations for returning funds for students who do not register or fail to begin attendance (see sidebar).

Returning funds for students who do not register or fail to begin attendance

34 CFR 668.21
34 CFR 674.16(f)(1)&(2)
34 CFR 676.16(d)(1)&(2)
34 CFR 685.303(b)

Verification

Verification
GEN-04-03 Revised, November 2004

The R2T4 calculations impose no additional liability for interim disbursements made to students selected for verification. However, the R2T4 requirements do place limits on interim disbursements that can be made to students selected for verification who have ceased attendance. **A school may not make an interim disbursement to a student after the student has ceased attendance.**

The Department establishes deadlines for the submission of required verification documents that apply to all Title IV programs.

For the Campus-Based Program and Direct Loan Program, a school may establish an institutional verification deadline that may be earlier than the date established by the Department. The institution must include its verification deadlines in the consumer materials it provides to students.

When a school is completing an R2T4 calculation for a student subject to verification the following rules apply:

- A school must offer any post-withdrawal disbursement of loan funds within 30 days of the date the school determined the student withdrew. A school must always return any unearned Title IV funds it is responsible for returning within 45 days of the date the school determined the student withdrew.
- A school must disburse any Title IV grant funds a student is due as part of a post-withdrawal disbursement within 45 days of the date the school determined the student withdrew and disburse any loan funds a student accepts within 180 days of the date the school determined the student withdrew.
- Unless a student subject to verification has provided all required verification documents in time for the school to meet the R2T4 deadlines, the school includes as *Aid disbursed* or *Aid that could have been disbursed* in the R2T4 calculation only those Title IV funds **not** subject to verification.
- If a student who failed to provide all required verification documents in time for the school to meet the R2T4 deadline later provides those documents prior to the applicable verification deadline, the school must perform a new R2T4 calculation based on all of the aid the student qualified for based on the completed verification documents and make the appropriate adjustments.

No Earlier Verification Deadline for Pell

For the Pell Grant and Iraq and Afghanistan Service Grant programs, a school may not establish an earlier deadline than that established by the Department in its annual notice. Therefore, if a Pell-eligible student submits the documents required for verification no later than 120 days after the student's last day of attendance or the deadline established each year by the Department, whichever is earlier, a school must make any applicable post-withdrawal disbursement of the student's Pell Grant.

When verification is completed before the R2T4 deadlines

A school must offer any post-withdrawal disbursement of loan funds within 30 days of the date of the school's determination that the student withdrew, and return any unearned funds and make a post-withdrawal disbursement of grant funds within 45 days of that date. If a student provides all documents required for verification after withdrawing but before the verification submission deadline, and in time for the institution to meet the 30-day R2T4 deadline, the institution performs the R2T4 calculation including all Title IV aid for which the student has established eligibility as a result of verification and for which the conditions of a late disbursement had been met prior to the student's loss of eligibility due to withdrawal. (See *Volume 4* and 34 CFR 668.164(j)(2).)

When verification is not completed before the R2T4 deadlines

If a student who has withdrawn does not provide the required documents in time for the school to complete the verification process and meet the R2T4 deadlines noted previously, the institution includes in the R2T4 calculation only the Title IV aid that was not subject to the verification process. For a student who failed to provide all required verification documents, the only aid that may be included in an R2T4 calculation are Direct PLUS Loan funds and Direct Unsubsidized Loan funds (verification is not required for receipt of these funds) for which the conditions of a late disbursement (as discussed under *Title IV Aid that could have been disbursed,* in Chapter 2) were met prior to the student's loss of eligibility due to withdrawal.

If a school has made an interim disbursement to a student who has failed to provide all the documents required for verification in time for the school to meet the 45-day R2T4 deadline, the student has failed to establish eligibility for the Title IV funds affected by verification. Therefore, the institution must return any Title IV funds subject to verification that were disbursed to the student on an interim basis and may not include any of those funds as aid that was or could have been disbursed in the R2T4 calculation.

Verification and the 30-day Deadline

If, because verification is not complete, a school is unable to meet the requirement to offer a post-withdrawal disbursement directly to a student (or parent for a Direct PLUS Loan) within 30 days of the date of the school's determination that the student withdrew, once verification is complete, the school must perform a new R2T4 calculation. The school must offer the funds as soon as possible and should provide the student or parent with the minimum 14-day (or longer, if the school chooses) response period whenever possible.

A school must make any post-withdrawal disbursement that results from the new R2T4 calculation as soon as possible but no later than the applicable 180-day late disbursement deadline.

When verification is completed after the R2T4 deadlines

If, before the verification deadline but after the institution has completed the R2T4 calculation, a student provides all the documentation required for verification, the institution must perform a new R2T4 calculation including, as *Aid that could have been disbursed* all Title IV aid for which the student has established eligibility based upon verification and for which the conditions of a late disbursement have been met prior to the student's loss of eligibility due to withdrawal. If, as a result of verification, the student's eligibility for Federal Pell Grant, Iraq and Afghanistan Service Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), TEACH Grant and Federal Perkins Loan funds has been reduced, only the reduced amount is included in the new R2T4 calculation.

For additional information on verification, please consult ***The Application and Verification Guide.***

Approved leave of absence

Approved leave of absence
34 CFR 668.22(d)

A leave of absence (LOA) for R2T4 purposes is a temporary interruption in a student's program of study. LOA refers to the specific time period during a program when a student is not in attendance. An LOA is not required if a student is not in attendance only for an institutionally scheduled break. However, a scheduled break may occur during an LOA.

Maximum Time Frame for LOA

When calculating the maximum time-frame for a student's approved LOA, the school must ensure that it accounts for all periods of nonattendance (including weekends and scheduled breaks).

Thus, since an approved LOA may not be more than 180 days, a school might have to reduce the length of a student's LOA if the 180th day is scheduled to fall on a day the school would be closed.

An LOA must meet certain conditions to be counted as a temporary interruption in a student's education instead of being counted as a withdrawal requiring a school to perform an R2T4 calculation. If an LOA does not meet the conditions in 34 CFR 668.22(d), the student is considered to have ceased attendance and to have withdrawn from the school, and the school is required to perform an R2T4 calculation.

For an LOA to qualify as an approved LOA:

- the school must have a formal written policy regarding leaves of absence requiring that all requests for leaves of absence be submitted in writing and include the reason for the student's request;
- the student must follow the school's policy in requesting the LOA;
- there must be a reasonable expectation that the student will return from the LOA;
- the school must approve the student's request for an LOA in accordance with the school's policy;
- the institution may not assess the student any additional institutional charges, the student's need may not increase, and therefore, the student is not eligible for any additional Title IV aid;

Full Tuition Credit

An institution may grant a full tuition credit toward the course the student chooses to reenter as a way to comply with the requirement that the institution not assess the student any additional charges upon return from an approved leave of absence.

- the LOA, together with any additional leaves of absence, must not exceed a total of 180 days in any 12-month period;
- except in a clock-hour or non-term credit-hour program, a student returning from an LOA must resume training at the same point in the academic program that he or she began the LOA; and
- if the student is a Title IV loan recipient, the school must explain to the student, prior to granting the LOA, the effects that the student's failure to return from an LOA may have on the student's loan repayment terms, including the expiration of the student's grace period.

A student granted an LOA that meets the criteria in this section is not considered to have withdrawn, and no R2T4 calculation is required. Upon the student's return from the leave, he or she continues to earn the Title IV aid previously awarded for the period.

Disbursement Rules For Students On Leave Of Absence

You may NOT make a disbursement of the proceeds of a Direct Loan to a student on an LOA.

You may disburse Pell Grant, Iraq and Afghanistan Service Grant, FSEOG, and Perkins Loan funds to a student on an LOA.

You must pay any funds that are part of a Title IV credit balance (and therefore are funds that have already been disbursed) to a student on an LOA. (See the discussion under *Treatment of Title IV credit balances when a student withdraws* later in this chapter.)

Written formal policy required

Among the policies and procedures a school must maintain is one that discusses the procedures a student must follow in applying for a leave of absence and the criteria the school will apply in determining whether to approve the application. A school's LOA policy must specify that all requests for an LOA be submitted in writing, be signed, and be dated.

As mentioned previously, the regulations provide that a school must determine, before it grants an LOA, that there is a reasonable expectation that the student will return from the leave. For the school to make such a determination and ensure that the student meets the criteria in the school's LOA policy, the school must know the student's reason for requesting the leave. **Therefore, a school's LOA policy must specify that the reason for a student's leave request be included on a student's application for an LOA.**

A school's policy must require a student to apply in advance for an LOA unless unforeseen circumstances prevent the student from doing so. For example, if a student were injured in a car accident and needed a few weeks to recover before returning to school, the student would not have been able to request the LOA in advance. A school may grant an LOA to a student who did not provide the request prior to the LOA due to unforeseen circumstances if the school documents the reason for its decision and collects the request from the student at a later date. In this example, the beginning date of the approved LOA would be determined by the school to be the date the student was unable to attend school because of the accident.

A school must publicize its LOA policy. The school may do this by including that policy in the consumer information the school makes available to students (see *Volume 2*).

TIP

Do not confuse a Return of Title IV funds approved LOA with your school's academic LOA. Many schools have academic policies that allow them to temporarily extend the length of a student's academic term in the event of conditions that prevent the student's on-time completion of an academic period. Typically, these academic LOAs do not meet the requirements of a Return of Title IV funds approved LOA.

TIP

A school that grants a student an approved leave of absence must, in NSLDS Enrollment Reporting, report the student with a status of "A" (approved leave of absence).

Reasonable expectation of return

This condition is specified to make clear that a school may not grant a student an LOA merely to delay the return of unearned Title IV funds.

Completion of coursework upon return in term-based credit-hour programs

Approved leaves of absence are viewed as temporary interruptions in a student's attendance. For term-based programs, a student returning from an LOA must complete the term to be eligible to receive a second or subsequent disbursement.

For an LOA to be an official LOA, a school must allow students enrolled in credit hour term-based programs who are returning from a LOA to complete the coursework the student started prior to the LOA. The school may not impose additional charges and may not award the student additional Title IV assistance.

Completion of coursework upon return in clock-hour and credit-hour non-term programs

For non-term-based programs, the regulations provide that the payment period is the period of time it takes a student to complete both half the number of credits and half the number of weeks of instruction in the academic year, program, or remainder of the program. For clock-hour programs, the payment period is the period of time it takes a student to complete half the number of clock hours and half the weeks of instructional time in the academic year or remainder of the program. Therefore, for clock-hour and non-term programs, it doesn't matter whether the student returns to the same course and point when the LOA began or the student starts in a new course within the program (so long as there are no additional charges). The student simply has to complete the number of clock hours or credit hours and the weeks of instruction in the payment period.

A student may return early from a leave of absence

A school may permit a student to return to class before the expiration of the student's LOA to review material previously covered. However, until the student has resumed the academic program at the point he or she began the LOA, the student is considered to still be on the approved LOA.

If a student returns early, the days the student spends in class before the course reaches the point at which the student began his or her LOA must be counted in the 180 days maximum for an approved leave of absence. That is, a student repeating coursework while on an LOA must reach the point at which he or she interrupted training within the 180 days of the start of the student's LOA.

The requirement that an institution not impose additional charges when an approved LOA ends and the student resumes his or her program of study applies when a student returns to repeat prior coursework. Moreover, even if the student enters at the beginning of the module or course from which he or she took the leave of absence, a student is not eligible for any additional Title IV program assistance for this preparatory phase.

Since a student is still considered to be on an LOA while repeating prior coursework, if the student fails to resume attendance at the point in the academic program where he or she interrupted training at the beginning of the LOA, the student must be treated as a withdrawal. In that case, at an institution that is not required to take attendance, the date of the student's withdrawal that must be used in the R2T4 calculation is the date the student began the LOA.

At an institution that is required to take attendance, the Last Date of Attendance (LDA) is used as the withdrawal date for a student that does not return from an LOA.

Leaves of absence versus the grade of incomplete

At term-based schools, students who are unable to complete the requirements of an individual course are often assigned the grade of incomplete (I). Students are usually expected to complete the required work within a reasonable time to receive credit and a passing grade.

If a student is assigned an incomplete status for one or several courses but continues to attend other courses, the student is not considered to have withdrawn. A student who is awarded the grade of incomplete in all of his or her classes is not considered a student on an approved LOA unless the LOA meets the criteria in this section.

Because of the criteria that must be met for an LOA to be an approved LOA, term-based schools can grant LOAs that meet the Department's criteria for an approved LOA in a very limited number of cases. A term-based, credit-hour institution that wishes to explore the possibility of granting an LOA that meets the criteria specified in 34 CFR 668.22(d) should call its School Participation Team for additional information.

No additional charges for students on an LOA

An LOA is a temporary break in the student's attendance during which, for purposes of determining whether an R2T4 calculation is required, the student is considered to be enrolled. Since students who are continuously enrolled are not assessed additional charges, any additional charges to a student, even minimal reentry charges, indicate that the institution does not truly consider the student to be on an approved LOA.

No additional Title IV assistance while a student is on LOA

Since an institution may not assess any additional charges to a student returning from LOA, the institution may not award any additional Title IV aid until the student has completed the coursework in which the student was enrolled when the leave was granted.

An LOA may not exceed 180 days in any 12-month period

Institutions, at their discretion, may grant a student multiple leaves of absence as long as the total number of days for all leaves does not exceed 180 days within a 12-month period. **This 12-month period begins on the first day of the student's initial LOA**.

When a student fails to return from a leave of absence

At an institution not required to take attendance, if a student does not return to the school at the expiration of an approved LOA (or a student takes an unapproved LOA), the student's withdrawal date is the date the student began the LOA. At an institution required to take attendance, the withdrawal date for the same student would always be the student's last day of attendance.

TIP

If a student on an approved leave of absence fails to return within 180 days, the school must, in NSLDS Enrollment Reporting, report the student as withdrawn with the date the student began the LOA as the effective date.

Explanation of the consequences of withdrawal to loan recipients granted an LOA

A student who is granted an approved LOA remains in an **in-school status** for Title IV loan repayment purposes. If a student on an approved LOA fails to return, the school must report to the loan holder the student's change in enrollment status as of the withdrawal date.

One possible consequence of not returning from an LOA is that a student's grace period for a Title IV program loan might be exhausted. Therefore, for an LOA to be an approved LOA, prior to granting a leave of absence, a school must inform a student who is a Title IV loan recipient of the possible consequences a withdrawal may have on the student's loan repayment terms, including the exhaustion of the student's grace period.

Deferment or Forbearance

A student who has exhausted his or her grace period and is unable to begin repayment of a loan may apply for a deferment or forbearance of payment.

Unapproved leaves of absence

A school may grant a student an LOA that does not meet the conditions to be an approved LOA for Title IV purposes (for example, for academic reasons). However, **an LOA that does not meet all of the conditions for an approved LOA** is considered a withdrawal for Title IV purposes. The student's withdrawal date at an institution not required to take attendance is the date the student begins the LOA. At an institution required to take attendance, the student's withdrawal date is the student's last day of attendance.

An unapproved LOA may not be treated as an unofficial withdrawal. An unofficial withdrawal is one where the school has not received notice from the student that the student has ceased or will cease attending the school. If a school has granted a student an unapproved LOA, the school would know immediately that the student had ceased attendance for Title IV purposes and must use the specified withdrawal date in the R2T4 calculation.

INSTITUTIONAL CHARGES

Institutional charges are used to determine the portion of unearned Title IV aid that the school is responsible for returning. Schools must ensure that all appropriate fees, as well as applicable charges for books, supplies, materials, and equipment, are included in Step 5, Part G of the R2T4 calculation (see *Example of institutional charges versus non-institutional charges* later in this chapter). Institutional charges do not affect the amount of Title IV aid that a student earns when he or she withdraws.

Institutional charges
34 CFR 668.22(g)(1)(ii)
34 CFR 668.22(g)(2)
DCL-GEN-00-24

Fees as noninstitutional charges
Application fees are excluded from institutional charges because they are not an educational cost. (Federal Register, Vol. 59, No. 82, April 29, 1994, page 22356).

Use of institutional charges in determining a school's responsibility for returning funds

The institutional charges used in the calculation usually are the charges that were initially assessed the student for the entire payment period or period of enrollment as applicable. Initial charges may only be adjusted by those changes the institution made prior to the student's withdrawal (for example, for a change in enrollment status unrelated to the withdrawal). If, after a student withdraws, the institution changes the amount of institutional charges it is assessing a student or decides to eliminate all institutional charges, those changes affect neither the charges nor aid earned in the calculation. (Please see Step 3—*Amount of Title IV aid earned by the student,* in Chapter 2 for a further discussion of aid earned and institutional charges.)

Institutional Charges and Cost of Attendance
If a charge may not be included in a student's cost of attendance, it may not be covered with Title IV aid and, therefore, is not counted as an institutional or noninstitutional charge for Return of Title IV funds purposes. See ***Volume 3,*** for information on cost of attendance.

Institutional Charges and Third-Party Housing
If an institution enters into a contract with a third party to provide institutional housing, the institution must include the cost of housing as an institutional charge in a R2T4 calculation.

The R2T4 regulations presume that Title IV program funds are used to pay institutional charges ahead of all other sources of aid. **Institutional charges may not be reduced even if other sources of aid are used to pay those charges**. For example, a school may not reduce institutional charges when an outside agency supplying aid requires that aid to be used for tuition.

Charges for Non-Title IV Eligible Courses
A school should not include in Step 5, Block L, of the R2T4 calculation tuition charges for courses for which the student may not receive Title IV funds.

When to prorate charges

Prorating charges
34 CFR 668.22(g)(3)

When a school chooses to calculate the treatment of Title IV, program assistance on a payment period basis for a non-term credit-hour or clock-hour program but the institutional charges for a period longer than the payment period (most likely the period of enrollment), there may not be a specific amount that reflects the actual institutional charges incurred by the student for the payment period. (Again, institutional charges incurred by the student are charges for which the student was responsible that were initially assessed by the institution for the payment period or period of enrollment.)

When a student is charged for a period longer than a payment period, the institutional charges incurred by the student for the payment period generally are a prorated amount of institutional charges for the longer period. However, if a school has retained Title IV aid funds in excess of the prorated amount to cover institutional charges, then the institutional charges for the payment period are the amount retained for the period.

If a institutional charges by the period of enrollment but performs its R2T4 calculation on a payment period basis, before entering data in Step 5, Part L of the R2T4 calculation, the school must determine whether to enter: (a) the prorated amount of all institutional charges, or (b) the amount the school retained. To do this, first, the school prorates all institutional charges. Then, the school must determine the amount actually retained. The school compares the two results and enters in Step 5, Part L the greater of the two amounts.

Apportioning and prorating charges

The October 30, 2015 cash management regulations for apportioning and prorating charges must be followed when determining the amount of Title IV assistance retained for institutional charges as of the student's withdrawal date. See Volume 4.

NEW

For example, institutional charges are $10,000 (inclusive of tuition, fees, books and supplies) for a non-term-based program that spans two payment periods of 450 clock hours each. The school chooses to calculate the treatment of federal student aid funds on a payment period basis. A student withdraws in the first payment period. The prorated amount of institutional charges for each payment period is $5,000. The school debited the student's ledger account for the entire cost of the program, resulting in a balance of $10,000. Title IV disbursements for the student's first payment period, consisting of Pell Grant and Direct Stafford Loan (subsidized and unsubsidized) total $5,629. However, under the cash management rules for determining the prorated amount of institutional charges, the institution may only retain Title IV aid funds toward the prorated amount of $5,000 for the payment period, with the remainder treated as a Title IV credit balance. Therefore, the institutional charges the school must use in the Return calculation for the payment period are $5,000.

Waiver Example

An institution charges state residents $900 per semester. Out-of-state students are charged an additional $2,000 for a total of $2,900. However, the institution grants waivers of the out-of-state charges to out-of-state athletes. The waiver is considered a payment to those charges (estimated financial assistance), and the full $2,900 would need to be included in any R2T4 calculation.

Effects of waivers on institutional charges

If your school treats a waiver as a payment of tuition and fees that have actually been charged to a student, then the waiver is considered estimated financial assistance, and the full amount of the tuition and fees must be included in Step 5, Part L of the R2T4 calculation. On the other hand, if the student is never assessed the full charges, the waiver is not considered to be financial aid, and only the actual charges would be included in the R2T4 calculation (see DCL GEN 00-24, January 2000, for a further discussion of waivers and the R2T4 calculation).

Institutional versus noninstitutional charges

Institutional charges generally are defined as the charges for tuition and fees, room and board, and other educational expenses that are paid to the school directly. If a fee (like a registration or technology fee) is required for all students in a program, then the fee should be considered an institutional charge. A charge does not have to appear on a student's account to be considered an institutional charge.

The following educational expenses must be considered institutional charges:

- all charges for tuition, fees, and room and board (if contracted with the school);
- expenses for required course materials (books, kits, tools, supplies, etc.) if the student does not have a real and reasonable opportunity to purchase the required course materials from any place but the school.

  Exceptions: Excludable costs are costs a school may exclude from the total amount of institutional costs, such as the documented cost of unreturnable equipment and documented cost of returnable equipment if not returned in good condition within 20 days of withdrawal.

Noninstitutional charges (not included in an R2T4 calculation) include the following:

- charges for any required course materials that a school can document a student had a real and reasonable opportunity to purchase elsewhere (see the discussion that follows);
- charges to a student's account for group health insurance fees if the insurance is required for all students and the coverage remains in effect for the entire period for which the student was charged, despite the student's withdrawal, and
- charges to a student's account for discretionary, educationally related expenses (e.g., parking or library fines, the cost of athletic or concert tickets, etc.).

Three Principles Associated With Institutional Charges

Published in a January 7, 1999, policy bulletin, these principles are applicable to determining institutional charges.

Principle 1: Most costs charged by the school are institutional charges.

The most important principle to keep in mind is that all tuition, fees, room and board, and other educationally related charges a school assesses a student are institutional charges, unless demonstrated otherwise. If you want to exclude specific charges or costs from a calculation, you must document that the charges are not institutional charges.

Principle 2: An institutional charge does not need to be assessed to all students.

A charge assessed to all students enrolled in a course or program is an institutional charge whether or not it is assessed to all students at the school. Moreover, a charge does not have to be specified in a student's enrollment agreement to be considered an institutional charge.

Principle 3: Charges on a student's account are not always institutional charges; institutional charges do not always appear on a student's account.

With the student's authorization, a school may credit a student's account with Title IV funds to pay for noninstitutional charges. If a student withdraws from the school with debits for noninstitutional charges on his or her account, the school should exclude those charges from the R2T4 calculation.

Conversely, there may be institutional charges that do not appear on a student's account. If a school disburses Title IV funds to a student to buy required books, equipment, supplies, or materials and the student does not have a real and reasonable opportunity to purchase them from another source, those costs must be classified as institutional charges.

Book vouchers and institutional charges in the return of Title IV funds calculations

If a book voucher issued by a school cannot be used to purchase course materials from a **convenient unaffiliated source,** the student does not have a **real and reasonable opportunity** to purchase his or her course materials elsewhere. In that case, the school must include the cost of books and materials purchased with the voucher as institutional charges in Step 5, Part L of the R2T4 calculation.

DCL GEN-12-21

Returning equipment

If a school can substantiate that its return policies are reasonable, consistent, and fair to all students, and students are notified in writing of those policies when they enroll, the school may exclude documented costs for nonreturnable equipment and returnable equipment if not returned in good condition within 20 days of withdrawal. A policy that classifies all used books or equipment as nonreturnable is not reasonable or fair. An acceptable policy must specify the circumstances that would prevent the school from selling the books or equipment to other students.

Demonstrating a real and reasonable opportunity

A school may treat charges for books, supplies, equipment, and materials as noninstitutional charges if the school can substantiate that its students have the option of obtaining the required course materials from an alternative source. **The school must be able to document** that (1) the required course materials were available for purchase at a relatively convenient location unaffiliated with the school, and (2) the school provided financial aid funds in a way and at a time that made it possible for the student to purchase the materials in a timely manner. A signed statement by a student that he or she had the option to purchase the materials from an alternative source is not sufficient documentation.

Example of institutional charges versus non-institutional charges

Aerospace Tech requires its students to purchase a titanium-plated tool set by the first day of class. Aerospace's enrollment agreement does not contain a charge for the tools, and it does not say that the student is required to purchase the tools from Aerospace or a vendor affiliated with Aerospace. As it happens, the required tools are available for purchase from Aerospace and from a retailer across the street. As a routine practice, Aerospace gets written authorization from its students to credit all financial aid to their school accounts, hold any credit balances, and establish a line of credit for students at the campus store so they can purchase the required tools by the first day of class. Most students buy the tools at the campus store and charge the purchase to their school accounts.

Although the cost of the tools is not listed as a charge in the student's enrollment agreement, Aerospace requires that the tools be purchased by everyone in the program of study. Therefore, as a general rule, the tool charges would be considered institutional charges. However, under the exceptions rule, the tool charges do not have to be considered institutional charges if Aerospace can demonstrate that (1) the tools were available for purchase elsewhere, (2) Aerospace made financial aid available to students in time to purchase the tools from another vendor before the first day of class, and (3) Aerospace's practices provide students with an equal opportunity to purchase tools from the campus bookstore or the retailer across the street.

In this case, the school meets the first criterion, the tools are available at the store across the street, so an opportunity could exist. However, the school fails to satisfy the second and third criteria because the school's routine practice of crediting students' accounts with all financial aid and extending lines of credit for purchases at the campus bookstore discourages students from purchasing the required tools from another vendor. Unless a student specifically requests that Aerospace not hold his or her credit balance, a student whose education is funded primarily through financial assistance has to purchase the tools at the campus store. As a result, the cost of the tools must be classified as institutional charges.

Treatment of Title IV credit balances when a student withdraws

This treatment applies only to the handling of Title IV credit balances when a student withdraws. For a discussion of credit balances in other circumstances, please see *Volume 4*.

When a student withdraws during a period, a Title IV credit balance created during the period is handled as follows:

1. Do not release any portion of a Title IV credit balance to the student, and do not return any portion to the Title IV programs prior to performing the R2T4 calculation. The institution must hold these funds even if, consistent with the 14-day credit balance payment requirement of 34 CFR 668.164(e), it would otherwise be required to release them.
2. Perform the R2T4 calculation, including any existing Title IV credit balance for the period in the calculation as disbursed aid.
3. Apply any applicable refund policy (state, accrediting agency, institutional, etc.) to determine if doing so creates a new or larger Title IV credit balance.
4. Allocate any Title IV credit balance as follows:
    a) Any Title IV credit balance must be allocated first to repay any grant overpayment owed by the student as a result of the current withdrawal. The institution must return such funds to the Title IV grant account within 14 days of the date that the institution performs the R2T4 calculation.

    Although not included in an R2T4 calculation, any Title IV credit balance from **a prior period** that remains on a student's account when the student withdraws is included as Title IV funds when you determine the amount of any final Title IV credit balance when a student withdraws. Remember, the school must use the final credit balance first to satisfy any current student grant overpayment.

    b) Within 14 days of the date that the institution performs the R2T4 calculation, an institution must pay any remaining Title IV credit balance funds in one or more of the following ways:

    - in accordance with the cash management regulations to pay authorized charges at the institution (including previously paid charges that now are unpaid due to a return of Title IV funds by the institution);

Treatment of credit balance when a student withdraws

DCL GEN 04-03, Revised, November 2004

New 14-day deadline

In most cases, the cash management regulations require a school to refund a Title IV credit balance to a student within 14 days. However, when a student withdraws, a school is required to perform a R2T4 calculation to determine, among other things, whether adjustments to the credit balance will occur.

For this reason, the existing 14-day payment requirement is placed on hold to determine the final amount of any Title IV credit balance. Your school does not need to obtain a student's or parent's authorization to hold a Title IV credit balance that existed prior to the Return calculation (beyond the original 14-day deadline) while you determine the final amount of the credit balance.

In order to allow an institution time to appropriately apply any credit balance after it has been recalculated, a new 14-day deadline is triggered when a school performs a R2T4 calculation. The new 14-day deadline begins on the date the school performs the Return calculation, not the date the school performs any calculations required by its institutional refund policy.

Of course, in order to determine the correct Title IV credit balance, the school must take into account both the results of the R2T4 calculation and any applicable refund policy.

A school may not use a Title IV credit balance to return funds for which it is responsible as a result of an R2T4 calculation (Step 5, item O);

- **with the student's authorization**, to reduce the student's Title IV loan debt (not limited to loan debt for the period of withdrawal); or
- to the student (or parent for a Direct PLUS Loan);
- If the institution cannot locate the student (or parent) to whom a Title IV credit balance must be paid, it must return the credit balance to the Title IV programs. The Department does not specify the order of return to the Title IV programs for a credit balance. We encourage institutions to make determinations that are in the best interest of the individual student.

You must apply your school refund policy before allocating a Title IV credit balance. However, you are not required to actually complete the refund process (for example, by making a refund to a student) before completing the steps for allocating the Title IV credit balance.

In order to accommodate differences in institutional accounting and administrative processes, you are not required to actually apply the Title IV credit balance to the student's grant overpayment before applying the Title IV credit balance to other debts, as long as the grant overpayment is satisfied by the 14-day deadline. You may use school funds instead of the actual Title IV credit balance to satisfy any student grant overpayment.

For the treatment of credit balances when a student dies, see *When a student receiving Title IV aid dies during the payment period or period of enrollment,* in Chapter 2.

Time frame for returning an unclaimed Title IV credit balance

If a school attempts to disburse the credit balance by check and the check is not cashed, the school must return the funds no later than 240 days after the date the school issued the check.

If a check is returned to a school or an EFT is rejected, the school may make additional attempts to disburse the funds, provided that those attempts are made not later than 45 days after the funds were returned or rejected. When a check is returned or EFT is rejected and the school does not make another attempt to disburse the funds, the funds must be returned before the end of the initial 45-day period.

The school must cease all attempts to disburse the funds and return them no later than 240 days after the date it issued the first check.

Example of a school performing a R2T4 calculation for a student whose account has a Title IV credit balance

Legolas, a first-time student at Northern Mirkwood Community College (NMCC), began classes on September 1. His account was credited with a Pell Grant of $2,000.00 and debited with institutional charges of $500.00, creating a Title IV credit balance of $1,500.00. Because NMCC has several mini-semesters in which Legolas had expressed an interest, the school obtained the student's permission to hold the Title IV credit balance while Legolas considered his options.

On September 30, when he has completed 25% of the semester, Legolas informs the school that he has decided to withdraw in order to pursue his dream of winning a gold medal as an Olympic archer. NMCC places a hold on Legolas's account while it performs the required R2T4 calculation and applies its institutional refund policy.

The school performs the required R2T4 calculation on October 20 and determines that the ***Amount of unearned funds due from the school*** is $375.00, and that the initial amount of unearned funds due from the student is $1,125.00. Since the $1,125.00 is composed entirely of grant funds, after applying the 50% grant protection (see *Step 9* later in this chapter), the ***Amount for the student to return*** is a grant overpayment of $125.00.

Before Legolas withdrew, the Title IV funds on his account totaled $2,000.00, and $500.00 of that $2,000.00 was used to cover the existing charges. There were no charges due the school, and the Title IV credit balance was $1,500.00. After the school returned the $375.00 it is required to return, the new total of Title IV funds on the student's account was $1,625.00 ($2,000.00 – $375.00), and the new Title IV credit balance was $1,125.00.

Then, the school applies its institutional refund policy. Under NMCC's refund policy, a first-time student who withdraws before the 50% point in the semester is entitled to an 80% refund of institutional charges. Since Legolas withdrew at the 25% point of the semester, he is entitled to a refund of 80% of the amount he was charged, or $400.00 ($500.00 **X** .80). So, the new institutional charges on the student's account are $100.00, and the new (final) Title IV credit balance is $1,525.00 ($1,625.00 – $100.00). Note that this new credit balance is larger than the credit balance that existed before the student withdrew.

NMCC has 14 days from October 20 (the date they performed the R2T4 calculation) to return the student's grant overpayment. After the school returns the $125.00 grant overpayment, the Title IV credit balance of the student's account is $1,400.00 ($1,525.00 – $125.00). The school must pay those funds to the student within 14 days of October 20.

Note: *With a never before achieved perfect score, Legolas won a gold medal in the Olympic archery competition.*

PRINCIPLES WITH UNIQUE APPLICATIONS IN THE RETURN OF TITLE IV AID

Date of the institution's determination that the student withdrew

Date of determination that a student has withdrawn
34 CFR 668.22(l)(3)

The date of the institution's determination that the student withdrew varies depending on the type of withdrawal. For example, if a student begins the official withdrawal process or provides official notification to the school of his or her intent to withdraw, the date of the institution's determination that the student withdrew would be the date the student began the official withdrawal process or the date of the student's notification, whichever is later. If a student did not begin the official withdrawal process or provide notification of his or her intent to withdraw, the date of the institution's determination that the student withdrew would be the date that the school becomes aware that the student ceased attendance. The types of withdrawal and the corresponding definition of the date of the institution's determination that the student withdrew are listed in the chart on *withdrawal dates* in chapter 2.

Example of making a determination at a school required to take attendance

Consider a school that makes a determination on September 15 that a student has not been in attendance since September 1. The school contacts the student, who tells the school he's been ill but plans on coming back during the next week (and this falls within the time period for excused absences and absences allowed by state, accrediting agency, and other applicable policies). For the moment, the school may delay taking any action. However, if the student does not return, the school must complete a Return calculation using September 1 as the student's last day of attendance and September 15 as the date of the institution's determination that the student withdrew. The school must return any unearned funds by October 30.

For a student who withdraws, without providing notification, from a school that is not required to take attendance, the school must determine the withdrawal date **no later than 30 days after the end of the earlier of** (1) the payment period or the period of enrollment (as applicable), (2) the academic year, or (3) the student's educational program.

Date of determination at institutions that are required to take attendance

Date of determination at an institution required to take attendance
34 CFR 668.22(b)(1)
DCL GEN-04-03, Revised November 2004
DCL GEN-04-12, November 2004
DCL GEN-11-14, July 2011

Institutions that are required to take attendance are expected to have a procedure in place for routinely monitoring attendance records to determine in a timely manner when a student withdraws. Except in unusual instances, the date of the institution's determination that the student withdrew should be no later than 14 days (less if the school has a policy requiring determination in fewer than 14 days) after the student's last date of attendance as determined by the institution from its attendance records.

Date by which funds must be returned
34 CFR 668.22(j)

If the date a student provides withdrawal notification to the school is prior to the date the school would regularly determine to be the student withdrawal date, the date of determination is the date of the student's notification. The school is NOT required to administratively withdraw a student who has been absent for 14 days (or less if applicable). However, after 14 days, it is expected to have determined whether the student intends to return to classes or to withdraw. If the student is eventually determined to be a withdrawal, the end of the 14-day period begins the time frame for completing an R2T4 calculation.

Excused absences and administrative withdrawal
34 CFR 668.4(e)

When a student enrolled in a series of modules fails to return as scheduled

When a student is not treated as a withdrawal from a program offered in modules at a school that is required to take attendance because the student has confirmed attendance in a module that begins later in the payment period or period of enrollment, no action is required by the school unless the student does not return as scheduled.

If the student does not return as scheduled, the student is treated as a withdrawal, and the date of the school's determination that the student withdrew should be no later than 14 days after the date that the student was scheduled to resume attendance. For more information on withdrawals from programs offered in modules, see *Withdrawals from programs offered in modules* in Chapter 2.

If a school has a policy that states the maximum number of excused absences that can occur after which a student will be administratively withdrawn, it may delay contacting the student until that date. However if the student eventually is determined to be withdrawn, the date of determination of the student's withdrawal remains 14 days from the student's last day of attendance. If the number of days in the school's policy is less than 14 days, then the date of the school's determination that the student withdrew is the date the school's policy indicates that the student will be administratively withdrawn. A school must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after it determines or should have determined that the student withdrew. In addition, if a student is due a post-withdrawal disbursement, then the date of the school's determination must allow for the school to meet the 30-day post-withdrawal disbursement notification requirement.

This requirement does not affect a student's withdrawal date. At a school that is required to take attendance, a student's withdrawal date is always the last date of attendance as determined by the school from its attendance records.

A student who ceases attendance during a payment period or period of enrollment is a withdrawal for Title IV purposes unless the student is on an approved LOA. Therefore, for a student who has ceased attendance, the institution must either:

- place the student on an approved LOA (provided that the conditions for an approved LOA are met); or
- withdraw the student and, if the student returns, treat the student as a reentry if permitted under the regulations.

As noted, the date of the institution's determination that the student withdrew is not necessarily the same as a student's withdrawal date. A student's withdrawal date is used to determine the percentage of the payment period or period of enrollment completed and, therefore, the amount of aid a student has earned. The date of the institution's determination that the student withdrew is used in the following circumstances:

- A school must offer any amount of a post-withdrawal disbursement that is not credited to the student's account within 30 days of the date of determination.
- If the student or parent submits a timely response that instructs the school to make all or a portion of the post-withdrawal disbursement, the school must normally disburse the funds within 180 days of the date of determination.
- A school must document a student's withdrawal date and maintain the documentation as of the date of determination.
- Within 30 days of the date of determination, a school must notify a student if a grant overpayment is due.
- A school that is collecting an overpayment must require repayment of the full amount of the overpayment within two years of the date of determination.
- The school must return the amount of Title IV funds for which it is responsible no later than 45 days after the date of determination.
- The date of determination is used to determine the amount of Title IV aid that must be included in any R2T4 calculation.

USE OF PAYMENT PERIOD OR PERIOD OF ENROLLMENT

The worksheets require that a school indicate whether the calculation is being done on the basis of a payment period or on the basis of a period of enrollment. For students who withdraw from semester, trimester, or quarter programs, a school must perform the R2T4 calculation on a payment period basis. For students who withdraw from a nonstandard term-based or non-term-based educational program, the school has the choice of performing the R2T4 calculation on either basis. The institution must use the same basis (payment period or period of enrollment) in its calculations for all students within a program who cease attendance.

An exception is allowed for students who transfer to or reenter a school that offers non-term-based or nonstandard term-based educational programs. For students who transfer to or reenter a non-term-based or nonstandard term-based educational program, a school may make a separate selection of payment period or period of enrollment to use in calculating their Return of Title IV funds for everyone within the group that transfers or reenters.

TIP

The periods used for transfer and reentry students do not have to be the same. A school may choose to use payment period for transfer students and period of enrollment for reentry students.

Payment period

The definition of a payment period is the same definition used for other Title IV program purposes. This definition is found in 34 CFR 668.4 (see *Volume 3*). Schools that use payment periods as the basis for their R2T4 calculations should note that making multiple disbursements within a payment period does not create a new or additional payment period.

Period of enrollment

A period of enrollment is the academic period established by the school for which institutional charges are generally assessed (i.e., the length of the student's program or the academic year). A school that chooses to use a period of enrollment in an R2T4 calculation will use a period consistent with the loan period it uses for students in the applicable program.

Period of enrollment
34 CFR 668.22(l)(2)

For information on determining the length of a payment period or period of enrollment for a student who withdraws from a program offered in modules, see ***Withdrawals from programs offered in modules*** in Chapter 2.

Applicability

The use of a payment period or period of enrollment is important for many aspects of the R2T4 calculation. For example, if a school is determining the treatment of Title IV funds on a payment period basis, the student's Title IV program assistance to be used in the calculation is the aid that is disbursed or that could have been disbursed for the payment period. Also, the institutional charges used in the calculation generally have to reflect the charges for the payment period.

Generally, the higher the institutional charges, the greater the amount of unearned aid that is to be returned by the school (see Step 4 of the R2T4 calculation, in Chapter 2). In some cases, this mitigates against a school using the period of enrollment as the basis for the R2T4 calculation. An institution must prorate the charges for the period of enrollment to correspond to a payment period if the institution has elected to use the payment period rather than period of enrollment basis for the R2T4 calculations.

If, for a non-term or nonstandard term program, a school chooses to calculate the return of funds on a payment period basis but the institutional charges for a period longer than a payment period (e.g., period of enrollment), total institutional charges for the period will be the greater of the:

- prorated institutional charges for the period, or
- the amount of Title IV assistance retained for institutional charges as of the student's date of withdrawal.

Rounding

Enter dollars and cents using standard rounding rules to round to the nearest penny. Final repayment amounts that the school and student are each responsible for returning may be rounded to the nearest dollar.

Percentages are calculated to four decimal places, and rounded to three decimal places. The third decimal place is rounded up if the fourth decimal place is five or above. For example, .4486 would be rounded to .449, or 44.9%.

The **one exception** to the rounding rule occurs in determining the percentage of Title IV program assistance earned. Students who withdraw at any point **after the 60% point** in the payment period or period of enrollment have earned 100% of their Title IV funds. If the standard rounding rules were used in this situation, a quotient of .6001 through .6004, which is greater than 60%, would be rounded down to .600 (60%), and the student would not have earned 100% of his or her Title IV Aid. To recognize that students completing more than 60% of the period (by any amount) earn 100% of their Title IV Aid, **amounts of .6001 through .6004 are not rounded** for the purpose of determining whether a student has earned 100% of the Title IV funds for the term.

Funds to include in an R2T4 calculation

Funds to include in a R2T4 calculation
34 CFR 668.22(a)(3)

The calculation of earned Title IV funds includes the following Title IV grant and loan funds if they were disbursed or could have been disbursed to a student for the period of time for which the calculation is being performed (payment period or period of enrollment).

- Pell Grant
- Iraq and Afghanistan Service Grant
- TEACH Grant
- FSEOG
- Direct Loan
- Perkins Loan

FSEOG Program funds are excluded under certain circumstances. Federal Work-Study (FWS) funds are **not** included in the calculation.

Limits on Title IV Funds that May Be Included as Aid That Could Have Been Disbursed

A school may not include as Aid That Could Have Been Disbursed Pell Grant funds that if disbursed would, in combination with other Pell Grant funds previously received by the student, cause the student to exceed his or her Pell Grant maximum lifetime eligibility. Likewise, a school may not include as Aid That Could Have Been Disbursed Direct Subsidized Loan funds that would, in combination with other Direct Subsidized Loan funds previously received by the student, cause the student to exceed his or her 150% maximum eligibility period for Direct Subsidized Loans.

FSEOG Program funds

The nonfederal share of FSEOG Program funds is excluded when a school meets its FSEOG matching share by either the individual recipient method or the aggregate method. If a school meets its matching share requirement through the use of a fund-specific match, 100% of the FSEOG award (both the federal and nonfederal shares) must be included in the R2T4 calculation. Otherwise, the nonfederal share of FSEOG awards is excluded from the calculation. For more information on types of FSEOG matching funds, see *Volume 6*.

Funds to include when a student enrolled in a crossover period withdraws before the higher Pell Grant is disbursed

If, for a student enrolled in a crossover period, a school had a second SAR/ISIR with an official EFC (reflecting eligibility for more Pell Grant funds) before the student lost eligibility but the school had failed to disburse the additional funds before the student withdrew, the school must include the additional funds on the Return of Title IV aid worksheets as ***Aid that could have been disbursed***.

The school must do the following:

1. Enter the Pell Grant funds that were disbursed while the student was in school in Step 1, line 1, column A, of the
as ***Aid that was disbursed***.

2. Enter the increase (the difference between student's higher Pell Grant eligibility and the Pell Grant that was disbursed) in Step 1, line 1, column C, as ***Aid that Could Have Been Disbursed***, together with any Pell Grant funds from the original award that were not disbursed.

3. Enter any other Title IV aid as it stood when the student withdrew, and perform the Return calculation as directed.

If a resolved overaward becomes an overpayment

If a school has resolved an overpayment by reducing scheduled future disbursements for a second or subsequent payment period and the student ceases attendance before the end of the current payment period, that portion of the student's award that was an overpayment must be repaid outside of the requirements of 34 CFR 668.22.

If the school is responsible for repaying the overpayment, the school must repay the overpayment before completing any required R2T4 calculation.

If the student is responsible for repaying the overpayment, and the student withdrew during the payment period or period of enrollment, as applicable, the school should try to collect the overpayment from the student and, if it is unable to do so, should refer the student to the Department's Default Resolution Group.

If the student is responsible for repaying the overpayment, and the student withdrew during the payment period or period of enrollment, as applicable, the school should not take any action until it has completed the required R2T4 calculation. When performing the R2T4 calculation, the school should not include the amount of the overpayment for which the student is responsible as *Aid disbursed* or *Aid that could have been disbursed*. Then, when the school has completed the R2T4 calculation, it should document the amount of the overpayment and, as applicable, reduce any post-withdrawal disbursement or increase any amount the student must return by the amount of the overpayment owed by the student.

TREATMENT OF STUDENTS WHO WITHDRAW FROM CLOCK-HOUR PROGRAMS, NON-TERM CREDIT HOUR PROGRAMS, AND NONSTANDARD TERM CREDIT-HOUR PROGRAMS WITH TERMS THAT ARE NOT SUBSTANTIALLY EQUAL (AND IN WHICH NO TERM IS LESS THAN 9 WEEKS IN LENGTH), AND THEN TRANSFER TO A NEW SCHOOL OR REENTER THE SAME SCHOOL IN A SIMILAR PROGRAM

Reentry within 180 days

A student who reenters within 180 days is treated as if he or she did not cease attendance for purposes of determining the student's aid awards for the period.

For credit-hour non-term-based programs or programs that measure progress in clock hours, a student who withdraws and then reenters the same program at the same school within 180 days is considered to be in the same payment period he or she was in at the time of the withdrawal. The student retains his or her original eligibility for that payment period and is treated as though he or she did not cease attendance.

A student who reenters a credit-hour, non-term-based program or a program that measures progress in clock hours within 180 days of his or her withdrawal is immediately eligible to receive all Title IV funds that were returned when the student ceased attendance. Thus, upon the student's return, the school must restore the types and amount of aid that the student was eligible for before the student ceased attendance, and schedule the appropriate disbursements. Actions to be taken by the school would include:

- redisbursing aid that had been disbursed and then returned under the R2T4 provisions;
- disbursing aid the student was otherwise eligible for that had not yet been disbursed at the time the student withdrew; and
- canceling any overpayments assessed the student as a result of the prior withdrawal if those funds were disbursed upon reentry.

Once the student completes the payment period for which he or she has been paid, he or she becomes eligible for subsequent Title IV student aid payments.

There are additional actions that must be taken if a student who received a Direct Loan withdraws from a clock-hour or non-term-based credit hour program transfers to a new school, or returns to the previous school in the same or similar program within 180 days. For more information, see the discussion under Adjusting Direct Loans in this chapter.

Reentry within 180 days
34 CFR 668.4(f)

Consistent With Leave of Absence

This arrangement is similar to an LOA , and the 180-day time frame is consistent with the maximum 180 days allowed for an approved LOA in the Return regulations. The difference, of course, is that with an unauthorized LOA, the institution would not know that the student would be returning and would have treated the student as a withdrawal. Based upon that withdrawal, the institution would have completed the R2T4 calculation, which may have required both the institution and the student to return funds to the Title IV programs.

If the student returns within 180 days to his or her original program, while an official leave was not granted and the provisions of the Return regulations were applied, upon the student's return, the student can be treated as though he or she had been on an approved LOA.

Costs Upon Reentry

The cost of attendance used in the calculation are the costs associated with the original period before the student withdrew. Once the student has withdrawn and then returned to the same program within a 180-day period, the regulation states that the student remains in the same payment period. The cost of attendance for such a student returning to the same program within 180 days must reflect the original educational costs associated with the payment period from which the student withdrew.

Reentry Before the End of The Grace Period

If a student who received a Direct Loan that has a grace period withdraws and then reenrolls in school on at least a half-time basis before the grace period expires, the student regains in-school status and will receive a full grace period when he or she ceases half-time enrollment.

