



# ***Session #45***

## ***Tribal Colleges: The Basics*** ***Return of Title IV Funds*** ***R2T4***

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# Myth

**“You must do a Return of Title IV Funds calculation for every student that doesn’t complete your payment period.”**



# *Truth #1*

**A Return of Title IV Funds calculation is done only for students who actually attended school and therefore established eligibility for Title IV funds.**



# Truth #2

If a student didn't attend, they are not eligible for *any* Title IV funds

- No R2T4 calculation required
- Return it **ALL**

# Remember



**You must *always* have a way of knowing whether the student actually attended classes in order to be eligible for any Title IV funds.**

# How does the calculation work?

**Student earns Title IV aid through attendance**

Percentage  
of aid  
earned

=

Percentage  
of period  
completed



# How does the calculation work?

- If student has ***received more*** money than he has earned, money is returned to the programs
- If student has ***received less*** money than he has earned, a post withdrawal disbursement must be calculated



# Consumer Information

Must provide to prospective and current students:

- Any refund policy with which school must comply
- School's tuition refund policy
- Requirements for treatment of Title IV funds after withdrawal (page 2-175)
- Procedures for official withdrawal



# Date of Institution's Determination that Student Withdrew

***When did the school realize that the student had withdrawn?***

- If not official withdrawal, determine withdrawal date no later than 30 days after the end of the earlier of the . . .
  - Payment period or period of enrollment
  - Academic year
  - Educational program



# Date of Institution's Determination that Student Withdrew

## Other important deadlines key off this date:

- 30 days for school to return funds it's responsible for returning
- 30 days to offer post withdrawal disbursement
- 120 days to disburse the post withdrawal disbursement
- 30 days to notify student if overpayment is due
- 2 years for school to collect overpayment

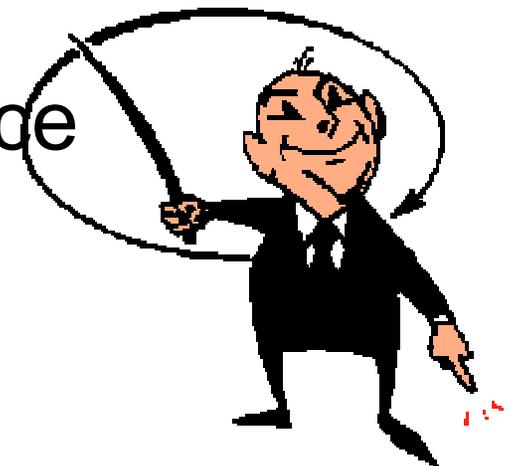


# Payment Period or Period of Enrollment

- Standard term-based program must use term/payment period
- Non-standard term or non-term program may choose either payment period or period of enrollment