Note: For a student who completed more than 60% of the period for which the student was paid before ceasing attendance, the school would not have returned any Title IV aid. If that student were to reenter school within 180 days, because the student had received 100% of his or her aid for the period, the student would not be eligible to receive additional Title IV aid until he or she has completed the weeks of instructional time and hours or credits (as applicable) for which the student was previously paid. However, if during the student's initial enrollment the student has borrowed less than the appropriate annual maximum Direct Loan, upon returning within 180 days, the student could borrow the balance of that annual maximum Direct Loan.

When a Student Reenters Within 180 Days

The return regulations require a school to return unearned funds for which it is responsible as soon as possible but no later than 45 days after the date of the school's determination that the student withdrew. If a student returns to the institution before the Title IV funds are returned, the institution is not required to return the funds.

An institution may not delay its Return of Title IV funds.

An institution is expected to begin the Return of funds process immediately upon its determination that a student has withdrawn. The institution may not delay returning Title IV funds because it believes a student might return.

Requesting Administrative Relief By Email

A school can also request administrative relief by sending an email directly to:

FSA.Administrative.Relief@ed.gov

The request must include the
- reason (reentry within 180 days);
- school's Pell Grant ID number;
- name of the person to contact;
- the contact's phone number; and
- the contact's email address.

Limits on Requesting Administrative Relief

Generally, a school may request administrative relief for a student who reenters training during the award year following the award year in which the funds were originally awarded.

What to do when a student whose overpayment has been referred to Default Resolution Group reenters within 180 days

If a student whose overpayment has previously been referred to the Department's Default Resolution Group returns to school within 180 days, the school must send the Default Resolution Group a fax identifying the student overpayment, and stating that it should be made void. This will allow the Department to properly update its records in both the Default Resolution Group system and NSLDS.

This fax number is for **school use only** and only for this purpose.

Fax Number: 319-665-7646

Note: This process cannot be performed via email.

In the fax, the school must include the:

- award year of the overpayment;
- student's Social Security number;
- student's last name, first name, and middle initial;
- student's date of birth;
- type of overpayment—Federal Pell Grant, TEACH Grant, Iraq and Afghanistan Service Grant, or FSEOG;
- the disbursement date the institution used to create the overpayment record in NSLDS;
- a letter that includes the following text:

This student has returned to school. The regulations (34 CFR 668.4(f)) require that the overpayment referenced herein be voided.

Example of Reentry within 180 days

Consider a student who began attendance in a clock-hour program that was 1,500 hours in length with a defined academic year of 900 hours. For the first 450-hour payment period, the student was awarded and disbursed $1,500 in Pell Grant funds, $500 in FSEOG funds, and $500 in Title IV loan funds, for a total of $2,500 in Title IV aid.

Assume that this student withdrew from school after completing 200 of the 225 hours he or she was scheduled to complete by that point in the payment period (50% of the period), and the school uses payment periods to calculate the Return of Title IV Aid. Under the Return regulations, the school used scheduled hours (225) to determine that the student earned 50% of his or her Title IV aid. The school returned $500 to the loan program. The $750 the student was initially scheduled to return (Step 9, Part S of the R2T4 calculation) was eliminated by the application of grant protection in Step 9, Part U.

If the student returns to the same program at the same school within 180 days of the withdrawal, the student would be considered to be in the same payment period, and the student's eligibility for Title IV aid should be the same as if the student had not left. **The school redisburses the $500 the school had returned, and extends the loan period and academic year as necessary to reflect the new date that the student is expected to complete the first academic year of the program. and sets new dates for any second disbursement or additional disbursements.** The school would schedule additional Title IV disbursements for the day after the student is expected to complete the remainder of the payment period from which the student had withdrawn.

If the student withdraws again before completing the payment period, the school would apply the provisions of the Return regulations using the total number of hours the student **was scheduled to complete** in the numerator, the full 450 hours in the payment period in the denominator, and then apply that fraction to the total Title IV Aid disbursed for the period.

When a student reenters in a new award year

A student who was originally enrolled in a payment period that began, and was scheduled to end, in one award year could return after the end of that award year (June 30). However, the intent of the regulations is that such a student is to be considered, upon his or her return, to be in the same period. Therefore, any Title IV program funds that will be disbursed to the student should be paid from the original award year regardless of whether the resumption of the payment period is in a new award year.

TIP

Consider a student who received Pell Grant funds and withdrew from school in one award year and who reenters training within 180 days in a new award year. If the school returned funds after an R2T4 calculation, the student might now be due additional Pell Grant funds from an award year that is closed. (Deadline submission dates are published annually in a Federal Register Notice. The date will typically be the end of September after the official end of an award year.)

To report the additional disbursement information and request these funds, the school must request an extension to the established data submission deadline. This can be done through the Common Origination and Disbursement (COD) website at

cod.ed.gov/cod/LoginPage

Authorized school users must log on to the website, select the "School" menu and then select "Request Post Deadline/Extended Processing" on the left side. Users then

- Select the correct award year and program for the request.
- Choose "Reentry within 180 days" from the drop down menu as the reason code.
- Provide an explanation for the request.
- Select "Submit."

Schools will be notified if/when the request has been approved.

When a Student is Due Campus-Based Funds from a Closed Year

For the Campus-Based Programs, if funds are not available from the year in which the awards were originally made, the school may award funds from the current year. Note that doing this does not increase the annual maximum awards that may be made to an individual student.

Extended Processing and Late Disbursements of Pell Grant for a Closed Year

If COD has ended processing for a Pell Grant award year, a school can still make adjustments through the COD website at https://cod.ed.gov/

Authorized school users must log on to the website, select the "School" menu and then select "Request Post Deadline/Extended Processing" on the left side. Users then

- Select the correct award year and program for the request.
- Choose "Institutional Problem" from the drop down menu as the reason code.
- Provide an explanation for the request. and
- Select "Submit".

In the information a school provides to the students when the school informs them that they are due a late disbursement, the school may include information about the advantages of keeping loan debt to a minimum.

Reentry after 180 days, return to the same school in a new program, or transfer to a new school

If a student withdraws from a credit-hour, non-term program or a clock-hour program without completing the period and:

- reenters the same program at the same school more than 180 days after withdrawal, receiving credit for hours previously earned; or
- transfers into another credit-hour non-term or clock-hour program at any time (either at the same school or at a new school) and the school accepts all or some of the hours earned in the prior program;

then the student starts a new payment period when he or she reenters or transfers.

In calculating awards for a student who reenters the same program after 180 days, returns and enters a new program, or transfers to a new school, the school treats the hours remaining in the program as if they are the student's entire program. The number of payment periods and length of each payment period are determined by applying the rules in the appropriate part of the definition of a payment period to the hours remaining in the program upon transfer or reentry.

A school may consider a student who returns and enters a new program as remaining in the same payment period if five conditions are met:

1. The student is continuously enrolled at the school.
2. The coursework in the payment period the student is transferring out of is substantially similar to the coursework the student will be taking when he or she first transfers into the new program.
3. The payment periods are substantially equal in length in weeks of instructional time and credit hours or clock hours, as applicable.
4. There are little or no changes to the institutional charges to the student for the period.
5. The credits from the payment period the student is transferring out of are accepted toward the new program.

This provision addresses situations where a student's entry into a new program at the same school results in very little change to the student's academic circumstance, e.g., a change that is really nothing more than a change in majors. The Department believes that when this occurs, it is appropriate to spare the school the burden of withdrawing a student, performing an R2T4 calculation, and returning Title IV grant or loan funds, only to award them again for the new payment period(s).

Reentry after 180 days
34 CFR 668.4(g)

Extended Direct Loan Processing

Direct Loan processing for an award year generally remains open in COD for 13 months from the start of the award year. A school should be able to submit data via batch or web processing through that time unless it has already confirmed closeout for the impacted award year. If a school finds the year is closed in COD before the 13-month period is over, the school should contact COD School Relations for assistance in re-opening the award year.

Once the 13-month period is over and COD has closed the year, a school may request Extended Processing through the COD School Relations Center.

Toward the end of each award year the Department publishes an electronic announcement containing information on the closeout deadline and instructions on how schools can request Extended Processing for Direct Loans after the closeout deadline.

COD School Relations Center

Grant Programs: 800-474-7268
Direct Loan Program: 800-848-0978
Student Loan Support Center: 800-557-7394
Foreign Schools: 571-392-3737
FAX: 877-623-5082
Office Hours: 8:00 a.m. - 11:00 p.m. (ET), Monday through Friday
E-mail:CODSupport@ed.gov
Web site
https://cod.ed.gov/cod/LoginPage

If a school treats the student as one who is not withdrawing from the school, no R2T4 calculation is performed, and the student continues in the same payment period he started in with his original program.

If a student for whom this approach is taken later withdraws from the school, the start and end dates used in Step 2 of the R2T4 calculation will be the start of the first program and the end of the second. The charges used in Step 5 will be the total charged the student for the two programs.

Eligibility of transfer students for additional Title IV funds

Generally, at a clock-hour or non-term credit-hour school, a student can be paid again for clock hours or credit hours that he or she has already completed at that school only if he or she has completed a program and reenrolls to take that program again or to take another program. In addition, when a student reenters a clock-hour or credit-hour non-term-based program after 180 days, the student may be paid for repeated courses. **(The recent limitation on students being paid for multiple repeats applies only to students enrolled in term-based programs.)**

TIP

For example, a student who withdraws after completing 302 clock hours of a 900 clock-hour program has 148 hours remaining in the 450-hour payment period. The student reenrolls after 180 days in the same program and receives credit for 100 hours. The program length for purposes of determining the new payment periods is 800 clock hours (the remainder of the student's program), so the new payment periods are 400 hours and 400 hours (the 302 hours completed and the 148 hours that remained do not apply). Any reduction in the payment would be based on whether the student's scheduled award or annual loan limits are exceeded. (If the student in this example received no credit for previously completed hours, the student's program length for purposes of determining the payment periods would be 900 clock hours.)

However, a transfer student's eligibility for additional Title IV funds may be subject to a variety of limitations associated with the aid the student received during the student's most recent period of attendance. For example, in the Pell Grant Program, a student may never receive more than his or her Pell Grant scheduled award for an award year. In the Federal Direct Loan Program, the application of the annual loan limits imposes additional limitations on a borrower's eligibility for funds when the borrower transfers (see *Loan Principles Applicable to Reentry in and Transfer to Clock-Hour Programs, Non-Term Credit Hour Programs, and Nonstandard Term Credit-Hour Programs with Terms that Are Not Substantially Equal (in which no term is less than 9 weeks in length*).

When a Student Who Withdraws from a Term-Based Credit-Hour Program Offered in Modules Returns Within a Payment Period or Period of Enrollment

If a student enrolled in a term-based, credit-hour program offered in modules who withdrew without confirming an intent to return to a module later in the payment period or period of enrollment reenters the same program prior to the end of the payment period or period of enrollment, the student is treated as if he or she did not cease attendance. Please see the discussion under ***Withdrawals from programs offered in modules,*** in Chapter 2.

Loan Principles Applicable to Reentry in and Transfer to Clock-Hour Programs, Non-Term Credit Hour Programs, and Nonstandard Term Credit-Hour Programs with Terms that Are Not Substantially Equal (in which no term is less than 9 weeks in length)

1. A Borrower–Based Academic Year, specifically BBAY3 (See Volume 3 for more information about BBAY3) must be used to monitor annual loan limits of students in clock-hour programs, non-term credit hour programs, and nonstandard term credit-hour programs with terms that are not substantially equal (and in which no term is less than 9 weeks in length).
2. When a student who withdrew re-enters the same clock-hour program or non-term credit hour program within 180 days, the maximum amount the student can receive from his or her original loan equals the borrower's annual loan limit, less the amount previously borrowed for the academic year, plus any amount returned per 34 CFR 668.22.
3. For a student who transfers to a new school into a clock-hour program, non-term credit hour program, or nonstandard term credit-hour program with terms that are not substantially equal (and in which no term is less than 9 weeks in length), when an overlap exists between academic years of the two schools, the new school may originate a loan for abbreviated loan period that covers the remaining portion of the prior school's academic year. (Note: the new school can find the prior school's academic year in COD.) The abbreviated loan period at the new school ends on the calendar end date of the prior school's academic year without regard to the weeks of instructional time and credit or clock hours completed by the student during the abbreviated loan period.

   The amount of the loan for the abbreviated loan period may not exceed the remaining balance of the student's annual loan limit at the grade level applicable at the new school. The borrower is not eligible for a new annual loan limit until the original academic year has ended. However, if the student is transferring into a program that is less than a full academic year in length, or into a remaining portion of a program that is less than a full academic year in length, the total loan amount the student receives for the abbreviated loan period and for any subsequent loan period may not exceed the prorated loan limit for the program or remaining portion of the program. If there is no overlap between the academic years of the two schools, the borrower is immediately eligible for a new annual loan limit. If the portion of the program that remains is less than an academic year, the loan could be subject to proration.
4. When originating a new loan for a student the cost of attendance used for the new loan may include only those costs associated with the period for which the new loan is being originated.
5. When a student withdraws after receiving the first disbursement but before the second disbursement, and then reenters the same program within 180 days, the school must extend the original loan period end date and academic year and reschedule the second disbursement.

   In this case, the student is held to the same disbursement requirements that applied initially (e.g., a student enrolled in a one-year clock hour program must successfully complete one-half the clock hours and one-half the weeks of instructional time in the program before he or she can receive the second disbursement). The borrower is not eligible for a new loan until the original loan period and original academic year have ended. If some portion of the program remains after the completion of the new loan period, the school can originate a new loan for that portion of the program. If the portion of the program that remains is less than an academic year, the loan limit would be subject to proration.

See Volume 3 for examples of originating loans for transfer students with overlapping academic years and for guidance on proration of the annual loan limit.

DIRECTIONS FOR ADJUSTING DIRECT LOANS

If a student who ceased attendance for a period in which he or she received a Direct Loan returns to school within the time that regulations require that his or her Title IV aid be redisbursed, a school must submit a change record to the COD system that:

- adjusts the amount of the loan to the amount appropriate to the enrollment status at which the student has reenrolled;
- adjusts the academic year and loan period (award period) to the student's new anticipated completion date; and
- changes the disbursement dates to reflect when disbursements actually occur.

If a school needs to submit a change record after the closeout date for an award year (the last processing day in July of the year following the award year of which the loan was originated), the school will need to request an extension to the established data submission (closeout) deadline.

TIP

This can be done through the COD website at

https://cod.ed.gov/

Authorized school users must log on to the website, select the "School" menu and then select "Request Post Deadline/Extended Processing" on the left side. Users then

1. Select the correct award year and program for the request.
2. Choose "Reentry within 180 days" from the drop down menu as the reason code.
3. Provide an explanation for the request.
4. Select "Submit."

Schools will be notified if/when the request has been approved.

DIRECTIONS FOR ADJUSTING PELL GRANTS

Consider a student who received Pell Grant funds and ceased attendance in one award year and who then reenters training within 180 days, but in a new award year. If the school returned funds after an R2T4 calculation, the student might be due Pell Grant funds from an award year that is over.

To request these funds, the school will have to go to the COD website at

cod.ed.gov/cod/LoginPage

Log in under the "School" tab using the school's user name and password (available from the school's system administrator), select "Post Deadline System Processing" on the left side, and request administrative relief with "Reentry within 180 days" as the reason.

BREAKS IN ATTENDANCE FOR STUDENTS ENROLLED IN PROGRAMS MEASURED IN CREDIT HOURS WITHOUT ACADEMIC TERMS

To receive Title IV aid, a student must be enrolled in an eligible program. That program has required courses, some of which must be taken in sequence. If no specific academic plan exists for a particular student, we consider the program requirements to be the student's academic plan.

A student who completes a course is expected to begin attending the next available course in the program until the student completes the credits for which he or she has received Title IV aid. **If, before a student completes the credits for which he or she has received Title IV aid, the student fails to enroll in the next (appropriate in sequence) course in the program, the student must be put on an approved LOA or considered withdrawn.**

A student enrolled in a program measured in credit hours without academic terms who has completed the credits for which aid was awarded does not have to be considered a withdrawal or placed on LOA if he or she takes a break before enrolling in additional courses.

CHANGING OR CORRECTING AN R2T4 CALCULATION

Changes that aren't corrections are allowed only if the change can be made in time for the institution to meet any applicable R2T4 deadline.

A change is not a correction if a calculation (R2T4/post-withdrawal disbursement) was correct at the time it was processed. For example, a school that used the midpoint as the withdrawal date may want to go back and revise an already processed R2T4 calculation to use a last date of attendance at an academically related activity past the midpoint. Such a change is not a correction because the use of the midpoint was not a mistake—as would be using the wrong amount of a Pell Grant disbursement. Similarly, the signing of a promissory note after a calculation is processed is not a correction because failing to sign a promissory note is not a mistake.

An institution is never required to do a recalculation of a change that is not a correction.

APPLICABLE DEADLINES

Two main deadlines impact most R2T4 calculations—the 45-day time frame for the Return of Tile IV Funds (also see the discussion under *Time frame for the return of Title IV funds* in Chapter 2), and the 30-day required notification of the need for authorization to make a post-withdrawal disbursement of FSA loan funds (see the discussion under *Post-withdrawal disbursement of Title IV Loan* funds in Chapter 2).

Any action taken after a deadline, even a correction, is a violation of that deadline requirement. So, when an institution corrects an R2T4 calculation and, as a result, returns funds after the 45-day deadline, it is a late return. Likewise, if a school makes a correction and fails to notify a student or parent that they are eligible for a post-withdrawal disbursement within 30 days of the date of the institution's determination that the student withdrew, the school has violated that deadline.

The Steps in a Return of Title IV Aid Calculation

CHAPTER 2

This chapter discusses the data elements in the order in which they occur on the worksheets. It is not a set of instructions. It is an explanation of the criteria a school must consider as it enters data in the steps of the calculation.

STEP 1: STUDENT'S TITLE IV AID INFORMATION

Title IV Aid disbursed

A school must calculate the amount of earned Title IV funds by applying a percentage to the total amount of Title IV program assistance that was disbursed and that could have been disbursed. Under Step 1 of the worksheet, a school fills in the amount of each type of Title IV aid that was disbursed and that could have been disbursed. When entering the amount of loan funds, a school should enter the net amount of *Aid disbursed* and *Aid that could have been disbursed*.

Generally, a student's Title IV funds are disbursed when a school credits a student's account with the funds or pays a student or parent directly with Title IV funds received from the Department. There are a couple of exceptions to this definition. For a complete discussion of the definition of disbursed Title IV funds, see *Volume 4*.

A student's aid is included as *Aid disbursed* in the calculation if it is disbursed as of the date of the institution's determination that the student withdrew, and so long as the disbursement was not an inadvertent overpayment (see the discussion in Chapter 1 under *Date of the institution's determination that the student withdrew*).

Inadvertent overpayments
DCL GEN-04-03 Revised, November 2004

Inadvertent overpayments are an exception. Inadvertent overpayments—disbursements inadvertently made to a student after the student ceased attendance but prior to the date of the institution's determination that the student withdrew—are included in an R2T4 calculation as *Aid that could have been disbursed* rather than *Aid disbursed*. (See the discussion under *Treatment of inadvertent overpayments* later in this chapter.)

A school may not alter the amounts of Title IV grant and loan funds that were disbursed prior to the school's determination that the student withdrew. For example, a school may not replace a withdrawn student's loan funds with grant funds that the student was otherwise eligible to receive before performing the R2T4 calculation.

Limits on Title IV Funds that May Be Included as Aid That Could Have Been Disbursed

A school may not include as *Aid That Could Have Been Disbursed*, Pell Grant funds that if disbursed would, in combination with other Pell Grant funds previously received by the student, cause the student to exceed his or her Pell Grant maximum lifetime eligibility. Likewise, a school may not include as *Aid that could have been disbursed,* Direct Subsidized Loan funds that would, in combination with other Direct Subsidized Loan funds previously received by the student, cause the student to exceed his or her 150% maximum eligibility period for Direct Subsidized Loans.

Conditions for late disbursement
34 CFR 668.164(j)(2)

Limitations on making a late disbursement
34 CFR 668.164(j)(4)

Credit Check
34 CFR 685.200(c)(viii)

When a Student Drops Below Half time Before Withdrawing

If a student who is otherwise eligible for a late first disbursement drops below half-time enrollment and then withdraws, the institution would include any undisbursed Direct Loan funds in the R2T4 calculation as "*Aid that could have been disbursed*." However, an institution may never make a post-withdrawal disbursement of Direct Loan funds a student could not have received if he or she had remained in school.

Official EFC

An "*official EFC*" is an EFC calculated by the Department and provided on a SAR or ISIR. It may or may not be a valid EFC (defined as an EFC based on information that is correct and complete).

Title IV Aid that could have been disbursed

In addition to *Aid disbursed, Aid that could have been disbursed* is also used in the calculation. There are two principles that govern the treatment of disbursements of Title IV funds in R2T4 calculations. The first principle provides that, for purposes of determining earned Title IV aid, generally, so long as the conditions for late disbursements in 34 CFR 668.164(j)(2) **were met prior to the date the student became ineligible,** any undisbursed Title IV aid for the period for which the R2T4 calculation is performed is counted as *Aid that could have been disbursed* (regardless of whether the institution was prohibited from making the disbursement on or before the day the student withdrew because of the limitations in 34 CFR 668.164(j)(4) or elsewhere).

Any undisbursed Title IV aid for the period that the school uses as the basis for the R2T4 calculation is counted as *Aid that could have been disbursed* as long as the following conditions were met before the date the student became ineligible:

- For all programs, the Department processed a Student Aid Report (SAR) or Institutional Student Information Record (ISIR) with an official Expected Family Contribution (EFC) for the student.
- For an FSEOG or Federal Perkins Loan, the institution made the award to the student.
- For a Direct Loan, the institution originated the loan.
- For a TEACH Grant, the institution made the award.
- Fora Direct PLUS Loan a satisfactory credit check was received.

In all Title IV loan programs, a promissory note must be signed for a loan to be included as *Aid that could have been disbursed* in an R2T4 calculation. The signature may be obtained after the student withdraws. However, for the loan to be included as *Aid that could have been disbursed,* the promissory note must be signed before the school performs the R2T4 calculation.

Of course, a school can only include aid (e.g., the loan funds) for the period for which the institution does the R2T4 calculation. If the calculation is performed on a payment period basis, the loan funds counted are those for the payment period; if the calculation is performed on the period of enrollment basis (e.g., the academic year basis), the loan funds counted are those for the entire period of enrollment.

The second principle provides that a student can never receive as a post-withdrawal disbursement any funds from a disbursement that the institution was prohibited from making on or before the date the student withdrew. Therefore, although the following potential disbursements can be counted as *Aid that could have been disbursed* (if intended for the period for which the R2T4 calculation is being performed), an institution is prohibited from disbursing:

- for nonstandard term credit-hour programs where the terms are not substantially equal in length, credit-hour non-term programs, and clock-hour programs, a second disbursement of Direct Loan funds where the student has not successfully completed half of the number of credit hours or clock hours and half of the number of weeks of instructional time in the payment period (34 CFR 685.303(d)(3)(ii)(B));
- a second or subsequent disbursement of Direct Loan funds unless the student has graduated or successfully completed the loan period (34 CFR 668.164(j)(4)(2));
- a disbursement of Direct Loan or Perkins Loan funds for which the borrower has not signed a promissory note;
- for clock-hour or credit-hour non-term programs, a disbursement of a Federal Pell Grant, Iraq and Afghanistan Service Grant, TEACH Grant, or for a subsequent payment period when the student has not completed the earlier payment period for which the student has already been paid (34 CFR 690.75(a)(5) and 34 CFR 686.31(a)(5);
- a disbursement of a Direct Loan to a first-year, first-time borrower who withdraws before the 30th day of the student's program of study (34 CFR 668.164(j)(4)(iii)) (except when this delay does not apply because of low default rates);
- a disbursement of a Federal Pell Grant, Iraq and Afghanistan Service Grant, TEACH Grant or, to a student for whom the institution did not have a valid SAR/ISIR by the deadline established by the Department (34 CFR 668.164(j)(4)(iv)) annually in the public deadline notice, and
- **a first disbursement** of a Direct Loan (i.e., the first disbursement of a Direct Loan in a loan period) to a student enrolled in a modular program who has withdrawn before beginning attendance in enough courses to establish a half-time enrollment status.

Some schools can use the 50% point as the withdrawal date for a student who unofficially withdraws in determining earned Title IV aid. **However, to determine whether the funds can be disbursed as a post-withdrawal disbursement, the school must make a separate determination of the date the student lost eligibility.**

Making a Separate Determination of Eligibility for a Post-withdrawal Disbursement

Consider a student enrolled at a school that is not required to take attendance by an outside entity. The student registers for, and on September 1, begins attendance in 12 credits. On September 15, the student drops classes worth seven credits, and his enrollment status changes to less than half time. On December 1, the school receives $2,000 in Stafford loan funds for the student.

In reviewing its records, the school determines that the student stopped attending all classes and is an unofficial withdrawal. Though the school can use the 50% point as the withdrawal date, it must make a separate determination of the student's eligibility for a post-withdrawal disbursement. In this case, because the student lost eligibility for Stafford funds on September 15 (the day the student ceased to be enrolled at least half time), the student may not receive a post-withdrawal disbursement of Stafford loan funds.

Exception to including funds as *Aid that could have been disbursed* when a student has a disqualifying comment code

If a student's SAR/ISIR contains a Comment Code that requires resolution (e.g., 100–Perkins Overpayment, or 132–Default) in order for the funds to be included as *Aid that could have been disbursed*, the underlying issue must be resolved before the institution performs the R2T4 calculation and in time for the institution to meet any applicable R2T4 deadline.

Example Of Prohibited Disbursement

Consider a credit-hour program where each semester comprises three modules of five weeks each. If a student enrolls in one three-credit course in the first module and one three-credit course in the second module— that is, he or she will not begin attendance in six credit hours, the school's minimum half-time enrollment status until he or she begins the course in the second module—the school is not required to, nor should it, delay the disbursement of the student's Direct Loan Program funds until he or she begins the course in the second module. However, if the student withdraws during the first module and the school has not made the first disbursement of a Direct Loan to the student prior to the withdrawal, the school may not make that first disbursement of the Direct Loan to the student at this point; however, the amount of the first disbursement would be included as *Aid that could have been disbursed* in the required R2T4 calculation.

Treatment of inadvertent overpayments

An inadvertent overpayment occurs when an institution disburses funds to a student who is no longer in attendance (for example, when an institution makes a scheduled disbursement on Monday to a student who dropped out on the previous Friday). Inadvertent overpayments are included in R2T4 calculations as *Aid that could have been disbursed* rather than *Aid that was disbursed*.

A school is allowed to hold an inadvertent overpayment while determining if the student is owed a post-withdrawal disbursement. However, this is not intended to affect the amount of aid a student would receive under an R2T4 calculation. Rather, it is permitted to avoid a school having to return funds only to have to later request and disburse them if a student is eligible for a post-withdrawal disbursement.

An inadvertent overpayment does not create a separate basis for permitting funds to be paid to a student's account. So, if an inadvertent overpayment does not meet the criteria for a late disbursement, the second principle under *Title IV Aid that could have been disbursed* discussed previously applies, and neither the institution nor the student may retain any portion of the overpayment. However, the funds are included as *Aid that could have been disbursed* and may result in a student being able to retain more grant funds.

To be consistent with the aforementioned second principle, an institution must treat inadvertent overpayments as *Aid that could have been disbursed* rather than *Aid that was disbursed*. If the inadvertent overpayment could not have been made as a late disbursement under the regulations, the institution must return the entire amount of the overpayment. If the overpayment could have been made as a late disbursement, the institution must return only the unearned portion of the inadvertent overpayment.

An institution is not required to return the inadvertent overpayment immediately but must return it within 45 days of the date of the institution's determination that the student withdrew (the time frame for an institution's return of Title IV funds under 34 CFR 668.22(j)(1)). An institution must return an inadvertent overpayment in accordance with the applicable regulations for returning overpayments.

Discussion of inadvertent overpayments

Federal Register, Volume 64, Number 151, August 6, 1999, Proposed Rules, page 43026
Federal Register, Volume 64, Number 210, November 1, 1999, Rules and Regulations, page 59018
DCL GEN-04-03 Revised, November 2004

For example, if a late disbursement would have been prohibited because the student had withdrawn and the disbursement would have been a late second or subsequent disbursement of a Direct Loan, the inadvertent overpayment must be returned because the student had not successfully completed the period of enrollment for which the loan was intended (34 CFR 668.164(j)(4)(ii)).

Institutions are expected to have the administrative capability to prevent inadvertent overpayments on a routine basis. Specifically, an institution is expected to have in place a mechanism for making the necessary eligibility determinations prior to the disbursement of any Title IV funds—for example, a process by which withdrawals are reported immediately to those individuals at the institution who are responsible for making Title IV disbursements. During a program review, we would question a pattern or practice of making these inadvertent overpayments.

Late arriving aid

If a school is determining the treatment of Title IV funds on a payment period basis, the student's Title IV program assistance used in the calculation is the aid that is disbursed or that could have been disbursed for the payment period during which the student withdrew. (Also, the institutional charges used in the calculation generally have to reflect the charges for the payment period.)

If *Aid that could have been disbursed* during a previous payment period (completed by the student) is received in a subsequent period during which the student withdrew, the aid is not considered *Aid disbursed* or *Aid that could have been disbursed* in the period during which the student withdrew. This late-arriving assistance, while it can be disbursed in the current term, is disbursed for attendance in the previous term. Therefore, it is not included in the R2T4 calculation for the period in which the student withdrew.

For a student who has withdrawn, a school cannot disburse aid received for a previous semester unless the student qualifies for a late disbursement.

Examples of Second or Subsequent Direct Loan Disbursements and an Example of a Second Payment Period Pell Grant Disbursement

Example 1

Consider a student who withdrew after completing 400 clock hours in a 900 clock-hour program and before passing the midpoint in calendar time of the loan period. The loan period is the 900 clock-hour academic year. The payment periods are 450 hours each. The R2T4 calculation is done on a period of enrollment basis. Half of the Direct Loan and half of a Federal Pell Grant were disbursed at the beginning of the first payment period, and the student was scheduled to receive the other half in the second payment period. Because the student had not completed half of the clock hours and, for the loan, half of the time in the loan period, the student was not eligible to receive the second installment of the loan and the Federal Pell Grant. Therefore, the second disbursements were not made before the student withdrew.

Under current guidance, the second disbursements of both the Pell Grant and the loan are included as ***Aid that could have been disbursed*** in the calculation of earned Title IV aid so that the amount of Title IV aid used in the calculation (and earned by the student) will be larger.

Please note, however, the institution may not make a post-withdrawal disbursement from the second scheduled disbursements of Pell Grant or Direct Loan funds because of the prohibition on making these disbursements.

Example 2

Consider a student who completed 500 clock hours in a 900 clock-hour program and passed the midpoint in calendar time of the loan period at an institution that uses the period of enrollment as the basis for its R2T4 calculations. The loan period is the 900 clock-hour academic year. The payment periods are 450 hours each. Half of the Direct Loan was disbursed at the beginning of the first payment period, and the student was scheduled to receive the second half in the second payment period. Although the student completed half of the clock hours and passed the midpoint in calendar time of the loan period and was otherwise eligible to receive the second installment of the loan, the second disbursement of the loan was not disbursed before the student withdrew. Because the Department had processed a SAR/ISIR and the institution previously had originated the loan before the student lost eligibility, the second disbursement of the loan is included as ***Aid that could have been disbursed*** in the calculation of earned Title IV aid.

However, the late disbursement regulations prohibit an institution from making a second or subsequent disbursement of a Direct Loan unless the student has graduated or successfully completed the period of enrollment for which the loan was intended. The R2T4 requirements, including the post-withdrawal disbursement requirements, do not supersede this provision. **Therefore, although in this case a second or subsequent Direct Loan disbursement is counted as *Aid that could have been disbursed* for purposes of determining earned Title IV aid, the funds may not be disbursed as part of a post-withdrawal disbursement.**

Examples continued

Example 3

Consider a student who withdraws after completing 350 clock hours in a 900 clock-hour program at an institution that uses the period of enrollment as the basis for its R2T4 calculations. The loan period is the 900 clock-hour academic year. The payment periods are 450 hours each. The institution chooses to disburse the loan in four disbursements. The first quarter of the Direct Loan for the first quarter (225 hours) of the period of enrollment has been disbursed. The student is scheduled to receive the second quarter of the loan in the second half of the first 450-hour payment period. The student withdraws during the first payment period after receiving only the first disbursement of the loan. The second, third, and fourth scheduled disbursements of the loan are included in the calculation as ***Aid that could have been disbursed*** because the school has chosen to perform the R2T4 calculation on the period of enrollment basis for all students in this program. However, the institution may not make a post-withdrawal disbursement from the second (or subsequent) scheduled disbursement of the loan because of the prohibition on making late second or subsequent disbursements of Direct Loans when a student has not completed the period for which the loan was intended.

STEP 2: PERCENTAGE OF TITLE IV AID EARNED

The percentage of Title IV aid earned is determined differently for credit-hour program withdrawals and clock-hour program withdrawals. The requirements for determining a student's withdrawal date, however, differ based on whether a school is required to take attendance or not. The withdrawal date is used to determine the point in time that the student is considered to have withdrawn so the percentage of the payment period or period of enrollment completed by the student can be determined. The percentage of Title IV aid earned is equal to the percentage of the payment period or period of enrollment completed.

If the day the student withdrew occurs when or before the student completed 60% of the payment period or period of enrollment, the percentage earned is equal to the percentage of the payment period or period of enrollment that was completed. If the day the student withdrew occurs after the student has completed more than 60% of the payment period or period of enrollment, the percentage earned is 100%.

Part 1—Withdrawal date

The definition of a ***withdrawal date*** as outlined here is required for Title IV program purposes only—including the withdrawal date that a school must report to the Department if Direct Loan Program funds were received. A school may, but is not required to, use these withdrawal dates for its own institutional refund policies.

The definition of a withdrawal date is used in determining the amount of aid a student has earned. Do not confuse it with the ***date of the institution's determination that the student withdrew***, discussed in Chapter 1 and used for other purposes in the R2T4 process.

Withdrawal date for a student who withdraws from a school that is required to take attendance

Withdrawal date at schools required to take attendance
34 CFR 668.22(b)

The goal of the R2T4 provisions is to identify the date that most accurately reflects the point when a student ceases academic attendance, not the date that will maximize Title IV aid to the institution or to the student. Generally, the most precise determination of a student's withdrawal date is one that is made from institutional attendance records.

If a school is **required** to take attendance, a student's withdrawal date is **always** the last date of academic attendance as determined by the school from its attendance records. This date is used for all students who cease attendance, including those who do not return from an approved LOA, those who take an unapproved LOA, and those who officially withdraw. For information on what qualifies as academic attendance, see ***Academic attendance and attendance at an academically related activity later in this chapter.***

Schools required to take attendance

A school is required to take attendance not only when it is required to take attendance by an outside entity (such as the school's accrediting agency or a state agency) that has a requirement that the school take attendance, but also when:

- the school itself has a requirement that its instructors take attendance, or
- the school or an outside entity has a requirement that can only be met by taking attendance or a comparable process, including but not limited to requiring that students in a program demonstrate attendance in the classes of that program or a portion of that program.

These regulations describe when a school is considered to be required to take attendance for Title IV purposes; they do not require schools to take attendance. Again, a school is considered to be required to take attendance only when a school either requires the taking of attendance or is required by an outside entity to take attendance. A requirement that a student self-certify attendance directly to an outside entity does not make a school one that is required to take attendance. For example, a Veterans' Administration requirement that benefit recipients self-report attendance would not result in a school being considered one that is required to take attendance unless the school is required to verify the student's self-certification.

Example of Taking Attendance

Ten students at Peabody University receive assistance from the state. The state requires the school to take attendance for the recipients of the state's education benefits. Peabody University is not required by any other outside entity to take attendance for any of its other students. Seven of the 10 students who receive state benefits are also Title IV program recipients. If any of those seven students withdraw from the school, the school must use the state required attendance records to determine the withdrawal date as required for institutions required to take attendance. For all other Title IV program recipients at Peabody University who withdraw, the school must determine the withdrawal date in accordance with the requirements for students who withdraw from a school that is not required to take attendance.

When a school has a requirement for taking attendance

If a school does not require faculty to take attendance but a faculty member chooses to take attendance, then the school is not considered a school required to take attendance. If, however, a school requires its faculty to take attendance, whether at the program, department, or institutional level, then those attendance records must be used by the school in determining a student's date of withdrawal.

Schools that do not require the taking of attendance and are not required to take attendance by an outside entity are not prohibited from using individual faculty members' attendance records in determining a student's date of withdrawal. The Department encourages schools to use the best information available in making this determination.

When a School Requires Faculty to Provide an LDA for Students Who Receive All "F" Grades

A requirement that faculty provide a last date of attendance for students who receive all "F" grades to determine whether a student with failing grades has unofficially withdrawn does not make the school one that is required to take attendance.

Only if the school requires its faculty to collect or record information about whether a student was in attendance is the school considered to be one that is required to take attendance.

Monitoring Students Who Log into Online Classes

The monitoring of whether online students log into classes does not by itself result in a school being a school that is required to take attendance for Title IV purposes.

If, however, the monitoring of student activity is tracking academic engagement, then the school would be a school that is required to take attendance for Title IV purposes.

A school is responsible for ensuring that it is in compliance with the requirements for schools that are required to take attendance even if some faculty do not comply with the school's attendance-taking policy. For students enrolled in classes taught by faculty who fail to take attendance, a student's withdrawal date will be the last date of academic attendance from the attendance records taken by the faculty that did take attendance. **If, at a school required to take attendance, no records of a student's academic attendance exist, the student is considered not to have begun attendance for Title IV program purposes and never to have established eligibility for the Title IV program funds**. Title IV program funds received by a student who failed to establish eligibility must be handled by the school in accordance with the procedures described in Chapter 1 under ***When a student who fails to begin attendance in all the courses he or she was scheduled to attend withdraws***.

Requirements that can only be met by taking attendance

Schools required to take attendance
DCL GEN-11-14, July 20, 2011

The Department is looking at the substance of the information that is available rather than the way that information is described or portrayed by the school or outside entity. If the school is required to collect or record information about whether a student was in attendance during a payment period, or during a limited period of time during a payment period, that information should be used to determine if the student ceased attendance during that period.

For schools that are required to measure the clock hours a student completes in a program, the Department believes that this is, in substance, a requirement for those schools to take attendance for those programs since they satisfy both the requirement of determining that a student is present and that the student is participating in a core academic activity.

Attendance taking requirements for some students

If a school is required to take attendance by an outside entity (for example, a state Workforce Development Agency) for only some students, the school is required to use those attendance records to determine a student's withdrawal date (the last date of academic attendance) for those students. The school would not be required to take attendance for any of its other students or to use attendance records to determine the withdrawal dates of any of its other students unless the school is one required to take attendance for those students by its own rules or another outside entity.

When a school takes attendance for one day or a limited period

If a school is required to take attendance or requires that attendance be taken on only one specified day to meet a census reporting requirement, the school is not one required to take attendance. If a school is required to take attendance or requires that attendance be taken for a limited period, the school must use its attendance records for that limited period to determine a withdrawal date for a student. Students in attendance at the last time attendance is required to be taken during the limited period who subsequently stop attending during the payment period, but subsequent to the limited period of attendance taking, will be treated as students for whom the school was not required to take attendance.

Census dates in programs offered in modules

For a program that is offered in modules, a school may require that attendance be taken on a single specified day in each module (i.e., have one census date per module) without the school being considered one that is required to take attendance.

Unless a school demonstrates that a withdrawn student who is not in attendance at the end of the limited period of required attendance taking attended after the limited period, the student's withdrawal date would be determined according to the requirements for a school that is required to take attendance. That is, the student's withdrawal date would be the last date of academic attendance, as determined by the school from its attendance records.

If the school demonstrates that the student attended past the end of the limited period, the student's withdrawal date is determined in accordance with the requirements for a school that is not required to take attendance. So, for a student the school has determined attended past the limited period and has unofficially withdrawn, the student's withdrawal date is the midpoint of the payment period or period of enrollment unless the school uses a last date of attendance at an academically related activity. The school, therefore, has the option to document a student's last date of attendance at an academically related activity, but a school is not required to take attendance past the end of the limited period of attendance taking.

Taking attendance for one day as opposed to a limited period

If a school is taking attendance to determine whether each student attended at least once during a period of time (for example, the first two weeks of a term) but does not continue to monitor attendance for a student after the one day of confirmed attendance, it is not a school that is required to take attendance for Title IV program purposes. However, if a school takes attendance throughout a period to determine when students are and are not present, then the school is taking attendance for a limited period, and the school is one that is required to take attendance for Title IV program purposes for that limited period.

When attendance taking is required only for some classes

A school is required to take attendance if attendance taking is required in all classes in the program for a period of time. For example, if a school requires that attendance be taken in all core classes but not elective classes, when the core classes in the program are taken in isolation, for the period of time that students are taking only core classes, the program is one for which the school is required to take attendance.

If core and elective classes are taken at the same time and attendance taking is not required for the elective classes, then for the period of time that core and non-core classes are taken together, the school is not one that is required to take attendance for that program.

When a Student Officially Withdraws After the End of a Limited Period of Required Attendance Taking

Consider a student who is not in attendance in her classes on the last day of a two-week period of required attendance taking. The student begins the school's official withdrawal process two weeks after the end of the two-week period of required attendance taking. The school must demonstrate that the student was in attendance after the two-week attendance taking period to use the date the student begins the school's official withdrawal process as the withdrawal date. If it cannot, the student's withdrawal date is the last date of academic attendance during the period of attendance taking, as determined by the school from its attendance records.

Determining a student's withdrawal date at a school that is not required to take attendance

If a school is not required to take attendance, the determination of a withdrawal date varies with the type of withdrawal. The withdrawal date for the various types of withdrawals, as well as the date of the institution's determination that the student withdrew for each type of withdrawal is provided in the chart *Withdrawal Dates for a School that is Not Required to Take Attendance* at then end of this chapter.

Official notification

A student may provide official notification of his or her intent to withdraw by following the school's withdrawal process. In this case, the withdrawal date is the date the student begins the school's withdrawal process. A student may also provide official notification in other ways. If a student otherwise provides official notification (as explained later), the withdrawal date is the date notification was provided.

These withdrawal dates apply even if a student begins the school's withdrawal process or otherwise notifies the school of his or her intent to withdraw and projects a future last date of attendance. However, **a school that is not required to take attendance may always use a last date of attendance at an academically related activity as a student's withdrawal date** (this is discussed in detail later). Therefore, a school could use a later last documented date of attendance at an academically related activity if this date more accurately reflects the student's withdrawal date than the date the student begins the school's withdrawal process or notifies the school of his or her intent to withdraw.

Official notification
34 CFR 668.22(c)(1)(i) and (ii)

Official notification defined
A notice of intent to withdraw that a student provides to an office designated by the institution.
34 CFR 668.22(c)(5)(i)

Notification Example

For example, if on May 5, a student provided notification of his or her intent to cease attending the school beginning on May 10, the withdrawal date is May 5. However, the school may use May 10 as the student's withdrawal date if the institution documents May 10 as the student's last date of attendance at an academically related activity.

School's withdrawal process

The beginning of the school's withdrawal process must be defined. The individual definition is left up to the school. Schools are required to make available to students a statement specifying the requirements for officially withdrawing from the school.

While the institution's officially defined withdrawal process might include a number of required steps, and though the institution might not recognize the student's withdrawal (for purposes of determining an institutional refund) until the student has completed all the required steps, for the purpose of calculating the return of Title IV funds, the date the student began the institution's withdrawal process is the withdrawal date for Title IV purposes.

Consumer Information on a School's Withdrawal Process

A school is expected to identify the beginning of its process as a part of the school's consumer information regarding withdrawal (see *Volume 2*). A school should be able to demonstrate consistent application of its withdrawal process, including its determination of the beginning of that process.

Otherwise provides official notification

Official notification to the school occurs when a student notifies an office designated by the school of his or her intent to withdraw. In its written description of its withdrawal procedures, a school must designate at least one office for this purpose. For example, a school could designate a dean's, registrar's, or financial aid office. If a student provides notification to an employee of that office while that person is acting in his or her official capacity, the student has provided official notification.

Otherwise provides official notification
34 CFR 668.22(c)(5)

Official notification from the student is any official notification that is provided in writing or orally to a designated campus official acting in his or her official capacity in the withdrawal process. Acceptable official notification includes notification by a student via telephone, through a designated website or orally in person. The responsibility for documenting oral notifications is the school's. However, the school may request, but not require, the student to confirm his or her oral notification in writing. **If a student provides official notification of withdrawal to the institution by sending a letter to the designated office stating his or her intent to withdraw, the withdrawal date is the date that the institution receives the letter.** Notification is not provided to an institution until the institution receives the notification. Note that an institution always has the option of using the date of a student's last participation in an academically related activity as long as that participation is documented by a campus official.

Informal Contact with A School Employee

If the student provides notification to an employee of a designated office while that person is not acting in his or her official capacity (for example, the student runs into her financial aid officer at the grocery store), we would expect the employee to inform the student of the appropriate means for providing official notification of his or her intent to withdraw.

Intent to withdraw means that the student indicates he or she has either ceased to attend the school and does not plan to resume academic attendance or believes at the time he or she provides notification that he or she will cease to attend the school. A student who contacts a school and only requests information on aspects of the withdrawal process, such as the potential consequences of withdrawal, would not be considered a student who is indicating that he or she plans to withdraw. However, if the student indicates that he or she is requesting the information because he or she plans to cease attendance, the student would be considered to have provided official notification of his or her intent to withdraw.

When a student triggers both dates
34 CFR 668.22(c)(2)(ii)

When a student triggers both dates

A student might both begin the school's withdrawal process and otherwise provide official notification to the school of his or her intent to withdraw. For example, on November 1, a student calls the school's designated office and states his or her intent to withdraw. Later, on December 1, the student begins the school's withdrawal process by submitting a withdrawal form. **If both dates are triggered, the earlier date, November 1 in this case, is the student's withdrawal date.**

Remember that a **school that is not required to take attendance is always permitted to use *the last date of an academically related activity that the student participated in* as the student's withdrawal date.** So, if a student continues to attend class past the date the student provides notification, and the school chooses to do so, the school may document and use the student's last day of attendance at an academically related activity as the student's withdrawal date in the R2T4 calculation.

Official notification not provided by the student

A student who leaves a school does not always notify the school of his or her withdrawal. There are two categories of these unofficial withdrawals for purposes of this calculation. First, if the school determines that a student did not begin the withdrawal process or otherwise notify the school of the intent to withdraw due to illness, accident, grievous personal loss, or other circumstances beyond the student's control, the withdrawal date is the date the school determines that the student ceased attendance because of the aforementioned applicable event.

The second category of unofficial withdrawals encompasses all other withdrawals where official notification is not provided to the school. This rule applies only to schools that are not required to take attendance. For these withdrawals, commonly known as dropouts, the withdrawal date is the midpoint of the payment period or period of enrollment, as applicable, or the last date of an academically related activity in which the student participated.

Withdrawal without student notification due to circumstances beyond the student's control

There are two circumstances in which a special rule applies that defines a withdrawal date for a student who withdraws due to circumstances beyond the student's control. They apply when (1) a student who would have provided *official notification* to the school was prevented from doing so due to those circumstances; and (2) a student withdrew due to circumstances beyond the student's control and a second party provided notification of the student's withdrawal on the student's behalf.

A school may determine the withdrawal date that most accurately reflects when the student ceased academic attendance due to the circumstances beyond the student's control. This date would not necessarily have to be the date of the occurrence of the circumstance. For example, if a student is assaulted, he or she may continue to attend school but ultimately not be able to complete the period because of the trauma experienced. Because the student's withdrawal was the result of the assault, the withdrawal date would be the date the student actually left the school, not the date of the assault. A school should document that the student left at the later date because of issues related to the assault.

If a school administratively withdraws a student (e.g., expels, suspends, or cancels the student's registration) who has not notified the school of his or her intent to withdraw, the last possible date of withdrawal for the student is the date the school terminates the student's enrollment. However, **an institution may not artificially create a withdrawal date for such a student that is beyond the midpoint of the period by simply choosing to withdraw the student after the midpoint.** Of course, if the school can document that the student continued his or her attendance past the midpoint, the school may use a later date.

Withdrawal Date for Administrative Withdrawals

A school may not artificially create a withdrawal date for a student that is beyond the "trigger point" that causes the school to administratively withdraw the student.

If, for example, a school can document that it has a uniform policy of withdrawing students after a specified (and reasonable) number of absences that applies throughout the payment period/period of enrollment, then the date that a student exceeded that number of absences would be the date that the school would normally use as the withdrawal date.

In a slightly different scenario, if a school administratively withdraws a student because all of the student's instructors report that the student has ceased attendance as of a certain date (e.g., a census date) then the last possible date of the withdrawal for that student is that (census) date.

If a school administratively withdraws a student for some reason other than excessive absences, it similarly will have to determine the date of the event that caused the school to make that decision to withdraw the student.

If a school can show that a student participated in an academically related activity after the date of the event that caused the school to terminate his/her enrollment (but still before the school withdrew the student), the school could use the date of the academically related activity as the last date of attendance.

Also see sidebar on administrative withdrawals under Withdrawals from programs offered in modules later in this chapter.

Withdrawal due to circumstances beyond the student's control
34 CFR 668.22(c)(1)(iv)

Withdrawal date when a student dies

If a school that is not required to take attendance is informed that a student has died, it must determine the withdrawal date for the student under 34 CFR 668.22(c)(1)(iv). This section provides that if the institution determines that a student did not begin its withdrawal process or otherwise provide official notification of his or her intent to withdraw because of illness, accident, grievous personal loss, or other such circumstances beyond the student's control, the withdrawal date is the date that the institution determines is related to that circumstance.

The withdrawal date can be no later than the date of the student's death. For an institution that is required to take attendance, the withdrawal date for a student who has died is the last date of attendance as determined from the school's attendance records. **The school must maintain the documentation it received that the student has died** and determine an appropriate withdrawal date.

TIP

(For more information on how the death of a student affects the R2T4 process, see the discussion under *When a student receiving Title IV aid dies during the payment period or period of enrollment* later in this chapter. For complete information on how a school should proceed when a student dies see, Appendix D of the Handbook.)

All other withdrawals without student notification

Clarification

For all other withdrawals without notification at an institution not required to take attendance by an outside entity, unless the institution chooses to use the last date of an academically related activity in which the student participated as the withdrawal date, the withdrawal date is the midpoint of the payment period or the period of enrollment, as applicable.

Time frame for the determination of a withdrawal date for an unofficial withdrawal

Time frame for the determination
34 CFR 668.22(j)(2)

All other withdrawals
34 CFR 668.22(c)(1)(iii)

A school may not know that a student has dropped out (unofficially withdrawn) until the school checks its records at the end of an academic period. However, to ensure that Title IV funds are returned within a reasonable period of time, a school must determine the withdrawal date (for a student who withdrew without providing notification) within 30 calendar days from the earlier of (1) the end of the payment period or period of enrollment, as applicable, (2) the end of the academic year, or (3) the end of the student's educational program.

A school must develop a mechanism for determining whether a student who began attendance and received or could have received an initial disbursement of Title IV funds unofficially withdrew (ceased attendance without providing official notification or expressed intent to withdraw) during a payment period or period of enrollment, as applicable. Section 34 CFR 668.22(j)(2) requires that a school have a mechanism in place for identifying and resolving instances where a student's attendance through the end of the period cannot be confirmed. That is, institutions are expected to have procedures for determining when a student's absence is a withdrawal. The school must make that determination as soon as possible but no later than 30 days after the end of the earlier of:

- the payment period or period of enrollment, as applicable,
- the academic year, or
- the program.

When students fail to earn a passing grade in any class

When a student fails to earn a passing grade
DCL GEN-04-03 Revised, November 2004

An institution must have a procedure for determining whether a Title IV recipient who began attendance during a period completed the period or should be treated as a withdrawal. We do not require that an institution use a specific procedure for making this determination.

If a student earns a passing grade in one or more of his or her classes offered over an entire period, for that class, an institution may presume that the student completed the course and thus completed the period. If a student who began attendance and has not officially withdrawn fails to earn a passing grade in at least one course offered over an entire period, the institution must assume, for Title IV purposes, that the student has unofficially withdrawn, unless the institution can document that the student completed the period.

Testing the Use of a Grading Policy

If a school uses its grading policy to determine whether students with failing grades have unofficially withdrawn, during compliance audits and program reviews, student records might be examined to determine whether the grades assigned accurately represent the students' attendance.

Reminder

When a School Cannot Document Attendance for a Student Who Fails to Complete a Course

If a student does not complete at least one course during a payment period and the school cannot document that the student attended at least one day during that payment period, the student must be treated as one who never began attendance for the payment period. In such a case, the regulations under 34 CFR 668.21 apply and Title IV aid disbursed to the student for the payment period must generally be returned.

In some cases, a school may use its policy for awarding or reporting final grades to determine whether a student who failed to earn a passing grade in any of his or her classes completed the period. For example, a school might have an official grading policy that provides instructors with the ability to differentiate between those students who complete the course but failed to achieve the course objectives and those students who did not complete the course. If so, the institution may use its academic policy for awarding final grades to determine that a student who did not receive at least one passing grade nevertheless completed the period. Another school might require instructors to report, for all students awarded a non passing grade, the student's last day of attendance (LDA). The school may use this information to determine whether a student who received all "F" grades withdrew. If one instructor reports that the student attended through the end of the period, then the student is not a withdrawal. In the absence of evidence of a last day of attendance at an academically related activity, a school must consider a student who failed to earn a passing grade in all classes to be an unofficial withdrawal.

Example of a Grading Policy That Could Be Used to Determine Whether a Student Unofficially Withdrew

F (Failing) Awarded to students who complete the course but fail to achieve the course objectives.

I-U (Incomplete-Unauthorized) Awarded to students who did not officially withdraw from the course but who failed to participate in course activities through the end of the period. It is used when, in the opinion of the instructor, completed assignments or course activities or both were insufficient to make normal evaluation of academic performance possible.

To serve as documentation that a student who received all "F" grades had not withdrawn, such a grading policy would have to require instructors to award the "F" (or equivalent grade) only to students who completed the course (but who failed to achieve the course objectives). In addition, the policy would have to require that instructors award an alternative grade, such as the "I-U" grade, to students who failed to complete the course. If the system allows an instructor to indicate the date the student last participated in course activities, this date would be helpful if an institution chose to use attendance at an academically related activity as a student's withdrawal date.

At a school using such a grading policy, if a student received at least one grade of "F", the student would be considered to have completed the course and, like a student who received at least one passing grade, would not be treated as a withdrawal. A student who did not officially withdraw and did not receive either a passing grade or an "F" in at least one course must be considered to have unofficially withdrawn. As noted previously, when a student unofficially withdraws from an institution that is not required to take attendance, the institution may use either the student's last date of attendance at an academically related activity or the midpoint of the period as the student's withdrawal date.

Last date of attendance at an academically related activity

Last date of attendance at an academically related activity
34 CFR 668.22(c)(3)

A school that is not required to take attendance may always use a student's last date of attendance at an academically related activity, as documented by the school, as the student's withdrawal date, in lieu of the withdrawal dates listed previously. So, if a student begins the school's withdrawal process or otherwise provides official notification of his or her intent to withdraw and then attends an academically related activity after that date, the school would have the option of using that last actual attendance date as the student's withdrawal date, provided the school documents the student's attendance at the activity. Similarly, a school could choose to use an earlier date if it believes the last documented date of attendance at an academically related activity more accurately reflects the student's withdrawal date than the date the student began the school's withdrawal process or otherwise provided official notification of his or her intent to withdraw. Please note that a school is not required to take class attendance to demonstrate academic attendance for this purpose. For more information on what qualifies as academically related activity, see the discussion under *Academic attendance and attendance at an academically related activity.*

Withdrawals after rescission of official notification

Withdrawals after rescission of official notification
34 CFR 668.22(c)(2)(i)

A student may provide official notification to the school of the intent to withdraw and then change his or her mind. To allow a student to rescind his or her intent to withdraw for purposes of this calculation, the school must obtain a written statement from the student stating his or her intent to remain in academic attendance through the end of the payment period or period of enrollment. If the student subsequently withdraws after rescinding an intent to withdraw, the withdrawal date is the date the student first provided notification to the school or began the school's withdrawal process, unless the school chooses to document a last date of attendance at an academically related activity.

For example, Dave notifies his school of his intent to withdraw on January 5. On January 6, Dave notifies the school that he has changed his mind and has decided to continue to attend the school, and provides the required written statement to that effect. On February 15, Dave notifies the school that he is withdrawing and actually does. The school has a record of an exam that Dave took on February 9. The school may use February 9 as Dave's withdrawal date.

If the school could not or did not choose to document a last date of attendance at an academically related activity for Dave (in this case, the record of the exam), his withdrawal date would be January 5, the date of Dave's original notification of his intent to withdraw, not February 15.

Academic attendance and attendance at an academically related activity

Academic Attendance
34 CFR 668.22(l)(7)

Counting Excused Absences As Days in Attendance

A school may only count as days in attendance excused absences that are followed by some class attendance. That is, a school may not include as days attended any excused absences that occur after a student's last day of actual attendance.

For a school that is required to take attendance, the withdrawal date is always the last date of academic attendance as determined by the school from its attendance records. A school that is not required to take attendance may always use as a withdrawal date a student's last date of attendance at an academically related activity.

Moreover, the school (not the student) must document

- that the activity is academic or academically related, and
- the student's attendance at the activity.

Academically related activities include but are not limited to the following:

- physically attending a class where there is an opportunity for direct interaction between the instructor and students;
- submitting an academic assignment;
- taking an exam, completing an interactive tutorial, or participating in computer-assisted instruction;
- attending a study group that is assigned by the school;
- participating in an online discussion about academic matters; and
- initiating contact with a faculty member to ask a question about the academic subject studied in the course.

A school that is required to take attendance may use the school's records of attendance at these activities as evidence of attendance, provided there is no conflict with the requirements of an outside entity that requires the school to take attendance or, if applicable, the school's own requirements.

Academically related activities do not include activities where a student may be present but not academically engaged, such as:

- living in institutional housing,
- participating in the school's meal plan,
- logging into an online class without active participation,
- participating in academic counseling or advisement.

Participation in academic counseling and advising are not considered to be academic attendance or attendance at an academically related activity.

Documenting attendance when students are enrolled in distance education courses

In a distance education context, documenting that a student has logged into an online class is not sufficient, by itself, to demonstrate academic attendance by the student. A school must demonstrate that a student participated in class or was otherwise engaged in an academically related activity, such as by contributing to an online discussion or initiating contact with a faculty member to ask a course-related question.

Examples of acceptable evidence of academic attendance and attendance at an academically-related activity in a distance education program include:

- student submission of an academic assignment,
- student submission of an exam,
- documented student participation in an interactive tutorial or computer-assisted instruction,
- a posting by the student showing the student's participation in an online study group that is assigned by the institution,
- a posting by the student in a discussion forum showing the student's participation in an online discussion about academic matters, and
- an e-mail from the student or other documentation showing that the student initiated contact with a faculty member to ask a question about the academic subject studied in the course.

Maintaining Records

A school must determine and maintain the records that most accurately support its determination of a student's withdrawal date and the school's use of one withdrawal date over another if the school has conflicting information.

At a school that is not required to take attendance, but is using a last date of attendance at an academically related activity as a withdrawal date, it is up to the school to ensure that accurate records are kept for purposes of identifying a student's last date of academic attendance or last date of attendance at an academically related activity.

Documentation of a withdrawal date

A school must document a student's withdrawal date and maintain that documentation as of the date of the school's determination that the student withdrew. A school must determine the attendance records that most accurately support its determination of a student's withdrawal date and the school's use of one date over another if the school has conflicting information. The determination of a student's withdrawal date is the responsibility of the school. A student's certification of attendance that is not supported by institutional documentation is not acceptable. If a school is required to take attendance, it is up to the school to ensure that accurate attendance records are kept for purposes of identifying a student's last date of academic attendance.

As with other Title IV program records, documentation must be retained and available for examination in accordance with the regulatory provisions for recordkeeping (34 CFR 668.24).

Documenting a student's withdrawal date
34 CFR 668.22(b)(2)
34 CFR 668.22(c)(4)

Determining a student's withdrawal date at a school that is not required to take attendance
34 CFR 668.22(c)

Withdrawals from programs offered in modules

Withdrawal from programs offered in modules
DCL-GEN-11-14, July 2011

Under the October 29, 2010, final regulations, for all programs offered in modules, a student is considered to have withdrawn for Title IV purposes if the student ceases attendance at any point prior to completing the payment period or period of enrollment, unless the school obtains written confirmation from the student at the time of the withdrawal that he or she will attend a module that begins later in the same payment period or period of enrollment.

In addition, for a student in a non-term or nonstandard-term program offered in modules, a student is considered to have withdrawn from the program if the student is not scheduled to begin another course within the payment period or period of enrollment for more than 45 calendar days after the end of the module the student ceased attending, unless the student is on an approved leave of absence. So, for a student in a non-term or nonstandard-term program offered in modules who ceases attendance, the student is considered to have withdrawn for Title IV purposes unless the school obtains written confirmation from the student at the time of the withdrawal that he or she will attend a module that begins later in the same payment period or period of enrollment, provided the later module the student will attend begins no later than 45 calendar days after the end of the module the student ceased attending.

If a school obtains a written confirmation of future attendance but the student does not return as scheduled, the student is considered to have withdrawn from the payment period or period of enrollment. The student's withdrawal date and the total number of calendar days in the payment period or period of enrollment are the withdrawal date and total number of calendar days as of the student's last day of attendance (those that would have applied if the student had not provided written confirmation of future attendance).

As discussed in Chapter 1 under *Treatment of students who withdraw from clock-hour programs, non-term credit hour programs, and nonstandard term credit-hour programs with terms that are not substantially equal (and in which no term is less than 9 weeks in length), and then transfer to a new school or reenter the same school in a similar program,*if a student who withdraws from a clock-hour or non-term credit hour program returns to the same program at the school within 180 calendar days, the student is treated as though he or she did not cease attendance. Similarly, if a student enrolled in a term-based credit-hour program offered in modules who withdrew without confirming an intent to return to a module later in the payment period or period of enrollment reenters the same program prior to the end of the payment period or period of enrollment, the student is treated as if he or she did not cease attendance.

When an Administrative Withdrawal Is Mandated by School Policy

If a school has a policy to administratively withdraw a student who fails to begin attendance in another course within a period of time that is less than the 45-day period, the student is considered a withdrawal for Title IV purposes, and the school must determine the student's withdrawal date in accordance with the requirements for administrative withdrawals.

For a school that is required to take attendance, a student's withdrawal date is always the last date of academic attendance as determined by the school from its attendance records. At a school that is not required to take attendance, an administrative withdrawal is considered to be a withdrawal without student notification due to circumstances beyond the student's control, and the withdrawal date is the date that the school determines is related to that circumstance (34 CFR 668.22 (c)(1)(iv)).

The last possible date of withdrawal for a student that is administratively withdrawn due to a period of nonattendance for a specified period is the date that started the period of nonattendance (i.e., the beginning of the period of nonattendance that triggered the administrative withdrawal).

Determining if a program is offered in modules

A program is offered in modules if, for a payment period or period of enrollment, a course or courses in the program do not span the entire length of the payment period or period of enrollment. The determination of whether a program is offered in modules is made on a payment-period-by-payment-period or period of enrollment-by-period of enrollment basis, as appropriate, and is student specific. So, while some payment periods or periods of enrollment in a student's program may be considered to be offered in modules, others may not. If all the courses in a program for a particular payment period or period of enrollment, as applicable, span the entire length of the period, the program is never considered to be offered in modules for that period for any student who withdraws during the period.

Conversely, if none of the courses in a program for a particular payment period or period of enrollment span the entire length of the period, the program is always considered to be offered in modules for that period for a student who withdraws during the period. If some courses in the program for a particular payment period or period of enrollment span the entire length of the period but some do not, the program is considered to be offered in modules only for a student who is scheduled to attend at least one course that does not span the entire length of the period and who withdraws during the period.

For example, an institution offers a credit-hour program in semesters with two optional summer sessions. All the courses in the fall and spring semesters span the entire length of the semester. The two summer sessions are offered sequentially and are each seven weeks long. The institution chooses to combine the summer sessions into one term. Students have the option to enroll in either session or both sessions. The fall and spring semesters are never considered to be offered in modules for any student who withdraws because all classes span the entire length of the payment period (the term). However, for the summer sessions, where the payment period is the term comprising both sessions, all students who withdraw are considered to be withdrawing from a program offered in modules (with each session being a module) because none of the courses offered span the entire length of the payment period. If, for the summer term, the institution also offered courses that were 14 weeks in length (i.e., spanned the entire length of the payment period) and a student who withdrew was scheduled to attend only these 14-week-long courses, the program would not be considered to be offered in modules for purposes of determining the applicability of the return of Title IV funds requirements to that student's withdrawal.

A specific program might be classified as one that a school offers in standard terms, nonstandard terms, or even as a non-term program. However, determinations about which format a student is attending are made on a student-by-student and semester-by-semester basis.

Consider a student enrolled in a program offered predominantly in standard terms without modules. However, the third semester of the program is composed of clinical coursework offered in modules. If a student withdraws during the third semester, the student would have to be treated as one who withdrew from a modular program.

How to determine whether a student in a program offered in modules has withdrawn

Schools can determine whether a student enrolled in a series of modules is a withdrawal by asking the following three questions.

1. After beginning attendance in the payment period or period of enrollment, did the student cease to attend or fail to begin attendance in a course he or she was scheduled to attend?

   If the answer is no, this is not a withdrawal. If the answer is yes, go to question 2.

2. When the student ceased to attend or failed to begin attendance in a course he or she was scheduled to attend, was the student still attending any other courses?

   If the answer is yes, this is not a withdrawal; however, other regulatory provisions concerning recalculation may apply. If the answer is no, go to question 3.

3. Did the student confirm attendance in a course in a module beginning later in the period (for non-term and nonstandard-term programs, this must be no later than 45 calendar days after the end of the module the student ceased attending)?

   If the answer is yes, this is not a withdrawal, unless the student does not return. If the answer is no, this is a withdrawal and the return of Title IV Funds requirements apply.

Note: See the discussion under If a student remains enrolled only in non-Title IV-eligible courses in Chapter 1 for more information about a student in a term-based module program who remains enrolled only in non-Title IV-eligible courses.

Examples of using the three questions to determine whether a student who is scheduled to complete two courses in each of the first two of three modules within a payment period has withdrawn

Scenario 1

The student begins attendance in both courses in the first module but ceases to attend both courses after just a few days and does not confirm that he will return to any courses in modules two or three. The student is a withdrawal because he or she ceased to attend courses he or she was scheduled to attend (Yes to question 1); was not still attending any other courses (No to question 2); and did not confirm attendance in a course in a module beginning later in the period (No to question 3).

Scenario 2

If, however, the student begins attendance in both courses in the first module but drops just one of the courses after just a few days, the student is not a withdrawal. Although the student ceased to attend a course he or she was scheduled to attend (Yes to question 1), the student was still attending another course (Yes to question 2). Of course, the student's eligibility must be recalculated.

Scenario 3

If the student completes both courses in the first module but officially drops both courses in the second module while still attending those courses, the student is not a withdrawal. Because the student officially dropped both courses in module two before they began, the student did not cease to attend or fail to begin attendance in a course he or she was scheduled to attend.(No to question 1). However, because the student did not begin attendance in all courses, other regulatory provisions concerning recalculation may apply.

When a student who has withdrawn returns within a payment period or period of enrollment

If a withdrawn student returns to the school within the same payment period or period of enrollment for a term-based program offered in modules, or within 180 calendar days for a clock-hour or non-term credit-hour program, the student is treated as though he or she did not cease attendance and the school must "undo" the R2T4 calculation.

As with a student who reenters a clock hour or non-term credit-hour program within 180 days, for a student who returns to a term-based credit hour program offered in modules within the same payment period or period of enrollment, the school must restore the student's original Title IV program funds award to the original amounts, with no adjustments required for partial attendance of a module. However, if a student did not attend an entire module he or she was originally scheduled to attend during the time the student was away from the school, the school must adjust the student's original Title IV fund amounts to take into account that the student never began the courses in that module.

The regulations require that funds be returned to the Department or delivered or offered to a student due a post-withdrawal disbursement within a specified period of time, and a school is expected to begin the R2T4 process immediately upon its determination that a student has withdrawn in order to perform any required actions in a timely manner. (See the chart *Return of Title IV Funds Requirements and Deadlines* near the end of this chapter for a description of all time-limited actions.) Therefore, once it has determined that a student has withdrawn, a school may not delay performing an R2T4 calculation to see if the student will return later in the payment period or period of enrollment.

For further treatment of this topic, please see the discussion under *Treatment Of Students Who Withdraw From Clock-Hour Programs, Non-Term Credit Hour Programs, And Nonstandard Term Credit-Hour Programs With Terms That Are Not Substantially Equal (And In Which No Term Is Less Than 9 Weeks In Length), and Then Transfer To A New School Or Reenter The Same School In A Similar Program* in Chapter 1.

Written confirmation of future attendance

A student is not considered to have withdrawn if the school obtains a written confirmation from the student at the time of the withdrawal that he or she will attend a module that begins later in the same payment period or period of enrollment. This confirmation must be obtained at the time of withdrawal, even if the student has already registered for subsequent courses.

"At the time of the withdrawal" means close to the date that the student actually ceased attendance and before the time when the school was required to return Title IV funds, offer any post-withdrawal disbursement of loan funds, or take any other action under the R2T4 requirements. Without confirmation of future attendance, a school must assume a student who has ceased attendance is a withdrawal and begin the R2T4 process. A school is expected to begin the R2T4 process immediately upon its determination that a student has withdrawn in order to perform required actions in a timely manner and may not delay the R2T4 process, in case a student might return. Of course, because the notice must confirm attendance in a module that begins later in the same payment period or period of enrollment, the notice must always be obtained prior to the beginning of the module in which the student is confirming attendance.

A student who has provided written confirmation of his or her intent to return is permitted to change the date of return to a module that begins even later in the same payment period or period of enrollment, provided that the student does so in writing prior to the return date that he or she had previously confirmed, and, for non-term and nonstandard-term programs, the later module that he or she will attend begins no later than 45 calendar days after the end of the module the student ceased attending.

Online Confirmation of Attendance

An online confirmation of future attendance from a student may constitute written confirmation that the student will attend a module that begins later, provided that the confirmation is a timely positive confirmation of future attendance. A school may not assume a student will be returning for a later module in which he or she was registered before the student ceases attendance. Rather, the school must ensure that the online confirmation requires the student to reaffirm attendance in a module that begins later in the period if that attendance is the basis for the future attendance. Of course, if at the time of the withdrawal, the student enrolled in a course in a later module in the same payment period or period of enrollment (that the student was not previously scheduled to attend), the newly added course would count as positive confirmation of future attendance for Title IV program purposes.

Why a Student Who Ceases Attendance Between Modules is Considered Withdrawn

A student who ceases attendance between modules that he or she was scheduled to attend is considered to have withdrawn because: (1) the student has not completed all the days in the payment period that he or she was scheduled to complete (§668.22(a)(2)(i)(A)); and (2) his or her Title IV aid was based on attendance in all the modules he or she was originally scheduled to attend.

For example, a student enrolls in two three-credit courses in the first module (35 days in the module) and one three-credit course in the second module of a semester (35 days in the second module), comprising three modules of five weeks each. The student completes the two courses in the first module but never begins attendance in the second module and does not provide written confirmation of future attendance in the payment period (the semester). The student is considered to have withdrawn because the student was scheduled to complete, but did not complete, the days in the second module. Under the regulations, completion of one course in one module in a term-based credit-hour program no longer results in a student not being counted as a withdrawal; therefore, the institution would make a determination that the student earned 50% of his or her Title IV, HEA program funds (35 days ÷ 70 days = 50%).

When a student drops all future classes between modules

Unless a student provides written confirmation of future attendance in the payment period or period of enrollment, a student who drops all the future classes that he or she was scheduled to attend between modules (when the student is not attending classes) is considered to have withdrawn, and an R2T4 calculation is required.

Adjustment to a student's enrollment status made after a student has ceased attendance have no bearing on the R2T4 **requirements.** Therefore, if a student who is scheduled to attend all three modules in a payment period or period of enrollment drops all future classes (the two remaining modules) during the period between the first and second module (when the student is not attending any classes), the days in modules two and three are included in the total number of calendar days in the payment period or period of enrollment. The days in the remaining modules are included whether the student ceased attendance during or completed the first module.

The days in the remaining modules are included in the number of days in the payment period or period of enrollment whether the student's future enrollment is cancelled by the student or by the school (for example, because the school cancels the class or drops the student from the class because the school determines that the student's grades in prior classes do not allow the student to progress to the next class).

When a student drops classes on the same day the student withdraws

If a student drops classes (or is administratively dropped by a school) on the same day the student withdraws, the student's enrollment status is not adjusted to reflect the dropped classes for R2T4 purposes.

Classes dropped on the same day that the student withdraws have no bearing on the R2T4 requirements. A school must perform an R2T4 calculation that includes those classes in the days in all modules the student was scheduled to attend.

When a student enrolled in modules within a term drops all future courses on the last day of a completed module

Clarification

If a student drops all future classes in a payment period or period of enrollment on the same day the student completes a module, the student is not considered a withdrawal. For example, if a student who is enrolled in modules one and three of a three-module term drops all classes in module three on the last day of module one, the student is not considered to have withdrawn and no R2T4 calculation is required. **However, the student's eligibility for Title IV aid must be recalculated based on a revised cost of attendance (COA) and enrollment status.**

Reminder

If the student fails to begin classes in the next scheduled term, in its next NSLDS enrollment status report the school must report the student's status as "W" with the day of the completed module as the student's last day of attendance. In addition, if the student initially had a Direct Loan with a loan period that spanned more than one semester, the school must adjust the loan period in COD so that it ends on the last day of the first semester. (DCL GEN-13-13.).

Recalculation

Schools should review the recalculation guidelines in Volume 3.

Note that a school that performs a Return of Title IV Funds calculation on a period of enrollment basis for a student enrolled in a program offered in modules may not include in the recalculated COA any costs associated with a future payment period for which the student has not confirmed attendance at the time of withdrawal and that does not start within 45 days.

Withdrawal date from a program offered in modules

For a school that is required to take attendance, a student's withdrawal date is always the last date of academic attendance as determined by the school from its attendance records (34 CFR 668.22 (b)(1)). For a school that is not required to take attendance, the withdrawal date is determined in accordance with the requirements of section 34 CFR 668.22 (c).

The withdrawal date for a student who withdraws from a school that is not required to take attendance when the student does not provide official notification to the school of his or her withdrawal (i.e., unofficially withdraws) is the midpoint (the 50% point) of the payment period or period of enrollment.

To determine the midpoint of the payment period or period of enrollment for a student who withdraws from a program offered in modules, a school must first determine the length of the payment period or period of enrollment (i.e., the total number of calendar days in the period) as discussed under *Determining the percentage of the payment period or period of enrollment completed for a student who withdraws from a program offered in modules* later in this chapter.

Consider a student who, after completing the first module, withdraws on day 20 of the second module of a period comprising two eight-week modules with a four-day break in between. The total number of calendar days in the payment period or period of enrollment includes all days in the payment period or period of enrollment, excluding days in which the student was on an approved leave of absence and scheduled breaks of at least five consecutive days when the student is not scheduled to attend a module or other course offered during that period of time. Because there are no scheduled breaks of at least five consecutive days during or between the modules, the total number of calendar days in the period would be the total number of days in each module (8 weeks x 7 days = 56 days in each module; 56 days x 2 modules=112 days in the modules) plus the four days between the modules (112 days in the modules + 4 days between modules) for a total of 116 calendar days in the period. Therefore, the midpoint and, thus, the withdrawal date, would be day 58.

Determining the percentage of the payment period or period of enrollment completed for a student who withdraws from a program offered in modules

In determining the percentage of the payment period or period of enrollment completed for a student who withdraws from a program offered in modules, the school includes in the denominator (the total number of calendar days in the payment period or period of enrollment) all days within the period that the student was scheduled to complete (including those completed by the student) prior to ceasing attendance, excluding days in which the student was on an approved leave of absence and excluding any scheduled breaks of at least five consecutive days when the student was not scheduled to attend a module or other course offered during that period of time.

For non-term credit-hour programs offered in modules, a school must take into consideration any credits that a student has attempted, but not successfully completed before withdrawing, as well as whether the program is self-paced when determining the total number of calendar days in the period. For more information, see *Credit hour programs* under *Percentage of Title IV aid earned for withdrawal from a credit-hour non-term program* later in this chapter. The numerator includes the number of the total days in the payment period or period of enrollment that the student has completed.

Adjustments to a student's enrollment status made after the student ceases attendance have no bearing on the R2T4 requirements. Thus, if a student enrolled in three modules completes one module and drops the two remaining modules after ceasing attendance, the total number of calendar days in this student's payment period or period of enrollment would include the days in all three modules, except for any scheduled breaks of at least five consecutive days when the student is not scheduled to attend a module or other course offered during that period of time, and days in which the student was on an approved leave of absence. However, if the student drops the classes in the two remaining modules prior to ceasing attendance (necessitating a recalculation of the student's eligibility for Title IV funds), the total number of calendar days in the student's payment period or period of enrollment would include only the days in the first module, except for any scheduled breaks of at least five consecutive days and days in which the student was on an approved leave of absence. Note that scheduled breaks include both those within and between modules. So, breaks of less than five consecutive days, including those that take place between modules, are included in the total number of days in the period, and breaks longer than five days within or between modules are not.

When a Student Who Failed Hours in the Payment Period Withdraws From a Non-Term Credit Hour Program Offered in Modules, the Payment Period Must Be Extended

When a student who failed hours in the payment period withdraws from a non-term credit hour program offered in modules, the total number of calendar days in the period must reflect the actual days the student would have had to attend to successfully complete all the hours the student was originally scheduled to complete in the period.

The regulations (34 CFR 668.22(f)(2)) provide that the total number of calendar days in a payment period or period of enrollment include all days within the period that the student was scheduled to complete, except that scheduled breaks of at least five consecutive days and days on which the student was on an approved leave of absence are excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period. DCL GEN-04-03 Revised (November 2004) provides that, for non-term credit hour programs, if the student has not successfully completed any courses in the payment period, the payment period must be extended to reflect the number of days in the failed courses that the student did not successfully complete. The regulations (34 CFR 668.4(c)) also define how payment periods are determined for non-term credit hour programs. Completion of a payment period occurs when a student successfully completes the hours and weeks of instructional time in the period. Section 34 CFR 668.4(h) provides that a student successfully completes credit hours if the institution considers the student to have passed the coursework associated with those hours. If a student has not passed all the coursework associated with the hours in the payment period (in addition to completing the weeks of instructional time), the student has not completed the payment period.

When performing an R2T4 calculation for a student who did not pass all the coursework associated with the hours in the payment period, a school must add to the total number of calendar days in the payment period the number of additional days beyond the original end date of the payment period that it would have taken for the student to complete the credits associated with the courses the student did not pass and that ended prior to the student's withdrawal.

If more than one course must be added for successful completion of the hours in the payment period and those courses could have been taken concurrently by the student had he or she remained enrolled, then the payment period would be extended by the days necessary to take the courses concurrently. However, if the only way the student could have taken the courses was consecutively, then the added days must reflect the days it would have taken to complete the courses consecutively. If prior to a student's withdrawal, the student has added a course or courses to complete within the original payment period hours previously failed, the payment period would reflect the original end date. (Guidance issued 9/14/2012.)

When a Student Who Was Enrolled in a Module Within a Term Withdraws from the Module, and the School Later Determines that the Student Failed to Begin the Term-Long Courses

Consider a student enrolled in a credit-hour, term-based program. The student originally enrolls in courses that span the entire 16-week term AND an eight-week module that starts in week nine and ends in week 16.

The student begins the eight-week module and withdraws.

After the term ends, the registrar receives "never attended" F-grades for the student for the courses that spanned the term.

The school must determine what days to use in the denominator of the R2T4 calculation for withdrawal from module 2.

A school is required to have a system that allows the school to determine (within a reasonable amount of time) whether a student to whom it has disbursed Title IV funds has begun the classes upon which the student's Title IV aid was based. Because the school failed to make the determination that the student did not begin the 16-week semester and change the student's enrollment status before the student started and withdrew from the modular course, the school must use the number of days in the entire 16-week term in the denominator of the R2T4 calculation.

(*Adjustments to a student's enrollment status made after a student has ceased attendance have no bearing on the R2T4 requirements*.)

Before performing the required R2T4 calculation, the school must recalculate the student's eligibility for Pell Grant and Campus-Based funds based on a revised cost of education and enrollment status (that do not include any costs associated with the classes the student failed to begin), and return any Title IV funds the school received that were based on the student's enrollment in the term-long courses.

The school then performs an R2T4 calculation using the student's revised award.

If the school made a first disbursement of Direct Loan funds, those funds are included in the R2T4 calculation as *Aid that could have been disbursed* as an inadvertent overpayment.

If the student received a second disbursement of Direct Loan funds (which could happen up to 10 days before the start of the next payment period) and the student never began enrollment at least half time, the disbursement is not permitted under the regulations. The school must return the entire amount of the second Direct Loan disbursement, and should not include those funds in the R2T4 calculation.

Aid to include in the R2T4 calculation

If a student withdraws before beginning attendance in the number of credit hours for which the Federal Pell Grant and Campus-Based funds were awarded, before performing the required R2T4 calculation, a school must recalculate the student's eligibility for Pell Grant and Campus-Based funds based on a revised cost of education and enrollment status (34 CFR 690.80(b)(2)(ii)). The school then performs an R2T4 calculation using the student's revised award.

For such a student, a change in enrollment status to less than half time as a result of the failure to begin attendance in all subsequent modules would not affect the student's eligibility for any federal education loan funds previously received because at the time the previous disbursements were made, the student was still scheduled to attend on at least a half-time basis. (Of course, a student may not receive as a late disbursement any second or subsequent disbursement of the loan.)

A school may not disburse the proceeds of a Direct Loan to an ineligible borrower. Therefore, if a student who was enrolled in a series of modules withdraws before beginning attendance as a half-time student and the student had not received the first disbursement of Title IV loan before withdrawing, the school may not make the first disbursement because the school knows the student was never enrolled on at least a half-time basis.

Title IV program funds are disbursed to a student on the presumption that he or she will attend the hours for which aid has been awarded. Therefore, a school is not required to delay the disbursement of Title IV program funds until a student has attended enough hours to qualify for the enrollment status for which the funds were awarded. However, if the student has withdrawn and has not begun attendance in enough courses to establish a half-time enrollment status, the presumption is no longer valid. Thus, the school may not make a first disbursement of a Direct Loan to such a student. Section 668.164(j)(3)(iii), which permits a school to make a late disbursement of a Direct Loan for costs incurred to a student who did not withdraw but ceased to be enrolled as at least a half-time student, does not apply because the student never really was a half-time student.

Recalculation for Students Withdrawing From Non-Term Programs Offered in Modules

Any time a student enrolled in a non-term program offered in modules changes his or her enrollment status before beginning all the classes on which the student's eligibility for Title IV aid was calculated, the school must recalculate the student's COA to determine if the student's eligibility for Campus-Based funds has changed. The school may not include in the COA costs associated with any classes the student failed to begin. The school does not have to recalculate the student's eligibility for Pell Grants because Pell Grant eligibility for a student enrolled in a non-term program is always based on the full-time enrollment schedule. A school does not have to recalculate a student's eligibility for Direct Loans as long as the student has begun at least one class.

When a student enrolled in a non-term program offered in modules withdraws, a school that calculates returns of Title IV aid on a period of enrollment basis may not include in the recalculated COA any costs associated with future payment period for which the student has not confirmed attendance at the time of withdrawal and that does not start within 45 days.

A school that calculates returns of Title IV aid on a period of enrollment basis may not include in an R2T4 calculation as *Aid that could have been disbursed* aid associated with a subsequent payment period for which the student would not be eligible after the recalculation.

For example, take a credit-hour program where each semester comprises three modules of five weeks each. If a student enrolls in one three-credit course in the first module and one three-credit course in the second module, the student will not begin attendance in six credit hours, the school's minimum half-time enrollment status, until starting the course in the second module. The school is not required to, nor should it, delay the disbursement of the student's Direct Loan Program funds until the student begins the course in the second module. However, if the student withdraws during the first module and the school has not made the first disbursement of a Direct Loan to the student prior to the withdrawal, the school may not make that first disbursement of the Direct Loan to the student at this point (although the loan would be included as *Aid that could have been disbursed).*

Part 2—Percentage of Aid Earned

Percentage of payment period or period of enrollment completed
34 CFR 668.22(f)

Percentage of payment period or period of enrollment completed

Once a student's withdrawal date is determined, a school needs to calculate the percentage of the payment period or period of enrollment completed. The percentage of the payment period or period of enrollment completed represents the percentage of aid earned by the student. This percentage is determined differently for students who withdraw from credit-hour programs and students who withdraw from clock-hour programs.

Scheduled breaks
34 CFR 668.22(f)(2)(i) and (ii)(B)

Scheduled breaks

Institutionally scheduled breaks of five or more consecutive days are excluded from the R2T4 calculation as periods of nonattendance and, therefore, do not affect the calculation of the amount of Title IV aid earned. This provides for more equitable treatment of students who officially withdraw near either end of a scheduled break. In those instances, at institutions not required to take attendance, a student who withdrew after the break would not be given credit for earning an additional week of funds during the scheduled break but would instead earn funds only for the day or two of training the student completed after the break. If a scheduled break occurs prior to a student's withdrawal, all days between the last scheduled day of classes before a scheduled break and the first day classes resume are excluded from both the numerator and denominator in calculating the percentage of the term completed. (If the withdrawal occurs prior to a scheduled break, the days in the break are excluded only from the denominator.)

If a student officially withdraws while on a scheduled break of less than five days, the date of the student's notification to the institution is the student's withdrawal date (Withdrawing during a scheduled break of less than five days does not affect the date the school uses as the date of withdrawal in an R2T4 calculation.)

The beginning date of a scheduled break is defined by the school's calendar for the student's program. In a program where classes only meet on Saturday and/or Sunday, if a scheduled break starts on Monday and ends on Friday, the five weekdays between the weekend classes do not count as a scheduled break because the break does not include any days on which classes are scheduled. Therefore, the five days would not be excluded from the numerator or denominator in Step 2 of an R2T4 calculation.

Determining the Length of a Scheduled Break

1. Determine the last day that class is held before a scheduled break—the next day is the first day of the scheduled break.
2. The last day of the scheduled break is the day before the next class is held.

Where classes end on a Friday and do not resume until Monday following a one-week break, both weekends (four days) and the five weekdays would be excluded from the R2T4 calculation. (The first Saturday, the day after the last class, is the first day of the break. The following Sunday, the day before classes resume, is the last day of the break.) If classes were taught on either weekend for the programs that were subject to the scheduled break, those days would be included rather than excluded.

Weekend Classes and Scheduled Breaks

If a community college offers regular classes on Saturday and Sunday and its academic calendar says that a scheduled break starts on a Monday and resumes with classes the following Monday, that break is seven days long.

Example of Withdrawal Date When a Student Withdraws During a Scheduled Break of Five or More Days

If a student officially withdraws while on a scheduled break of five consecutive days or more, the withdrawal date is the last date of scheduled class attendance prior to the start of the scheduled break. For example, the institution's last date of scheduled class attendance prior to spring break is Friday, March 7. Spring break at the institution runs from Saturday, March 8, to Sunday, March 16. If the student contacts the institution's designated office on Wednesday, March 12, to inform the institution that he will not be returning from the institution's spring break, the student's withdrawal date is Friday, March 7, which was the institution's last day of scheduled class attendance.

However, the date of the institution's determination that the student withdrew is March 12, the date the student actually informed the institution that he would not be returning. The date of the institution's determination that the student withdrew is used as the starting date for institutional action, such as the requirement that an institution return Title IV funds for which it is responsible no later than 45 days after this date.

Institutionally Scheduled Breaks of At Least Five Consecutive Days

TIP

Institutionally scheduled breaks of at least five consecutive days between courses/modules in the same payment period or period of enrollment are excluded from an R2T4 calculation.

If a student takes an "unscheduled break in attendance," thereby deviating from the student's original attendance plan, the school either must treat the student as a withdrawal or place the student on an "approved leave of absence" as described under *Breaks in attendance for students enrolled in programs measured in credit hours without academic terms*, in Chapter 1.

The length of a payment period can never be less than the originally scheduled length. If a student is progressing more rapidly than originally planned and the required projection calculation results in an end date that creates a shorter payment period, the school must use the original "end date" in the R2T4 calculation.

Temporary Closures Beyond Control Of The Institution

TIP

A school that temporarily closes due to weather, natural disaster, or other event outside the control of the institution should promptly contact its School Participation Team to discuss its situation. The Department will work with the school to review the effects of the temporary interruption and the impact the temporary closure will have on the school's students. You can find contact information for your school's participation team at:

ifap.ed.gov/ifap/helpContactInformationDetailedList.jsp?contactname=School%20Participation%20Division

DCL GEN 10-16

Credit-hour programs

Credit-hour programs
34 CFR 668.22(f)(1)(i)

For a credit-hour program, the percentage of the period completed is determined by dividing the number of calendar days completed in the payment period or period of enrollment, as of the day the student withdrew, by the total number of calendar days in the same period.

The number of calendar days in the numerator or denominator includes all days within the period, **except for institutionally scheduled breaks of five or more consecutive days**. Days in which the student was on an approved leave of absence would also be excluded. The day the student withdrew is counted as a completed day.

$$\frac{\textbf{number of calendar days completed in the period}}{\textbf{total number of calendar days in the period}}$$

Percentage of Title IV aid earned for withdrawal from a credit-hour non-term program

Percentage of Title IV aid earned for withdrawal from a credit-hour non-term program
DCL GEN-04-03 Revised, November 2004

The regulations provide that the percentage of Title IV aid earned by a student is equal to the percentage of the period completed by the student (except if that percentage is more than 60%, the student is considered to have earned 100% of the Title IV aid). For any credit-hour program, term-based or non-term-based, the percentage of the period completed is calculated as follows.

Scheduled breaks of at least five consecutive days and days in which the student was on an approved LOA are excluded from this calculation.

In a credit-hour non-term program, the ending date for a period and, therefore, the total number of calendar days in the period, may depend on the pace at which an individual student progresses through the program. Therefore, for a student who withdraws from a credit-hour non-term program in which the completion date of the period depends on an individual student's progress, an institution must project the completion date based on the student's progress as of his or her withdrawal date to determine the total number of calendar days in the period. (See the examples that follow.)

If a student withdraws from a self-paced, non-term credit-hour program before earning any credits, the institution must have a reasonable procedure for projecting the completion date of the period. To the extent that any measure of progress is available, the institution should base its determination on that progress (see examples 2 and 3 following this section).

For a school that offers credit-hour, non-term programs in which the student does not earn credits or complete lessons as he or she progresses through the program, the institution must have a reasonable procedure for projecting the completion date of the period based on the student's progress before withdrawal. If the total number of calendar days in the period does not depend on the pace at which a student progresses through a program (the completion date is the same for all students) and the student has not failed any courses for which he or she was paid in the payment period, the total number of calendar days in the period will be the same for all students.

Consider a non-term credit-hour program offered in modules where some or all courses are offered sequentially and all students begin and end the modules at the same time. For a student who successfully completed all modules attempted up to the time the student withdrew, the completion date (and the corresponding number of days in the R2T4 calculation) will be the number of days between the start of the first module and the originally scheduled end of the last module.

However, an institution must take into consideration any credits that a student has attempted but not successfully completed before withdrawing. (Those credits must be successfully completed before the student is considered to have completed the period.) To do this, the school must modify the denominator used in the R2T4 calculation. The school must add to the number of days between the start of the first module and the scheduled end of the last module, the number of days the student spent in the failed courses/module(s) that the student did not successfully complete.

Examples of Calculating a Completion Date for a Student Who Withdraws From a Non-Term Credit-Hour Program

Example 1, lessons completed

David enrolled in a program offered in a credit-hour non-term format and withdrew before earning any credits, but has completed two lessons. The institution uses David's completed assignments as an interim measure of his progress and compares it to information from its records about other students who have completed the same program to determine an end date.

Looking at the records of students who have completed the same program, the institution identifies other students who complete the two lessons in approximately the same amount of time as David. The school determines the number of days it took those students to complete the period. The institution uses the same number of days in the denominator of the R2T4 calculation for David.

Example 2, nothing completed

Danny enrolls in a program offered in a credit-hour non-term format. Danny withdraws before earning any credits, completing any lessons, or providing any other measure of progress toward the course or program goals at the time he withdrew. The institution uses its records to identify the student who took the longest to complete the period to determine the number of days it took that student to complete the period. The institution uses the same number of days in the denominator of the R2T4 calculation for Danny.

Examples of Calculating a Completion Date For a Student Who Withdraws from a Non-Term Credit-Hour Program, continued

Example 3, percentage completed

Barbara is enrolled in a 24 credit-hour non-term program at an institution that calculates returns of Title IV aid on a payment period basis. Students in the program are expected to complete 12 credit hours each payment period in 15 weeks (105 days).

When Barbara began classes, she received a Federal Pell Grant and a Direct Loan. She completed the 12 credit hours in the first payment period (half of the number of credit hours) in 120 days (more than half the weeks of instructional time in the program). When Barbara completed the first half of her program, she became eligible for the second disbursements of both her Federal Pell Grant and Direct Loan.

Barbara withdrew from school on day 53 of the second payment period. At the time she withdrew, Barbara had completed only one-third of the work (four credits) in the payment period. If Barbara had continued to progress at her current pace of four credits earned every 53 days, Barbara would not complete the additional eight credit hours for another 106 days. She would not complete the 12 credit hours in the second payment period until day 159.

For this student, therefore, the total number of days in the payment period (and the number used in the denominator of the R2T4 calculation) is 159. The percentage of the payment period Barbara completed before withdrawing is 33.3% (53 days completed divided by 159 total days in the payment period).

In general, to calculate the number of days in the period, do the following:

Determine the percentage of credits earned

$$\frac{\text{Number of credits completed (4)}}{\text{Number of credits in payment period (12)}} = \text{Percentage of credits earned (.333)}$$

Determine the number of days in the period

$$\frac{\text{Number of days attended (53)}}{\text{Percentage of credits earned (.333)}} = \text{Number of days in the period (159)}$$

The school enters "159" as the number of "Total Days" in Step 2, Box H of the R2T4 calculation.

Examples of Calculating a Completion Date For a Student Who Withdraws from a Non-Term Credit-Hour Program, continued

Example 4, projecting a completion date for a withdrawal from a self-paced, non-term program

Pixie is enrolled in a self-paced, 30 credit-hour, non-term program in pet grooming offered over 30 weeks at an institution that calculates Returns of Title IV aid on a payment period basis. Students in the program are expected to complete three modules of five credits hours each over the 15 weeks (105 days) in a payment period. (A student is expected to complete each five-credit module in five weeks' [35 days] time.)

It takes Pixie seven weeks (49 days) to complete 100% of the lessons in the first module, and she did not earn a passing grade (the lack of opposable thumbs was a disadvantage she could not overcome). Pixie decides to withdraw from school in order to accept a position as a cohost of the annual AKC show at Madison Square Garden.

Because Pixie is a withdrawal, the school must perform an R2T4 calculation. In addition, because Pixie was progressing more slowly than the rate expected, the school must project a new end date and a new number of "total days" to be used in the R2T4 calculation.

Important: Because Pixie was progressing at a slower rate (it took her 49 days instead of 35) to complete 100% of the lessons in the first module, the school can not simply add the length of a scheduled (make-up) module (35 days) to arrive at the projected number of days in the payment period. The school must project the number of days in the period as follows.

Determine the time it would have taken Pixie to complete the first module by dividing the number of days attended (49) by the percentage of the lessons completed.

$$\frac{\text{Number of days attended (49)}}{\text{Percentage of payment period completed (1.00)}} = \text{Number of days required to complete one module (49)}$$

Project the number of days in the payment period by multiplying the number of days required for one module (49) by the number of modules in the payment period (3) and adding a module (1) for the student to make up the module failed.

Number of days it takes a student to complete a module (49) X {Number of modules in payment period (3) + a makeup module (1)} = 4 = Number of projected days in payment period (196)

The school enters "196" as the number of "Total Days" in Step 2, Box H, of the R2T4 calculation.

Clock-hour programs

Only scheduled hours are used to determine the percentage of the period completed by a student withdrawing from a clock-hour program.

For a clock-hour program, the percentage of the period completed is determined by dividing the number of hours the student was scheduled to complete in the payment period or period of enrollment, as of the day the student withdrew, by the total number of clock hours in the same period as follows:

$$\frac{\textbf{number of clock hours the student was scheduled to complete in the period}}{\textbf{total number of clock hours in the period}}$$

Clock-hour programs
34 CFR 668.22(f)(1)(ii)

A student withdrawing from a clock-hour program earns 100% of his or her aid if the student's withdrawal date occurs after the point that he or she was scheduled to complete more than 60% of the scheduled hours in the payment period or period of enrollment.

The scheduled clock hours used for a student must be those established by the school prior to the student's beginning class date for the payment period or period of enrollment, and the hours must have been established in accordance with any requirements of the state or the institution's accrediting agency. These hours must be consistent with the published materials describing the institution's programs. However, if an institution modified the scheduled hours in a student's program prior to and unrelated to his or her withdrawal in accordance with any state or accrediting agency requirements, the new scheduled hours may be used.

When a school disburses Title IV aid to a student using different payment periods

No Attribution Necessary

If a student who withdraws from a nonstandard term credit-hour program with terms that are not substantially equal in length is disbursed aid or could have been disbursed aid using only one of the two payment period definitions, that is the payment period that is used for the calculation of earned aid, and no attribution of funds is necessary.

Nonstandard term, credit-hour programs with terms that are not substantially equal in length have two defined payment periods: one for Title IV grant and Perkins Loan funds, and one for Direct Loan funds. Because only one payment period may be used in determining earned Title IV grant and loan funds for a student who withdraws and was disbursed or could have been disbursed aid under both payment definitions, the regulations now specify the payment period a school must use in the R2T4 calculation, that is, the payment period that ends later.

Any aid disbursed for payment periods that overlap the payment period used in the calculation must be attributed to the payment **period that ends later.**

Example, Performing an R2T4 Calculation for a Student Receiving Aid Under Two Payment Period Definitions

The Ted Animal Institute (TAI) offers programs in nonstandard credit-hour terms that are not substantially equal in length.

Pixie Marley enrolls for TAI's varmint retrieval program offered over 30 weeks in three terms of 10 weeks, 6 weeks, and 14 weeks, respectively. After attending classes for 50 days, Pixie decides that she could make a greater contribution if she studied home health care. Subsequently, she withdraws from TAI.

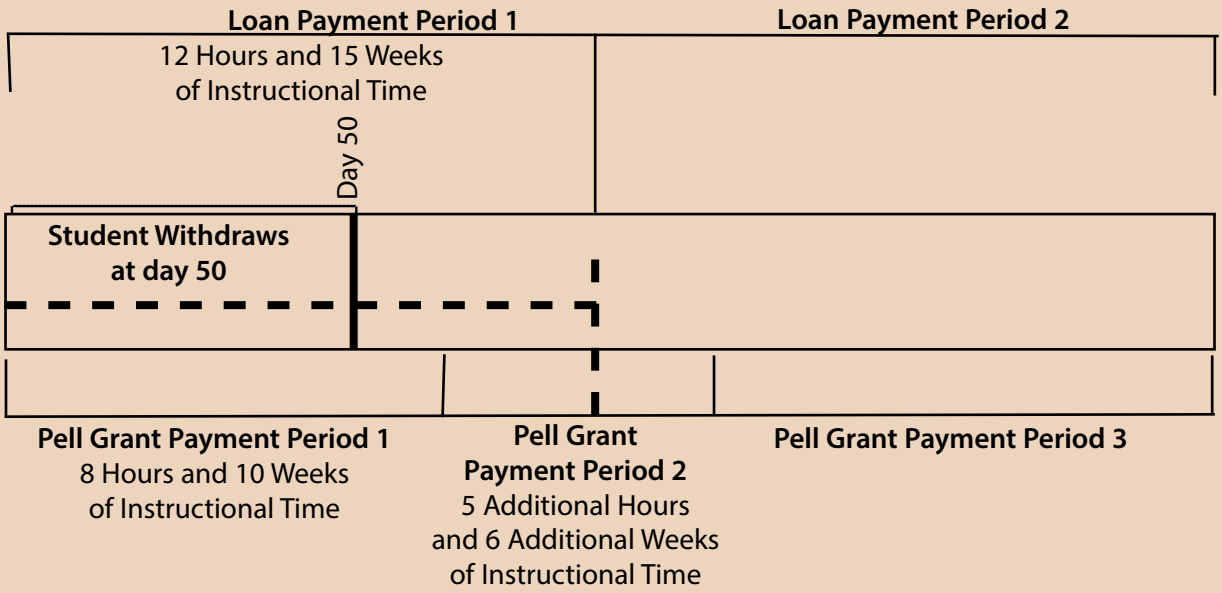
TAI's Academic Year = 24 credits hours over 30 weeks of instructional time comprising the academic year. Term 1 = 8 credits over 10 weeks. Term 2 = 5 credits over 6 weeks. Term 3 = 11 credits over 14 weeks.

Each scheduled payment period for Pixie's Direct Loans was one-half of the program's academic year or 12 credits and 15 weeks.

Pixie was scheduled to receive three disbursements (one in each payment period [PP]) of her Pell Grant as follows:
PP1 - at day 1
PP2 - at the completion of 8 hours and 10 weeks of instructional time
PP3 - at the completion of 13 hours and 16 weeks of instructional time

The scheduled disbursements and withdrawal date are shown in the graphic that follows.

Performing an R2T4 Calculation For a Student Receiving Aid Under Two Payment Period Definitions, continued



Pixie withdrew on the 50th day after the start of classes. Her Direct Loan funds were disbursed for loan payment period 1 (the first half of the academic year). Her Pell Grant funds were disbursed for Pell Grant payment period 1 (the first term, which is 10 weeks in length).

Loan payment period 1 (the Direct Loan payment period), the payment period during which the student withdrew, ends later, so that is the payment period the school is required to use for the R2T4 calculation.

As shown by the horizontal dashed line, the first two Pell Grant payment periods overlap with the Loan payment period 1, so aid that was disbursed or could have been disbursed for the two Pell Grant payment periods are attributed to loan payment period 1.

All of Pell Grant payment period 1 falls within loan payment period 1, so all of the Pell Grant funds that were disbursed for Pell Grant payment period 1 are included in the calculation. Pell Grant payment period 2 of six weeks overlaps with loan payment period 1 for five of those weeks (plus 4 weeks in loan period 2). (The loan period is 15 weeks; Pell Grant payment period 1 is 10 weeks, and five additional weeks from Pell Grant payment period 2 bring the Pell Grant payment period used in the calculation up to 15 weeks.)

To determine the amount of Pell Grant funds that could have been disbursed that are attributable to the five additional weeks, the school would take the full amount of Pell Grant funds that could have been disbursed for Pell Grant payment period 2, and multiply it by five-sixths.

When a student who received a loan with an abbreviated loan period withdraws

Clarification

As described in Chapter 1 under *Loan Principles Applicable to Reentry in and Transfer to Clock-Hour Programs, Non-Term Credit Hour Programs, and Nonstandard Term Credit-Hour Programs with Terms that Are Not Substantially Equal (in which no term is less than 9 weeks in length)*, when a student transfers to a new school and enters that type of program, and an overlap exists between academic years of the two schools, the new school may originate a loan for the remaining portion of the prior school's academic year. The abbreviated loan period— as the shortened initial loan period at the new school is commonly referred to—at the new school ends on the calendar end date of the prior school's academic year without regard to the weeks of instructional time and credit- or clock-hours. (Note that the amount of the loan for the abbreviated loan period may not exceed the remaining balance of the student's annual loan limit at the grade level applicable at the new school, and the borrower is not eligible for a new annual loan limit until the original academic year has ended.)

If a student who has received a loan for an abbreviated period withdraws, there are special considerations for the student's R2T4 calculation.

When an R2T4 calculation is performed on a payment period basis, the definition of a payment period in 34 CFR 668.4 is used. Those regulations define a payment period for clock-hour programs and non-term credit hour programs as the time it takes a student to complete half the hours and the weeks of instructional time in the program or the defined academic year, whichever is shorter. An abbreviated loan period designed to complete a prior school's academic year does not meet the definition of a payment period and should not be used as a payment period for purposes of the R2T4 calculation.

When determining what aid to include in Step 1 of an R2T4 calculation for a student who withdraws from a payment period or period of enrollment that includes an abbreviated loan period, a school follows the rules for Step 1 in R2T4 calculations described earlier in this chapter under *Student's Title IV aid information, Title IV Aid disbursed, and Title IV Aid that could have been disbursed.* In addition, when the loan period for a student does not correspond with the payment period as defined in 34 CFR 668.4 and used in the R2T4 calculation, the school must prorate the loan funds to determine the amount that should be attributed to the payment period from which the student withdrew.

Clarification

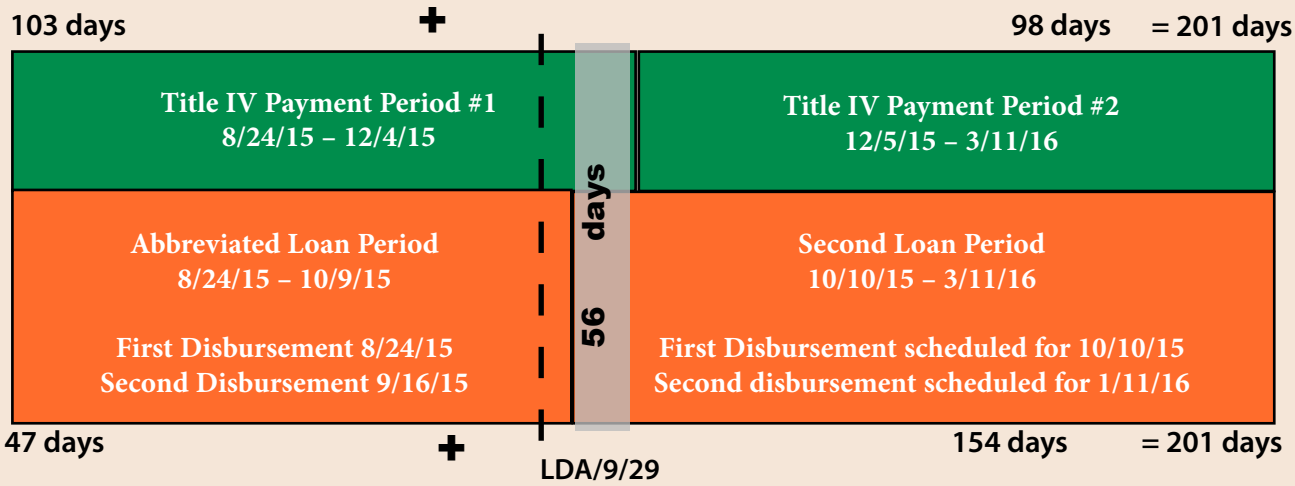
Proration for an Abbreviated Loan Period in A Non-Term Credit-Hour Program

If a student with an abbreviated loan period was enrolled in a non-term credit hour program in which the completion date of the period depends on an individual student's progress, when performing the proration to determine the amount of loan funds to include in Step 1 of the R2T4 calculation, an institution may either use the original payment period and loan period end dates, or may project the end dates of the payment period and loan period based on the student's progress as of his or her withdrawal date using the same procedure as it uses to project the student's payment period completion date when it is determining the number of days in the payment period in Step 2 of the R2T4 calculation (see Percentage of Title IV aid earned for withdrawal from a credit-hour non-term program). An institution also has the discretion to use the original payment period and loan period end dates or to project those end dates when performing this proration for a student who has withdrawn from a clock hour program. An institution must be consistent in its use of original end dates or projected end dates.

Example of an R2T4 Calculation with Overlapping Payment Periods

Consider a one year credit-hour non-term program that consists of 24 semester hours and 30 weeks of instructional time. The institution's defined academic year for the program is also 24 semester hours and 30 weeks. A student transfers into the program beginning on 8/24/15, but the academic year for the most recent Direct Loan the student received at the student's prior school ends on 10/9/15. Therefore, the student is awarded a Direct Subsidized Loan of $1,000 (the difference between the annual loan limit at the new school and the loan amount received during the overlapping academic year period at the prior school) with an abbreviated loan period that begins on 8/24/15 and ends on 10/9/15. The student does not receive any other type of Title IV aid.

The student begins attendance in the program on 8/24/15. The student's first Title IV payment period is the period of time in which the student successfully completes half of the credit hours and half of the weeks of instructional time in the academic year. If the student stays on schedule with her coursework, her first Title IV payment period will end on 12/4/15.



The student receives two disbursements of $500 each of Direct Loan funds from the $1000 loan awarded for her abbreviated loan period — one disbursement on 8/24/15 and one on 9/16/15. On September 25, the school originated a second Direct Loan for a total of $2,400 with a loan period that extends from 10/10/15 through 3/11/16 (the period during which the student is expected to complete the remaining portion of the program). The school must wait to make the first disbursement of the second loan until the student has completed the abbreviated loan period (the period of overlap with the academic year at her prior school).

Due to a family emergency, the student officially withdraws on 9/29/15.

When the school performs the R2T4 calculation for the student, it performs the calculation on a payment period basis and uses the payment period that began on 8/24/15 and was to end on 12/4/15. The school includes the $1,000 of Subsidized Direct Loan funds that was disbursed to the student as "Aid disbursed." Because the school originated the second loan prior to the student's withdrawal and the first disbursement of that loan was scheduled to be made prior to the end of Title IV Payment Period 1 (12/14/15) the school must include as *Aid that could have been disbursed*, that portion of the proceeds from the loan for second loan period (LP2) prorated to the days that are part of the first Tile IV payment period (PP1).

$$\frac{\text{(Days in LP2 that fall in PP1) } 56}{\text{(Total Days in Loan Period 2) } 154} \times 2400 = \$864.00$$

In the example above, The school may not make a post-withdrawal disbursement of funds from the second loan period because the student never completed the abbreviated loan period and began the second loan period to establish eligibility for that loan.

If the student had completed Payment Period 1 and then withdrawn, the $1,536.00 of the proceeds of the second loan prorated for Title IV Payment Period 2 would be the basis for any required R2T4 calculation.

When a student receiving Title IV aid dies during the payment period or period of enrollment

If a school determines that a student has died during a period, it must perform an R2T4 calculation. If the R2T4 calculation indicates that an institution is required to return Title IV funds, the school must return the Title IV funds for which it is responsible.

The student's estate is not required to return any Title IV funds disbursed to the student. Therefore, an institution should neither report a grant overpayment for a deceased student to the National Student Loan Data System (NSLDS), nor refer a grant overpayment for a deceased student to Debt Resolution Services. If an institution had previously reported a grant overpayment for a student who is deceased to Debt Resolution Services, it should inform Debt Resolution Services that it has received notification that the student is deceased.

The regulations governing the Direct and Federal Perkins Loan programs provide for a discharge of a borrower's obligation to repay a Federal Direct or Federal Perkins Loan if the borrower dies (including a Direct PLUS Loan borrower's obligation to repay a Direct PLUS Loan if the student on whose behalf the parent borrowed dies). If a school is aware that a student who has died has any outstanding Title IV loan debt, the school should contact the student's estate and inform it of the actions it can take to have the student's Title IV loan debt cancelled.

If a Title IV credit balance created from **funds disbursed before the death of the student** exists after the completion of the R2T4 calculation and the institutional refund calculations, the institution must resolve the Title IV credit balance in one of the following three ways:

1. In accordance with the cash management regulations, pay authorized charges at the institution (including previously paid charges that are now unpaid due to the return of Title IV funds by the institution).
2. Return any Title IV grant overpayments owed by the student for **previous withdrawals** from the present school (the school may deposit the funds in its federal funds account and make the appropriate entry in G5).

   If the institution has previously referred the grant overpayment to Debt Resolution Services, the institution should provide Debt Resolution Services with documentation that the student has died so that Debt Resolution Services can delete the overpayment from its records.
3. Return any remaining credit balance to the Title IV programs.

STEP 3: AMOUNT OF TITLE IV AID EARNED BY THE STUDENT

Amount of Title IV aid earned by the student
34 CFR 668.22(e)(1)

The amount of Title IV aid earned by the student is determined by multiplying the percentage of Title IV aid earned (Box H on the worksheet) by the total of *Title IV program Aid disbursed* plus the *Title IV Aid that could have been disbursed* to the student or on the student's behalf (Box G on the worksheet).

STEP 4: TOTAL TITLE IV AID TO BE DISBURSED OR RETURNED

Title IV aid to be disbursed or returned
34 CFR 668.22(a)(4) or (5)

If the student receives less Title IV aid than the amount earned, the school must offer a disbursement of the earned aid that was not received. This is called a post-withdrawal disbursement. If the student receives more Title IV Aid than the amount earned, the school, the student, or both must return the unearned funds in a specified order.

Part 1—Post-withdrawal disbursements

Post-withdrawal disbursements
34 CFR 668.22(a)(6)

If a post-withdrawal disbursement (PWD) is due, a school stops at Step 4, Box J on the worksheet. A school may use the Post-withdrawal Disbursement Tracking Sheet to track the handling of the post-withdrawal disbursement, or it may use a form developed by someone other than the Department. A school must maintain written records of its post-withdrawal disbursements.

R2T4 Calculation Required

For a student who withdraws after the 60% point in time, even though a return of Title IV aid is not required, a school may have to complete an R2T4 calculation to determine whether the student is eligible for a post-withdrawal disbursement.

The requirements for a post-withdrawal disbursement are similar in many areas to the requirements under Subpart K – Cash Management of the Student Assistance General Provisions regulations. However, in some cases, the post-withdrawal disbursement requirements differ from the cash management requirements.

Any post-withdrawal disbursement due must meet the current required conditions for late disbursements. For example, the Department must have processed a SAR or ISIR with an official expected family contribution (EFC) prior to the student's loss of eligibility. These conditions are listed in the chart ***Conditions and Limitations on Late Disbursements*** in Volume 4. A school is required to make (or offer as appropriate) post-withdrawal disbursements. A post-withdrawal disbursement must be made within 180 days of the date the institution determines that the student withdrew. The amount of a post-withdrawal disbursement is determined by following the requirements for calculating earned Title IV aid and has no relationship to incurred educational costs.

A school may not make a post-withdrawal disbursement of Title IV funds to the account or estate of a student who has died.

Disburse grant before loan

Disburse grant before loan
34 CFR 668.22(6)(i)

A post-withdrawal disbursement, whether credited to the student's account or disbursed to the student or parent directly, must be made from available grant funds before available loan funds. *Available grant or loan funds* refers to Title IV program assistance that could have been disbursed to the student but was not disbursed as of the date of the institution's determination that the student withdrew.

The regulations do not address how a school should ensure that Title IV funds are disbursed to the proper individual. However, a school may not require a student who has withdrawn from a school (or a parent of such a student, for Direct PLUS Loan funds) to pick up a post-withdrawal disbursement in person. Because the student is no longer attending the school, he or she may have moved out of the area and may be unable to return to the school to pick up a post-withdrawal disbursement.

Disburse Grant Before Loan—Example

If a student is due a post-withdrawal disbursement of $500, and the student has received $400 of $1,000 in Federal Pell Grant funds that could have been disbursed and $1,200 of the $2,000 in Federal Direct Loan funds that could have been disbursed, the available undisbursed funds are $600 in Federal Pell Grant funds and $800 in Direct Loan funds.

Any portion of the $500 post-withdrawal disbursement that the school makes must be from the $600 in available Federal Pell Grant funds.

Summary of actions a school must take before making a post-withdrawal disbursement

The actions a school must take before it may disburse funds from a post-withdrawal disbursement vary depending on the source of the funds.

A school must obtain confirmation from a student, or parent for a Direct Parent PLUS Loan, before making any disbursement of loan funds from a post-withdrawal disbursement.

Post-withdrawal disbursement of Title IV grant funds

A school is permitted to credit a student's account with the post-withdrawal disbursement of Title IV grant funds without the student's permission for current charges for tuition, fees, and room and board (if the student contracts with the school) up to the amount of outstanding charges. A school must obtain a student's authorization to credit a student's account with Title IV grant funds for charges other than current charges.

TIP

A school is permitted to use a student's or parent's authorization for crediting the student's account for educationally related expenses that the school obtained prior to the student's withdrawal date so long as that authorization meets the cash management requirements for student or parent authorizations. If the school did not obtain authorization prior to the student's withdrawal, the school would have to obtain authorization in accordance with the cash management requirements before the school could credit the student's account for other current charges or for educationally related activities. (See *Volume 4* for more information on student and parent authorizations.)

A school must credit the student's account with the post-withdrawal disbursement for current charges within 180 days of the date of determination.

A school must disburse any amount of a post-withdrawal disbursement of grant funds that is not credited to the student's account. Moreover, the school must make the disbursement as soon as possible but no later than 45 days after the date of the school's determination that the student withdrew.

Time frame for post-withdrawal disbursement of grant funds
34 CFR 668.22(a)(6)(ii)(B)(1)

School Activity Between Performing an R2T4 Calculation and Making a PWD

An institution may not delay its disbursement processes while it ascertains whether a student wishes to receive the grant funds the student is entitled to. However, while the institution is processing the disbursement or notifying the student about his or her eligibility for a post-withdrawal disbursement of loan funds, the school may, at its discretion, notify the student that it may be beneficial to turn down all or a portion of the grant funds to preserve his or her grant eligibility for attendance at another institution.

Of course, if a student should independently contact the institution and state that he or she does not wish to receive a grant disbursement, the institution is not required to make the disbursement.

Post-withdrawal disbursement of Title IV loan funds

Time frame for notification of eligibility for post-withdrawal disbursement of loan funds
34 CFR 668.22(a)(6)(iii)(A)

Cash management requirements for student and parent authorizations
34 CFR 668.165(b)

A school must notify a student, or parent for a Direct Parent PLUS Loan, in writing prior to making any post-withdrawal disbursement of loan funds, whether those loan funds are to be credited to the student's account or disbursed directly to the student (or parent). The information provided in this notification must include the information necessary for the student, or parent for a Direct Parent PLUS Loan, to make an informed decision as to whether the student or parent would like to accept any disbursement of loan funds and must be provided within 30 days of the date of a school's determination that a student has withdrawn. In addition, the notice must request confirmation of any post-withdrawal disbursement that the student or parent, as applicable, wishes the school to make.

The notice must identify the type and amount of the loan funds it wishes to credit to the student's account or disburse directly to the student or parent, and explain that a student, or parent for a Direct Parent PLUS Loan, may accept or decline all or a portion of the funds. The notice must also explain to the student, or parent for a Direct Parent PLUS Loan, the obligation to repay the loan funds whether they are disbursed to the student's account or directly to the borrower.

The notice must also make clear that a student, or parent for a Direct Parent PLUS Loan, may not receive as a direct disbursement loan funds that the institution wishes to credit to the student's account unless the institution agrees to do so. If the student, or parent for a Direct Parent PLUS Loan, does not wish to accept some or all of the loan funds that the institution wishes to credit to the student's account, the institution must not disburse those funds.

In the information a school provides to a student when the school informs the student that he or she is due a post-withdrawal disbursement of loan funds, the school should include information about the advantages of keeping loan debt to a minimum. If a post-withdrawal disbursement includes loan proceeds, unless the recipient needs the funds to pay educational costs, the school might want to suggest that the student cancel the loan. With a student's permission, Title IV grant funds due a student in a post-withdrawal disbursement can be used to pay down a Title IV loan, thereby reducing any post-withdrawal disbursement made directly to the student.

The school must document the result of the notification process and the final determination made concerning the disbursement and maintain that documentation in the student's file.

If a school has completed post-withdrawal loan notification (described previously) and confirmed a student's desire for any Direct Loan funds included in the post-withdrawal disbursement, the school is permitted to credit a student's account with the post-withdrawal disbursement without additional permission from the student (or parent, in the case of a Direct PLUS Loan) for current charges as described earlier.

A school may combine providing loan counseling, obtaining authorization to credit loan funds to a student's account for outstanding charges, and obtaining authorization to make a direct disbursement to the student.

Once a school has received confirmation from a student, or parent in case of a Direct PLUS Loan, that he or she wants to receive the post-withdrawal disbursement of loan funds, a school must make the post-withdrawal disbursement of Title IV loan proceeds as soon as possible but no later than 180 days after the date of the school's determination that the student withdrew.

Separate authorization required for educationally related expenses

A school is permitted to use a student's or parent's authorization for crediting the student's account for educationally related expenses that the school obtained prior to the student's withdrawal date so long as that authorization meets the cash management requirements for student or parent authorizations. If the school did not obtain authorization prior to the student's withdrawal, the school would have to obtain authorization in accordance with the cash management requirements before the school could credit the student's account for other current charges for educationally related activities. (See *Volume 4* for more information on student and parent authorizations.)

Crediting a student's account

An institution should not request Title IV funds for a post-withdrawal disbursement unless and until it has determined that it can disburse any post-withdrawal disbursement within three business days of receiving the funds.

The requirements for the treatment of Title IV funds when a student withdraws reflect the cash management requirements for disbursing Title IV funds. An institution must obtain a student's authorization to credit a student's account with Title IV funds for charges other than current charges for tuition, fees, and room and board (if the student contracts with the school) (see *Volume 4* and *Appendix F—Institutional Reporting and Disclosure Requirements.*

Outstanding Charges Example

Consider a student who is due a post-withdrawal disbursement of $800. The institutional charges that the student was originally assessed by the school totaled $2,300. However, under the institution's refund policy, the institution may only keep $600 of those institutional charges. No funds had been paid toward the institutional charges at the time the student withdrew. In addition, the student owes $150 for a bus pass. The outstanding charges on the student's account that would be entered in Box 2 of the post-withdrawal Disbursement Tracking Sheet are $750 (the $600 in institutional charges plus the $150 owed for the bus pass).

A portion of the $800 the institution must disburse under the post-withdrawal disbursement provisions may (with authorization if they are loan funds) be used to satisfy the outstanding balance. If the student has provided written authorization to credit Title IV funds to his account and use them for noninstitutional educational charges, the school may credit $750 to institutional charges and offer $50 to the student. If the student has not provided (and does not provide) written authorization to use the funds for noninstitutional educational charges, the school may only credit $600 to institutional charges and must offer $200 to the student.

Outstanding charges on a student's account are charges for which the institution will hold the student liable after the application of any applicable refund policy. These are the institutional charges, after any adjustment, that reflect what the student will owe for the current term after his or her withdrawal, any other current charges, plus any permitted minor prior year charges.

A school may credit a student's account for **prior award year charges** in accordance with the cash management requirements (see *Volume 4*). Schools should make every effort to explain to a student that all or a portion of his or her post-withdrawal disbursement has been used to satisfy any charges from prior award years.

Notice to a student offering a post-withdrawal disbursement —flexibility in notifying students

To avoid having to contact a student multiple times, a school may use one contact to:

- notify a borrower about his or her loan repayment obligations;
- obtain permission to credit loan funds to a student's account to cover unpaid institutional charges;
- obtain permission to make a post-withdrawal disbursement of grant or loan funds for other than institutional charges; and
- obtain permission to make a post-withdrawal disbursement of loan funds directly to a student.

A school must send the notification as soon as possible, but **no later than 30 calendar days after the date that the school determines the student withdrew**.

Deadline for responding to an offer of a post-withdrawal disbursement of loan funds
34 CFR 668.22(a)(6)(iii)(A)(5)

In the notification, the school must advise the student or parent that an institution may set a deadline of 14 days or more. Any deadline must apply to both confirmation of loan disbursements to the student's account and direct disbursements of a post-withdrawal disbursement. The notification must make it clear that if the student or parent does not respond to the notification within the time frame, the school is not required to make the post-withdrawal disbursement. However, a school may choose to make a post-withdrawal disbursement based on an acceptance received from a student or parent after the school's deadline.

A school that chooses to honor a late response must disburse all the funds accepted by the student or parent as applicable. The school cannot credit the student's account in accordance with the student's request, but decline to disburse post-withdrawal funds accepted as a direct disbursement. If a response is not received from the student or parent within the permitted time frame, or the student declines the funds, the school must return (or, in the case of grant funds, redisburse to another eligible student) any earned funds that the school was holding to the Title IV programs.

If a student or parent submits a timely response accepting all or a portion of a post-withdrawal disbursement, per the student's or parent's instructions, the school must disburse the loan funds within 180 days of the date of the institution's determination that the student withdrew. (For additional information, see the discussion under *Date of the institution's determination that the student withdrew* in Chapter 1 .) Note that the date of the institution's determination that the student withdrew is the same date that triggers the 30-day period that the school has for notifying the student or parent of any post-withdrawal disbursement available for direct disbursement. Consequently, the sooner a school sends the notification to a student or parent, the more time the school has to make any accepted post-withdrawal disbursement.

Student's Response to an Offer of a PWD

A student's or parent's response to an offer of a direct disbursement of Title IV loan funds from a post-withdrawal disbursement does not have to be in writing. However, a school must document the response.

If authorization from a student (or parent for a Direct PLUS Loan) is received after the deadline and the school chooses not to make a post-withdrawal disbursement of loan funds, the school must notify the student (or parent) that the post-withdrawal disbursement will not be made and why. This notification must be made in writing. If an authorization from the student (or parent for a Direct PLUS Loan) is never received, or if the school chooses to make a post-withdrawal disbursement of loan funds per the recipient's instructions on an authorization received after the deadline, the school does not need to notify the student.

Example of the Post-withdrawal Disbursement Requirements

Michael drops out of school on November 5. On November 10, the school becomes aware that Michael has ceased attending. The school determines that because Michael has earned $900 in Title IV Program assistance that he has not received, he is due a post-withdrawal disbursement of $900. When Michael withdrew, only $600 of the $1,000 in Federal Pell Grant funds that could have been disbursed had been disbursed. Of the $500 in Direct Loan funds that could have been disbursed, none had been disbursed. The school determines that Michael has $50 in outstanding tuition charges and $100 in outstanding library fines for the payment period. The school obtained permission from Michael at the beginning of the term (prior to his withdrawal) to credit his account for educationally related charges other than tuition, fees, and room and board. Because available grant funds must be used before available loan funds to make a post-withdrawal disbursement, the school credits Michael's account with $150 of his Federal Pell Grant funds. On November 12 (the last date school could have sent the funds was December 24th—45 days after the date of the school's determination that the student withdrew), the school sends the remaining $250 in Pell Grant funds to Michael. On the same day (the last date the school could have sent the notification was December 9th—30 days after the school's determination that the student withdrew), the school sends a notification to Michael stating that:

1. He is due a post-withdrawal disbursement of $500 in Direct Loan funds to be disbursed directly to him.
2. Michael may accept all, a portion, or none of the $500 in Direct Loan funds.
3. Any Direct Loan funds that Michael accepts will have to be repaid.
4. The school is obligated to make a post-withdrawal disbursement of loan funds only if Michael accepts the funds by November 25, which is 14 days after the school sent the notification.

   Note that a school may allow more than 14 days for a response.

Michael responds on November 19 and informs the school that he is accepting $250 of the $500 in Direct Loan funds. The school has until June 9 (180 days after November 10—the date the school determined that the student withdrew) to make the disbursement (34 CFR 668.22(a)(6)(iii)(C)). The school must document the notification and the final determination pursuant to it (whether the student accepts a partial or full disbursement or declines the entire disbursement (34 CFR 668.22(a)(6)(iv)).

Part 2 —Title IV aid to be returned

Title IV aid to be returned
34 CFR 668.22(a)(4)

If the student receives more Title IV aid than the amount earned, the school, the student, or both must return the unearned funds in a specified order. The amount of Title IV aid to be returned is determined by subtracting the amount of earned Title IV aid (Box I) from the amount of Title IV aid that was actually disbursed to the student (Box E).

STEP 5: AMOUNT OF UNEARNED TITLE IV AID DUE FROM THE SCHOOL

Step 5: Amount of unearned Title IV aid due from the school
34 CFR 668.22(g)

When a return of Title IV funds is due, the school and the student may both have a responsibility for returning funds. Funds that are not the responsibility of the school to return must be returned by the student. Although these requirements talk in terms of returning funds, a school is not required to actually return its share before the student. Rather, it is the R2T4 calculation of the amount of assistance the school is responsible for returning to the Title IV accounts that must be calculated first. Thus, the student's repayment obligation is determined after the school's share is calculated.

A school's policy and the R2T4 requirements

Title IV funds are provided under the assumption that they are used to pay institutional charges ahead of all other aid.

The school must return the lesser of:

- the amount of Title IV funds that the student does not earn, or
- the amount of institutional charges that the student incurred for the payment period or period of enrollment multiplied by the percentage of funds that was not earned.

The percentage **not** earned (Box M) is determined by subtracting the percentage of Title IV aid earned (Box H) from 100%.

Disbursement Prohibited

A school may not disburse the proceeds of a Title IV loan when it knows that the repayment of the loan will devolve or pass to the Department. Therefore, a school may not disburse the proceeds of a Direct PLUS Loan taken out by a parent who has died, even though the student for whose benefit the loan was intended remains alive and otherwise eligible.

If a school receives the proceeds of a Direct PLUS Loan made to a parent who has died, it must return the funds to the lender, together with a letter explaining the reason it is returning the funds.

Aid disbursed to the student before institutional charges are paid

Consider a case in which, to assist a student with living expenses, a school elects to disburse an anticipated credit balance to a student rather than pay itself for institutional charges from the first Title IV funds the school receives. Then, the student withdraws before the school receives anticipated aid from all the Title IV programs. The R2T4 calculations indicate the school must return funds, but the school had passed through all funds to the student. **The school still must return the funds it is responsible for returning as a result of the R2T4 calculation.**

Institutional charges

Institutional charges
34 CFR 668.22(g)(1)(ii)
34 CFR 668.22(g)(2)
DCL GEN-00-24 December 2000
DCL GEN-12-21 November 2012

Determining charges
34 CFR 668.22(a)
34 CFR 668.22(g)(2)(ii) and
DCL GEN-00-24 December 2000

Institutional charges are used to determine the portion of unearned Title IV aid that the school is responsible for returning. Schools must ensure the inclusion of all appropriate fees as well as applicable charges for books, supplies, materials, and equipment in Step 5, Part L of the R2T4 calculation. (See *Institutional versus noninstitutional charges* and *Demonstrating a real and reasonable opportunity* in Chapter 1.) Institutional charges do not affect the amount of Title IV aid that a student earns when he or she withdraws.

Treatment of Work-Study Funds

Federal Work-Study funds are not included in the calculation of earned Title IV funds when a student withdraws. This remains the case even if a student has granted permission for a percentage of the student's Federal Work-Study earnings to be credited to his or her account to pay educational charges.

If an institution enters into a contract with a third party to provide institutional housing, the institution must include the cost of housing as an institutional charge in an R2T4 calculation if a student living in the third-party housing withdraws.

Use of institutional charges in determining a school's responsibility for return

Fees as noninstitutional charges
Application fees are excluded from institutional charges because they are not an educational cost. (Federal Register, Volume 59, No. 82, April 29, 1994, page 22356.)

Effect of other assistance
Federal Register, Volume 64, No. 210, November 1, 1999, page 59032

The institutional charges used in the calculation are always the charges that were assessed the student for the entire payment period or period of enrollment, as applicable, prior to the student's withdrawal. Initial charges may only be adjusted by those changes the institution made prior to the student's withdrawal (e.g., for dropping or adding a class or changing enrollment status). If, after a student withdraws, the institution changes the amount of institutional charges it assessed a student or decides to eliminate all institutional charges, those changes affect neither the charges used in the R2T4 calculation nor aid earned in the R2T4 calculation. (Please see *Step 3—Amount of Title IV Aid Earned by the Student,* for a further discussion of aid earned and institutional charges.)

Administrative Fees

Administrative fees are not excluded from Return of Title IV Funds calculations.

Institutional charges may not be reduced even if other sources of aid are used to pay those charges. For example, a school may not reduce institutional charges when an outside agency supplying aid requires that aid to be used for tuition. The R2T4 regulations presume Title IV program funds are used to pay institutional charges ahead of all other sources of aid.

TIP

If a student drops classes or a school drops a student's classes on the same day that the student withdraws, the dropped classes have no effect on institutional charges included in the R2T4 calculation.

When an institution that offers courses in a non-term credit-hour format calculates the aid for which the student is eligible, it does so using costs associated with the number of courses it expects the student to complete in the period for which aid is awarded. If the student later withdraws, **the charges entered in Step 5 of the R2T4 calculation must include the charges for all the courses the student was initially expected to complete.**

Effects of a post-withdrawal reduction in charges

If a student withdraws and, as a result of applying an institutional refund policy, the school reverses, reduces, or cancels a student's charges, the R2T4 requirements still apply. The statute mandates that an otherwise eligible student who begins attendance at a school and is disbursed or could have been disbursed Title IV grant or loan funds prior to a withdrawal earns a portion of those Title IV funds. If, as a result of the withdrawal, an institution adjusts or eliminates a student's institutional charges, or changes a student's enrollment status, the changes made by the institution have no bearing on the applicability of the requirements in 34 CFR 668.22. Moreover, the charges used in the R2T4 calculation are always the charges on the student's account prior to withdrawal. However, if a student's enrollment status changed prior to and unrelated to the withdrawal, the effect of that change on institutional charges should be reflected in any R2T4 calculation.

When to prorate charges

As stated previously, for students who withdraw from a non-term-based educational program, the school has the choice of performing the R2T4 calculation on either a payment period basis or a period of enrollment basis. If a school with a non-term program chooses to base the R2T4 calculation on a payment period but the institutional charges for a period longer than the payment period (most likely the period of enrollment), there may not be a specific amount that reflects the actual institutional charges incurred by the student for the payment period. In this situation, the student's institutional charges for the payment period are the prorated amount of institutional charges for the longer period. However, if a school has retained Title IV funds in excess of the institutional charges prorated amount, including allocating costs for equipment and supplies to the beginning of the program, the funds retained by the school are attributed to that payment period because they are a better measure of the student's institutional charges for that period.

Prorated Charges Example

Institutional charges are $8,000 for a non-term-based program that spans two payment periods of 450 clock hours each. The school chooses to calculate the treatment of Title IV funds on a payment period basis. A student withdraws in the first payment period. The prorated amount of institutional charges for each payment period is $4,000. However, because of the $1,000 in fees charged at the beginning of the period, the school has retained $5,000 of the Title IV funds for institutional charges for the payment period. Therefore, the institutional charges for the payment period are $5,000—the greater of the two elements from the proration calculation.

Effects of waivers on institutional charges

If your school treats a waiver as a payment of tuition and fees that have actually been charged to a student, then the waiver is considered a financial aid resource, and the full amount of the tuition and fees must be included in Step 5, Part L of the R2T4 calculation. On the other hand, if the student is never assessed the full charges, the waiver is not considered to be financial aid, and only the actual charges would be included in the R2T4 calculation. (See DCL GEN 00-24, December 2000, for a further discussion of waivers and the R2T4 calculation.)

Waiver Example

An institution charges state residents $900 per semester. Out-of-state students are charged an additional $2,000 for a total of $2,900. However, the institution grants waivers of the out-of-state charges to out-of-state athletes. The waiver is considered a payment to those charges, and the full $2,900 would need to be included in any R2T4 calculation.

Order of return of Title IV funds
34 CFR 668.22(i)

Time frame for return of Title IV funds
34 CFR 668.22(j)(1)

If a School Has Not Drawn Federal Funds

If a school has not drawn down federal funds or has made disbursements that exceed the amount the school has drawn, the school does not need to deposit funds in its federal account. Of course, the school's accounting records must show that institutional funds were used to credit the student's account.

Return of Title IV Funds When a School Does Not Maintain a Separate Federal Bank Account

The Department considers a school that maintains Title IV funds and general operating funds in the same bank account (commingles) to satisfy the requirement that it return unearned funds on a timely basis if:

- the school maintains subsidiary ledgers for each type of funds commingled in that account that clearly show how and when those funds were used and reconciled to its general ledger,
- the subsidiary ledger for each Title IV program provides a detailed audit trail on a student-by-student basis that reconciles to the amount of Title IV program funds received and disbursed by the school, and
- the school updates the relevant subsidiary ledger accounts in its general ledger no later than 30 days after it determines that the student withdrew.

More specifically, the return of an unearned funds transaction should be recorded as a debit to a Title IV program fund subsidiary ledger account and a credit to the school's operating fund subsidiary ledger account. The date of the return is the date this transaction is posted to the school's general ledger.

STEP 6: RETURN OF TITLE IV FUNDS BY THE SCHOOL

Order of return of Title IV funds

A school must return Title IV funds to the programs from which the student received aid during the payment period or period of enrollment as applicable, in the following order, up to the net amount disbursed from each source:

- Unsubsidized Direct Loans (other than Direct PLUS Loans)
- Subsidized Direct Loans
- Federal Perkins Loans
- Direct PLUS Loans
- Federal Pell Grants for which a return of Title IV funds is required
- FSEOG for which a return of Title IV funds is required
- TEACH Grants for which a return of Title IV funds is required
- Iraq and Afghanistan Service Grant, for which a return of Title IV funds is required.

Time frame for the return of Title IV funds

A school **must** return unearned funds for which it is responsible **as soon as possible** but no later than 45 days from the determination of a student's withdrawal.

A school will be considered to have returned funds timely if the school does one of the following **as soon as possible** but no later than 45 days after the date it determines that the student withdrew:

- deposits or transfers the funds into the school's federal funds bank account, and then awards and disburses the funds to another eligible student;
- returns the funds to the Department electronically using the "Refund" function in G5;
- issues a check to the Department.

A school is considered to have issued a check timely if the school's records show that the check was issued within 45 days of the date the school determined that the student withdrew and the date on the cancelled check shows that the bank endorsed that check no more than 60 days after the date the school determined that the student withdrew.

Downward adjustment of FSA grant disbursement records and Direct Loan disbursement records required

Returns of FSA grant funds (except FSEOG and Iraq and Afghanistan Service Grants), other than funds that are being returned to stay in compliance with the excess cash requirements, must be offset by downward reductions to a student's record in COD. Likewise, all returns of Direct Loan funds must be offset by downward reductions to a student's record in COD.

In addition, when all or a portion of a Direct Loan is cancelled (either because the borrower requested the cancellation within the regulatory time frames or to comply with statutory or regulatory requirements), the school must make the appropriate adjustment to the student's record in COD.

All returns of FSA Grants and Direct Loan funds previously disbursed (unclaimed credit balances) should be made through the G5 system.

TIP

No *de minimis* Provision for Schools

The *de minimis* provision that waives returns of grant funds from students when the original amount to be returned is less than $50.00 does not apply to schools. A school must return the full amount owed to any Title IV program that the school is responsible for returning. However, a school does not have to return amounts of less than $1.00.

Returning Direct Loan funds

If a school is required to return Direct Loan funds to comply with a regulatory or statutory requirement, even if more than 120 days have elapsed since the disbursement date, the school must return Direct Loan funds through G5. The school returns Direct Loan funds to the Department following the same procedures the school follows when making other G5 refunds/returns.

Returning funds after 240 days

In all cases, a school will have to request permission to make a change to its Fiscal Operations Report (FISAP) after December 15 following the close of the award year.

If FSA Grant funds (other than FSEOG and Iraq and Afghanistan Service Grants) must be returned after 240 days, a school must:

- enter the student's revised Pell Grant award in COD;
- return the funds to the Department through G5, if applicable; and
- make the appropriate change to the FISAP (see sidebar).

Note that for Pell Grant funds from a prior award year, a school may not use the funds for an eligible student in the current year.

If FSEOG funds must be returned after 240 days, a school must:

- enter the student's revised FSEOG award both in the individual student's account and the school's FSEOG ledger;
- either return the funds to the Department through G5 **OR** carry them forward to the next award year; and
- make the appropriate change to the FISAP (see sidebar).

If Perkins Loan funds from a prior award year must be returned after 240 days, a school must:

- reimburse its Perkins Loan fund;
- report those funds as income in Part III, Section A of the FISAP; and
- reduce the student's Perkins Loan balance and make an accounting entry to tie that reduction to the journal entry for the aforementioned reimbursement of its Perkins Loan fund.

The school should not make any changes to the student's Perkins promissory note.

If a school cannot locate a student to whom it owes FWS funds the student has earned, the federal portion must be returned to the school's FWS account. If the student comes back or the school later locates the student, the school can recover the FWS funds as long as the account for that year is still open. If the account is closed, the school must pay the student (under the wage and hour laws) using its own funds.

Amending a FISAP After the Close of an Award Year or After a School Has Submitted a Final FISAP for an Award Year

To amend its FISAP, a school logs in to eCB for the appropriate FISAP year and selects the appropriate Campus-Based Program from the menu on the left. After the school has made the appropriate changes, updated the totals, and saved the data, the school selects the **Submit** link on the left. The phrase **Change Request** then appears below **Submit**. The school must select **Change Request,** to move to the next prompt. After the school selects **Change Request** the system will prompt the school to explain what changes the school is making and why. The school then must provide

- the FISAP part, section number, and line number(s) on which the changes were made;
- the amount of the change; and
- a description of the conditions that require the revision (e.g., to comply with the requirements of 34 CFR 668.22).

After providing all of the required information, the school clicks the **Submit** button and then affirms that it wants to **Continue to Submit**.

The Campus-Based staff will evaluate the school's submission. If a school's request is denied, the Campus-Based staff will inform the school why its request was denied. If the school's request is approved, the Campus-Based staff will notify the school by sending an email to the individual on record as the school's financial aid director (in Field 19) that the school's FISAP has been unlocked and that school has five days to submit the revised working copy as the final copy.

For assistance with amending a previous year's FISAP, schools should call the Campus-Based Call Center at:
1-877-801-7168.

STEP 7: INITIAL AMOUNT OF UNEARNED TITLE IV AID DUE FROM THE STUDENT

The statute specifies that a student is responsible for all unearned Title IV program assistance that the school is not required to return. The initial amount of unearned Title IV aid due from the student (or parent, for Direct PLUS Loan funds) (Box Q) is determined by subtracting the amount returned by the school (Box O) from the total amount of unearned Title IV funds to be returned (Box K). This is called the initial amount due from the student because a student does not have to return the full amount of any grant repayment due. Therefore, the student may not have to return the full initial amount due.

STEP 8: REPAYMENT OF STUDENT LOANS

The student loans that remain outstanding (Box R) consist of the loans disbursed to the student (Box B) minus any loans the school repaid in Step 6 (Box P). These outstanding loans are repaid by the student according to the terms of the student's promissory notes.

STEP 9: TITLE IV GRANT FUNDS TO BE RETURNED BY A STUDENT

The regulations limit the amount a student must repay to the amount by which the original overpayment amount exceeds 50% of the total grant funds **disbursed to or could have been disbursed** to the student for the payment period or period of enrollment.

The initial amount of unearned Title IV grant aid due from the student (Box S) is found by subtracting the loans to be repaid by the student (Box R) from the initial amount of unearned aid due from the student (Box Q).

The amount of grant overpayment due from a student (Box U) is limited to the amount by which the original grant overpayment (Box S) exceeds half of the total Title IV grant funds disbursed and could have been disbursed to the student (Box T).

STEP 10: RETURN OF TITLE IV GRANT FUNDS BY THE STUDENT

Initial amount due from student
34 CFR 668.22(h)

Return of Title IV funds by the student
34 CFR 668.22(h)(3)(i) and (ii)

The student is obligated to return any Title IV overpayment in the same order that is required for schools.

Grant overpayments may be resolved through:

- full and immediate repayment to the institution;
- repayment arrangements satisfactory to the school; or
- overpayment collection procedures negotiated with Default Resolution Group.

A SCHOOL'S RESPONSIBILITIES IN THE RETURN OF TITLE IV FUNDS BY THE STUDENT

A school has responsibilities that continue beyond completing the R2T4 calculation and returning the funds for which it is responsible. Here we discuss the institution's participation in the return of funds by the student.

Grant overpayments

Grant overpayments
34 CFR 668.22(h)(4)

The applicable regulations limit the amount of grant funds a student must repay to one-half of the grant funds the student received or could have received during the applicable period. Moreover, repayment terms for students who owe Title IV grant overpayments were established to ensure that students who could not immediately repay their debt in full had the opportunity to continue their eligibility for Title IV funds. Students who owe overpayments as a result of withdrawals initially will retain their eligibility for Title IV funds for a maximum of 45 days from the earlier of:

- the date the school sends the student notice of the overpayment, or
- the date the school was required to notify the student of the overpayment.

Within 30 days of determining that a student who withdrew must repay all or part of a Title IV grant, a school must notify the student that he or she must repay the overpayment or make satisfactory arrangements to repay it. In its notification, a school must inform the student of the following five items:

1. The student owes an overpayment of Title IV funds.
2. The student's eligibility for additional Title IV funds will end if the student fails to take positive action by the 45th day following the date the school sent or was required to send notification to the student.
3. There are three positive actions a student can take to extend his or her eligibility for Title IV funds beyond 45 days:
   a) The student may repay the overpayment in full to the school.
   b) The student may sign a repayment agreement with the school.

   Note: Two years is the maximum time a school may allow for repayment.

   c) The student may sign a repayment agreement with the Department.

   If the student takes no positive action during the 45-day period, the school should report the overpayment immediately to NSLDS on the NSLDS Professional Access Web site under the AID tab, "Overpayment List" menu option after the 45-day period has elapsed. (Because making this change in the NSLDS system is a simple process, we expect an institution will complete making the change within a few days of the end of the 45-day period.)
4. If the student fails to take one of the positive actions during the 45-day period, the student's overpayment immediately must be reported to NSLDS and referred to the Default Resolution Group for collection.
5. The student should contact the school to discuss his or her options.

When a student receives additional funds during the 45-day period of extended eligibility

45-day Period Example

On October 30, during the fall semester, a student withdraws and owes a grant overpayment. On November 29, the school notifies the student of the overpayment. The student has 45 days (until January 13) to repay the overpayment in full or to make arrangements with the institution or the Department to repay the overpayment.

The spring semester begins on January 7, before the 45-day period ends, and the student receives Title IV aid for the spring semester on January 10. The student then fails to repay the overpayment in full or sign a repayment agreement by the end of the 45-day period—January 13. The student is not required to return the Title IV funds received on January 10. However, the student becomes ineligible for additional Title IV funds on January 14 and remains ineligible until he or she enters into a repayment agreement with the Department.

Students who owe overpayments as a result of withdrawals generally will retain their eligibility for Title IV funds for a maximum of 45 days from the earlier of (a) the date the school sends the student notice of the overpayment, or (b) the date the school was required to notify the student of the overpayment.

A student who receives Title IV funds within that period of extended eligibility and then fails to return the overpayment or make repayment arrangements becomes ineligible for additional Title IV program funds on the day following the 45-day period. However, any Title IV program funds received by the student during the 45-day period were received while the student was eligible. Therefore, those Title IV funds do not have to be returned (unless the student withdraws a second time). A student who loses his or her eligibility for Title IV funds at the expiration of the 45-day period will remain ineligible for additional Title IV funds until the student enters into a repayment agreement with the Department.

If, at any time, a student who previously negotiated a repayment arrangement fails to comply with the terms of his or her agreement to repay, that student immediately becomes ineligible for additional Title IV funds. Any Title IV program funds received by the student between the time the student negotiated the repayment arrangement and the time the student violated the agreement were received while the student was eligible. Therefore, those Title IV funds do not have to be returned (unless the student withdraws a second time). A student who violates the terms of a repayment agreement and loses eligibility remains ineligible for Title IV funds until the student has made satisfactory repayment arrangements with the Department.

If, in either of the two aforementioned cases, the student withdraws a second time, any unearned funds from the disbursements that were made while the student was still eligible would have to be returned in accordance with the R2T4 requirements.

Examples of the Relationship Between The Date of Notification and the Expiration of the 45-Day Period

Example 1—A school sends notification to a student within the 30 days allowed.

If a school sends notification to a student within the 30 days allowed, the 45-day period begins on the day after the school sends the notification to the student. If a school determines on August 20 that a student withdrew and owes a repayment and the school sends notification to the student on September 1 (within the 30 days allowed), then the first day of the 45-day period is September 2. Unless the student takes positive action to resolve the overpayment before the end of the 45-day period, the student loses his or her eligibility on the 45th day. Thus, in this case, the last day of the student's eligibility for Title IV funds is October 16.

Example 2—A school fails to notify the student or notifies the student after the 30 days allowed.

If the school fails to notify the student or notifies the student after the 30 days allowed, the 45-day period begins on the day after the end of the 30-day period (the date by which the school should have sent the notification to the student). Consider a school that determines on August 1 that a student withdrew on June 15. The school should have sent the student a letter by July 15. Because it failed to do so, the first day of the 45-day period is the day after the end of the 30-day period (July 16). Unless the student takes action to resolve the overpayment, the last day of the student's eligibility for Title IV funds is August 29, the end of the 45-day period that began on July 16.

If a student agrees to a repayment arrangement and then fails to meet the terms of that arrangement, the student's eligibility ends as of the date the student fails to comply with the terms of the repayment arrangement.

Student overpayments of $50 or less

Student overpayments less than $50.00
34 CFR 668.22(h)(3)(ii)

A student does not have to repay a grant overpayment of $50.00 or less for grant overpayments resulting from the student's withdrawal. As a result, a grant overpayment of $50.00 or less will not make the student ineligible to receive Title IV aid should the student return to school. A school is not required to attempt recovery of that overpayment, report it to NSLDS, or refer it to Default Resolution Group.

These de minimis amounts are program specific. That is, if an R2T4 calculation resulted in a student having to return $150.00 in Pell Grant funds and $40.00 in FSEOG funds, the student would have to return the Pell Grant funds, but the FSEOG funds would be considered *de minimis* and treated as described above.

If a school is currently holding an overpayment resulting from a withdrawal for which the original amount (after the grant protection was applied) was less than $50.00, the school should delete the overpayment in NSLDS by following these steps:

1. On the NSLDS Professional Access website, go to the "Aid Tab."
2. From the Overpayment List Page, select the overpayment to be deleted by clicking on the blue number icon.
3. On the Overpayment Display page, verify that this is the overpayment you want to delete, and then click the Delete button.
4. On the Overpayments Delete Confirmation page, click the Confirm Button.

This standard does not apply to remaining grant overpayment balances. That is, a student must repay a grant overpayment that has been reduced to $50.00 or less because of payments made. An overpayment for which the original amount was more than $50.00 that has a current balance of less than $50.00 may not be written off.

Note: Default Resolution Group will not accept referrals for which the original amount was less than $25.

This provision does not apply to funds that a school is required to return. A school must return the full amount owed to any Title IV program that the school is responsible for returning. However, a school does not have to return amounts of less than $1.00.

Payments on a student's behalf

The grant protection always applies to the repayment of grant funds for which the student is responsible, regardless of who actually returns the funds. If an institution chooses to return all or a portion of a grant overpayment that otherwise would be the responsibility of the student to return, the grant protection still applies. If an institution returns a grant overpayment for a student, the student would no longer be considered to have a Title IV grant overpayment and, as such, no reporting to NSLDS is required and no referral to Default Resolution Group for collection is allowed. This would be true whether the institution simply returned the overpayment for the student or returned the overpayment and created a debit on the student's school account.

Recording student payments and reductions in the Title IV grant programs

For reductions and payments to awards, schools should record reductions and payments by entering a replacement value.

If, through its R2T4 calculation, a school determines that a student has received an overpayment of Pell Grant, Iraq and Afghanistan Service Grant, or TEACH Grant funds, the school should reduce the student's award/disbursements and return the funds.

First, reduce the student's award/disbursements by entering a replacement value in the COD system. The replacement value will be the original values less only the amount the school has returned (the sum of: (a) that amount the school is responsible for returning, plus (b) any portion of the grant overpayment that otherwise would be the responsibility of the student but which the school has chosen to return for the student, plus (c) any portion of the grant overpayment the school has collected from the student). Do not reduce the award/disbursement by the amount the student must return unless the student has made a payment.

If a school receives a payment for a current-year overpayment that has not been referred to Default Resolution Group, the school should NOT send the payment to Default Resolution Group. Instead, after you have reduced the student's disbursement in COD, return the unearned funds as follows:

- If your school has made repayment arrangements with a student and received a payment on a current-year overpayment, the school should deposit the funds in its Pell Grant, Iraq and Afghanistan Service Grant, or TEACH Grant account and make the appropriate entry in the COD system.

- If a student makes a payment on any previous year's Pell Grant, Iraq and Afghanistan Service Grant, or TEACH Grant overpayment, a school makes the aforementioned COD system entry using the same software the school used to create the award. The school then returns the funds to the Department using the Electronic Refund function in G5 following the same procedures the school follows when making other G5 refunds/returns.

TIP

If, through its R2T4 calculation, a school determines that a student has received an overpayment of FSEOG funds, the school must adjust its institutional ledgers, financial aid records, and the student's account by subtracting the amount the school must return (the FISAP filed for the year will reflect the net award to the student). If a student makes a payment on an FSEOG overpayment made in the current award year, the school should deposit the payment in its ***federal funds account*** and award the funds to other needy students. If the school collects an overpayment of an FSEOG for an award made in a **prior award year**, the funds recovered should be returned to the Department using the Electronic Refund function in G5. Payments should be applied to the award year in which the recovered funds were awarded.

For information on handling student payments after you have referred an overpayment to Default Resolution Group, see the discussion under *Accepting payments on referred overpayments* later in this chapter.

Recording student payments and reductions in the Direct Loan Program

If, through its R2T4 calculation, a school determines that a student has received an overpayment of Direct Loan funds, the school should reduce the student's award/disbursements by making a downward adjustment in COD.

The school then returns the funds to the Department using the Electronic Refund function in G5 following the same procedures the school follows when making other G5 refunds/returns.

The Department Stopped Accepting Paper Checks for Direct Loan Refunds of Cash in 2014

In an effort to increase efficiency and improve funds control, Federal Student Aid now requires schools to refund cash electronically via the G5 website. This method is faster and more secure than manual/paper processing, and is less likely to result in errors.

On January 1, 2015, FSA stopped accepting Direct Loan refunds of cash sent manually via paper check. As a result, schools are required to update their processes to refund cash electronically via the G5 website at **https://www.g5.gov.**

For additional information on refunding cash via G5, refer to the G5 website at **https://www.g5.gov** or call the G5 Hotline at **888-336-8930** or **202-401-6238** for assistance.

For questions about refunding cash, contact the COD School Relations Center at **800-848-0978** or **571-392-3737**. You may also email **CODSupport@ed.gov**.

NSLDS

DCL GEN-98-14, July 1998

You must use the NSLDS **Professional Access** website to report overpayments. To do so, your school must have Internet access, and your Primary Destination Point Administrator (DPA) must have signed up at least one user for Overpayment updates for NSLDS online services at **https://fsawebenroll.ed.gov.**

DCL GEN-04-08 gives the most recent technical specifications.

Reporting required

If a student is determined to have withdrawn from a school, the student is no longer considered to be enrolled and in attendance. Therefore, the student is no longer eligible for an in-school status or in-school deferment, and the school must report the student as withdrawn in NSLDS Enrollment Reporting.

34 CFR 685.309 (b)

Reporting Overpayments to NSLDS

DCL GEN-98-14, July 1998

All new Perkins Loan, Pell Grant, Iraq and Afghanistan Service Grant, TEACH Grant, and FSEOG overpayments and previously reported FSEOG overpayments for which a data element has changed must be reported.

Perkins and other data providers must meet all NSLDS reporting requirements as detailed in the appropriate operating manuals.

NSLDS reference materials are available at:

ifap.ed.gov/ifap/byYear.jsp?type=nsldsmaterials

The email address for NSLDS Customer Support is:

NSLDS@ed.gov

The phone number for SCHOOL USE ONLY is **1-800-999-8219**

Notifying the Department

A school is never required to enter into a repayment agreement with a student; rather, a school may refer an overpayment to the Department at any time **after** the student has had the opportunity to pay off the overpayment in full to the school or indicate his or her intent to negotiate repayment arrangements with Default Resolution Group. However, if a school reports a student overpayment (for which a student has not negotiated repayment arrangements) to NSLDS before the 45-day period has elapsed, the student will appear to be ineligible for Title IV aid. Since students retain their eligibility for 45 days, schools should provide students with every opportunity to repay their debt or negotiate repayment arrangements before reporting it to NSLDS and referring it to Default Resolution Group.

Important: Default Resolution Group is unable to respond to a student-initiated request to negotiate a repayment arrangement until a school has referred the student's account for collection. In addition, Debt Resolution Services uses the information about the student in the NSLDS while conversing with a student.

To ensure a student overpayment has been reported and referred to the Department, when the school is communicating with a student about making repayment arrangements with the Department, the school should make it clear that the student should contact the school before contacting the Department. Repayment agreements with the Department will include terms that permit students to repay overpayments while maintaining their eligibility for Title IV funds. Schools are encouraged to negotiate similar repayment agreements with students. However, schools' repayment arrangements with students must provide for complete repayment of the overpayments within two years of the date of the institutions' determination that the students withdrew.

There are exceptions to the recommendation that a school wait the full 45 days before reporting a student overpayment through NSLDS. If, during the 45-day period, a student indicates that he or she cannot repay his or her debt in full and wishes to negotiate a repayment agreement with the Department, the school should immediately report the overpayment to NSLDS and refer the overpayment to Default Resolution Group. Likewise, if a student contacts a school that will not be offering institutional repayment agreements and indicates that he or she cannot pay the overpayment within the 45 days, the school should immediately report the overpayment to NSLDS and refer the overpayment to Default Resolution Group. Default Resolution Group will need time to receive and record an overpayment before it can respond to a student inquiry. Schools should advise students to wait at least 10 days before contacting Default Resolution Group.

After a school has reported and referred a student's overpayment, the school should provide the student with the phone number and postal address for Default Resolution Group. A student can contact Default Resolution Group by calling **1-800-621-3115** or by writing **Default Resolution Group** at the following address:

U.S. Department of Education
Default Resolution Group
P.O. Box 5609
Greenville, Texas 75403

Reporting and referring overpayments

Referring overpayments for collection is a separate process from reporting overpayments to NSLDS. Reporting is the process of creating within NSLDS a record of a student's overpayment. Referring is the process of turning over a student's debt to Default Resolution Group. Students who pay their debts in full during the 45-day period should neither be reported to NSLDS nor referred for collection.

A school reports overpayments to NSLDS via the NSLDS Professional Access website. A school sends referrals to Default Resolution Group —through the U.S. Mail to the following address:

Student Loan Processing Center – Overpayments
P.O. Box 4157
Greenville, Texas 75403

If a student who owes a repayment of a Title IV grant calls Default Resolution Group before Debt Resolution Services has received and recorded the student's overpayment, Default Resolution Group will examine the student's record in NSLDS. If a school has reported the overpayment to NSLDS correctly, the Default Resolution Group will inform the student that the overpayment is being processed and that the student should call back in 10 days for further information. If a student calls Default Resolution Group before a school has reported the student's overpayment to NSLDS, The Default Resolution Group will find no record of the overpayment and will tell the student to contact the school to resolve the discrepancy.

A student who does not take positive action during the 45-day period becomes ineligible for Title IV funds on the 46th day from the earlier of (1) the date the school sends a notification to the student of the overpayment; or (2) the date the school was required to notify the student of the overpayment. The student will remain ineligible until the student enters into a satisfactory repayment agreement with the Department. An overpayment resulting from a student's withdrawal remains an overpayment until it is repaid in full. Though a student may regain Title IV eligibility by negotiating and satisfying the requirements of a satisfactory repayment arrangement, the information on the student's NSLDS account will continue to reflect the status of the overpayment until the debt is repaid in full.

If a school enters into a repayment arrangement with a student who owes an overpayment, the school should immediately report the repayment arrangement using the online NSLDS **Professional Access website**. The school should report the status (Indicator field) of an overpayment for which it has entered a repayment agreement as "Satisfactory Arrangements Made." After the information is reported to NSLDS, any future output from the CPS (SARs and ISIRs) will show that the student owes a repayment of a Title IV grant and that the student has negotiated a satisfactory repayment arrangement with the school.

As long as the student fulfills his or her commitment under the repayment arrangement, the NSLDS overpayment status of "Satisfactory Arrangements Made" will indicate that, though the student owes an overpayment, the student remains eligible for Title IV funds. **If, at any time, a student fails to comply with the terms of the student's agreement to repay, or if the student fails to complete repayment in the two years allowed, the school must immediately update the student's overpayment status (Indicator field) to "Overpayment."** From that point on, NSLDS will inform schools that the student is not eligible for Title IV funds.

Required referrals

A school must refer to the Department/Default Resolution Group a student who

- does not satisfy the requirements of a repayment agreement with the school;
- fails to contact the school during the 45-day period;
- fails, during the 45-day period, to pay his or her overpayment in full or enter into a repayment arrangement; or
- fails to complete repayment in the two years allowed.

If a school is referring to Default Resolution Group a student overpayment previously reported to NSLDS, the school must also update the information previously reported to NSLDS by changing the Source field from "School" to "Transfer." If a school is referring a student who has failed to satisfy the terms of his or her repayment agreement, the school should also change the status code (indicator field) from "Satisfactory Arrangement Made" to "Overpayment." If a school is referring for collection a student not previously reported to NSLDS, the school must report the account to NSLDS as a referred overpayment, enter "TRF-Transfer" as the initial source in the Source field and "Overpayment" as the overpayment status (indicator field).

To refer student overpayments for collection, schools should use a format similar to the one found in the Appendix to this volume as *Information Required when Referring Student Overpayments to Default Resolution Group* and send the document to the address at the bottom of that page. Each referral must be typed or printed and must be submitted on school letterhead.

To avoid creating a double record for a single overpayment, **the school must enter for the *Dates of Disbursements* the exact same dates the school used when it created the NSLDS record. In addition, for *Award year*, a school must ensure that it enters the year the disbursement was made.**

Once Default Resolution Group has accepted a referred student overpayment, Default Resolution Group will transmit the information to NSLDS and "EDR Region" will replace "Transfer" as the appropriate contact source for information about the overpayment. On its Overpayment Referral, schools must provide their school's Pell Grant Identification Number. Schools should **not** enter their Routing Identifier.

TIP

All referrals to Default Resolution Group must be made on institutional letterhead.

TIP

Remember to include your school's Reporting Pell Grant Identification Number on the referral.

If your school does not have a Pell Grant ID

If you are referring a TEACH Grant to Default Resolution Group for collection and your school does not have a Pell Grant ID, on the "Overpayment Referral Form," under "School Information," you must provide your OPEID.

If the student whose overpayment case has been accepted by the Department wishes to establish a repayment schedule, the student should contact Default Resolution Group by calling:

1-800-621-3115

A student can contact us by going to:

https://myeddebt.ed.gov/borrower

and selecting "**Contact Us**."

Summary

- If, during the 45-day period, a student repays his or her debt in full to the institution, the institution should neither report the overpayment in NSLDS nor refer the student to Default Resolution Group.
- If, during the 45-day period, a student signs a repayment agreement with the institution, the institution should immediately (within a few days) make the appropriate entries in NSLDS using the online NSLDS Professional Access screens.
- If, during the 45-day period, a student indicates that he or she will not or cannot repay the overpayment and wishes to negotiate a repayment agreement with the Department, the school should immediately (within a few days) report the overpayment on the NSLDS Professional Access website, and refer the overpayment to Default Resolution Group.
- If the institution will not be offering institutional repayment arrangements to students and, during the 45-day period a student indicates that he or she cannot repay the debt in full, the institution should immediately (within a few days) report the overpayment on the NSLDS Professional Access website and refer the overpayment to Default Resolution Group.
- If a student fails to take any positive action during the 45-day period, upon the expiration of that period, the institution should immediately (within a few days) report the overpayment on the NSLDS Professional Access website and refer the overpayment to Default Resolution Group.
- If a student signs a repayment agreement with an institution and, at any time, then fails to fulfill the terms of that agreement, the institution should immediately (within a few days) report the overpayment on the NSLDS Professional Access website and refer the overpayment to Default Resolution Group.

Accepting payments on referred overpayments

A school may continue to accept payment on a Title IV grant overpayment after the overpayment has been referred to the Department. (Before accepting the funds, the school should verify the Department has accepted the debt by examining the "Source" field on the NSLDS Professional Access Overpayment List screen). A school that accepts a check made out to the Department on an overpayment that has been referred to Default Resolution Group must:

1. note the student's name and Social Security Number (SSN) on the check;
2. indicate that the payment is for an overpayment of a Title IV grant; and
3 forward the payment to Default Resolution Group National Payment Center at:

   National Payment Center
   P.O. Box 105028
   Atlanta, Georgia 30348-5028

If a school accepts a cash payment from one or more students who owe overpayments and who have been referred to Default Resolution Group, the school should write its own check to the Department and attach a letter indicating that the check is for a Title IV grant overpayment. The school must include in its letter a roster that includes, for each student who made a payment, the student's name, Social Security number, and amount paid.

If a school receives a payment for an overpayment previously referred to Default Resolution Group, and if the overpayment was made in the current award year and the payment will retire the student's debt in full, the institution must take the following three steps:

1. Deposit the payment in its appropriate institutionally maintained federal funds account.
2. Make the appropriate entry in the COD system (the replacement value).
3. Send a letter or fax to Default Resolution Group identifying the student and indicating that the student's overpayment has been completely repaid. This will allow the Department to properly update its records in both the Default Resolution Group system and NSLDS.

The fax number (*this process cannot be performed via email*) for this purpose and school use only is:

903-454-5398

TIP

Payment In Full

Any time a school receives a payment (including the application of a Title IV credit balance) that will repay an overpayment in full, the school must also update its original submission to NSLDS by changing the entry on the "Overpayment Update Screen" for the Indicator Field to "Repaid."

In the fax or letter, a school must include the following six items:

1. award year of the overpayment (current award year only);
2. student's Social Security number;
3. student's last name, first name, and middle initial;
4. student's date of birth;
5. type of overpayment—Federal Pell Grant, Iraq and Afghanistan Service Grant, FSEOG, or TEACH Grant; and
6. the disbursement date the institution used to create the overpayment record in NSLDS.

Corrections or recalls of referred overpayments

The phone number for Default Resolution Group is: 1-800-621-3115

If you determine that a student you referred to Default Resolution Group does not owe an overpayment or that the amount you referred was incorrect, you should fax a letter explaining the situation to Default Resolution Group at:

903-454-5398

Important: You should not send a revised referral form when making changes or corrections.

The letter must include the following:

- student's last name, first name and middle initial;
- student's Social Security number;
- award year of the overpayment;
- disbursement date the institution used to create the overpayment record in NSLDS;
- amount originally referred; and
- description of the issue and the requested action.

Default Resolution Group will cease collection efforts and change the record in NSLDS so that the overpayment will be shown as "Repaid."

When a student loses eligibility at a former school while receiving aid at a second school

If a student who owes a Title IV overpayment due to a withdrawal from one school receives additional Title IV aid at another school (based upon the student's having entered into an agreement with either Default Resolution Group or the first school) and then fails to meet the requirements of the agreement, Default Resolution Group or the school, as appropriate, will update NSLDS to show that the student is no longer eligible due to his or her violation of the agreement. The NSLDS postscreening process will then cause a new ISIR record to be created and sent to all schools listed in the CPS record.

As noted previously under *When a student receives additional funds during the 45-day period of extended eligibility,* the student loses eligibility as soon as he or she fails to meet the terms of the repayment agreement. The second school is not liable for any aid it disbursed after the student became ineligible but prior to being notified of the ineligibility via the NSLDS postscreening process.

As provided for in previous guidance (GEN-96-13, Q&A 13 and 15), once the school receives a record from NSLDS showing that a student is not eligible, it may no longer disburse Title IV aid to the student and must assist the Department in requiring the student to repay any funds he or she was not eligible to receive.

If a student who is receiving Title IV aid at an institution with which he or she has entered into a repayment agreement for a previous overpayment resulting from a withdrawal violates the terms of that agreement, the institution must immediately cease disbursing Title IV aid to the student. The school must immediately update the NSLDS record and refer the overpayment to Default Resolution Group.

Withdrawal Dates for a School that is Not Required to Take Attendance

Withdrawal Type	Circumstance	Student's Withdrawal Date [1]	Date of the Institution's Determination that the Student has Withdrawn
Official Notification	The student begins the school's withdrawal process, or The student otherwise provides official notification to the school of intent to withdraw.	The date the student begins the school's withdrawal process, or The date that the student otherwise provides the notification (If both circumstances occur, use the **earlier** withdrawal date.)	The student's withdrawal date or the date of notification, whichever is **later**
Official Notification Not Provided	Official notification not provided by the student because of circumstances beyond the student's control All other instances where student withdraws without providing official notification	The date that the school determines is related to the circumstance beyond the student's control The midpoint of the payment period or period of enrollment, as applicable	The date that the school becomes aware that the student has ceased attendance[2]
Leave of Absence Related	The student does not return from an approved leave of absence, or The student takes an unapproved leave of absence.	The date that the student began the leave of absence	The earlier of the dates of the end of the leave of absence or the date the student notifies the school he or she will not be returning to that school (In the case of an unapproved absence, the date that the student began the leave of absence)
Withdrawal After Rescission of Official Notification	The student withdraws after rescinding a previous official notification of withdrawal.	The student's original withdrawal date from the previous official notification	The date the school becomes aware that the student did not, or will not, complete the payment period or period of enrollment

1. In place of the dates listed, a school may always use, as a student's withdrawal date, the student's last date of attendance at an academically related activity if the school documents that the activity is academically related and that the student attended the activity.

2. For a student who withdraws without providing notification to the school, the school must determine the withdrawal date no later than 30 days after the end of the earliest of the (1) payment period or period of enrollment (as appropriate), (2) academic year, or (3) educational program.

Sample Summary of the Requirements of 34 CFR 668.22 (To Provide to Students as Part of Consumer Information)

Treatment of Title IV Aid When a Student Withdraws

The law specifies how your school must determine the amount of Title IV program assistance that you earn if you withdraw from school. The Title IV programs that are covered by this law are Federal Pell Grants, Iraq and Afghanistan Service Grants, TEACH Grants, Direct Loans, Direct PLUS Loans, Federal Supplemental Educational Opportunity Grants (FSEOGs), and Federal Perkins Loans.

Though your aid is posted to your account at the start of each period, you earn the funds as you complete the period. If you withdraw during your payment period or period of enrollment (your school can define these for you and tell you which one applies to you), the amount of Title IV program assistance that you have earned up to that point is determined by a specific formula. If you received (or your school or parent received on your behalf) less assistance than the amount that you earned, you may be able to receive those additional funds. If you received more assistance than you earned, the excess funds must be returned by the school and/or you.

The amount of assistance that you have earned is determined on a pro rata basis. For example, if you completed 30% of your payment period or period of enrollment, you earn 30% of the assistance you were originally scheduled to receive. Once you have completed more than 60% of the payment period or period of enrollment, you earn all the assistance that you were scheduled to receive for that period.

If you did not receive all of the funds that you earned, you may be due a post-withdrawal disbursement. If your post-withdrawal disbursement includes loan funds, your school must get your permission before it can disburse them. You may choose to decline some or all of the loan funds so that you don't incur additional debt. Your school may automatically use all or a portion of your post-withdrawal disbursement of grant funds for tuition, fees, and room and board charges (as contracted with the school). The school needs your permission to use the post-withdrawal grant disbursement for all other institutional charges. If you do not give your permission (some schools ask for this when you enroll), you will be offered the funds. However, it may be in your best interest to allow the school to keep the funds to reduce your debt at the school.

There are some Title IV funds that you were scheduled to receive that cannot be disbursed to you once you withdraw because of other eligibility requirements. For example, if you are a first-time, first-year undergraduate student and you have not completed the first 30 days of your program before you withdraw, you will not receive any Direct Loan funds that you would have received had you remained enrolled past the 30th day.

If you receive (or your school or parent receive on your behalf) excess Title IV program funds that must be returned, your school must return a portion of the excess equal to the lesser of:

1. your institutional charges multiplied by the unearned percentage of your funds, or
2. the entire amount of excess funds.

The school must return this amount even if it didn't keep this amount of your Title IV program funds.

If your school is not required to return all of the excess funds, you must return the remaining amount.

For any loan funds that you must return, you (or your parent for a Direct PLUS Loan) repay in accordance with the terms of the promissory note. That is, you make scheduled payments to the holder of the loan over a period of time.

Any amount of unearned grant funds that you must return is called an overpayment. The maximum amount of a grant overpayment that you must repay is half of the grant funds you received or were scheduled to receive. You do not have to repay a grant overpayment if the original amount of the overpayment is $50 or less. You must make arrangements with your school or the Department of Education to return the unearned grant funds.

The requirements for Title IV program funds when you withdraw are separate from any refund policy that your school may have. Therefore, you may still owe funds to the school to cover unpaid institutional charges. Your school may also charge you for any Title IV program funds that the school was required to return. If you don't already know your school's refund policy , you should ask your school for a copy. Your school can also provide you with the requirements and procedures for officially withdrawing from school.

If you have questions about your Title IV program funds, you can call the Federal Student Aid Information Center at 1-800-4-FEDAID (1-800-433-3243). TTY users may call 1-800-730-8913. Information is also available on Student Aid on the Web at **www.studentaid.ed.gov.**

Return of Title IV Funds Requirements and Deadlines

Party Responsible	Requirement	Deadline
School	**Determining withdrawal date** for student who withdraws without providing notification	30 days after the end of the earlier of: • Payment or enrollment period. • Academic year in which student withdrew. • Educational program from which student withdrew
School	**Return of unearned Title IV funds**	As soon as possible but no later than 45 days after date school determined student withdrew
School	**Post-withdrawal disbursement to student's account for:** Outstanding current (allowable) charges (tuition and fees, room and board, etc.). Minor (e.g., under $200) prior year charges that the school has authorization to retain	As soon as possible but no later than 180 days after the date school determined student withdrew, in accordance with requirements for disbursing Title IV funds, 34 CFR 668.164
School	**Written notification providing the student (or parent) the opportunity to accept all or part of a post-withdrawal disbursement of Title IV loan funds,** (Perkins Loan, Direct Loan, or Direct PLUS Loan) to the student's account	Within 30 days of the school's determination that the student withdrew, 34 CFR 668.22(a)(5)(iii)(A)
School	**Written notification of student's eligibility for a** direct post-withdrawal disbursement of Title IV loan funds i**n excess of outstanding current (educationally related) charges**	Within 30 days of the school's determination that the student withdrew, 34 CFR 668.22(a)(5)(iii)(A)
School	**Post-withdrawal disbursement to student** for earned Title IV funds in excess of outstanding current (educationally related) charges	From the date school determined student withdrew (1) loans as soon as possible but no later than 180 days (2) grants as soon as possible but no later than 45 days
School	**Notification to student (or parent) of outcome of late request for a post-withdrawal disbursement to student** (request received by school after the specified period and school chooses not to make disbursement)	Not specified but as soon as possible
School	**Notification to student of grant overpayment**	Within 30 days of date school determined student withdrew
School	**Referral of student to Default Resolution Group** if student does not pay overpayment in full, does not enter into repayment agreement, or fails to meet terms of repayment agreement	Not specified but as soon as possible
Student (or parent)	**Submit response instructing school to make post-withdrawal disbursement**	Within specified number of days school allows for response
Student	**Return of unearned Title IV funds**	Loans—according to terms of the loan. Grants—within 45 days of earlier of date school sent or was required to send notice

Return of Title IV Funds Requirements for Notification

Party Responsible	Notification	Requirements
School	Report of student to NSLDS if student does not pay overpayment in full, does not enter into repayment agreement, or fails to meet terms of repayment agreement	No later than 45 days from the date student is notified of overpayment
School	Consumer Information	• School's withdrawal policy. • School's refund policy. • Office(s) designated to receive official notifications of intent to withdraw. • Requirements regarding returns of Title IV funds
School	Written notification of student's eligibility for a direct post-withdrawal disbursement of Title IV loan funds in excess of outstanding current (educationally related) charges	• Identify type and amount of the Title IV loan funds that will make up the post-withdrawal disbursement not credited to student's account. • Explain that student or parent may accept all or part of the disbursement. • Advise student or parent that no post-withdrawal disbursement of Title IV loan funds will be made unless school receives response within the time frame established by the school
School	Response (written or electronic) to late request for post-withdrawal disbursement (that school chooses not to make)	Outcome of request
School	Repayment Agreement	• Terms permitting student to repay overpayment while maintaining eligibility for Title IV funds. • **Repayment in full within two years** of date school determined student withdrew
Student enrolled in a series of modules	Of intent to return to a module that begins later in the same payment period or period of enrollment	Close to the date that the student ceases attendance at any point prior to completing the payment period or period of enrollment and before the school is required to return Title IV funds, offer any post-withdrawal disbursement of loan funds, or take any other action under the R2T4 requirements. • For students enrolled in non-term and nonstandard-term programs, the later module must begin no later than 45 calendar days after the end of the module the student ceased attending. • For students enrolled in modules within a term, the later module must begin and end within the term.

Case Studies in Withdrawal and Return of Title IV Funds

CHAPTER 3

Case Study 1: Penny Jones

Calculating the return of Title IV funds for a student attending a two-year community college (semester) who is receiving Title IV grants and loans (partially disbursed), and is due a post-withdrawal disbursement.

Case Study 2: Bob Ellison

Calculating the return of Title IV funds when a student receiving Title IV grants and loans at a low-cost public community college that measures progress in credit hours withdraws, and both the school and the student must return grant funds.

Case Study 3: Richard Sherman

When a student receiving Title IV grants and loans at a school that uses the aggregate method for matching the school's FSEOG federal allocation, withdraws unofficially.

Case Study 4: Harry Springer

When a student receiving Title IV grants and loans at a school that measures academic progress in clock hours and performs its Return calculations on a period of enrollment basis, withdraws unofficially.

Case Study 5: Jordan Aire

When a student receiving Title IV grants and loans at a school that measures academic progress in clock hours and performs its Return calculations on a payment period basis, withdraws unofficially.

Case Studies 6 and 7: Thompson S. Hunter

When a student receiving Title IV grants at a school that utilizes a term-based modular course structure, measures academic progress in credit hours, and performs its Return calculations on a payment period basis, officially withdraws, returns, and withdraws again.

Case Study 8: Eli Kraut

When a student receiving Title IV grants at a school that utilizes a non-term modular course structure, measures academic progress in credit hours, and performs its Return calculations on a payment period basis, officially withdraws.

Case Study 9: Steve Henderson

When a student receiving Title IV grants at a school that utilizes a non-term modular course structure, measures academic progress in credit hours and performs its Return calculations on a payment period basis, officially withdraws.

CASE STUDY 1: PENNY JONES

Calculating the return of Title IV funds for a student attending a two-year community college (semester) who is receiving Title IV grants and loans (partially disbursed), and is due a post-withdrawal disbursement.

Learning Objectives

Learn to complete Steps 1 – 4 of the Treatment of Title IV Funds when a Student Withdraws from a Credit-Hour Program worksheet and be able to:

- identify the basic information needed to complete the worksheet, including the withdrawal date and date of the institution's determination that the student withdrew;
- calculate the percentage of the payment period or period of enrollment the student completed;
- calculate both the percentage and the amount of Title IV aid earned by the student;
- determine either that the student is due a post-withdrawal disbursement (PWD) of Title IV aid or that Title IV aid must be returned;
- determine the amount to be offered to the student or returned; and
- identify the information a school must maintain in its files when a student is eligible for a post-withdrawal disbursement, and complete a Post-withdrawal Tracking Sheet.

School Profile

Everyone Should Have an Education Community College (ESECC) is a two-year, public, semester-based institution that measures academic progress in credit hours.

Academic Year (AY)/Program	2 semesters 32 weeks
Period	16 weeks 110 calendar days
Period Start Date	August 23
Institutionally Scheduled Break	None
Required to Take Attendance	No

*The school's AY is 32 weeks and 24 semester hours.

Student Profile

Penny Jones is a first-year student in Virginia. Charges to her account for the first semester are as follows:

Tuition and Fees	$	1,000.00/16-week semester
Technology Fee	$	100.00/16-week semester
Books and Supplies	$	400.00/16-week semester
Health Insurance	$	200.00/academic year

Charges remaining on Penny's account after the withdrawal:

Tuition	$	100.00

School Authorized to Credit Account for Other Charges: Yes (all charges)

Penny's financial aid package included the following annual awards:

Pell Grant	$	2,000.00
Direct Subsidized Loan	$	3,500.00
State Grant	$	500.00
College Grant	$	200.00

Discussion

On the first day of the fall semester, August 23, Penny received the following disbursements to her student account:

Pell Grant	$	1,000.00
Direct Subsidized Loan	$	0.00
State Grant	$	500.00
College Grant	$	100.00

Although Penny is grateful for the assistance, she is concerned about meeting her living costs for the year.

On October 8, Penny came to the Financial Aid Office to advise that she doesn't think she is doing very well and is considering dropping out prior to November 1, the last day to withdraw from classes without academic penalty. To help her make a decision, she requests information on the withdrawal process. You are fairly certain that Penny is having a hard time adjusting to college life and want to encourage her to hang in until the end of the semester, December 10. After you provide her preliminary information, you ask her if it is her intent to withdraw. Penny says that she needs some time to think it over and makes a follow-up appointment for October 13.

When Penny comes to see you on October 13, she indicates that the last class she attended was on September 30. Because she doesn't see how she can get caught up on the work she's missed, she is adamant about withdrawing, so you give her instructions on completing the college's official withdrawal process and advise her where she can get the appropriate forms. Penny picks up the forms from the registrar on October 14. She turns the completed forms in on October 15.

Let's review some basic information about Penny as well as our learning objectives for this case. Penny attended a two-year community college, which was on the semester system. Students earned academic credits based on credit hours taken. Before withdrawing, Penny received her Pell Grant disbursement but not her Direct Loan.

The first thing we'll need to do is to decide on the date of the school's determination that Penny withdrew. Then, we'll complete Step 1: Student's Title IV Aid Information, which includes:

- Title IV aid disbursed, and
- Title IV aid that could have been disbursed.

Solution

The date of the institution's determination is the date you were advised by Penny that she had decided to withdraw (October 13). On the earlier date, October 8, she was only thinking about withdrawing.

Date of the institution's determination that the student withdrew = October 13.

Note that for a student who provides notification to the institution of his or her withdrawal, the ***date of determination*** is the student's withdrawal date, or the date of notification of withdrawal, whichever is later (34 CFR 668.22(l)(3)(i)). In this case, the dates are identical, October 13.

The withdrawal date for Title IV purposes, October 13, is described in ***Step 2***.

Step 1: Student's Title IV Aid Information

Box A. Title IV grants aid disbursed –

Pell Grant	$ 1,000.00
A. =	$ 1,000.00

Box B. Net Title IV loans disbursed = $ 0.00

Box C. Title IV grants that could have been disbursed = $ 0.00

Box D. Penny's Direct Loan had not been disbursed yet. But, she was eligible for the disbursement. Net Title IV loans that could have been disbursed = $1,750.00

D = $ 1,750.00

Box E. Although Penny also received disbursements of state and institutional aid, only Title IV aid is considered in the return of funds calculation. Title IV aid disbursed = $1,000.00.

E = $ 1,000.00

Box F. Box F is equal to the $1,000.00 from Box A plus $0.00 from Box C. Box F = $1,000.

F = $ 1,000.00

Box G. Both the disbursed Pell (Box A) and undisbursed Direct Loan (Box D) are included in Box G. Total Title IV aid disbursed plus Title IV aid that could have been disbursed = $2,750.

Pell Grant (Box A)	$ 1,000.00
Direct Subsidized Loan (Box D)	$ 1,750.00
Total Title IV aid disbursed plus could have been disbursed (Box G)	$ 2,750.00

G = $ 2,750.00

Step 2: Percentage of Title IV Aid Earned

1. Payment period start date = August 23
2. Payment period end date = December 10
3. Withdrawal date = October 13

Note: Since ESECC does not take attendance and is not required by an outside entity to take attendance, the withdrawal date is the date Penny began the official school withdrawal process. **Since the school includes the financial aid office as one of those places where the student can begin the withdrawal process, Penny's withdrawal date is October 13.**

Although the school's refund policy is that the withdrawal date is the date a student turns in the signed withdrawal forms—which she did on October 15—that date is superseded for a student receiving Title IV aid by the federal requirement to use the date the student begins the withdrawal process or otherwise provides official notification (October 13).

Although Penny stopped attending classes on September 30, she didn't notify the school (begin the official withdrawal process) until October 13. When she came to see you on October 8, she was only thinking about withdrawing.

Of course, the school could have documented a last date of attendance at an academically-related activity and used that as her withdrawal date if it so chose.

Box H. Percentage of payment period completed

- Since the student attended a credit-hour school, the percentage of aid completed is calculated by dividing the number of calendar days completed by the total number of calendar days in the payment period. Number of calendar days completed in payment period = 52 (August 23 – October 13).
- Because the semester does not include a scheduled break of five or more consecutive days, all of the calendar days in the period from August 23 to December 10 are counted. Number of calendar days in payment period = 110.

  Note: Days in a period are counted as follows:

  1. the first day of the payment period is the first scheduled day of academically related activity;
  2. the last day of the payment period is the last scheduled day of academically related activity;
  3. the school must count the date of withdrawal as a date of attendance.

- 52 days ÷ 110 days = .4727, rounded to .473, or 47.3%. Percentage of payment period completed = 47.3%.

Because this percentage is less than 60%, the percentage of Title IV aid earned,

H = 47.3%

Step 3: Amount of Title IV Aid Earned by the Student

Box I. 47.3% (Percentage of Title IV aid earned from Box H) X $2,750.00 (Total Title IV aid disbursed plus Title IV aid that could have been disbursed from Box G) = $1,300.75. Amount of Title IV aid earned by the student (Box I) = $1,300.75.

I = $1,300.75

Step 4: Total Title IV Aid to Be Disbursed or Returned

Box J. Because the total aid earned (Box I) is greater than the total aid disbursed (Box E), Penny is due a post-withdrawal disbursement. $1,300.75 (Box I) – $1,000.00 (Box E) = $300.75. post-withdrawal disbursement (Box J) = $300.75.

J = $300.75

If a post-withdrawal disbursement is due the student, you stop here on the worksheet. Your next step is to begin compiling the information a school must maintain in its files when a student is eligible for a post-withdrawal disbursement (ESECC has chosen to use FSA's Post-withdrawal Tracking Sheet), and providing the required notifications to the student.

THE POST-WITHDRAWAL DISBURSEMENT TRACKING SHEET

The FAO performed the Return calculation on October 15 and determined that Penny was eligible for a post-withdrawal disbursement of $300.75 (Step 4, Box J).

However, the COD system will not accept requests for other than whole dollars (no cents) for the Direct Loan Program. So, the school can only request and disburse $300.00.

Because the post-withdrawal disbursement would be composed entirely of loan funds, the school could not credit any funds to Penny's account or disburse any funds to her directly without sending Penny written notification advising her of her responsibility to repay the funds and obtaining Penny's confirmation that she still wanted them.

Therefore, on October 20, the school sent Penny a letter explaining that:

- she was eligible for a post-withdrawal disbursement of Subsidized Direct Loan funds in the amount of $300.00;
- she could accept some or all of the funds;
- Penny was obligated to repay any loan funds she accepted;
- if she accepted the disbursement, $100 would be credited to her account for unpaid charges and that Penny could not receive that $100;
- if she accepted the disbursement, the school would make a direct disbursement directly to her of $200.00; and
- she has until November 13 (24 days from the day the school mailed the letter)[1] to accept the disbursement, and that if her response was received after that date, the school did not have to make the disbursement.

On November 13, the school received confirmation from Penny that she accepted all of the funds.

On November 15, the school drew down $300.00 in Subsidized Direct Loan funds through G5, credited the $300.75 to Penny's account, took $100 for unpaid charges and sent Penny a check for the credit balance of $200.00. (Note that the school could have drawn down the funds, credited the student's account with $100.00, and sent the student the balance of $200.00, but we do not require a school to deviate from its normal cash management procedures and establish a different type of audit trail for post-withdrawal disbursements.)

The FAO placed a record of all the aforementioned in Penny's permanent financial aid file.

1 The regulations now allow a school to set a deadline later than 14 days, provided the later deadline applies to both confirmation of loan disbursements to the student's account and direct disbursements of a post-withdrawal disbursement of loan disbursements to the student's account and direct disbursements of a post-withdrawal disbursement.

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

Student's Name Penny Jones **Social Security Number** Example 1

Date form completed 10 / 15 / **Date of school's determination that student withdrew** 10 / 13 /

Period used for calculation (check one) ■ **Payment period** ☐ **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%)

STEP 1: Student's Title IV Aid Information

Title IV Grant Programs	Amount Disbursed	Amount that Could Have Been Disbursed
1. Pell Grant	1000.00	
2. FSEOG		
3. TEACH Grant		
4. Iraq and Afghanistan Service Grant		
	A. 1000.00	**C.**
	Subtotal	Subtotal

Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed
5. Unsubsidized Direct Loan		
6. Subsidized Direct Loan		1750.00
7. Perkins Loan		
8. Direct Grad PLUS Loan		
9. Direct Parent PLUS Loan		
	B.	**D.** 1750.00
	Subtotal	Subtotal

E. Total Title IV aid disbursed for the period.

A. 1000.00
+ B.
E. $ 1000.00

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

A. 1000. 00
+ C.
= **F. $** 1000 . 00

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

A. 1000.00
B.
C.
+ D. 1750.00
= **G.$** 2750.00

STEP 2: Percentage of Title IV Aid Earned

08 / 23 /	12 / 10 /	10 / 13 /
Start date	**Scheduled end date**	**Date of withdrawal**

A school that is not required to take attendance may, for a student who withdraws without notification, enter 50% in Box H and proceed to Step 3. Or, the school may enter the last date of attendance at an academically related activity for the "withdrawal date," and proceed with the calculation as instructed. For a student who officially withdraws, enter the withdrawal date.

H. Percentage of payment period or period of enrollment completed

Divide the calendar days completed in the period by the total calendar days in the period (excluding scheduled breaks of five days or more **AND** days that the student was on an approved leave of absence).

52 (Completed days) ÷ 110 (Total days) = 47 . 3 %

- If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.
- If this percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3.

H. 47 . 3 %

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).

47.3 % (Box H) X 2750.00 (Box G) = **I. $** 1300 . 75

- *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.

1300.75 (Box I) − 1000.00 (Box E) **J. $** 300 . 75

Stop here, and enter the amount in "J" in Box 1 on Page 3 (Post-withdrawal disbursement tracking sheet).

Step 4 continued ▶

You should use this format when the withdrawal date is on or after 7/1/2017.

POST-WITHDRAWAL DISBURSEMENT TRACKING SHEET

Student's Name: Penny Jones

Social Security Number: Example 1

Date of school's determination that student withdrew: 10 / 13 /

I. Amount of Post-withdrawal Disbursement (PWD)

Amount from "Box J" of the Treatment of Title IV Funds When a Student Withdraws worksheet **Box 1** $ 300.00

II. Outstanding Charges For Educationally Related Expenses Remaining On Student's Account

Total Outstanding Charges Scheduled to be Paid from PWD
(*Note: Prior-year charges cannot exceed $200.*) **Box 2** $ 100.00

III. Post-withdrawal Disbursement Offered Directly to Student and/or Parent

From the total Post-withdrawal Disbursement due (Box 1), subtract the Post-withdrawal Disbursement to be credited to the student's account (Box 2) . This is the amount you must make to the student (grant) or offer to the student or parent (Loan) as a Direct Disbursement.

$ 300.00 (Box 1) − $ 100.00 (Box 2) = **Box 3** $ 200.00

IV. Allocation of Post-withdrawal Disbursement

Type of Aid	Loan Amount School Seeks to Credit to Account	Loan Amount Authorized to Credit to Account	Title IV Aid Credited to Account	Loan Amount Offered as Direct Disbursement	Loan Amount Accepted as Direct Disbursement	Title IV Aid Disbursed Directly to Student
Pell Grant	N/A	N/A		N/A	N/A	
FSEOG	N/A	N/A		N/A	N/A	
TEACH Grant	N/A	N/A		N/A	N/A	
Iraq Afghanistan Svc. Grant	N/A	N/A		N/A	N/A	
Perkins			100.00	200.00	200.00	200.00
Subsidized Direct						
Unsubsidized Direct						
Direct Grad Plus						
Direct Parent Plus						
Totals						

V. Authorizations and Notifications

Post-withdrawal disbursement loan notification sent to student and/or parent on 10 / 20 /

Deadline for student and/or parent to respond 11 / 13 /

☐ Response received from student and/or parent on 11 / 13 / ☐ Response not received

☐ School does not accept late response

VI. Date Funds Sent

Date Direct Disbursement mailed or transferred Grant / / Loan 11 / 15 /

You should use this format when the withdrawal date is on or after 7/1/2017

CASE STUDY 2: BOB ELLISON

Calculating the return of Title IV funds when a student receiving Title IV grants and loans at a low-cost public community college that measures progress in credit hours withdraws and both the school and the student must return grant funds.

Learning Objectives

Learn to complete Steps 1–10 of the Treatment of Title IV Funds when a Student Withdraws from a Credit-Hour Program worksheet and be able to:

- identify the basic information needed to complete the worksheet, including the withdrawal date and date of the institution's determination that the student withdrew for a student who officially withdraws;
- calculate the percentage of the payment period or period of enrollment the student completed;
- calculate both the percentage and the amount of Title IV aid earned by the student;
- determine either that the student is due a post-withdrawal disbursement (PWD) of Title IV aid or that Title IV aid must be returned;
- determine the amount to be offered to the student or returned;
- apply the Title IV grant protection; and
- apply the *de minimis* grant repayment provision.

School Profile

West Coast Community College (WCCC) is a two-year public, credit-hour institution.

Academic Year/Program:	2 semesters 32 weeks and 24 semester hours
Period:	16 weeks 110 calendar days
Period Start Date:	January 8
Period End Date:	May 4
Institutionally Scheduled Break:	Yes, 7 days
Taking Attendance Required:	No
Method for Matching FSEOG:	Fund-specific

Student Profile

Bob Ellison is a first-time freshman at WCCC. Charges to his account are as follows:

Tuition and Fees:	$	1,000.00/16 week semester
School Authorized to Credit Account for Other Charges:		Yes (all charges)

Bob's financial aid package includes the following annual awards:

Pell Grant	$	2,800.00
FSEOG	$	2,400.00

Discussion

Bob Ellison enrolled as a first-time freshman at (WCCC) for the spring semester on January 8. On January 18, Bob got a call from the state treasurer informing him that the programming job he had applied for six months ago was his for the taking. That same day, Bob contacted the Financial Aid Office to: (1) advise it that he was withdrawing from WCCC, (2) begin WCCC's formal withdrawal process (11 calendar days into the semester), and (3) find out what to do next. All of his financial aid for the semester had been disbursed.

Solution

The date of the institution's determination that Bob withdrew is the day he contacted the Financial Aid Office to advise the school that he was withdrawing from WCCC: January 18.

Step 1: Student's Title IV Aid Information

Box A. Because WCCC uses the fund-specific method of matching FSEOG funds, 100% of Bob's FSEOG grant is used in the calculation. Title IV grant aid disbursed = $2,600.00.

Pell Grant	$ 1,400.00
FSEOG	$ 1,200.00
A. =	$ 2,600.00

Box B. Net Title IV loans disbursed = $ 0.00.

Box C. Grants that could have been disbursed = $ 0.00.

Box D. Net Title IV loans that could have been disbursed = $ 0.00.

Box E. Total Title IV aid disbursed for the payment period = A + B = 2,600.00 + 0.00 = $ 2,600.00.

Box F. Total Title IV grant aid disbursed and could have been disbursed for the payment period = A + C = 2,600.00 + 0.00 = $ 2,600.00.

Box G. Total Title IV aid disbursed and could have been disbursed for the payment period = A + B + C + D = 2,600.00 + 0.00 + 0.00 + 0.00 = $ 2,600.00.

Step 2: Percentage of Title IV Aid Earned

1. Payment period start date = January 8.
2. Payment period end date = May 4.
3. Date of withdrawal = January 18.
4. Percentage of payment period completed:
   - Number of calendar days completed = 11 calendar days.
   - Number of calendar days in payment period = 110 calendar days.
   - 11 days ÷ 110 days = .100. Percentage of payment period completed = 10.0%.

Box H. Because this percentage is 60% or less, the percentage of Title IV aid earned = **10.0%.**

Step 3: Amount of Title IV Aid Earned by Student

Box I. Multiply 10.0% (Percentage of Title IV aid earned from Box H) X $2,600.00 (Total Title IV aid disbursed plus Title IV aid that could have been disbursed from Box G) = $260.00 Amount of Title IV aid earned by student = $260.00.

Box I. = $260.00

Step 4: Total Title IV Aid to be Disbursed or Returned

Box J. Because the total Title IV aid earned (Box I) is less than the aid disbursed (Box E), no post-withdrawal disbursement is due, and we proceed to Box K. Post-withdrawal disbursement = N/A.

Box K. Because the total aid disbursed (Box E) is greater than the total aid earned (Box I), Title IV aid will need to be returned.

$2,600.00 (Box E) – $260.00 (Box D) = $2,340.00. Title IV aid to be returned = $2,340.00.

Step 5: Amount of Unearned Title IV Aid Due from the School

Box L. Institutional charges for the payment period or period of enrollment = $1,000.00.

Tuition and Fees	$	1,000.00

Box M. Subtract 10.0%, the percentage of Title IV aid earned (Box H), from 100% (100% – 10.0% = 90.0%). Percentage of Title IV aid unearned = 90.0%.

Box N. First, calculate the unearned institutional charges. $1,000.00 (Institutional charges from Box L) X 90.0% (% Title IV aid unearned from Box M) = $900.00. Amount of unearned institutional charges = $900.00.

Box O. Then, compare the amount of Title IV aid to be returned (Box K) to unearned institutional charges (Box N), and enter the lesser amount for Box O.

Box K =	$	2,340.00
Box N =	$	900.00

Amount of unearned Title IV aid due from the school = $900.00.

Step 6: Return of Funds by the School

Box P. The student had no loans, so the total loans the school must return = $0.00

Box P =	$	0.00

The student's Pell Grant ($1,025.00) exceeds the amount the school must return ($900.00), so the school must return $900.00 to the Federal Pell Grant program. The school must return the funds as soon as possible, but no later than **45 days** from the date it determined Bob withdrew.

Step 7: Initial Amount of Unearned Title IV Aid Due from Student

Box Q. Subtract the amount of Title IV aid that the school must return ($900.00 from Box O) from the total amount of Title IV aid that is to be returned ($2,340.00 from Box K). $2,340.00 – $900.00 = $1,440.00. Initial amount of unearned Title IV aid due from student = $1,440.00.

Step 8: Repayment of the Student's Loans

Box R. The student had no loans, so the total loans the student must return = $0.00.

Step 9: Grant Funds to be Returned

Box S. Initial amount of Title IV grants for the student to return

Subtract the amount of loans to be repaid by the student ($0.00 from Box R) from the initial amount of unearned Title IV aid due from the student ($1,440.00 from Box Q) to find the initial amount of Title IV grants for the student to return. $1,440.00 – $0.00 = $1,440.00.

Box T. Amount of grant protection

Multiply the total of Title IV grant aid that was disbursed and could have been disbursed for the payment period or period of enrollment ($2,600.00 from Box F) by 50%. Amount of grant protection = $2,600.00 X 50.0% = $1,300.00.

Box U. Title IV grant funds for the student to return

Subtract the protected amount of Title IV grants ($1,300.00 from Box T) from the initial amount of Title IV grants for student to return ($1,440.00 from Box S). Total grants for student to return = $1,440.00 – $1,300.00 = $140.00.

Step 10: Return of Grant Funds by the Student

Amount of Title IV grants for the student to return

- Subtract the amount the school had to return to the Federal Pell Grant program ($900.00) from the amount Federal Pell Grant disbursed to the student ($1,400.00). Remaining unearned Pell Grant balance = $1,400.00 – $900.00 = $500.00.
- Since the $500 remaining in Pell funds exceeds the $140.00 for the student to return, WCCC informs Bob that he must repay the $140.00 and that he has 45-days to make repayment arrangements or his overpayment. WCCC also informs Bob that if he fails to repay or make arrangements to repay the overpayment, he will be referred to the Department and will lose eligibility for additional Title IV funds.

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

Student's Name Bob Ellison

Social Security Number Example 2

Date form completed 01 / 19 /

Date of school's determination that student withdrew 01 / 18 /

Period used for calculation (check one) ■ **Payment period** ☐ **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%)

STEP 1: Student's Title IV Aid Information

Title IV Grant Programs	Amount Disbursed	Amount that Could Have Been Disbursed
1. Pell Grant	1400.00	
2. FSEOG	1200.00	
3. TEACH Grant		
4. Iraq and Afghanistan Service Grant		
	A. 2600.00	C.
	Subtotal	Subtotal

Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed
5. Unsubsidized Direct Loan		
6. Subsidized Direct Loan		
7. Perkins Loan		
8. Direct Grad PLUS Loan		
9. Direct Parent PLUS Loan		
	B.	D.
	Subtotal	Subtotal

E. Total Title IV aid disbursed for the period.

A. 2600.00
\+ B.
E. $ 2600.00

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

A. 2600.00
\+ C.
= F. $ 2600.00

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

A. 2600.00
B.
C.
\+ D.
= G. $ 2600.00

STEP 2: Percentage of Title IV Aid Earned

Start date	Scheduled end date	Date of withdrawal
01 / 08 /	05 / 04 /	01 / 18 /

A school that is not required to take attendance may, for a student who withdraws without notification, enter 50% in Box H and proceed to Step 3. Or, the school may enter the last date of attendance at an academically related activity for the "withdrawal date," and proceed with the calculation as instructed. For a student who officially withdraws, enter the withdrawal date.

H. Percentage of payment period or period of enrollment completed

Divide the calendar days completed in the period by the total calendar days in the period (excluding scheduled breaks of five days or more **AND** days that the student was on an approved leave of absence).

11 (Completed days) ÷ 110 (Total days) = 10.00 %

- If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.
- If this percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3.

H. 10.0 %

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).

10.0 % (Box H) X 2600.00 (Box G) = I. $ 260.00

- *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.

Box I – Box E = J. $.

Stop here, and enter the amount in "J" in Box 1 on Page 3 (Post-withdrawal disbursement tracking sheet).

Step 4 continued ▶

You should use this format when the withdrawal date is on or after 7/1/2017.

Student's Name Bob Ellison **Social Security Number** Example 2

STEP 4: Aid to be Disbursed or Returned CONTINUED

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.

2600.00 (Box E) − 260.00 (Box I) = K.$ 2340.00

STEP 5: Amount of Unearned Title IV Aid Due from the School

L. Institutional charges for the period

Tuition	1000.00
Room	
Board	
Other	
Other	
Other	

Total Institutional Charges *(Add all the charges together)* = L.$ 1000.00

M. Percentage of unearned Title IV aid

100% − 10.0 % (Box H) = M. 90.0 %

N. Amount of unearned charges

Multiply institutional charges for the period (Box L) by the percentage of unearned Title IV aid (Box M).

1000.00 (Box L) x 90.0 % (Box M) = N.$ 900.00

O. Amount for school to return

Compare the amount of Title IV aid to be returned (Box K) to amount of unearned charges (Box N), and enter the lesser amount. O.$ 900.00

STEP 6: Return of Funds by the School

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.

Title IV Programs	Amount for School to Return
1. Unsubsidized Direct Loan	
2. Subsidized Direct Staff Loan	
3. Perkins Loan	
4. Direct Grad PLUS Loan	
5. Direct Parent PLUS Loan	
Total loans the school must return =	P.$.
6. Pell Grant	900.00
7. FSEOG	
8. TEACH Grant	
9. Iraq and Afghanistan Service Grant	

STEP 7: Initial Amount of Unearned Title IV Aid Due from the Student

From the amount of Title IV aid to be returned (Box K) subtract the Amount for the school to return (Box O).

2340.00 (Box K) − 900.00 (Box O) = Q.$ 1440.00

▶ *If Box Q is ≤ zero, **STOP**. If greater than zero, go to Step 8*

STEP 8: Repayment of the Student's loans

From the Net loans disbursed to the student (Box B) subtract the Total loans the school must return (Box P) to find the amount of Title IV loans the student is still responsible for repaying (Box R).

These loans consist of loans the student has earned, or unearned loan funds the school is not responsible for repaying. They are repaid to the loan holders according to the terms of the borrower's promissory note.

00.00 (Box B) − 00.00 (Box P) = R.$ 00.00

▶ *If Box Q is less than or equal to Box R, **STOP**. The only action a school must take is to notify the holders of the loans of the student's withdrawal date.*

▶ *If Box Q is greater than Box R, proceed to Step 9.*

STEP 9: Grant Funds to be Returned

S. Initial amount of Title IV grants for student to return

From the initial amount of unearned Title IV aid due from the student (Box Q) subtract the amount of loans to be repaid by the student (Box R) .

1440.00 (Box Q) − 0.00 (Box R) = S.$ 1440.00

T. Amount of Title IV grant protection

Multiply the total of Title IV grant aid that was disbursed and that could have been disbursed for the period (Box F) by 50%.

2600.00 (Box F) x 50% = T.$ 1300.00

U. Title IV grant funds for student to return

From the Initial amount of Title IV grants for student to return (Box S) subtract the Amount of Title IV grant protection (Box T).

1440.00 (Box S) − 1300.00 (Box T) = U.$ 140.00

▶ *If Box U is less than or equal to zero, **STOP**. If not, go to Step 10.*

STEP 10: Return of Grant Funds by the Student

Except as noted below, the student must return the unearned grant funds for which he or she is responsible (Box U). The grant funds returned by the student are applied in order as indicated, up to the amount disbursed from that grant program minus any grant funds the school is responsible for returning to that program in Step 6.

Note that the student is not responsible for returning funds to any program to which the student owes $50.00 or less.

Title IV Grant Programs	Amount To Return
1. Pell Grant	140.00
2. FSEOG	
3. TEACH Grant	
4. Iraq and Afghanistan Service Grant	

You should use this format when the withdrawal date is on or after 7/1/2017

CASE STUDY 3: RICHARD SHERMAN

When a student receiving Title IV grants and loans at a school that uses the Aggregate method for matching the school's FSEOG federal allocation withdraws unofficially.

Learning Objectives

Learn to complete Steps 1–9 of the Treatment of Title IV Funds when a Student Withdraws from a Credit-Hour Program worksheet and be able to:

- identify the basic information needed to complete the worksheet, including the withdrawal date and date of the institution's determination that the student withdrew for a student who withdraws unofficially;
- calculate the percentage of the payment period or period of enrollment the student completed;
- calculate both the percentage and the amount of Title IV aid earned by the student;
- determine either that the student is due a post-withdrawal disbursement (PWD) of Title IV aid or that Title IV aid must be returned;
- determine the amount to be offered to the student or returned; and
- apply the Title IV grant protection.

School Profile

The Ultra Large State University (ULSU) is a four-year, semester-based, public institution that measures academic progress in credit hours and uses the Fund Specific method for matching the school's FSEOG federal allocation with state grant funds.

Academic Year/Program	2 semesters 30 weeks and 24 semester hours
Period	15 weeks 100 calendar days
Period Start Date	September 1
Institutionally Scheduled Break	None
Required to Take Attendance	No
Method for Matching FSEOG	Fund Specific

Student Profile

Richard Sherman is a third-year student with a 3.5 cumulative GPA majoring in engineering.

Tuition and fees	$	4,000.00/15 week semester
Room	$	1,000.00/15 week semester
Board	$	1,000.00/15 week semester
Books and Supplies (credit voucher at school store)	$	500.00/15 week semester

School Authorized to Credit Account for Other Charges: Yes (all charges)

Richard's financial aid package included the following **annual** awards:

Pell Grant	$	5,500.00
State Grant	$	1,000.00
FSEOG (Federal Portion)	$	4,000.00
Net Direct Loan	$	3,860.00

All of Richard's financial aid for the first semester (i.e., one-half of his annual awards) was disbursed on the first day of classes.

Discussion

Richard is a brilliant computer engineering major in his third year at The ULSU. Over the summer between his second and third year, Richard developed and submitted to Gigantic Computer Corporation (GCC) an idea for a new memory chip. In October, Richard got a six-figure offer of employment from GCC. Richard was so excited by the offer that he packed his bags and headed for Seattle without telling anyone at the school that he was leaving.

Instructors at The ULSU must report a last date of attendance (LDA) whenever they submit a non-passing grade, and those dates appear on a report of Title IV recipients who failed to earn a passing grade in any of their classes that is provided by the Computer Center to the financial aid office at the end of each grading period.

On December 16, after grades have been submitted for the fall semester, the Computer Center at The ULSU ran the program that identified Title IV recipients who failed to earn a passing grade in any of their classes. When the aid office received and evaluated the report for the fall semester, it found that Richard's LDA was October 10. Because Richard did not provide official notification of his withdrawal, he is considered an unofficial withdrawal.

At the beginning of the semester, the following awards were posted to Richard's account at ULSU.

Pell Grant	$	2,750.00
State Grant	$	500.00
FSEOG	$	2,000.00
Subsidized Direct	$	1,930.00

Solution

The date of the institution's determination that Richard withdrew is the date the aid office received and processed the report from the Computer Center. Date of institution's determination that the student withdrew = December 16.

Note: For a student who withdraws without providing notification to a school that is not required to take attendance the school must determine the withdrawal date no later than 30 days after the end of the earlier of (1) the payment period or the period of enrollment (as applicable), (2) the academic year, or (3) the student's educational program.

Step 1: Student's Title IV Aid Information

Box A. ULSU enters the following data in Step 1.

Title IV grant aid disbursed –

Pell Grant	$	2,750.00
FSEOG	$	2,000.00
A. =	$	4,750.00

Box B. Net Title IV loans disbursed,
Subsidized Direct Loan = $ 1,930.00

Box C. Title IV grants that could have been disbursed = $ 0.00.

Box D. Net Title IV loans that could have been disbursed = $ 0.00.

Box E. Total Title IV aid disbursed for the payment period = A + B = 4,750.00 + 1,930.00 = $ 6,680.00.

Box F. Total Title IV grant aid disbursed and could have been disbursed for the payment period = A + C = 4,750.00 + 0.00 = $ 4,750.00.

Box G. Total Title IV aid disbursed and could have been disbursed for the payment period = A + B + C + D = 4,750.00 + 1,930.00 + 0.00 + 0.00 = $ 6,680.00.

Step 2: Percentage of Title IV Aid Earned

Because Richard did not officially withdraw from school and The ULSU does not take attendance and is not required to take attendance by an outside agency (other than for a one day snapshot for state census purposes), the school may use either the midpoint of the payment period or the last date of Richard's attendance in an academically related activity as the withdrawal date. The school elects to choose the midpoint of the period as Richard's withdrawal date.

1. Payment period start date = September 1
2. Payment period end date = December 9
3. Date of withdrawal = October 20[1]
4. Percentage of payment period completed
   - Number of calendar days completed = 50[2]
   - Number of calendar days in the payment period = 100
   - 50 days ÷ 100 days = 0.5000. Percentage of payment period completed = 50.0%

Box H. Because this percentage is 60% or less, the percentage of Title IV aid earned = 50.0%.

Step 3: Amount of Title IV Aid Earned by the Student

Box I. 50.0% (Percentage of Title IV aid earned from Box H) X $6,680.00 (Total of the Title IV aid disbursed and could have been disbursed for the payment period or period of enrollment from Box G) = $3,340.00. Amount of Title IV aid earned by the student = $3,340.00.

Step 4: Total Title IV Aid to be Disbursed or Returned

Box J. Because the total Title IV aid earned (Box I) is less than the total Title IV aid disbursed (Box E), no post-withdrawal disbursement is due, and we proceed to Box K.

Post-withdrawal disbursement = NA.

Box K. Because the total Title IV aid disbursed (Box E) is greater than the total Title IV aid earned (Box I), Title IV aid must be returned.

$6,680.00 (Box E) – $3,340.00 (Box I) = $3,340.00. Title IV Aid to be returned = $3,340.00.

1, 2 The midpoint of the period, or 50 of 100 days.

Step 5: Amount of Unearned Title IV Aid Due from the School

Box L. Institutional charges for the payment period or period of enrollment = $6,500.00.

Tuition and fees	$	4,000.00
Room	$	1,000.00
Board	$	1,000.00
Books	$	500.00

Box M. Subtract the percentage of Title IV earned from Box H (50.0%) from 100.0%. 100% – 50.0% = 50.0%. Percentage of Title IV aid unearned = 50.0%.

Box N. Calculate the amount of unearned charges. $6,500.00 (Institutional charges from Box L) X 50% (% of Title IV aid unearned from Box M) = $3,250.00.
Amount of unearned institutional charges = $3,250.00.

Box O. Compare the amount of Title IV aid to be returned (Box K) to unearned institutional charges (Box N), and enter the lesser amount in Box O.

Box K =	$	3,340.00
Box N =	$	3,250.00

Amount of unearned Title IV aid due from the school = $3,250.00.

STEP 6: Return of Funds by the School

Box P. The only Title IV loan disbursement Richard received was a Subsidized Direct Loan disbursement of $1,930.00. Since $1,930.00 is less than the $3,250.00 (Box O) the school must return, the school must return the entire $1,930.00. Box P = $1,930.00.

After the school returns $1,930.00 to the Direct Loan program, $1,320.00 remains to be returned by the school ($3,250 (from Box O) – $1,930 (from Box P)). Richard received $2,000.00 in Pell Grant funds, so the school returns the $1,320.00 to the Pell Grant Program.

STEP 7: Initial Amount of Unearned Title IV Aid Due from Student

Box Q. Subtract the amount of Title IV aid the school must return ($3,250.00 from Box O) from the total amount of Title IV aid that is to be returned ($3,340.00 from Box K) to find the initial amount of Title IV aid due from the student. $3,340.00 – $3,250.00 = $90.00.

STEP 8: Repayment of the Student's Loans

Box R. Subtract the Total Loans the school must return ($1,930.00 from Box P) from the net loans disbursed to the student ($1,930.00 from Box B) to find the total of the loans the student must repay $1,930.00 – $1,930.00 = $0.00.

Remember, you must notify the holder of Richard's loan that he has withdrawn from school.

STEP 9: Grant Funds to be Returned

Box S. Initial amount of Title IV grants for the student to return

Subtract the amount of loans to be repaid by the student ($0.00 from Box R) from the initial amount of unearned aid due from the student ($90.00 from Box Q) to find the initial amount of Title IV grants for the student to return. $90.00 – $0.00 = $90.00.

Box T. Amount of grant protection

Multiply the total of Title IV grant aid disbursed or could have been disbursed for the payment period or period of enrollment ($4,740.00 from Box F) by 50.0%. $4,750 X 50.0% = $2,375.00.

Box U. Title IV grant funds for the student to return

Subtract the amount of grant protection ($2,375.00 from Box T) from the initial amount of Title IV grants for the student to return ($90.00 from Box S) to find the Title IV grant funds for the student to return. $90.00 – $2375.00 = $0.00[1].

1 If this amount is less than or equal to $0.00, enter = NA, and stop here. Richard is not required to return any Title IV grant funds.

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

Student's Name Richard Sherman

Social Security Number Example 3

Date form completed 12 / 17 /

Date of school's determination that student withdrew 12 / 16 /

Period used for calculation (check one) ☐ **Payment period** ☐ **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%)

STEP 1: Student's Title IV Aid Information

Title IV Grant Programs	Amount Disbursed	Amount that Could Have Been Disbursed
1. Pell Grant	2750.00	
2. FSEOG	2000.00	
3. TEACH Grant		
4. Iraq and Afghanistan Service Grant		
	A. 4750.00 (Subtotal)	**C.** (Subtotal)

Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed
5. Unsubsidized Direct Loan		
6. Subsidized Direct Loan	1930.00	
7. Perkins Loan		
8. Direct Grad PLUS Loan		
9. Direct Parent PLUS Loan		
	B. 1930.00 (Subtotal)	**D.** (Subtotal)

E. Total Title IV aid disbursed for the period.

A. 4750.00
\+ B. 1930.00
E. $ 6680.00

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

A. 4750.00
\+ C.
= **F. $** 4750.00

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

A. 4750.00
B. 1930.00
C.
\+ D.
= **G. $** 6680.00

STEP 2: Percentage of Title IV Aid Earned

Start date	Scheduled end date	Date of withdrawal
9 / 1 /	12 / 9 /	10 / 20 /

A school that is not required to take attendance may, for a student who withdraws without notification, enter 50% in Box H and proceed to Step 3. Or, the school may enter the last date of attendance at an academically related activity for the "withdrawal date," and proceed with the calculation as instructed. For a student who officially withdraws, enter the withdrawal date.

H. Percentage of payment period or period of enrollment completed

Divide the calendar days completed in the period by the total calendar days in the period (excluding scheduled breaks of five days or more **AND** days that the student was on an approved leave of absence).

50 (Completed days) ÷ 100 (Total days) = 50.00 %

- If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.
- If this percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3.

H. 50.00 %

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).

50.0 % (Box H) X 6680.00 (Box G) = **I. $** 3340.00

- *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.

Box I — Box E **J. $** NA

Stop here, and enter the amount in "J" in Box 1 on Page 3 (Post-withdrawal disbursement tracking sheet).

Step 4 continued ▶

You should use this format when the withdrawal date is on or after 7/1/2017.

Student's Name Richard Sherman **Social Security Number** Example 3

STEP 4: Aid to be Disbursed or Returned CONTINUED

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.

6680.00 (Box E) − 3340.00 (Box I) = K.$ 3340.00

STEP 5: Amount of Unearned Title IV Aid Due from the School

L. Institutional charges for the period

Tuition	4000.00
Room	1000.00
Board	1000.00
Books	500.00
Other	
Other	

Total Institutional Charges *(Add all the charges together)* = L.$ 6500.00

M. Percentage of unearned Title IV aid

100% − 50.0 % (Box H) = M. 50.0 %

N. Amount of unearned charges

Multiply institutional charges for the period (Box L) by the percentage of unearned Title IV aid (Box M).

6500.00 (Box L) X 50.0 % (Box M) = N.$ 3250.00

O. Amount for school to return

Compare the amount of Title IV aid to be returned (Box K) to amount of unearned charges (Box N), and enter the lesser amount. O.$ 3250.00

STEP 6: Return of Funds by the School

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.

Title IV Programs	Amount for School to Return
1. Unsubsidized Direct Loan	
2. Subsidized Direct Staff Loan	1930.00
3. Perkins Loan	
4. Direct Grad PLUS Loan	
5. Direct Parent PLUS Loan	

Total loans the school must return = P.$ 1930.00

6. Pell Grant	1320.00
7. FSEOG	
8. TEACH Grant	
9. Iraq and Afghanistan Service Grant	

STEP 7: Initial Amount of Unearned Title IV Aid Due from the Student

From the amount of Title IV aid to be returned (Box K) subtract the Amount for the school to return (Box O).

3340.00 (Box K) − 3250.00 (Box O) = Q.$ 90.00

▶ *If Box Q is ≤ zero, **STOP**. If greater than zero, go to Step 8*

STEP 8: Repayment of the Student's loans

From the Net loans disbursed to the student (Box B) subtract the Total loans the school must return (Box P) to find the amount of Title IV loans the student is still responsible for repaying (Box R).

These loans consist of loans the student has earned, or unearned loan funds the school is not responsible for repaying. They are repaid to the loan holders according to the terms of the borrower's promissory note.

1930.00 (Box B) − 1930.00 (Box P) = R.$ 0.00

▶ *If Box Q is less than or equal to Box R, **STOP**. The only action a school must take is to notify the holders of the loans of the student's withdrawal date.*

▶ *If Box Q is greater than Box R, proceed to Step 9.*

STEP 9: Grant Funds to be Returned

S. Initial amount of Title IV grants for student to return

From the initial amount of unearned Title IV aid due from the student (Box Q) subtract the amount of loans to be repaid by the student (Box R) .

90.00 (Box Q) − 0.00 (Box R) = S.$ 90.00

T. Amount of Title IV grant protection

Multiply the total of Title IV grant aid that was disbursed and that could have been disbursed for the period (Box F) by 50%.

4750.00 (Box F) X 50% = T. $ 2375.00

U. Title IV grant funds for student to return

From the Initial amount of Title IV grants for student to return (Box S) subtract the Amount of Title IV grant protection (Box T).

90.00 (Box S) − 2375.00 (Box T) = U.$ NA

▶ *If Box U is less than or equal to zero, **STOP**. If not, go to Step 10.*

STEP 10: Return of Grant Funds by the Student

Except as noted below, the student must return the unearned grant funds for which he or she is responsible (Box U). The grant funds returned by the student are applied in order as indicated, up to the amount disbursed from that grant program minus any grant funds the school is responsible for returning to that program in Step 6.

Note that the student is not responsible for returning funds to any program to which the student owes $50.00 or less.

Title IV Grant Programs	Amount To Return
1. Pell Grant	
2. FSEOG	
3. TEACH Grant	
4. Iraq and Afghanistan Service Grant	

You should use this format when the withdrawal date is on or after 7/1/2017

CASE STUDY 4: HARRY SPRINGER

When a student receiving Title IV grants and loans at a school that measures academic progress in clock hours and performs its Return calculations on a period of enrollment basis, withdraws unofficially.

Learning Objectives

Learn to complete Steps 1–8 of the Treatment of Title IV Funds when a Student Withdraws from a Clock-Hour Program worksheet, and be able to:

- determine withdrawal date for student who did not provide notification of intent to withdraw at a school required to take attendance;
- determine the scheduled clock hours;
- calculate the percentage of the period of enrollment the student completed;
- calculate both the percentage and the amount of Title IV aid earned by the student;
- determine either that the student is due a post-withdrawal disbursement (PWD) of Title IV aid or that Title IV aid must be returned; and
- determine the amount to be offered to the student or returned.

School Profile

Quality Tech School (QTS) is a proprietary school that measures academic progress in clock hours.

Academic Year/Program/ Period of Enrollment	900 hours/30 weeks
Payment Period	450 hours
Period Start Date	January 8
Period End Date	August 3
Institutionally Scheduled Break	None
Required to Take Attendance	Yes
Period used in Return calculation	Period of Enrollment

Student Profile

Harry Springer enrolled at QTS for a 30-week program of study period consisting of 900 clock hours offered over 30 weeks. The first payment period is 450 clock hours. Charges to Harry's account are as follows:

Tuition and fees	$	8,000.00/30 week program
Room	$	non-residential program
Board	$	non-residential program
Books and Supplies	$	500.00/program

School Authorized to Credit Account for Other Charges: Yes (all charges)

Harry's financial aid package included the following **annual** awards:

Pell Grant	$	4,000.00
Net Subsidized Direct Loan	$	3,860.00

All of Harry's financial aid for the first payment period (450 clock hours, i.e., one-half his annual awards) was disbursed on the first day of classes.

Discussion

On the first day of the winter period, January 8, Harry received the following disbursements to his student account:

Pell Grant	$	2,000.00
Subsidized Direct Loan	$	1,930.00

Everything seemed to be going very well for Harry. It wasn't until January 26 that the school discovered Harry hadn't been attending classes and didn't plan on returning. The director of the program notified the aid office that Harry's last day of attendance was January 17 (through which time Harry was scheduled to have attended 45 hours), and the aid office began the withdrawal process and required calculations.

Solution

The date of the institution's determination that Harry withdrew (January 26) is the date the aid office received the information from the Director of Student Services. Because QTS is required to take attendance, Harry's withdrawal date is his last day of attendance at an academically related activity, January 17.

At the beginning of the enrollment period, the following awards were posted to Harry's account at QTS.

Pell Grant	$	2,000.00
Subsidized Direct Loan	$	1,930.00

Step 1: Student's Title IV Aid Information

Box A. Title IV grant aid disbursed –

Pell Grant	$	2,000.00
A. =	$	2,000.00

Box B. Net Title IV loans disbursed –

Subsidized Direct Loan	$	1,930.00
B. =	$	1,930.00

Box C. Because QTS uses the period of enrollment as the basis for its Return calculation, the $2,000 in Pell funds Harry was scheduled to receive once he had completed the first 450 hours of his program is included as Title IV grants that could have been disbursed.

C. = $ 2,000.00

Box D. Because QTS uses the period of enrollment as the basis for its Return calculation, the $1,930.00 in Subsidized Direct Loan funds Harry was scheduled to receive once he had completed the first 450 hours and the calendar midpoint of his program of his program is included as Title IV loans that could have been disbursed.

D. = $ 1,930.00

Box E. Total Title IV aid disbursed for the period of enrollment = A + B = 2,000.00 + 1,930.00 = $ 3,930.00.

Box F. Total Title IV grant aid disbursed and could have been disbursed for the period of enrollment = A + C = 2,000.00 + 2,000.00 = $ 4,000.00.

Box G. Total Title IV aid disbursed and could have been disbursed for the period of enrollment = A + B + C + D = 2,000.00 + 1,930.00 + 2,000.00 + 1,930.00 = $ 7,860.00.

Step 2: Percentage of Title IV Aid Earned

Because QTS is required to take attendance by an outside agency, the school must use the last date of Harry's attendance in an academically related activity as determined from its attendance records as the withdrawal date. Harry's last date of attendance was January 17.

1. Period of enrollment start date = January 8.
2. Period of enrollment end date = August 3.
3. Date of withdrawal = January 17.

Box H. Percentage of period completed

Only scheduled hours are used to determine the percentage of the period completed by a student withdrawing from a clock-hour program. The percentage of the period completed by a student is determined by dividing the number of hours the student was scheduled to complete in the payment period or period of enrollment as of the day the student withdrew, by the total number of clock hours in the same period.

- Number of clock hours Harry was scheduled to complete by January 17 = 45.
- Number of clock hours in the period of enrollment = 900.
- 45 clock hours ÷ 900 clock hours = 0.050.

Percentage of period of enrollment completed = 5.0%.

Because this percentage is 60% or less, the percentage of Title IV aid earned, Box H = 5.0%.

Step 3: Amount of Title IV Aid Earned by the Student

Box I. 5.0% (Percentage of Title IV aid earned from Box H) X $7,860.00 (Total of the Title IV aid disbursed and could have been disbursed for the period of enrollment from Box G) = $393.00. Amount of Title IV aid earned by the student = $393.00.

Step 4: Total Title IV Aid to be Disbursed or Returned

Box J. Because the total Title IV aid earned (Box I) is less than the total Title IV aid disbursed (Box E), no post-withdrawal disbursement is due, and we proceed to Box K.

Post-withdrawal disbursement = NA.

Box K. Because the total Title IV aid disbursed (Box E) is greater than the total Title IV aid earned (Box I) Title IV aid must be returned.

$3,930.00 (Box E) – $393.00 (Box I) = $3,537.00. Title IV Aid to be returned = $3,537.00.

Step 5: Amount of Unearned Title IV Aid Due from the School

Box L. Institutional charges for the period of enrollment = $8,500.00.

Tuition and fees	$	8,000.00
Books & Supplies	$	500.00

Box M. Subtract the percentage of Title IV earned from Box H (5.0%) from 100.0%. 100% – 5.0% = 95.0%. Percentage of Title IV aid unearned = 95.0%.

Box N. Calculate the amount of unearned charges. $8,500.00 (Institutional charges from Box L) X 95% (Percentage of Title IV aid unearned from Box M) = $8,075.00.
Amount of unearned institutional charges = $8,075.00.

Box O. Compare the amount of Title IV aid to be returned (Box K) to unearned institutional charges (Box N), and enter the lesser amount in Box O.

Box K =	$	3,537.00
Box N =	$	8,075.00

Amount of unearned Title IV aid due from the school = $3,537.00.

STEP 6: Return of Funds by the School

Box P. The only Title IV loan disbursement Richard received was a Subsidized Direct Loan disbursement of $1,930.00. Since $1,930.00 is less than the $3,537.00 (Box O) the amount for school to return, the school must return the entire $1,930.00 to the Direct Loan Program.

Box P =	$	1,930.00

After the school returns $1,930.00 to the Direct Loan program, the balance to be returned by the school is $1,607.00 ($3,537.00 [from Box O] – $1,930.00 [from Box P]). Harry received $2,000.00 in Pell Grant funds, so the school returns the $1,607.00 to the Pell Grant Program.

The school must return any unearned funds within 45 days from the date of the institution's determination that Harry withdrew.

STEP 7: Initial Amount of Unearned Title IV Aid Due from Student

Box Q. Subtract the amount of Title IV aid the school must return ($3,537.00 from Box O) from the total amount of Title IV aid that is to be returned ($3,537.00 from Box K) to find the initial amount of Title IV aid due from the student. $3,537.00 – $3,537.00 = $0.00.

STEP 8: Repayment of the Student's Loans

Box R. Subtract the total loans the school must return ($1,930.00 from Box P) from the net loans disbursed to the student ($1,930.00 from Box B) to find the total of the loans the student must repay $1,930.00 – $1,930.00 = $0.00.

Since the amount from Box Q ($0.00) is equal to (or less than) the amount from Box R ($0.00), the calculation ends here.

Remember, you must notify the holder of Harry's loan that he has withdrawn from school.

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

Student's Name Harry Springer

Social Security Number Example 4

Date form completed 1 / 27 /

Date of school's determination that student withdrew 1 / 26 /

Period used for calculation (check one) ☐ **Payment period** ■ **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%)

STEP 1: Student's Title IV Aid Information

Title IV Grant Programs	Amount Disbursed	Amount that Could Have Been Disbursed
1. Pell Grant	2000.00	2000.00
2. FSEOG		
3. TEACH Grant		
4. Iraq and Afghanistan Service Grant		
	A. 2000.00	C. 2000.00
	Subtotal	Subtotal

Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed
5. Unsubsidized Direct Loan		
6. Subsidized Direct Loan	1930.00	1930.00
7. Perkins Loan		
8. Direct Grad PLUS Loan		
9. Direct Parent PLUS Loan		
	B. 1930.00	D. 1930.00
	Subtotal	Subtotal

E. Total Title IV aid disbursed for the period.

A. 2000.00
\+ B. 1930.00
= E. $ 3930.00

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

A. 2000.00
\+ C. 2000.00
= F. $ 4000.00

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

A. 2000.00
B. 1930.00
C. 2000.00
\+ D. 1930.00
= G. $ 7860.00

STEP 2: Percentage of Title IV Aid Earned

Withdrawal date 1 / 17 /

H. Determine the percentage of the period completed:
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.

45 (Hours scheduled to complete) ÷ 900.00 (Total hours in period) = 5.0 %

- If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.
- If this percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3.

H. 5.0 %

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).

5.0 % (Box H) x 7860.00 (Box G) = I. $ 393.00

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.

(Box I) − (Box E) = J. $ NA

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.

3930.00 (Box E) − 393.00 (Box I) = K. $ 3537.00

You should use this format when the withdrawal date is on or after 7/1/2017.

Student's Name Harry Springer **Social Security Number** Example 4

STEP 5: Amount of Unearned Title IV Aid Due from the School

L. Institutional charges for the period

Tuition	8000.00
Room	
Board	
Books	500.00
Other	
Other	

Total Institutional Charges (Add all the charges together) = **L.$** 8500.00

M. Percentage of unearned Title IV aid

100% − 5.0 % (Box H) = **M.** 95.0 %

N. Amount of unearned charges

Multiply institutional charges for the period (Box L) by the Percentage of unearned Title IV aid (Box M).

8500.00 (Box L) x 95.0 % (Box M) = **N.$** 8075.00

O. Amount for school to return

Compare the amount of Title IV aid to be returned (Box K) to Amount of unearned charges (Box N), and enter the lesser amount.

O.$ 3537.00

STEP 6: Return of Funds by the School

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.

Title IV Programs	Amount for School to Return
1. Unsubsidized Direct Loan	
2. Subsidized Direct Loan	1930.00
3. Perkins Loan	
4. Direct Graduate PLUS Loan	
5. Direct Parent PLUS Loan	
Total loans the school must return = **P.$**	1930.00
6. Pell Grant	1607.00
7. FSEOG	
8. TEACH Grant	
9. Iraq and Afghanistan Service Grant	

STEP 7: Initial Amount of Unearned Title IV Aid Due from the Student

From the amount of Title IV aid to be returned (Box K) subtract the Amount for the school to return (Box O).

3537.00 (Box K) − 3537.00 (Box O) = **Q.$** 0.00

▶ *If Box Q is ≤ zero, **STOP**. If greater than zero, go to Step 8.*

STEP 8: Repayment of the Student's loans

From the Net loans disbursed to the student (Box B) subtract the Total loans the school must return (Box P) to find the amount of Title IV loans the student is still responsible for repaying (Box R).

These loans consist of loans the student has earned, or unearned loan funds the school is not responsible for repaying. They are repaid to the loan holders according to the terms of the borrower's promissory note.

1930.00 (Box B) − 1930.00 (Box P) = **R.$** 0.00

▶ *If Box Q is less than or equal to Box R, **STOP**.* The only action a school must take is to notify the holders of the loans of the student's withdrawal date.

▶ *If Box Q is greater than Box R, proceed to Step 9.*

STEP 9: Grant Funds to be Returned

S. Initial amount of Title IV grants for student to return

From the Initial amount of unearned Title IV aid due from the student (Box Q) subtract the amount of loans to be repaid by the student (Box R) .

( ) (Box Q) − ( ) (Box R) = **S.** .

T. Amount of Title IV grant protection

Multiply the total of Title IV grant aid that was disbursed and that could have been disbursed for the period (Box F) by 50%.

( ) (Box F) x 50% = **T.** .

U. Title IV grant funds for student to return

From the Initial amount of Title IV grants for student to return (Box S) subtract the Amount of Title IV grant protection (Box T).

( ) (Box S) − ( ) (Box T) = **U.** .

▶ *If Box U is less than or equal to zero, **STOP**. If not, go to Step 10.*

STEP 10: Return of Grant Funds by the Student

Except as noted below, the student must return the unearned grant funds for which he or she is responsible (Box U). The grant funds returned by the student are applied in order as indicated, up to the amount disbursed from that grant program minus any grant funds the school is responsible for returning to that program in Step 6.

Note that the student is not responsible for returning funds to any program to which the student owes $50.00 or less.

Title IV Grant Programs	Amount To Return
1. Pell Grant	
2. FSEOG	
3. TEACH Grant	
4. Iraq and Afghanistan Service Grant	

You should use this format when the withdrawal date is on or after 7/1/2017.

CASE STUDY 5: JORDAN AIRE

When a student receiving Title IV grants and loans at a school that measures academic progress in clock hours and performs its Return calculations on a payment period basis withdraws unofficially.

Learning Objectives

Learn to complete Steps 1–8 of the Treatment of Title IV Funds when a Student Withdraws from a Clock-Hour Program worksheet, and be able to:

- determine withdrawal date for student who did not provide notification of intent to withdraw at a school required to take attendance;
- determine the scheduled clock hours;
- calculate the percentage of the payment period the student completed;
- calculate both the percentage and the amount of Title IV aid earned by the student;
- determine either that the student is due a post-withdrawal disbursement (PWD) of Title IV aid or that Title IV aid must be returned; and
- determine the amount to be offered to the student or returned.

School Profile

Learn to Earn Technical School (LETS) is a proprietary school that measures academic progress in clock hours.

Academic Year/Program/ Period of Enrollment	900 hours/30 weeks
Payment Period	450 hours
Period Start Date	April 2
Period End Date	October 26
Institutionally Scheduled Break	None
Required to Take Attendance	Yes
Period Used in Return Calculation	Payment Period

Student Profile

Jordan Aire enrolled at LETS for a 30-week program of study period consisting of 900 clock hours offered over 30 weeks. The first payment period is 450 clock hours. Charges to Jordan's account are as follows:

Tuition and fees	$	9,000.00/30 week program
Room	$	non-residential program
Board	$	non-residential program
Books and Supplies	$	500.00/program

School Authorized to Credit Account for Other Charges: Yes (all charges)

Jordan's financial aid package included the following **annual** awards:

Pell Grant	$	4,000.00
Net Subsidized Direct Loan	$	3,860.00

All of Jordan's financial aid for the first payment period (450 clock hours, i.e., one-half his annual awards) was disbursed on the first day of classes.

Discussion

On the first day of the period, April 2, Jordan received the following disbursements to his student account:

Pell Grant	$	2,000.00
Subsidized Direct Loan	$	1,930.00

On May 3, the Retention Specialist at LETS is informed by the director of Jordan's program that since April 21, Jordan has not been attending classes. The Retention Specialist contacts Jordan who tells him that he's been ill but plans on coming back to school during the next week. Since this falls within the time period for excused absences allowed by school policy, as well as absences allowed by the state and the school's accrediting agency, the school delays taking any action. However, on May 11 when the Retention Specialist follows up with the Program Director, he finds that Jordan has not returned to school. Since Jordan has now exceeded the number of absences allowed by school policy, LETS must administratively withdraw Jordan from school.

Note: Remember that institutions that are required to take attendance are expected to have a procedure in place for routinely monitoring attendance records to determine in a timely manner when a student withdraws. Except in unusual instances, the date of the institution's determination that the student withdrew should be no later than 14 days after the student's withdrawal date.

The institution is not required to administratively withdraw a student who has been absent for 14 days. However, after 14 days, it is expected to have determined whether the student intends to return to classes or has withdrawn. Moreover, the institution must return any unearned funds within 45 days of the date of the institution's determination that Jordan withdrew (May 4).

Solution

Jordan's withdrawal date is his last day of attendance at an academically related activity as determined from the school's attendance records, April 20.

The school must use May 4 (14 days from the student's last day of attendance) as the date of the institution's determination that the student withdrew.

At the beginning of the payment period, the following awards were posted to Jordan's account at LETS.

Pell Grant	$	2,000.00
Subsidized Direct Loan	$	1,930.00

Step 1: Student's Title IV Aid Information

Box A. Title IV grant aid disbursed –

Pell Grant	$	2,000.00
A. =	$	2,000.00

Box B. Net Title IV loans disbursed –

Subsidized Direct Loan =	$	1,930.00
B. =	$	1,930.00

Box C. Title IV grants that could have been disbursed = $ 0.00.

Box D. Title IV loans that could have been disbursed = $ 0.00.

Box E. Total Title IV aid disbursed for the payment period = A + B = 2,000.00 + 1,930.00 = $ 3,930.00.

Box F. Total Title IV grant aid disbursed and could have been disbursed for the payment period = A + C = 2,000.00 + 0.00 = $ 2,000.00.

Box G. Total Title IV aid disbursed and could have been disbursed for the payment period = A + B + C + D = 2,000.00 + 1,930.00 + 0.00 + 0.00 = $3,930.00.

Step 2: Percentage of Title IV Aid Earned

Because LETS is required to take attendance by an outside agency, the school must use the last date of Jordan's attendance in an academically related activity as determined from its attendance records as the withdrawal date. Jordan's last date of attendance was April 20.

1. Payment Period start date = April 2.
2. Payment Period end date = October 26.
3. Date of withdrawal = April 20.

Box H. Percentage of payment period completed

Only scheduled hours are used to determine the percentage of the period completed by a student withdrawing from a clock-hour program. The percentage of the period completed by a student is determined by dividing the number of hours the student was scheduled to complete in the payment period or period of enrollment as of the day the student withdrew, by the total number of clock hours in the same period.

- Number of clock hours Jordan was scheduled to complete by April 20 = 90
- Number of clock hours in the payment period = 450
- 90 clock hours ÷ 450 clock hours = 0.20.

Percentage of payment period completed = 20.0%

Because this percentage is 60% or less, the percentage of Title IV aid earned in Box H = 20.0%.

Step 3: Amount of Title IV Aid Earned by the Student

Box I. 20.0% (percentage of Title IV aid earned from Box H) X $3,930.00 (Total of the Title IV aid disbursed and could have been disbursed for the payment period or period of enrollment from Box G) = $786.00. Amount of Title IV aid earned by the student = $786.00.

Step 4: Total Title IV Aid to be Disbursed or Returned

Box J. Because the total Title IV aid earned (Box I) is less than the total Title IV aid disbursed (Box E), no post-withdrawal disbursement is due, and we proceed to Box K.

Post-withdrawal disbursement = NA.

Box K. Because the total Title IV aid disbursed (Box E) is greater than the total Title IV aid earned (Box I), Title IV aid must be returned.

$3,930.00 (Box E) – $786.00 (Box I) = $3,144.00. Title IV Aid to be Returned = $3,144.00.

Step 5: Amount of Title IV Aid Due from the School

Box L. Before entering data in Step 5, Part L, of the Return calculation a school that charges by the period of enrollment but performs its Return calculation on a payment period basis must determine whether it must enter: (a) the prorated amount of all institutional charges, or (b) the amount the school retained. To do this, first, the school prorates all institutional charges. Then, the school determines the amount actually retained. The school compares the two results and enters in Step 5, Part L, the greater of the two amounts. Because LETS provides students with their books and supplies on the first day of class and retains 100% of those fees in addition to the tuition charged for the first payment period, LETS must include 100% of the cost of those books and supplies in its institutional charges for the first payment period.

Institutional charges for the payment period = $5,000.00.

Tuition and fees	$	4,500.00
Books and Supplies	$	500.00

Box M. Subtract the percentage of Title IV earned from Box H (20.0%) from 100.0%. 100% – 20.0% = 80.0%. percentage of Title IV aid unearned = 80.0%.

Box N. Calculate the amount of unearned charges. $5,000.00 (Institutional charges from Box L) X 80% (percentage of Title IV aid unearned from Box M) = $4,000.00.
Amount of unearned institutional charges = $4,000.00.

Box O. Compare the amount of Title IV aid to be returned (Box K) to unearned institutional charges (Box N), and enter the lesser amount in Box O.

Box K =	$	3,144.00
Box N =	$	4,000.00

Amount of unearned Title IV aid due from the school = $3,144.00.

STEP 6: Return of Funds by the School

Box P. Jordan received a Subsidized Direct Loan disbursement of $1,930.00. Since $1,930.00 is less than the $3,144.00 (Box O) the school must return, the school must return $1,930.00 to the lender. Box P = $1,930.00.

After the school returns $1,930.00 to the Title IV loan programs, the balance to be returned by the school is $1,214.00 ($3,144.00 (from Box O) – $1,930 (from Box P)). Jordan received $2,000.00 in Pell Grant funds, so the school returns $1,214.00 to the Pell Grant Program.

The school must return any unearned funds within 45 days from the date of the institution's determination that Jordan withdrew (May 4).

STEP 7: Initial Amount of Unearned Title IV Aid Due from Student

Box Q. Subtract the amount of Title IV aid the school must return ($3,144.00 from Box O) from the total amount of Title IV aid that is to be returned ($3,144.00 from Box K) to find the initial amount of Title IV aid due from the student. $3,144.00 – $3,144.00 = $0.00.

STEP 8: Repayment of the Student's Loans

Box R. Subtract the total loans the school must return ($1,930.00 from Box P) from the net loans disbursed to the student ($1,930.00 from Box B) to find the total of the loans the student must repay $1,930.00 – $1,930.00 = $0.00.

Since the amount from Box Q ($0.00) is equal to (or less than) the amount from Box R ($0.00), the calculation ends here.

Remember, you must notify the holder of Jordan's loan that he has withdrawn from school.

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

Student's Name Jordan Aire

Social Security Number Example 5

Date form completed 5 / 4 /

Date of school's determination that student withdrew 5 / 4 /

Period used for calculation (check one) ■ **Payment period** ☐ **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%)

STEP 1: Student's Title IV Aid Information

Title IV Grant Programs	Amount Disbursed	Amount that Could Have Been Disbursed
1. Pell Grant	2000.00	
2. FSEOG		
3. TEACH Grant		
4. Iraq and Afghanistan Service Grant		
	A. 2000.00 (Subtotal)	C. (Subtotal)

Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed
5. Unsubsidized Direct Loan		
6. Subsidized Direct Loan	1930.00	
7. Perkins Loan		
8. Direct Grad PLUS Loan		
9. Direct Parent PLUS Loan		
	B. 1930.00 (Subtotal)	D. (Subtotal)

E. Total Title IV aid disbursed for the period.

A. 2000.00
\+ B. 1930.00
= E. $ 3930.00

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

A. 2000.00
\+ C.
= F. $ 2000.00

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

A. 2000.00
B. 1930.00
C.
\+ D.
= G.$ 3930.00

STEP 2: Percentage of Title IV Aid Earned

Withdrawal date 4 / 20 /

H. Determine the percentage of the period completed:
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.

90 (Hours scheduled to complete) ÷ 450 (Total hours in period) = 20.0 %

- If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.
- If this percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3.

H. 20.0 %

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).

20.0 % (Box H) X 3930.00 (Box G) = I.$ 786.00

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.

Box I − Box E = J.$ NA

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.

3930.00 (Box E) − 786.00 (Box I) = K.$ 3144.00

You should use this format when the withdrawal date is on or after 7/1/2017.

Student's Name Jordan Aire **Social Security Number** Example 5

STEP 5: Amount of Unearned Title IV Aid Due from the School

L. Institutional charges for the period

Tuition	4500.00
Room	
Board	
Books	500.00
Other	
Other	

Total Institutional Charges (Add all the charges together) = **L.$** 5000.00

M. Percentage of unearned Title IV aid

100% − 20.0 % (Box H) = **M.** 80.0 %

N. Amount of unearned charges

Multiply institutional charges for the period (Box L) by the Percentage of unearned Title IV aid (Box M).

$5000.00 (Box L) x 80.0 % (Box M) = **N.$** 4000.00

O. Amount for school to return

Compare the amount of Title IV aid to be returned (Box K) to Amount of unearned charges (Box N), and enter the lesser amount.

O.$ 3144.00

STEP 6: Return of Funds by the School

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.

Title IV Programs	Amount for School to Return
1. Unsubsidized Direct Loan	
2. Subsidized Direct Loan	1930.00
3. Perkins Loan	
4. Direct Graduate PLUS Loan	
5. Direct Parent PLUS Loan	

Total loans the school must return = **P.$** 1930.00

6. Pell Grant	1214.00
7. FSEOG	
8. TEACH Grant	
9. Iraq and Afghanistan Service Grant	

STEP 7: Initial Amount of Unearned Title IV Aid Due from the Student

From the amount of Title IV aid to be returned (Box K) subtract the Amount for the school to return (Box O).

3144.00 (Box K) − 3144.00 (Box O) = **Q.$** 0.00

▶ *If Box Q is ≤ zero, **STOP**. If greater than zero, go to Step 8.*

STEP 8: Repayment of the Student's loans

From the Net loans disbursed to the student (Box B) subtract the Total loans the school must return (Box P) to find the amount of Title IV loans the student is still responsible for repaying (Box R).

These loans consist of loans the student has earned, or unearned loan funds the school is not responsible for repaying. They are repaid to the loan holders according to the terms of the borrower's promissory note.

1930.00 (Box B) − 1930.00 (Box P) = **R.$** 0.00

▶ *If Box Q is less than or equal to Box R, **STOP**.* The only action a school must take is to notify the holders of the loans of the student's withdrawal date.

▶ *If Box Q is greater than Box R, proceed to Step 9.*

STEP 9: Grant Funds to be Returned

S. Initial amount of Title IV grants for student to return

From the Initial amount of unearned Title IV aid due from the student (Box Q) subtract the amount of loans to be repaid by the student (Box R) .

(Box Q) − (Box R) = **S.** .

T. Amount of Title IV grant protection

Multiply the total of Title IV grant aid that was disbursed and that could have been disbursed for the period (Box F) by 50%.

(Box F) x 50% = **T.** .

U. Title IV grant funds for student to return

From the Initial amount of Title IV grants for student to return (Box S) subtract the Amount of Title IV grant protection (Box T).

(Box S) − (Box T) = **U.** .

▶ *If Box U is less than or equal to zero, **STOP**. If not, go to Step 10.*

STEP 10: Return of Grant Funds by the Student

Except as noted below, the student must return the unearned grant funds for which he or she is responsible (Box U). The grant funds returned by the student are applied in order as indicated, up to the amount disbursed from that grant program minus any grant funds the school is responsible for returning to that program in Step 6.

Note that the student is not responsible for returning funds to any program to which the student owes $50.00 or less.

Title IV Grant Programs	Amount To Return
1. Pell Grant	
2. FSEOG	
3. TEACH Grant	
4. Iraq and Afghanistan Service Grant	

You should use this format when the withdrawal date is on or after 7/1/2017.

CASE STUDY 6: THOMPSON S. HUNTER

When a student receiving Title IV grants at a school that utilizes a term-based modular course structure, measures academic progress in credit hours and performs its Return calculations on a payment period basis, officially withdraws.

Learning Objectives

Learn to complete Steps 1–10 of the Treatment of Title IV Funds when a Student Withdraws from a Credit-Hour Program worksheet and be able to:

- determine whether or not the student must be considered as withdrawn;
- determine the total number of days the student was in attendance;
- recalculate the student's eligibility for Pell and Campus-Based funds;
- calculate the percentage of the payment period the student completed;
- calculate both the percentage and the amount of Title IV aid earned by the student;
- determine either that the student is due a post-withdrawal disbursement (PWD) of Title IV aid or that Title IV aid must be returned; and
- determine the amount to be offered to the student or returned.

School Profile

Las Vegas School of Digital Journalism (LSDJ) is a public residential institution that utilizes a term-based modular course structure and measures academic progress in credit hours.

Academic Year/ Period of Enrollment	2 semesters/ 32 weeks and 24 semester hours
Payment Period	1 semester 117 calendar days
Period Start Date	August 22
Period End Date	December 16
Institutionally Scheduled Break	Yes
Required to Take Attendance	No
Period used in Return calculation	Payment Period

School Profile, continued

Scheduled starting and ending dates for modules within the term.

Start	End
August 22	September 16
September 19	October 14
October 17	November 11
November 14	December 16

A scheduled break begins after the last class on Friday, November 18. Classes resume on Monday, November 28. The scheduled break is nine days long.

Though it is not a school that is required to take attendance, LSDJ has a school policy of using a student's last date of attendance at an academically related activity as the withdrawal date when a student withdraws from a program offered in modules.

Student Profile

Thompson Hunter is an independent, third-year student enrolled at LSDJ for 12 credits offered in four modules. In each module, a student is enrolled in one course that begins and ends on a fixed date. In Thompson's case, each course is worth three credits.

Charges to Thompson's account for the payment period are as follows:

Tuition and fees	$	1,200.00/12 credits
School Authorized to Credit Account for Other Charges:		Yes (all charges)

Thompson's financial aid package is based on the following academic year (9-month budget):

Tuition	$	2,400.00
Room	$	2,800.00
Board	$	1,600.00
Books	$	800.00
Personal Expenses	$	800.00
Travel	$	800.00

Thompson's financial aid package included the following **annual** awards:

Pell Grant	$	5,550.00
FSEOG	$	3,650.00

All of Thompson's financial aid for the first payment period (one-half his annual awards) was disbursed on the first day of classes.

Discussion

On the first day of the period, August 22, Thompson received the following disbursements to his student account:

Pell Grant	$	2,775.00
FSEOG	$	1,825.00

On October 14, Thompson comes to see you. He tells you that his dog Gonzo has just had 10 puppies. He fears that if he's not around to help her, something terrible might happen to the puppies, and he doesn't want to deal with the self-loathing that would result. He feels it is best if he withdraws from the first semester now.

When a student withdraws from one of a series of modules in a term-based program, a school must first determine whether or not the student must be treated as a withdrawal. In order to do so, the school must answer three questions:

1. After beginning attendance in the payment period or period of enrollment, did the student cease to attend or fail to begin attendance in a course he or she was scheduled to attend?

   If the answer is no, this is not a withdrawal. If the answer is yes, go to question 2.

   In Thompson's case, the answer to Question 1 is ***Yes***; you go on to Question 2.

2. When the student ceased to attend or failed to begin attendance in a course he or she was scheduled to attend, was the student still attending any other courses?

   If the answer is yes, this is not a withdrawal; (Note, however that other regulatory provisions concerning recalculation may apply.) If the answer is no, go to question 3.

   In Thompson's case, the answer to Question 2 is ***No***; you go on to Question 3.

3. Did the student confirm attendance in a course in a module beginning later in the period?

   If the answer is yes, this is not a withdrawal, unless the student does not return. If the answer is no, this is a withdrawal, and the Return of Title IV Funds requirements apply.

   In Thompson's Case, the answer is ***No***; you must treat Thompson as a withdrawal.

Therefore, though Thompson completed the first two modules in the semester, since he doesn't intend on returning to a module in this semester, the revised Return regulations require that LSDJ treat him as a withdrawn student.

Because Thompson failed to begin attendance in all of the classes on which his Pell Grant was based, before performing the required Return calculation, LSDJ must recalculate Thompson's Pell based on his enrollment in just the two modules he began—six credits or half time. Thompson's scheduled annual Pell award as a half-time student is $2,775. His revised first semester award is $1,388.00. LSDJ must return $1,387.00 (the difference between Thompson's initial Pell disbursement of $2,775.00 and his new award of $1,388.00), and include only his new award of $1,388.00 in the Return calculation. The school returns the $1,387.00 through G5 and reduces Thompson's Pell Grant in COD to $1,388.00.

In addition, since Thompson was receiving Campus-Based aid (FSEOG), the school has to recalculate his eligibility for Campus-Based funds, eliminating the costs attributable to the modules that he did not begin attending to see whether a reduction of the Campus-Based aid is necessary. Based on a revised COA of $3,600.00 for the fall semester and revised Pell Grant of $1,388.00, Thompson's remaining first-semester need is $2,212.00. That is more than his FSEOG of $1,825.00. Therefore, LSDJ does not need to reduce Thompson's FSEOG award before performing the Return calculation.

LSDJ performed a R2T4 calculation using Thompson's last day of attendance of October 14 as his withdrawal date (as per school policy); $1,388.00 as the amount of Pell Grant disbursed; and $1,825.00 as the amount of FSEOG funds disbursed. On October 24, LSDJ returned the funds for which it was responsible to the appropriate programs, and made the appropriate adjustments in COD.

Solution

Per school policy, Thompson's withdrawal date is his last day of attendance at an academically related activity as determined from the school's attendance records, October 14.

At the beginning of the semester, the following awards were posted to Thompson's account at LSDJ.

Pell Grant	$	2,775.00
FSEOG	$	1,825.00

Step 1: Student's Title IV Aid Information

Box A. After recalculating and returning the Pell Grant funds for which Thompson was ineligible, the Title IV grant aid disbursed was –

Pell Grant	$	1,388.00
FSEOG	$	1,825.00
A. =	$	3,213.00

Box B. Net Title IV loans that could have been disbursed = $ 0.00.

Box C. Title IV grants that could have been disbursed = $ 0.00.

Box D. Title IV loans that could have been disbursed = $ 0.00.

Box E. Total Title IV aid disbursed for the payment period = A + B = 3,213.00 + 0.00 = $ 3,213.00.

Box F. Total Title IV grant aid disbursed and could have been disbursed for the payment period = A + C = 3,213.00 + 0.00 = $ 3,213.00.

Box G. Total Title IV aid disbursed and could have been disbursed for the payment period = A + B + C + D = 3,213.00 + 0.00 + 0.00 + 0.00 = $3,213.00.

Step 2: Percentage of Title IV Aid Earned

LSDJ has an institutional policy of using the last date of attendance in an academically related activity as determined from its attendance records as the withdrawal date for students who cease attendance before completing more than 60 percent of the payment period. Thompson's last date of attendance was October 14.

1. Payment Period start date = August 22.
2. Payment Period end date = December 16.
3. Date of withdrawal = October 14.
4. Percentage of payment period completed
   - Number of calendar days completed = 54
   - Number of calendar days in the payment period = 108 (117 – 9 day scheduled break)
   - 54 days ÷ 108 days = 0.50. percentage of payment period completed = 50.0%

Box H. Because this percentage is 60% or less, the percentage of Title IV aid earned = 50.0%.

Step 3: Amount of Title IV Aid Earned by the Student

Box I. 50.0% (percentage of Title IV aid earned from Box H) X $3,213.00 (Total of the Title IV aid disbursed and could have been disbursed for the payment period or period of enroll ment from Box G) = $1,606.50. Amount of Title IV aid earned by the student = $1,606.50.

Step 4: Total Title IV Aid to be Disbursed or Returned

Box J. Because the total Title IV aid earned (Box I) is less than the total Title IV aid disbursed (Box E), no post-withdrawal disbursement is due, and we proceed to Box K.

Post-withdrawal disbursement = NA.

Box K. Because the total Title IV aid disbursed (Box E) is greater than the total Title IV aid earned (Box I), Title IV aid must be returned.

$3,213.00 (Box E) – $1,606.50 (Box I) = $1,606.50. Title IV Aid to be returned = $1,606.50.

Step 5: Amount of Title IV Aid Due from the School

Box L. The institutional charges on Thompson's account are the charges initially assessed for the payment period. Note that books and supplies are not included because Thompson had an opportunity to purchase them elsewhere, and did.

Tuition and fees	$	1,200.00
Room	$	1,400.00
Board	$	800.00
Box L =	$	3,400.00

Box M. Subtract the percentage of Title IV earned from Box H (50.0%) from 100.0%. 100% – 50.0% = 50.0%. percentage of Title IV aid unearned = 50.0%.

Box N. Calculate the amount of unearned charges. $3,400.00 (Institutional charges from Box L) X 50.0% (% of Title IV aid unearned from Box M) = $1,700.00.

Amount of unearned institutional charges = $1,700.00.

Box O. Compare the amount of Title IV aid to be returned (Box K) to unearned institutional charges (Box N), and enter the lesser amount in Box O.

Box K =	$	1,606.50
Box N =	$	1,700.00

Amount of unearned Title IV aid due from the school = $1,606.50.

STEP 6: Return of Funds by the School

Box P. Thompson received a recalculated Pell Grant disbursement of $1,388.00. Since $1,388.00 is less than the $1,606.50 (Box O) the school must return, the school must return the $1,388.00 to the Pell Grant Program and an additional $218.50 (1,606.50 – 1,388.00) to the FSEOG program through the G5 system. The school must also reduce Thompson's Pell Grant in COD to $0.00.

The school must return any unearned funds within 45 days from the date of the school's determination that Thompson withdrew.

STEP 7: Initial Amount of Unearned Title IV Aid Due from Student

Box Q. Subtract the amount of Title IV aid the school must return ($1,606.50 from Box O) from the total amount of Title IV aid that is to be returned ($1,606.50 from Box K) to find the initial amount of Title IV aid due from the student. $1,606.50 – $1,606.50 = $0.00.

Box Q = $ 0.00

Because Box Q is $0.00, no further calculation is needed.

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

Student's Name Thompson Hunter

Social Security Number Example 6

Date form completed 10 / 20 /

Date of school's determination that student withdrew 10 / 17 /

Period used for calculation (check one) ■ **Payment period** ☐ **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%)

STEP 1: Student's Title IV Aid Information

Title IV Grant Programs	Amount Disbursed	Amount that Could Have Been Disbursed
1. Pell Grant	1388.00	
2. FSEOG	1825.00	
3. TEACH Grant		
4. Iraq and Afghanistan Service Grant		
	A. 3213.00	**C.**
	Subtotal	Subtotal

Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed
5. Unsubsidized Direct Loan		
6. Subsidized Direct Loan		
7. Perkins Loan		
8. Direct Grad PLUS Loan		
9. Direct Parent PLUS Loan		
	B.	**D.**
	Subtotal	Subtotal

E. Total Title IV aid disbursed for the period.

A. 3213.00
\+ B.
E. $ 3213.00

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

A. 3213.00
\+ C.
= **F. $** 3213.00

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

A. 3213.00
B.
C.
\+ D.
= **G. $** 3213.00

STEP 2: Percentage of Title IV Aid Earned

Start date	Scheduled end date	Date of withdrawal
08 / 22 /	12 / 16 /	10 / 14 /

A school that is not required to take attendance may, for a student who withdraws without notification, enter 50% in Box H and proceed to Step 3. Or, the school may enter the last date of attendance at an academically related activity for the "withdrawal date," and proceed with the calculation as instructed. For a student who officially withdraws, enter the withdrawal date. LESS 9-DAY SCHEDULED BREAK

H. Percentage of payment period or period of enrollment completed

Divide the calendar days completed in the period by the total calendar days in the period (excluding scheduled breaks of five days or more **AND** days that the student was on an approved leave of absence).

54 (Completed days) ÷ 108 (Total days) = 50.0 %

▶ If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.

▶ If this percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3.

H. 50.0 %

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).

50.0 % (Box H) X 3213.00 (Box G) = **I. $** 1606.50

▶ *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.

Box I − Box E **J. $** NA

Stop here, and enter the amount in "J" in Box 1 on Page 3 (Post-withdrawal disbursement tracking sheet).

Step 4 continued ▶

You should use this format when the withdrawal date is on or after 7/1/2017.

Student's Name Thompson Hunter **Social Security Number** Example 6

STEP 4: Aid to be Disbursed or Returned CONTINUED

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.

3213.00 (Box E) − 1606.50 (Box I) = K.$ 1606.50

STEP 5: Amount of Unearned Title IV Aid Due from the School

L. Institutional charges for the period

Tuition	1200.00
Room	1400.00
Board	800.00
Other	
Other	
Other	

Total Institutional Charges *(Add all the charges together)* = L.$ 3400.00

M. Percentage of unearned Title IV aid

100% − 50.0 % (Box H) = M. 50.0 %

N. Amount of unearned charges

Multiply institutional charges for the period (Box L) by the percentage of unearned Title IV aid (Box M).

3400.00 (Box L) X 50.0 % (Box M) = N.$ 1700.00

O. Amount for school to return

Compare the amount of Title IV aid to be returned (Box K) to amount of unearned charges (Box N), and enter the lesser amount. O.$ 1606.50

STEP 6: Return of Funds by the School

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.

Title IV Programs	Amount for School to Return
1. Unsubsidized Direct Loan	
2. Subsidized Direct Staff Loan	
3. Perkins Loan	
4. Direct Grad PLUS Loan	
5. Direct Parent PLUS Loan	

Total loans the school must return = P.$.

6. Pell Grant	1388.00
7. FSEOG	218.50
8. TEACH Grant	
9. Iraq and Afghanistan Service Grant	

STEP 7: Initial Amount of Unearned Title IV Aid Due from the Student

From the amount of Title IV aid to be returned (Box K) subtract the Amount for the school to return (Box O).

1606.50 (Box K) − 1606.50 (Box O) = Q.$ 0.00

▶ *If Box Q is ≤ zero, **STOP**. If greater than zero, go to Step 8*

STEP 8: Repayment of the Student's loans

From the Net loans disbursed to the student (Box B) subtract the Total loans the school must return (Box P) to find the amount of Title IV loans the student is still responsible for repaying (Box R).

These loans consist of loans the student has earned, or unearned loan funds the school is not responsible for repaying. They are repaid to the loan holders according to the terms of the borrower's promissory note.

(Box B) − (Box P) = R.$.

▶ *If Box Q is less than or equal to Box R, **STOP**. The only action a school must take is to notify the holders of the loans of the student's withdrawal date.*

▶ *If Box Q is greater than Box R, proceed to Step 9.*

STEP 9: Grant Funds to be Returned

S. Initial amount of Title IV grants for student to return

From the initial amount of unearned Title IV aid due from the student (Box Q) subtract the amount of loans to be repaid by the student (Box R) .

(Box Q) − (Box R) = S.$.

T. Amount of Title IV grant protection

Multiply the total of Title IV grant aid that was disbursed and that could have been disbursed for the period (Box F) by 50%.

(Box F) X 50% = T. $.

U. Title IV grant funds for student to return

From the Initial amount of Title IV grants for student to return (Box S) subtract the Amount of Title IV grant protection (Box T).

(Box S) − (Box T) = U.$.

▶ *If Box U is less than or equal to zero, **STOP**. If not, go to Step 10.*

STEP 10: Return of Grant Funds by the Student

Except as noted below, the student must return the unearned grant funds for which he or she is responsible (Box U). The grant funds returned by the student are applied in order as indicated, up to the amount disbursed from that grant program minus any grant funds the school is responsible for returning to that program in Step 6.

Note that the student is not responsible for returning funds to any program to which the student owes $50.00 or less.

Title IV Grant Programs	Amount To Return
1. Pell Grant	
2. FSEOG	
3. TEACH Grant	
4. Iraq and Afghanistan Service Grant	

You should use this format when the withdrawal date is on or after 7/1/2017

CASE STUDY 7: THE RETURN OF THOMPSON S. HUNTER

When a student receiving Title IV grants at a school that utilizes a term-based modular course structure, measures academic progress in credit hours and performs its Return calculations on a payment period basis, officially withdraws, returns within the payment period, and withdraws again.

Learning Objectives

Learn to complete Steps 1–10 of the Treatment of Title IV Funds when a Student Withdraws from a Credit-Hour Program worksheet, and be able to:

- identify the steps that must be taken when a student who withdrew from a term-based program offered in modules returns within the payment period;
- determine the numerator and denominator when calculating the percentage of the payment period completed for a student who withdraws, returns and withdraws again.
- recalculate the student's eligibility for Pell and Campus-Based funds;
- calculate the percentage of the payment period the student completed, and the percentage and the amount of Title IV aid earned by the student;
- determine if the student is due a post-withdrawal disbursement (PWD) of Title IV aid or that Title IV aid must be returned, and if so, how much the school must return and
- determine the amount to be offered to the student or returned by him.

School Profile

Las Vegas School of Digital Journalism (LSDJ) is public residential institution that utilizes a term-based modular course structure and measures academic progress in credit hours.

Academic Year/ Period of Enrollment	2 semesters/ 32 weeks and 24 semester hours
Payment Period	1 semester 117 calendar days
Period Start Date	August 22
Period End Date	December 16
Institutionally Scheduled Break	Yes
Required to Take Attendance	No
Period used in Return calculation	Payment Period

School Profile, continued

Scheduled starting and ending dates for modules within the term.

Start	End
August 22	September 16
September 19	October 14
October 17	November 11
November 14	December 16

A scheduled break begins after the last class on Friday, November 18. Classes resume on Monday, November 28. The scheduled break is nine days long.

Though it is not a school that is required to take attendance, LSDJ has a school policy of using a student's last date of attendance at an academically related activity as the withdrawal date when a student withdraws from a program offered in modules.

Student Profile

Thompson Hunter is an independent third-year student enrolled at LSDJ for 12 credits offered in four modules. In each module a student is enrolled in one course that begins and ends on a fixed date. In Thompson's case, each course is worth three credits.

Charges to Thompson's account for the payment period are as follows:

Tuition and fees	$	1,200.00/12 credits
School Authorized to Credit Account for Other Charges:		Yes (all charges)

Thompson's financial aid package is based on the following academic year (9-month budget):

Tuition	$	2,400.00
Room	$	2,800.00
Board	$	1,600.00
Books	$	800.00
Personal Expenses	$	800.00
Travel	$	800.00

Thompson's financial aid package included the following **annual** awards:

Pell Grant	$	5,550.00
FSEOG	$	3,650.00

All of Thompson's financial aid for the first payment period (one-half his annual awards) was disbursed on the first day of classes.

Discussion

On November 11, Thompson Hunter (the student from Case Study 6) walks into your office with the news that his wife Barbara Ann has quit her acting job in LA and moved back to Las Vegas. Longing for a normal family life, Barbara Ann is more than happy to care for Gonzo and the puppies. Thompson would like to re-enter the program when the fourth module begins on November 14.

When Thompson returns for module four, 34 CFR 668.22(a)(2)(iii)(A) applies. That regulation provides that, if a student withdraws from a term-based credit-hour program offered in modules and re-enters the same program prior to the end of the payment period, the student is treated as if he or she did not cease attendance for purposes of determining the student's aid awards for the period. The student is considered to be in the same payment period he or she was in at the time of the withdrawal and retains his or her original Title IV eligibility for that payment period, provided the student's enrollment status continues to support the same amount of those funds. To do this, the school must:

- recalculate Thompson's Title IV program eligibility based upon enrollment in modules 1, 2, and 4 and then re-disburse any Title IV, HEA program funds that had been disbursed and then returned under the Return of Title IV Funds provisions, adjusting, if necessary, for any change in his enrollment status;
- disburse any Title IV, HEA program funds for which Thompson was otherwise eligible that had not yet been disbursed at the time he withdrew, adjusting for the change in enrollment status; and
- cancel any Title IV overpayments assessed Thompson as a result of the prior withdrawal..

When Thompson returns in module four, the three credits for that module are added to the six credits that Thompson completed previously. Nine credits at LSDJ are the minimum number required for three-quarter-time enrollment status. Therefore, the school must recalculate Thompson's eligibility for Title IV assistance as a three-quarter time student. Thompson's scheduled annual Pell award as a three-quarter-time student is $4,163.00, and his one-semester award is $2,081.50.

After recalculating Thompson's eligibility from full time to half time when he withdrew previously, the school returned $1,387.00 (the difference between Thompson's initial Pell disbursement of $2,775.00 and his half-time award of $1,388.00). The school then included only his new award of $1,388.00 in the Return calculation and returned the entire amount as a result of the calculation. The school also reduced his Pell award in COD to $0.00. When Thompson returns, the school must once again adjust his award in COD (this time to his three-quarter-time award of $2,081.50) and draw down and disburse $2,081.50 to his account.

In addition, the school has to recalculate Thompson's eligibility for Campus-Based funds, adding the costs attributable to the additional module that he has begun attending, to see whether a modification of his Campus-Based aid is necessary. Based on a revised COA of $4,100.00 for the fall semester and revised Pell Grant of $$2,081.50, Thompson's remaining first-semester need is $2,018.50. That is greater than his initial FSEOG award of $1,825.00. Therefore, since it has not already awarded the $218.50 that it returned previously to another eligible student, the school re-awards and disburses the $218.50 in FSEOG funds to Thompson.

When the aid officer reviews the results of the previous Return calculation, he finds that Thompson had not been required to return any Title IV funds; therefore, there are no student overpayments to cancel.

On the first day of module four, November 14, LSDJ made the following disbursements to his student account:

Pell Grant	$	2,081.50	
FSEOG	$	218.50	(restoring his total to $1,825)

After class on December 5, Thompson once again comes to see you. He says that his uncle Raoul (born in England under mysterious circumstances) has just discovered that he is in line to be the Duke of Marlboro. Raoul must go to England immediately to claim the title, and he's willing to cover the cost of Thompson's traveling with him to the investiture. Therefore, Thompson has decided to withdraw immediately.

When a student withdraws from one of a series of modules in a term-based program, a school must first determine whether or not the student must be treated as a withdrawal. In order to do so, the school must answer three questions:

1. After beginning attendance in the payment period or period of enrollment, did the student cease to attend or fail to begin attendance in a course he or she was scheduled to attend?

   If the answer is no, this is not a withdrawal. If the answer is yes, go to question 2.

   In Thompson's case, the answer to Question 1 is ***Yes***; you go on to Question 2.

2. When the student ceased to attend or failed to begin attendance in a course he or she was scheduled to attend, was the student still attending any other courses?

   If the answer is yes, this is not a withdrawal. (Note, however that other regulatory provisions concerning recalculation may apply.) If the answer is no, go to question 3.

   In Thompson's case, the answer to Question 2 is ***No***; you go on to Question 3.

3. Did the student confirm attendance in a course in a module beginning later in the period (If this were a non-standard term or nonterm program, this would have to be no later than 45 calendar days after the end of the module the student ceased attending)?

   If the answer is yes, this is not a withdrawal unless the student does not return. If the answer is no, this is a withdrawal, and the Return of Title IV Funds requirements apply.

   In Thompson's case, the answer is ***No***; you must treat Thompson as a withdrawal.

Thompson began attendance in all of the classes on which his Pell Grant was based (modules 1,2, and 4). Therefore, the school did not need to recalculate Thompson's revised Pell Grant. In addition, since Thompson began attendance in all of the classes on which his Campus-Based aid (FSEOG) was based, the school did not have to recalculate his eligibility for Campus-Based funds.

Solution

Per school policy, Thompson's withdrawal date is his last day of attendance at an academically related activity as determined from the school's attendance records, December 5.

Step 1: Student's Title IV Aid Information

Box A. Since Thompson had begun all modules (classes) on which his Pell and Campus-Based aid was based, the Title IV grant aid disbursed was –

Pell Grant	$	2,081.50
FSEOG	$	1,825.00
A. =	$	3,906.50

Box B. Net Title IV loans that could have been disbursed = $ 0.00.

Box C. Title IV grants that could have been disbursed = $ 0.00.

Box D. Title IV loans that could have been disbursed = $ 0.00.

Box E. Total Title IV aid disbursed for the payment period = A + B = 3,906.50 + 0.00 = $ 3,906.50.

Box F. Total Title IV grant aid disbursed and could have been disbursed for the payment period = A + C = 3,906.50 + 0.00 = $ 3,906.50.

Box G. Total Title IV aid disbursed and could have been disbursed for the payment period = A + B + C + D = 3,906.50 + 0.00 + 0.00 + 0.00 = $3,906.50

Step 2: Percentage of Title IV Aid Earned

Though it is not a school that is required to take attendance, LSDJ has a school policy of using a student's last date of attendance at an academically related activity as the withdrawal date when a student withdraws from a program offered in modules.

The total number of days in the payment period is the original 108 days. While the student did not begin module three, since module three was included in the original payment period or period of enrollment and used to determine the amount of Title IV, HEA funds eligibility, the days from module three are included in the denominator.

The total number of completed calendar days in the period reflects the completed days in modules one, two, and four. From the previous Return calculation, we know that Thompson completed 54 days in modules one and two. He completed 13 days in module 4 (22 days less the 9-day scheduled break). The total number of days completed (the days completed in modules one, two, and four) are the sum of the days completed during each period or 67 days (54 + 13).

1. Payment Period start date = August 22.
2. Payment Period end date = December 16.
3. Date of withdrawal = December 5.
4. Percentage of payment period completed
   - Number of calendar days completed in modules one, two, and four = 67
   - Number of calendar days in the payment period = 108 (117 – 9 day scheduled break)
   - 67 days ÷ 108 days = 0.62. Percentage of payment period completed = 62.0%

Box H. Because this percentage is greater than 60%, the percentage of Title IV aid earned = 100.0%. Note that although no return is required, the school must complete Step 3 in order to determine whether 100% of his aid has been disbursed or Thompson was due a post-withdrawal disbursement.

Percentage of Title IV aid earned = 100.00%

Step 3: Amount of Title IV Aid Earned by the Student

Box I. 100.0% (percentage of Title IV aid earned from Box H) X $3,843.50. (Total of the Title IV aid disbursed and could have been disbursed for the payment period or period of enrollment from Box G) = $3,843.50.

Amount of Title IV aid earned by the student = $3,843.50.

Box J. When we subtract the amount of Title IV aid disbursed, $3,843.50 (Box E) from the amount of Title IV earned, $3,843.50 (Box I), the aid officer found that the answer is $0.00. Therefore, Thompson has received all the Title IV aid to which he was entitled and is not due a post-withdrawal disbursement.

No further action is necessary.

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

Student's Name Thompson Hunter

Social Security Number Example 7

Date form completed 12 / 06 /

Date of school's determination that student withdrew 12 / 05 /

Period used for calculation (check one) ■ **Payment period** ☐ **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%)

STEP 1: Student's Title IV Aid Information

Title IV Grant Programs	Amount Disbursed	Amount that Could Have Been Disbursed
1. Pell Grant	2081.50	
2. FSEOG	1825.00	
3. TEACH Grant		
4. Iraq and Afghanistan Service Grant		
	A. 3906.50	**C.**
	Subtotal	Subtotal

Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed
5. Unsubsidized Direct Loan		
6. Subsidized Direct Loan		
7. Perkins Loan		
8. Direct Grad PLUS Loan		
9. Direct Parent PLUS Loan		
	B.	**D.**
	Subtotal	Subtotal

E. Total Title IV aid disbursed for the period.

A. 3906.50
+ B.
E. $ 3906.50

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

A. 3906.50
+ C.
= **F. $** 3906.50

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

A. 3906.50
B.
C.
+ D.
= **G. $** 3906.50

STEP 2: Percentage of Title IV Aid Earned

Start date	Scheduled end date	Date of withdrawal
08 / 22 /	12 / 16 /	12 / 5 /

A school that is not required to take attendance may, for a student who withdraws without notification, enter 50% in Box H and proceed to Step 3. Or, the school may enter the last date of attendance at an academically related activity for the "withdrawal date," and proceed with the calculation as instructed. For a student who officially withdraws, enter the withdrawal date. LESS 9-DAY SCHEDULED BREAK

H. Percentage of payment period or period of enrollment completed

Divide the calendar days completed in the period by the total calendar days in the period (excluding scheduled breaks of five days or more **AND** days that the student was on an approved leave of absence).

67 (Completed days) ÷ 108 (Total days) = 62.0 %

▶ If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.

▶ If this percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3.

H. 100.0 %

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).

100.0 % (Box H) X 3906.50 (Box G) = **I. $** 3906.50

▶ *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.

Box I − Box E **J. $** .

Stop here, and enter the amount in "J" in Box 1 on Page 3 (Post-withdrawal disbursement tracking sheet).

Step 4 continued ▶

You should use this format when the withdrawal date is on or after 7/1/2017.

CASE STUDY 8: ELI KRAUT

When a student receiving Title IV grants and loans at a school that utilizes a non-term modular course structure, measures academic progress in credit hours and performs its Return calculations on a payment period basis officially withdraws and is not scheduled to return within 45 days.

Learning Objectives

Learn to complete Steps 1–10 of the Treatment of Title IV Funds when a Student Withdraws from a Credit-Hour Program worksheet, and be able to:

- determine whether or not a student must be considered a withdrawal;
- determine if it is necessary, and if so, recalculate the student's eligibility for Pell and Campus-Based funds;
- determine the total number of days the student was in attendance, and the numerator and denominator when calculating the percentage of the payment period completed;
- calculate the percentage of the payment period the student completed, and both the percentage and the amount of Title IV aid earned by the student;
- determine either that the student is due a post-withdrawal disbursement (PWD) of Title IV aid or that Title IV aid must be returned; and
- determine the amount to be offered to the student or returned.

School Profile

The Giant School of Sports Medicine (GSSM) is a private, for profit institution that utilizes a non-term modular course structure and measures academic progress in credit hours.

Academic Year/ Period of Enrollment	24 credits/ 32 weeks
Payment Period	12 credit hours 4 modules (each of 4 weeks duration) 16 weeks
Period Start Date	August 1
Period End Date	November 18
Institutionally Scheduled Break	No
Required to Take Attendance	No
Period Used in Return Calculation	Payment Period

School Profile, continued

Scheduled starting and ending dates for modules within the payment period.

Start	End
August 1	August 26
August 29	September 23
September 26	October 21
October 24	November 18

Student Profile

Eli Kraut is a dependent, fourth-year student enrolled at GSSM for 12 credits offered in four modules. In each four week module, a student enrolls in one course that begins and ends on a fixed date. In Eli's case, each course is worth three credits.

Charges to Eli's account for the payment period are as follows:

Tuition and fees	$	3,200.00/12 credits

School Authorized to Credit Account for Other Charges: Yes (all charges)

Eli's financial aid package is based on the following nine month academic year cost of attendance (COA).

Tuition	$	6,400.00
Room	$	3,200.00
Board	$	3,200.00
Books	$	1,600.00
Personal Expenses	$	3,200.00
Travel	$	800.00
Total COA	$	18,400.00

Eli's financial aid package included the following **annual** awards:

Pell Grant	$	5,550.00
FSEOG	$	4,000.00
Subsidized Direct Loan	$	5,500.00
Federal Work Study (FWS)	S	3,350.00

Except for his FWS award, all of Eli's financial aid for the first payment period (one-half his annual awards) was disbursed on the first day of classes.

Discussion

On the first day of the period, August 1, Eli received the following disbursements to his student account:

Pell Grant	$	2,775.00
FSEOG	$	2,000.00
Subsidized Direct Loan	$	2,750.00

On August 25, Eli comes to see you. He tells you that his twin brother, Jake, has just won an all-expenses paid Mediterranean cruise for two and has invited Eli (the lucky dog) to accompany him on the cruise. Eli has decided not to miss this chance of a lifetime. He intends to drop modules two and three, and return for the fourth module on October 24. On August 26, Eli completes module one and withdraws.

When a student withdraws from one of a series of modules in a non-term-based program, a school must first determine whether or not the student must be treated as a withdrawal. In order to do so, the school must answer three questions:

1. After beginning attendance in the payment period or period of enrollment, did the student cease to attend or fail to begin attendance in a course he or she was scheduled to attend?

   If the answer is no, this is not a withdrawal. If the answer is yes, go to question 2.

   In Eli's case, the answer to Question 1 is ***Yes***; you go on to Question 2.

2. When the student ceased to attend or failed to begin attendance in a course he or she was scheduled to attend, was the student still attending any other courses?

   If the answer is yes, this is not a withdrawal. (Note, however that other regulatory provisions concerning recalculation may apply.) If the answer is no, go to question 3.

   In Eli's case, the answer to Question 2 is ***No***; you go on to Question 3.

3. Did the student confirm attendance in a course in a module beginning later in the period? For non-term and nonstandard term programs, this must be no later than 45 calendar days after the end of the module the student ceased attending.

If the answer is yes, this is not a withdrawal unless the student does not return. If the answer is no, this is a withdrawal, and the Return of Title IV Funds requirements apply.

Note: CFR 34 668.22(a)(2)(i)(C) provides that a student in a non-term or nonstandard term program is considered to have withdrawn for Title IV purposes if the student is not scheduled to begin another course within a payment period or period of enrollment for more than 45 calendar days, unless the student is on an approved leave of absence. 34 CFR 668.22(a)(2)(ii)(A)(2) provides that, for a non-term or nonstandard term program, an institution must treat as a withdrawal a student who ceases attendance in a module, notwithstanding a student's confirmation of attendance in a future module in the payment period or period of enrollment if that module does not begin within 45 days of the end of the module the student ceased attending. (For additional information see *Withdrawals from programs offered in modules* in Chapter 2.)

The module in which Eli will be returning (module 4) does not start until October 24. That is 59 days from August 26, the end of the first module. Therefore, in Eli's case, the answer to Question 3 is No; you must treat Eli as a withdrawal

Because Eli failed to begin attendance in all of the classes on which his Title IV aid was based, before performing the required Return calculation GSSM must recalculate Eli's eligibility for Title IV funds based on his enrollment in just the one module he began—three credits, or less than half time.

Note: Pell Grant awards for students in clock-hour programs and programs without terms are always based on the *Payment Schedule for Determining Full-Time Awards*. Therefore, a school does not have to recalculate a Pell Grant when a student attending a non-term program or clock-hour program withdraws.

The school does have to recalculate Eli's eligibility for Campus-Based aid (FSEOG and FWS), eliminating the costs attributable to the modules that he did not begin attending, to see whether a reduction of the Campus-Based aid was necessary. After eliminating the expenses associated with the period of non-attendance, the school determined that the COA (for Campus-Based purposes) associated with Eli's enrollment in the one module was $2,600.00. The loan funds that Eli had already received (and for which his eligibility does not have to be recalculated—$2,750.00) plus his Pell Grant ($2,775.00), plus the $500.00 in FWS Eli has earned to date equal $6,025.00. Since $$6,025.00 exceeds Eli's revised COA of $2,500.00, the aid officer determined that Eli was not eligible for any FSEOG funds, so the school had to reduce Eli's FSEOG award to $0.00 and either award the $2,000.00 in FSEOG funds to another eligible student or return them to ED. Note that Pell Grants and earned FWS funds are never reduced to address an overpayment.

Note: Any time a student enrolled in a clock-hour or non-term program changes his or her enrollment status, the school must recalculate the student's COA to determine if the student's eligibility for Campus-Based funds has changed. The school may not include in the COA costs associated with any classes the student failed to begin. Moreover, when a student enrolled in a clock-hour or non-term program withdraws, **a school that calculates Returns on a period of enrollment basis may not include costs associated with any future payment period for which the student has not confirmed attendance at the time of withdrawal and that does not start within 45 days in the student's COA.**

GSSM performed a R2T4 calculation using Eli's last day of attendance of August 26 as his withdrawal date; $2,775.00 as the amount of Pell Grant disbursed; $0.00 as the amount of FSEOG funds disbursed; and $2,750.00 as the amount of Subsidized Direct Loan funds disbursed. On September 4, GSSM returned the funds for which it was responsible to the appropriate programs.

Solution

Eli's withdrawal date is his last day of attendance at an academically related activity as determined from the school's attendance records, August 26.

At the beginning of the payment period, the following awards were posted to Eli's account at GSSM.

Pell Grant	$	2,775.00
FSEOG	$	2,000.00
Subsidized Direct Loan	$	2,750.00

Step 1: Student's Title IV Aid Information

Box A. After recalculation, the Title IV grant aid disbursed was –

Pell Grant	$	2,775.00
FSEOG	$	0.00
A. =	$	2,775.00

Box B. Net Title IV loans disbursed

Subsidized Direct Loan	$	2,750.00
B. =	$	2,750.00

Box C. Title IV grants that could have been disbursed = $ 0.00.

Box D. Title IV loans that could have been disbursed = $ 0.00.

Box E. Total Title IV aid disbursed for the payment period = A + B = 2,775.00 + 2,750.00 = $ 5,525.00.

Box F. Total Title IV grant aid disbursed and could have been disbursed for the payment period = A + C = 2,775.00 + 0.00 = $ 2,775.00.

Box G. Total Title IV aid disbursed and could have been disbursed for the payment period = A + B + C + D = 2,775.00 + 2,750.00 + 0.00 + 0.00 = $5,525.00.

Step 2: Percentage of Title IV Aid Earned

For Title IV purposes, Eli's withdrawal date is August 26, the day he dropped modules two and three and notified the school that he would not be returning until the start of module four. Note that because Eli didn't drop modules two and three before withdrawing, the days in those modules are included in the number of days in the payment period.

1. Payment Period start date = August 1.
2. Payment Period end date = November 18.
3. Date of withdrawal = August 26.
4. Percentage of payment period completed
   - Number of calendar days completed = 26
   - Number of calendar days in the payment period = 110
   - 26 days ÷ 110 days = 0.2363. Percentage of payment period completed = 23.6%

Box H. Because this percentage is 60% or less, the percentage of Title IV aid earned = 23.6%.

Step 3: Amount of Title IV Aid Earned by the Student

Box I. 23.6% (percentage of Title IV aid earned from Box H) X $5,525.00 (Total of the Title IV aid disbursed and could have been disbursed for the payment period or period of enrollment from Box G) = $1,303.90. Amount of Title IV aid earned by the student = $1,303.90.

I. = $ 1,303.90

Step 4: Total Title IV Aid to be Disbursed or Returned

Box J. Because the total Title IV aid earned (Box I) is less than the total Title IV aid disbursed (Box E), no post-withdrawal disbursement is due, and we proceed to Box K.

Post-withdrawal disbursement = NA.

Box K. Because the total Title IV aid disbursed (Box E) is greater than the total Title IV aid earned (Box I) Title IV aid must be returned.

$5,525.00 (Box E) – $1,303.90 (Box I) = $4,221.10. Title IV Aid to be returned = $4,221.10.

K. = $ 4,221.10

Step 5: Amount of Title IV Aid Due from the School

Box L. The institutional charges on Eli's account are the charges initially assessed for the payment period. Note that books and supplies are not included because Eli had an opportunity to purchase them elsewhere, and did.

Tuition and fees	$	3,200.00
Room	$	1,600.00
Board	$	1,600.00
Box L =	$	6,400.00

Box M. Subtract the percentage of Title IV earned from Box H (23.6%) from 100.0%. 100% – 23.6% = 76.4%. Percentage of Title IV aid unearned = 76.4%.

M = 76.4%

Box N. Calculate the amount of unearned charges. $6,400.00 (Institutional charges from Box L) X 76.4% (% of Title IV aid unearned from Box M) = $4,889.60. Amount of unearned institutional charges = $4,889.60.

N = $ 4,889.60

Box O. Compare the amount of Title IV aid to be returned (Box K) to unearned institutional charges (Box N), and enter the lesser amount in Box O.

Box K =	$	4,221.10
Box N =	$	4,889.60

Amount of unearned Title IV aid due from the school = $4,221.10.

STEP 6: Return of Funds by the School

Box P. The amount of unearned Title IV aid due from the school is $4,221.10 (Box O), and Title IV loans are returned before Title IV grants. Since Eli received a Subsidized Direct Loan of $2,750.00, the school returns the entire $2,750.00 to the Direct Loan Program.

The school also returns $1,471.10 (4,221.10 (0) – $2,750.00 (P)) to the Pell Grant Program.

The school must return any unearned funds within 45 days from the date of the institution's determination that Eli withdrew.

STEP 7: Initial Amount of Unearned Title IV Aid Due from Student

Box Q. Subtract the amount of Title IV aid the school must return ($4,221.10 from Box O) from the total amount of Title IV aid that is to be returned ($4,221.10 from Box K) to find the initial amount of Title IV aid due from the student. $4,221.10 – $4,221.10 = $0.00.

Box Q = $ 0.00

There is no unearned aid due from the student, so the Return calculation ends here. The only further action the school must take is to notify the loan holder that the student has ceased attendance.

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

Student's Name Eli Kraut **Social Security Number** Example 8

Date form completed 8 / 27 / **Date of school's determination that student withdrew** 8 / 26 /

Period used for calculation (check one) ■ **Payment period** ☐ **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%)

STEP 1: Student's Title IV Aid Information

Title IV Grant Programs	Amount Disbursed	Amount that Could Have Been Disbursed
1. Pell Grant	2775.00	
2. FSEOG		
3. TEACH Grant		
4. Iraq and Afghanistan Service Grant		
	A. 2775.00	**C.**
	Subtotal	Subtotal

Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed
5. Unsubsidized Direct Loan		
6. Subsidized Direct Loan	2750.00	
7. Perkins Loan		
8. Direct Grad PLUS Loan		
9. Direct Parent PLUS Loan		
	B. 2750.00	**D.**
	Subtotal	Subtotal

E. Total Title IV aid disbursed for the period.

A. 2775.00
+ B. 2750.00
E. $ 5525.00

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

A.
+ C.
= **F. $** .

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

A. 2775.00
B. 2750.00
C.
+ D.
= **G. $** 5525.00

STEP 2: Percentage of Title IV Aid Earned

08 / 01 /	11 / 18 /	/ /
Start date	**Scheduled end date**	**Date of withdrawal**

A school that is not required to take attendance may, for a student who withdraws without notification, enter 50% in Box H and proceed to Step 3. Or, the school may enter the last date of attendance at an academically related activity for the "withdrawal date," and proceed with the calculation as instructed. For a student who officially withdraws, enter the withdrawal date.

H. Percentage of payment period or period of enrollment completed

Divide the calendar days completed in the period by the total calendar days in the period (excluding scheduled breaks of five days or more **AND** days that the student was on an approved leave of absence).

26 (Completed days) ÷ 110 (Total days) = 23.6 %

- If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.
- If this percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3.

H. 23.6 %

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).

23.6 % (Box H) X 5525.00 (Box G) = **I. $** 1303.90

- *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.

Box I − Box E **J. $** NA .

Stop here, and enter the amount in "J" in Box 1 on Page 3 (Post-withdrawal disbursement tracking sheet).

Step 4 continued ▶

You should use this format when the withdrawal date is on or after 7/1/2017.

Student's Name Eli Kraut **Social Security Number** Example 8

STEP 4: Aid to be Disbursed or Returned CONTINUED

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.

5525.00 (Box E) − 1303.90 (Box I) = **K.$** 4221.10

STEP 5: Amount of Unearned Title IV Aid Due from the School

L. Institutional charges for the period

Tuition	3200.00
Room	1600.00
Board	1600.00
Other	
Other	
Other	

Total Institutional Charges *(Add all the charges together)* = **L.$** 6400.00

M. Percentage of unearned Title IV aid

100% − 23.6 % (Box H) = **M.** 76.4 %

N. Amount of unearned charges

Multiply institutional charges for the period (Box L) by the percentage of unearned Title IV aid (Box M).

6400.00 (Box L) x 76.4 % (Box M) = **N.$** 4889.60

O. Amount for school to return

Compare the amount of Title IV aid to be returned (Box K) to amount of unearned charges (Box N), and enter the lesser amount. **O.$** 4221.10

STEP 6: Return of Funds by the School

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.

Title IV Programs	Amount for School to Return
1. Unsubsidized Direct Loan	
2. Subsidized Direct Staff Loan	2750.00
3. Perkins Loan	
4. Direct Grad PLUS Loan	
5. Direct Parent PLUS Loan	
Total loans the school must return = **P.$**	2750.00
6. Pell Grant	1471.10
7. FSEOG	
8. TEACH Grant	
9. Iraq and Afghanistan Service Grant	

STEP 7: Initial Amount of Unearned Title IV Aid Due from the Student

From the amount of Title IV aid to be returned (Box K) subtract the Amount for the school to return (Box O).

4221.10 (Box K) − 4221.10 (Box O) = **Q.$** 0.00

▶ *If Box Q is ≤ zero, **STOP**. If greater than zero, go to Step 8*

STEP 8: Repayment of the Student's loans

From the Net loans disbursed to the student (Box B) subtract the Total loans the school must return (Box P) to find the amount of Title IV loans the student is still responsible for repaying (Box R).

These loans consist of loans the student has earned, or unearned loan funds the school is not responsible for repaying. They are repaid to the loan holders according to the terms of the borrower's promissory note.

(Box B) − (Box P) = **R.$** .

▶ *If Box Q is less than or equal to Box R, **STOP**. The only action a school must take is to notify the holders of the loans of the student's withdrawal date.*

▶ *If Box Q is greater than Box R, proceed to Step 9.*

STEP 9: Grant Funds to be Returned

S. Initial amount of Title IV grants for student to return

From the initial amount of unearned Title IV aid due from the student (Box Q) subtract the amount of loans to be repaid by the student (Box R) .

(Box Q) − (Box R) = **S.$** .

T. Amount of Title IV grant protection

Multiply the total of Title IV grant aid that was disbursed and that could have been disbursed for the period (Box F) by 50%.

(Box F) x 50% = **T. $** .

U. Title IV grant funds for student to return

From the Initial amount of Title IV grants for student to return (Box S) subtract the Amount of Title IV grant protection (Box T).

(Box S) − (Box T) = **U.$** .

▶ *If Box U is less than or equal to zero, **STOP**. If not, go to Step 10.*

STEP 10: Return of Grant Funds by the Student

Except as noted below, the student must return the unearned grant funds for which he or she is responsible (Box U). The grant funds returned by the student are applied in order as indicated, up to the amount disbursed from that grant program minus any grant funds the school is responsible for returning to that program in Step 6.

Note that the student is not responsible for returning funds to any program to which the student owes $50.00 or less.

Title IV Grant Programs	Amount To Return
1. Pell Grant	
2. FSEOG	
3. TEACH Grant	
4. Iraq and Afghanistan Service Grant	

You should use this format when the withdrawal date is on or after 7/1/2017

CASE STUDY 9: STEVE HENDERSON

When a student receiving Title IV grants and loans at a school that utilizes a non-term modular course structure, measures academic progress in credit hours, and performs its Return calculations on a payment period basis, officially withdraws, returns within 180 days, and withdraws again.

Learning Objectives

Learn to complete Steps 1–8 of the Treatment of Title IV Funds when a Student Withdraws from a Credit-Hour Program worksheet and be able to:

- determine the total number of days the student was in attendance;
- determine the total number of days in the payment period;
- calculate the percentage of the payment period the student completed;
- calculate both the percentage and the amount of Title IV aid earned by the student;
- determine either that the student is due a post-withdrawal disbursement (PWD) of Title IV aid or that Title IV aid must be returned; and
- determine the amount to be offered to the student or returned.

School Profile

Chula University (CU) is a non-residential postsecondary institution that utilizes a non-term modular course structure and measures academic progress in credit hours.

Academic Year/ Period of Enrollment	24 credits/ 32 weeks
Payment Period	12 credit hours 4 modules (each of 4 weeks duration) 16 weeks
Period Start Date	January 9
Period End Date	April 27
Institutionally Scheduled Break	None
Required to Take Attendance	No
Period used in Return calculation	Payment Period

School Profile, continued

Scheduled starting and ending dates for modules within the calendar year. At each starting point all modules are offered.

Start	End	Start	End
January 9	February 3	February 6	March 2
March 5	March 30	April 2	April 27
April 30	May 25	May 28	June 22
June 25	July 20	July 23	August 17
August 20	September 14	September 17	October 12
October 15	November 9	November 12	December 7

Student Profile

Steve Henderson is an independent, fourth-year student enrolled at CU for 12 credits offered in four three-credit modules. CU anticipates that Steve, as do most of the students at CU, will complete each of the modules in four weeks, and the payment period in 16 weeks.

Charges to Steve's account for the payment period are as follows:

Tuition and fees	$	6,000.00/12 credits
School Authorized to Credit Account for Other Charges:		Yes (all charges)

Steve's financial aid package is based on the following eight-month academic year cost of attendance (COA).

Tuition	$	12,000.00
Room	$	3,200.00
Board	$	3,200.00
Books	$	1,200.00
Personal Expenses	$	3,200.00
Travel	$	800.00
Total COA	$	23,600.00

Steve's financial aid package included the following **annual** awards:

Pell Grant	$	5,550.00
FSEOG	$	4,000.00
Subsidized Direct Loan	$	5,500.00
Unsubsidized Direct Loan	$	4,050.00
Federal Work Study (FWS)	S	4,500.00

Discussion

On the first day of the period, January 9, Steve received disbursements totaling $9,550.00 in Title IV assistance from the following programs to his student account:

Pell Grant	$	2,775.00
FSEOG	$	2,000.00
Subsidized Direct Loan	$	2,750.00
Unsubsidized Direct Loan	$	2,025.00

On January 27, you are notified by the registrar that Steve has dropped module 2. Then, on February 3, after completing the last class in module 1, Steve comes to see you. He tells you that he's been offered a job as a researcher on a project studying the terrapin species native to the brackish coastal swamps of Maryland and other southeastern states. Steve has decided to withdraw from school in order to accept the job.

When a student withdraws from one of a series of modules in a non-term-based program, a school must first determine whether or not the student must be treated as a withdrawal. In order to do so, the school must answer three questions:

1. After beginning attendance in the payment period or period of enrollment, did the student cease to attend or fail to begin attendance in a course he or she was scheduled to attend? If the answer is no, this is not a withdrawal. If the answer is yes, go to question 2.

   In Steve's case, the answer to Question 1 is ***Yes***; you go on to Question 2.

2. When the student ceased to attend or failed to begin attendance in a course he or she was scheduled to attend, was the student still attending any other courses? If the answer is yes, this is not a withdrawal. (Note, however that other regulatory provisions concerning recalculation may apply.) If the answer is no, go to question 3.

   In Steve's case, the answer to Question 2 is ***No***; you go on to Question 3.

3. Did the student confirm attendance in a course in a module beginning later in the period? For non-term and nonstandard term programs, this must be no later than 45 calendar days after the end of the module the student ceased attending. If the answer is yes, this is not a withdrawal, unless the student does not return. If the answer is no, this a withdrawal, and the Return of Title IV Funds requirements apply.

   In Steve's case, the answer is ***No,*** and therefore you must consider Steve as a withdrawn student.

Because Steve failed to begin attendance in all of the classes on which his Title IV aid was based, before performing the required Return calculation, CU must recalculate Steve's eligibility for Title IV funds based on his enrollment in just the one module he began—three credits, or less than half time.

> Note: Pell Grant awards for students in clock-hour programs, programs without terms, and nonstandard term programs with terms that are not substantially equal programs are always based on the *Payment Schedule for Determining Full-Time Awards*. Therefore a school does not have to recalculate a Pell Grant when a student attending a non-term program, clock-hour program or nonstandard term program with terms that are not substantially equal withdraws.

The school does have to recalculate Steve's eligibility for Campus-Based aid (FSEOG and FWS), eliminating the costs attributable to the modules that he did not begin attending, to see whether a reduction of the Campus-Based aid was necessary. After eliminating the expenses associated with the period of non-attendance, the school determined that the COA (for Campus-Based purposes) associated with Steve's enrollment in the one module was $3,250.00.

The loan funds that Steve had already received (and for which his eligibility does not have to be recalculated—$4,775.00) plus his Pell Grant ($2,775.00), plus the $400.00 in FWS Steve has earned to date equal $7,950.00. Since $7,950.00 exceeds Steve's revised COA of $3,250.00, the aid officer determined that Steve was not eligible for any FSEOG funds, so the school had to reduce Steve's FSEOG award to $0.00 and either award the $2,000.00 in FSEOG funds to another eligible student or return them to ED. (Note that Pell Grants and earned FWS funds are never reduced to address an overpayment.)

> Note: Any time a student enrolled in a clock-hour, non-term program, or nonstandard term program with terms that are not substantially equal changes his or her enrollment status, the school must recalculate the student's COA to determine if the student's eligibility for Campus-Based funds has changed. The school may not include in the student's COA costs associated with any classes the student failed to begin. More over, when a student enrolled in a clock-hour, non-term program, or nonstandard term program with terms that are not substantially equal withdraws, **a school that calculates Returns on a period of enrollment basis may not include costs associated with any future payment period for which the student has not confirmed attendance at the time of withdrawal and that does not start within 45 days in the Student's COA.**

CU performed a R2T4 calculation using Steve's last day of attendance of February 3 as his withdrawal date; $2,775.00 as the amount of Pell Grant disbursed; $0.00 as the amount of FSEOG funds disbursed; $2,750.00 as the amount of Subsidized Direct Loan funds disbursed; and $2,025.00 as the amount of unsubsidized loan funds disbursed. On February 17, CU returned the funds for which it was responsible to the appropriate programs.

Solution

At the beginning of the semester, the following awards were posted to Steve's account at CU.

Pell Grant	$	2,775.00
FSEOG	$	2,000.00
Subsidized Direct Loan	$	2,750.00
Unsubsidized Direct Loan	$	2,025.00

Step 1: Student's Title IV Aid Information

Box A. After recalculation, the Title IV grant aid disbursed was –

Pell Grant	$	2,775.00
FSEOG	$	0.00
A. =	$	2,775.00

Box B. Net Title IV loans disbursed

Subsidized Direct loan	$	2,750.00
Unsubsidized Direct	$	2,025.00
B. =	$	4,775.00

Box C. Title IV grants that could have been disbursed = $ 0.00.

Box D. Title IV loans that could have been disbursed = $ 0.00.

Box E. Total Title IV aid disbursed for the payment period = A + B = 2,775.00 + 4,775.00 = $ 7,550.00.

Box F. Total Title IV grant aid disbursed and could have been disbursed for the payment period = A + C = 2,775.00 + 0.00 = $ 2,775.00.

Box G. Total Title IV aid disbursed and could have been disbursed for the payment period = A + B + C + D = 2,775.00 + 4,775.00 + 0.00 + 0.00 = $7,550.00.

Step 2: Percentage of Title IV Aid Earned

For Title IV purposes, Steve's withdrawal date is February 3, the day he informed the aid office that he was withdrawing.

1. Payment Period start date = January 9.
2. Payment Period end date = April 27.
3. Date of withdrawal = February 3.
4. Percentage of payment period completed

   Note: Because Steve dropped one module (module 2) of the course before he withdrew, the days following the end of module 1 (February 4) through the day prior to the start of module 3 (March 4)—30 days—are excluded from the total days used in determining the percentage of the period completed.

   - Number of calendar days completed = 26
   - Number of calendar days in the payment period = 80 (The 110 days in the original period less the 30 days from February 4 through March 4)
   - 26 days ÷ 80 days = 0.3250. Percentage of payment period completed = 32.5%

Box H. Because this percentage is 60% or less, the percentage of Title IV aid earned = 32.5%.

Step 3: Amount of Title IV Aid Earned by the Student

Box I. 32.5% (percentage of Title IV aid earned from Box H) X $7,550.00 (Total of the Title IV aid disbursed and could have been disbursed for the payment period or period of enrollment from Box G) = $2,453.75. Amount of Title IV aid earned by the student = $2,453.75.

I. = $ $2,453.75

Step 4: Total Title IV Aid to be Disbursed or Returned

Box J. Because the total Title IV aid earned (Box I) is less than the total Title IV aid disbursed (Box E), no post-withdrawal disbursement is due, and we proceed to Box K.

Post-withdrawal disbursement = NA.

Box K. Because the total Title IV aid disbursed (Box E) is greater than the total Title IV aid earned (Box I), Title IV aid must be returned.

$7,550.00 (Box E) – $2,453.75 (Box I) = $5,096.25. Title IV Aid to be returned = $5,096.25.

K. = $ $5,096.25

Step 5: Amount of Title IV Aid Due from the School

Box L. **The charges used in a Return calculation are always the charges initially assessed by the school adjusted only for any courses or module the student dropped prior to the date the student withdrew** Therefore, even though CU refunds the tuition Steve paid for the modules he did not start, the school must enter $4,500.00 in Step 5 of the Return calculation. (The $6,000.00 initially charged minus the $1,500.00 for module 2 that Steve dropped before withdrawing.) A $150.00 charge for books is included because Steve did not have the opportunity to purchase them elsewhere.

	Tuition and fees	$	4,500.00
	Books	$	150.00
L =		$	4,650.00

Box M. Subtract the percentage of Title IV earned from Box H (40.6%) from 100.0%. 100% – 32.5% = 67.5%. Percentage of Title IV aid unearned = 67.5%.

M = 67.5%

Box N. Multiply the Institutional charges from Box L ($4,650.00) by the percentage of unearned Title IV aid from Box M (67.5%) to find the amount of unearned charges $4,650.00 X 67.5% = $3,138.75. Amount of unearned = $3,138.75.

N = $ 3,138.75

Box O. Compare the amount of Title IV aid to be returned (Box K) to unearned institutional charges (Box N), and enter the lesser amount in Box O.

Box K =	$	5,096.25
Box N =	$	3,138.75

Amount of unearned Title IV aid due from the school = $3,138.75.

STEP 6: Return of Funds by the School

Box P. The amount of unearned Title IV aid due from the school is $3,138.75 (Box O). Since Title IV loans are returned before Title IV grants, and Unsubsidized Direct Loans are returned before Subsidized Direct Loans, the school returns $2,025.00 to the Direct Loan Program for crediting toward Steve's Unsubsidized Direct Loan and $1,113.00 to the Direct Loan Program (**Because the COD system will not accept requests for other than whole dollars** (no cents) for the Direct Loan Program). So, the school can only request and disburse $300.00. for crediting toward Steve's Subsidized Direct Loan. The school also cancels the second disbursement of both of his Direct Loans and notifies the appropriate servicer that Steve has withdrawn from school.

The school must return any unearned funds within 45 days from the date of the institution's determination that Steve withdrew.

STEP 7: Initial Amount of Unearned Title IV Aid Due from Student

Box Q. Subtract the amount of Title IV aid the school must return ($3,138.75) from Box O from the total amount of Title IV aid that is to be returned ($5,096.25) from Box K to find the initial amount of Title IV aid due from the student. $5,096.25 – $3,138.75 = $1,957.50.

Box Q = $ 1,957.50

The initial amount of Title IV aid due from the student, is $1,957.50.

STEP 8: Repayment of the Student's Loans

Box R. Subtract the total loans the school must return ($3,138.75) from Box P from the net loans disbursed to the student ($4,775.00) from Box B to find the total of the loans the student must repay $4,775.00 – $3,138.00 = $1,637.00.

Box R = $ 1,637.00

Since the amount from Box Q ($1,957.50) is greater than the amount from Box R ($1,636.25), you proceed to Step 9.

Remember, you must notify the holder of Steve's loans that he has withdrawn from school.

Box S. Subtract the amount of loans to be repaid by the student in Box R ($1,637.00) from the initial amount of unearned Title IV aid due from the student Box Q ($1,957.50) to find the initial amount of Title IV grants for the student to return $1,957.50 – $1,637.00 = $322.00.

Box S = $ 323.00

Box T. Multiply the total Title IV grant aid disbursed and could have been disbursed for the period in Box F ($2,775.00) by 50% to find the amount of grant protection $2,775.00 X 50% = $1,387.50.

Box T = $ 1,387.50

Box U Subtract the amount of grant protection in Box T ($1,387.50) from the initial amount of Title IV grants for the student to return in Box S ($321.50) to find the Title IV grants for the student to return $321.50 – $1,387.50 = – $1,066.25.

Box U = $ – 1066.25

Since the amount in Box U is less than or equal to zero, the student does not have to return any Title IV grant funds, and the calculation is complete.

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

Student's Name Steve Henderson

Social Security Number Example 9

Date form completed 2 / 4 /

Date of school's determination that student withdrew 2 / 3 /

Period used for calculation (check one) ■ **Payment period** ☐ **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%)

STEP 1: Student's Title IV Aid Information

Title IV Grant Programs	Amount Disbursed	Amount that Could Have Been Disbursed
1. Pell Grant	2775.00	
2. FSEOG		
3. TEACH Grant		
4. Iraq and Afghanistan Service Grant		
	A. 2775.00	**C.**
	Subtotal	Subtotal

Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed
5. Unsubsidized Direct Loan	2025.00	
6. Subsidized Direct Loan	2750.00	
7. Perkins Loan		
8. Direct Grad PLUS Loan		
9. Direct Parent PLUS Loan		
	B. 4775.00	**D.**
	Subtotal	Subtotal

E. Total Title IV aid disbursed for the period.

A. 2775.00
\+ B. 4775.00
E. $ 7550.00

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

A. 2775.00
\+ C.
= **F. $** 2775.00

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

A. 2775.00
B. 4775.00
C.
\+ D.
= **G. $** 7550.00

STEP 2: Percentage of Title IV Aid Earned

Start date	Scheduled end date	Date of withdrawal
1 / 9 /	4 / 27 /	2 / 3 /

A school that is not required to take attendance may, for a student who withdraws without notification, enter 50% in Box H and proceed to Step 3. Or, the school may enter the last date of attendance at an academically related activity for the "withdrawal date," and proceed with the calculation as instructed. For a student who officially withdraws, enter the withdrawal date.

H. Percentage of payment period or period of enrollment completed

Divide the calendar days completed in the period by the total calendar days in the period (excluding scheduled breaks of five days or more **AND** days that the student was on an approved leave of absence).

26 (Completed days) ÷ 80 (Total days) = 32.5 %

- If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.
- If this percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3.

H. 32.5 %

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).

32.5 % (Box H) X 7550.00 (Box G) = **I. $** 2453.75

- *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.

Box I – Box E

J. $ NA

Stop here, and enter the amount in "J" in Box 1 on Page 3 (Post-withdrawal disbursement tracking sheet).

Step 4 continued ▶

You should use this format when the withdrawal date is on or after 7/1/2017.

Student's Name Steve Henderson **Social Security Number** Example 9

STEP 4: Aid to be Disbursed or Returned CONTINUED

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.

7550.00 (Box E) − 2453.75 (Box I) = **K.$** 5096.25

STEP 5: Amount of Unearned Title IV Aid Due from the School

L. Institutional charges for the period

Tuition	4500.00
Room	
Board	
Books	150.00
Other	
Other	

Total Institutional Charges *(Add all the charges together)* = **L.$** 4650.00

M. Percentage of unearned Title IV aid

100% − 32.5 % (Box H) = **M.** 67.5 %

N. Amount of unearned charges

Multiply institutional charges for the period (Box L) by the percentage of unearned Title IV aid (Box M).

4650.00 (Box L) X 67.5 % (Box M) = **N.$** 3138.75

O. Amount for school to return

Compare the amount of Title IV aid to be returned (Box K) to amount of unearned charges (Box N), and enter the lesser amount. **O.$** 3138.75

STEP 6: Return of Funds by the School

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.

Title IV Programs	Amount for School to Return
1. Unsubsidized Direct Loan	2025.00
2. Subsidized Direct Staff Loan	1113.00*
3. Perkins Loan	
4. Direct Grad PLUS Loan	
5. Direct Parent PLUS Loan	

Total loans the school must return = **P.$** 3138.00

6. Pell Grant	
7. FSEOG	
8. TEACH Grant	
9. Iraq and Afghanistan Service Grant	
*Because COD only accepts whole dollars	

STEP 7: Initial Amount of Unearned Title IV Aid Due from the Student

From the amount of Title IV aid to be returned (Box K) subtract the Amount for the school to return (Box O).

5096.25 (Box K) − 3138.00 (Box O) = **Q.$** 1957.50

▶ *If Box Q is ≤ zero, **STOP**. If greater than zero, go to Step 8*

STEP 8: Repayment of the Student's loans

From the Net loans disbursed to the student (Box B) subtract the Total loans the school must return (Box P) to find the amount of Title IV loans the student is still responsible for repaying (Box R).

These loans consist of loans the student has earned, or unearned loan funds the school is not responsible for repaying. They are repaid to the loan holders according to the terms of the borrower's promissory note.

4775.00 (Box B) − 3138.75 (Box P) = **R.$** 1673.00

▶ *If Box Q is less than or equal to Box R, **STOP**. The only action a school must take is to notify the holders of the loans of the student's withdrawal date.*

▶ *If Box Q is greater than Box R, proceed to Step 9.*

STEP 9: Grant Funds to be Returned

S. Initial amount of Title IV grants for student to return

From the initial amount of unearned Title IV aid due from the student (Box Q) subtract the amount of loans to be repaid by the student (Box R) .

1957.50 (Box Q) − 1637.00 (Box R) = **S.$** 320.50

T. Amount of Title IV grant protection

Multiply the total of Title IV grant aid that was disbursed and that could have been disbursed for the period (Box F) by 50%.

2775.00 (Box F) X 50% = **T.$** 1387.50

U. Title IV grant funds for student to return

From the Initial amount of Title IV grants for student to return (Box S) subtract the Amount of Title IV grant protection (Box T).

320.50 (Box S) − 1387.50 (Box T) = **U.$** – 1067.00

▶ *If Box U is less than or equal to zero, **STOP**. If not, go to Step 10.*

STEP 10: Return of Grant Funds by the Student

Except as noted below, the student must return the unearned grant funds for which he or she is responsible (Box U). The grant funds returned by the student are applied in order as indicated, up to the amount disbursed from that grant program minus any grant funds the school is responsible for returning to that program in Step 6.

Note that the student is not responsible for returning funds to any program to which the student owes $50.00 or less.

Title IV Grant Programs	Amount To Return
1. Pell Grant	
2. FSEOG	
3. TEACH Grant	
4. Iraq and Afghanistan Service Grant	

You should use this format when the withdrawal date is on or after 7/1/2017

* Because the COD system will not accept requests for other than whole dollars (no cents) for the Direct Loan Program.

Forms Associated With a Return of Title IV Aid Calculation

APPENDIX
to Volume 5

In the pages that follow you will find suggested formats for

- *Calculating the treatment of Title IV funds when a student withdraws from a credit-hour program*
- *Calculating the treatment of Title IV funds when a student withdraws from a clock-hour program*
- *Tracking a required post-withdrawal disbursement*
- *Information required when referring student overpayments to default resolution group*

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

Student's Name _____ **Social Security Number** _____

Date form completed ___ / ___ / ___ **Date of school's determination that student withdrew** ___ / ___ / ___

Period used for calculation (check one) ☐ **Payment period** ☐ **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%)

STEP 1: Student's Title IV Aid Information

Title IV Grant Programs	Amount Disbursed	Amount that Could Have Been Disbursed
1. Pell Grant		
2. FSEOG		
3. TEACH Grant		
4. Iraq and Afghanistan Service Grant		
	A. Subtotal	C. Subtotal

Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed
5. Unsubsidized Direct Loan		
6. Subsidized Direct Loan		
7. Perkins Loan		
8. Direct Grad PLUS Loan		
9. Direct Parent PLUS Loan		
	B. Subtotal	D. Subtotal

E. Total Title IV aid disbursed for the period.

A. _____
\+ B. _____
E. $ _____ .

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

A. _____
\+ C. _____
= F. $ _____ .

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

A. _____
B. _____
C. _____
\+ D. _____
= G. $ _____ .

STEP 2: Percentage of Title IV Aid Earned

Start date	Scheduled end date	Date of withdrawal
___ / ___ / ___	___ / ___ / ___	___ / ___ / ___

A school that is not required to take attendance may, for a student who withdraws without notification, enter 50% in Box H and proceed to Step 3. Or, the school may enter the last date of attendance at an academically related activity for the "withdrawal date," and proceed with the calculation as instructed. For a student who officially withdraws, enter the withdrawal date.

H. Percentage of payment period or period of enrollment completed

Divide the calendar days completed in the period by the total calendar days in the period (excluding scheduled breaks of five days or more **AND** days that the student was on an approved leave of absence).

_____ (Completed days) ÷ _____ (Total days) = _____ . %

- If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.
- If this percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3.

H. _____ . %

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).

_____ % (Box H) x _____ (Box G) = I. $ _____ .

- *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.

_____ (Box I) − _____ (Box E) J. $ _____ .

Stop here, and enter the amount in "J" in Box 1 on Page 3 (Post-withdrawal disbursement tracking sheet).

Step 4 continued ▶

You should use this format when the withdrawal date is on or after 7/1/2017.

Student's Name _____ **Social Security Number** _____

STEP 4: Aid to be Disbursed or Returned CONTINUED

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.

[ ] – [ ] = K.$.
Box E Box I

STEP 5: Amount of Unearned Title IV Aid Due from the School

L. Institutional charges for the period

Tuition	
Room	
Board	
Other	
Other	
Other	

Total Institutional Charges *(Add all the charges together)* = L.$

M. Percentage of unearned Title IV aid

100% – [ ] % = M. . %
Box H

N. Amount of unearned charges

Multiply institutional charges for the period (Box L) by the percentage of unearned Title IV aid (Box M).

[ ] x [ ] % = N.$.
Box L Box M

O. Amount for school to return

Compare the amount of Title IV aid to be returned (Box K) to amount of unearned charges (Box N), and enter the lesser amount. O.$.

STEP 6: Return of Funds by the School

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.

Title IV Programs	Amount for School to Return
1. Unsubsidized Direct Loan	
2. Subsidized Direct Staff Loan	
3. Perkins Loan	
4. Direct Grad PLUS Loan	
5. Direct Parent PLUS Loan	
Total loans the school must return =	P.$.
6. Pell Grant	
7. FSEOG	
8. TEACH Grant	
9. Iraq and Afghanistan Service Grant	

STEP 7: Initial Amount of Unearned Title IV Aid Due from the Student

From the amount of Title IV aid to be returned (Box K) subtract the Amount for the school to return (Box O).

[ ] – [ ] = Q.$.
Box K Box O

▶ *If Box Q is ≤ zero, **STOP**. If greater than zero, go to Step 8*

STEP 8: Repayment of the Student's loans

From the Net loans disbursed to the student (Box B) subtract the Total loans the school must return (Box P) to find the amount of Title IV loans the student is still responsible for repaying (Box R).

These loans consist of loans the student has earned, or unearned loan funds the school is not responsible for repaying. They are repaid to the loan holders according to the terms of the borrower's promissory note.

[ ] – [ ] = R.$.
Box B Box P

▶ *If Box Q is less than or equal to Box R, **STOP**. The only action a school must take is to notify the holders of the loans of the student's withdrawal date.*

▶ *If Box Q is greater than Box R, proceed to Step 9.*

STEP 9: Grant Funds to be Returned

S. Initial amount of Title IV grants for student to return

From the initial amount of unearned Title IV aid due from the student (Box Q) subtract the amount of loans to be repaid by the student (Box R) .

[ ] – [ ] = S.$.
Box Q Box R

T. Amount of Title IV grant protection

Multiply the total of Title IV grant aid that was disbursed and that could have been disbursed for the period (Box F) by 50%.

[ ] x 50% = T. $.
Box F

U. Title IV grant funds for student to return

From the Initial amount of Title IV grants for student to return (Box S) subtract the Amount of Title IV grant protection (Box T).

[ ] – [ ] = U.$.
Box S Box T

▶ *If Box U is less than or equal to zero, **STOP**. If not, go to Step 10.*

STEP 10: Return of Grant Funds by the Student

Except as noted below, the student must return the unearned grant funds for which he or she is responsible (Box U). The grant funds returned by the student are applied in order as indicated, up to the amount disbursed from that grant program minus any grant funds the school is responsible for returning to that program in Step 6.

Note that the student is not responsible for returning funds to any program to which the student owes $50.00 or less.

Title IV Grant Programs	Amount To Return
1. Pell Grant	
2. FSEOG	
3. TEACH Grant	
4. Iraq and Afghanistan Service Grant	

You should use this format when the withdrawal date is on or after 7/1/2017

POST-WITHDRAWAL DISBURSEMENT TRACKING SHEET

Student's Name _____ Social Security Number _____

Date of school's determination that student withdrew ___ / ___ / ___

I. Amount of Post-withdrawal Disbursement (PWD)

Amount from "Box J" of the Treatment of Title IV Funds When a Student Withdraws worksheet **Box 1** $ _____ .

II. Outstanding Charges For Educationally Related Expenses Remaining On Student's Account

Total Outstanding Charges Scheduled to be Paid from PWD **Box 2** $ _____ .
(*Note: Prior-year charges cannot exceed $200.*)

III. Post-withdrawal Disbursement Offered Directly to Student and/or Parent

From the total Post-withdrawal Disbursement due (Box 1), subtract the Post-withdrawal Disbursement to be credited to the student's account (Box 2) . This is the amount you must make to the student (grant) or offer to the student or parent (Loan) as a Direct Disbursement.

$ _____ . (Box 1) − $ _____ . (Box 2) = **Box 3** $ _____ .

IV. Allocation of Post-withdrawal Disbursement

Type of Aid	Loan Amount School Seeks to Credit to Account	Loan Amount Authorized to Credit to Account	Title IV Aid Credited to Account	Loan Amount Offered as Direct Disbursement	Loan Amount Accepted as Direct Disbursement	Title IV Aid Disbursed Directly to Student
Pell Grant	N/A	N/A		N/A	N/A	
FSEOG	N/A	N/A		N/A	N/A	
TEACH Grant	N/A	N/A		N/A	N/A	
Iraq Afghanistan Svc. Grant	N/A	N/A		N/A	N/A	
Perkins						
Subsidized Direct						
Unsubsidized Direct						
Direct Grad Plus						
Direct Parent Plus						
Totals						

V. Authorizations and Notifications

Post-withdrawal disbursement loan notification sent to student and/or parent on ___ / ___ / ___

Deadline for student and/or parent to respond ___ / ___ / ___

☐ Response received from student and/or parent on ___ / ___ / ___ ☐ Response not received

☐ School does not accept late response

VI. Date Funds Sent

Date Direct Disbursement mailed or transferred Grant ___ / ___ / ___ Loan ___ / ___ / ___

You should use this format when the withdrawal date is on or after 7/1/2017

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

Student's Name _____ **Social Security Number** _____

Date form completed ___ / ___ / ___ **Date of school's determination that student withdrew** ___ / ___ / ___

Period used for calculation (check one) ☐ **Payment period** ☐ **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%)

STEP 1: Student's Title IV Aid Information

Title IV Grant Programs	Amount Disbursed	Amount that Could Have Been Disbursed
1. Pell Grant		
2. FSEOG		
3. TEACH Grant		
4. Iraq and Afghanistan Service Grant		
	A.	C.
	Subtotal	Subtotal

Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed
5. Unsubsidized Direct Loan		
6. Subsidized Direct Loan		
7. Perkins Loan		
8. Direct Grad PLUS Loan		
9. Direct Parent PLUS Loan		
	B.	D.
	Subtotal	Subtotal

E. Total Title IV aid disbursed for the period.

A. _____
\+ B. _____
= E. $ _____ .

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

A. _____
\+ C. _____
= F. $ _____ .

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

A. _____
B. _____
C. _____
\+ D. _____
= G. $ _____ .

STEP 2: Percentage of Title IV Aid Earned

Withdrawal date ___ / ___ / ___

H. Determine the percentage of the period completed:
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.

_____ ÷ _____ = _____ . %
Hours scheduled to complete — Total hours in period

- If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.
- If this percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3.

H. _____ . %

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).

_____ % x _____ = I. $ _____ .
Box H — Box G

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.

_____ – _____ = J. $ _____ .
Box I — Box E

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.

_____ – _____ = K. $ _____ .
Box E — Box I

You should use this format when the withdrawal date is on or after 7/1/2017.

Student's Name _____ **Social Security Number** _____

STEP 5: Amount of Unearned Title IV Aid Due from the School

L. Institutional charges for the period

Tuition	
Room	
Board	
Other	
Other	
Other	

Total Institutional Charges
(Add all the charges together) = L.$.

M. Percentage of unearned Title IV aid

100% − _____ % (Box H) = M. . %

N. Amount of unearned charges

Multiply institutional charges for the period (Box L) by the Percentage of unearned Title IV aid (Box M).

_____ (Box L) x _____ % (Box M) = N.$.

O. Amount for school to return

Compare the amount of Title IV aid to be returned (Box K) to Amount of unearned charges (Box N), and enter the lesser amount.

O.$.

STEP 6: Return of Funds by the School

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.

Title IV Programs	Amount for School to Return
1. Unsubsidized Direct Loan	
2. Subsidized Direct Loan	
3. Perkins Loan	
4. Direct Graduate PLUS Loan	
5. Direct Parent PLUS Loan	
Total loans the school must return	= P.$.
6. Pell Grant	
7. FSEOG	
8. TEACH Grant	
9. Iraq and Afghanistan Service Grant	

STEP 7: Initial Amount of Unearned Title IV Aid Due from the Student

From the amount of Title IV aid to be returned (Box K) subtract the Amount for the school to return (Box O).

_____ (Box K) − _____ (Box O) = Q.$

▶ *If Box Q is ≤ zero, **STOP**. If greater than zero, go to Step 8.*

STEP 8: Repayment of the Student's loans

From the Net loans disbursed to the student (Box B) subtract the Total loans the school must return (Box P) to find the amount of Title IV loans the student is still responsible for repaying (Box R).

These loans consist of loans the student has earned, or unearned loan funds the school is not responsible for repaying. They are repaid to the loan holders according to the terms of the borrower's promissory note.

_____ (Box B) − _____ (Box P) = R.$

▶ *If Box Q is less than or equal to Box R, **STOP**.* The only action a school must take is to notify the holders of the loans of the student's withdrawal date.

▶ *If Box Q is greater than Box R, proceed to Step 9.*

STEP 9: Grant Funds to be Returned

S. Initial amount of Title IV grants for student to return

From the Initial amount of unearned Title IV aid due from the student (Box Q) subtract the amount of loans to be repaid by the student (Box R) .

_____ (Box Q) − _____ (Box R) = S. .

T. Amount of Title IV grant protection

Multiply the total of Title IV grant aid that was disbursed and that could have been disbursed for the period (Box F) by 50%.

_____ (Box F) x 50% = T. .

U. Title IV grant funds for student to return

From the Initial amount of Title IV grants for student to return (Box S) subtract the Amount of Title IV grant protection (Box T).

_____ (Box S) − _____ (Box T) = U. .

▶ *If Box U is less than or equal to zero, **STOP**. If not, go to Step 10.*

STEP 10: Return of Grant Funds by the Student

Except as noted below, the student must return the unearned grant funds for which he or she is responsible (Box U). The grant funds returned by the student are applied in order as indicated, up to the amount disbursed from that grant program minus any grant funds the school is responsible for returning to that program in Step 6.

Note that the student is not responsible for returning funds to any program to which the student owes $50.00 or less.

Title IV Grant Programs	Amount To Return
1. Pell Grant	
2. FSEOG	
3. TEACH Grant	
4. Iraq and Afghanistan Service Grant	

You should use this format when the withdrawal date is on or after 7/1/2017.

POST-WITHDRAWAL DISBURSEMENT TRACKING SHEET

Student's Name _____ Social Security Number _____

Date of school's determination that student withdrew / /

I. Amount of Post-withdrawal Disbursement (PWD)

Amount from "Box J" of the Treatment of Title IV Funds When a Student Withdraws worksheet **Box 1** $.

II. Outstanding Charges For Educationally Related Expenses Remaining On Student's Account

Total Outstanding Charges Scheduled to be Paid from PWD **Box 2** $.
(*Note: Prior-year charges cannot exceed $200.*)

III. Post-withdrawal Disbursement Offered Directly to Student and/or Parent

From the total Post-withdrawal Disbursement due (Box 1), subtract the Post-withdrawal Disbursement to be credited to the student's account (Box 2) . This is the amount you must make to the student (grant) or offer to the student or parent (Loan) as a Direct Disbursement.

$. **Box 1** − $. **Box 2** = **Box 3** $.

IV. Allocation of Post-withdrawal Disbursement

Type of Aid	Loan Amount School Seeks to Credit to Account	Loan Amount Authorized to Credit to Account	Title IV Aid Credited to Account	Loan Amount Offered as Direct Disbursement	Loan Amount Accepted as Direct Disbursement	Title IV Aid Disbursed Directly to Student
Pell Grant	N/A	N/A		N/A	N/A	
FSEOG	N/A	N/A		N/A	N/A	
TEACH Grant	N/A	N/A		N/A	N/A	
Iraq Afghanistan Svc. Grant	N/A	N/A		N/A	N/A	
Perkins						
Subsidized Direct						
Unsubsidized Direct						
Direct Grad Plus						
Direct Parent Plus						
Totals						

V. Authorizations and Notifications

Post-withdrawal disbursement loan notification sent to student and/or parent on / /

Deadline for student and/or parent to respond / /

☐ Response received from student and/or parent on / / ☐ Response not received

☐ School does not accept late response

VI. Date Funds Sent

Date Direct Disbursement mailed or transferred Grant / / Loan / /

Information Required when Referring Student Overpayments to the Default Resolution Group

Student Information

Name (Last, First, MI): _____ Address: _____

Telephone Number: _____ _____

Social Security Number: _____ Date of Birth: _____

If the overpayment includes a TEACH Grant, enter the Award Identifier (ID) used when the award was created in COD.

TEACH Award ID: _____

Parent/Spouse Information

Name (Last, First, MI): _____ Address: _____

Telephone Number: _____ _____

School Information

If your Pell Reporting ID is different than your Pell Attended ID, please provide both. Otherwise, just report the Pell Attended ID.

Reporting School's Pell ID Number: _____ Attending School's Pell ID Number: _____

If your school does not have a Pell ID, Enter your OPE ID: _____

Name of Contact: _____ Telephone Number: _____

Disbursements and Repayments

	Pell Grant	FSEOG [1]	TEACH Grant
Award year in which overpayment was disbursed:	_____	_____	_____
Total grant disbursed:	_____	_____	_____
Dates of disbursement: **(Must match NSLDS overpayment record)**	_____	_____	_____
Overpayment amount owed by student *	_____	_____	_____
Total grant repaid by student to school, if any:	_____	_____	_____
Date of last payment to school, if any:	_____	_____	_____
Total being referred for collection:	_____	_____	[1] _____

[1] If using individual or aggregate matching, report federal share only. Otherwise report total FSEOG.

* If the overpayment is the result of a withdrawal, provide the date of the withdrawal [/ /]

If the overpayment is **not** the result of a withdrawal, please provide a brief explanation of the reason for the overpayment.

_____

_____

SEND INFORMATION TO ⇒ Student Loan Processing Center-Overpayments
P.O. Box 4157
Greenville, Texas 75403

(903) 454-5398 ⇐ FAX