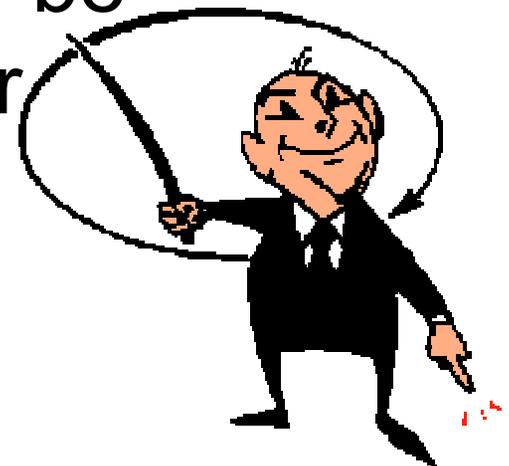
# Rounding Rules for Percentages

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



# Rounding Rules for Dollar Amounts

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



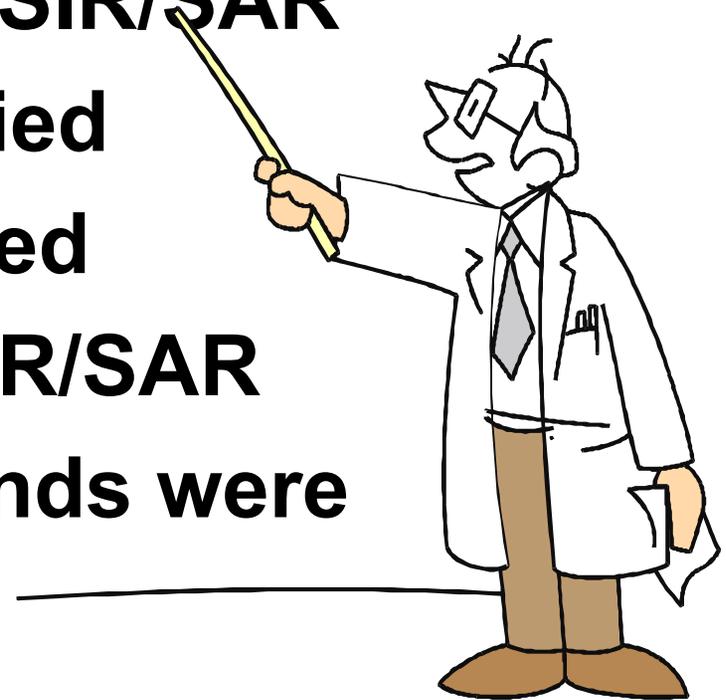


# Step 1: Student's Title IV Aid Information

- Title IV aid disbursed
- Title IV aid that could have been disbursed
- Do not include FWS earnings
- Tribal Colleges will always include 100% of the FSEOG amount in the calculation (Title III waiver)

# Aid That Could Have Been Disbursed

- **School has official ISIR/SAR**
- **FFEL - loan is certified**
- **DL - loan is originated**
- **Pell Grant - valid ISIR/SAR**
- **Perkins/FSEOG - funds were awarded**





# FFEL/DL Second/Subsequent Disbursements

- Include as could have been disbursed aid if loan was certified
- Cannot actually be paid in a post-withdrawal disbursement
- 668.164(g)(2)(ii)(a) and (B)



# Amount Disbursed

Pell Grant \$1,519

FSEOG \$250



Box A

**\$1,769**



# Box B

**\$1,769**



## **STEP 2: Withdrawal Date - School that Is Required to Take Attendance**

**IF...** school is required to take attendance

- By outside entity for some part of the period of enrollment

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

- Requirement might apply only to specific groups of students



# Withdrawal Date- School that Is *Not* Required to Take Attendance

- Use
  - Earlier of date student began school's withdrawal process or date student otherwise provided "official" notice; **Or**
  - If student didn't notify school, midpoint in period; **Or**
  - If student didn't notify due to circumstances beyond student's control, date related to that circumstance; **Or**

# Withdrawal Date - School that is *Not* Required to Take Attendance



- **If student didn't return from approved leave of absence**
  - date school determines leave began; **Or**
- **If student took unapproved leave of absence**
  - date student began leave



# Withdrawal Date - School that is *Not* Required to Take Attendance

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



# Optional Approved Leave of Absence Policy

- Written policy publicized to students
  - Student followed school's policy and was approved
  - The leave does not involve additional charges
  - Student allowed to complete coursework began prior to leave
  - LOA may not include more than 180 days in any 12-month period



## Step 2: Calendar Days for Credit Hour Programs

Count every day, including weekends and holidays, except:

- Scheduled break of five or more consecutive days when no classes are offered
- Days of leave of absence are not included in total days



# Step 2: Calendar Days for Credit Hour Programs

**64**

**108**

**59.3**



# Myth

**“If you don’t disburse any aid to students until they have passed the 60% point of the semester, you don’t have to do a Return of Title IV funds calculation.”**



# Truth

When a student who was eligible for Title IV funds ceases to attend, *at any point in the semester*, a Return of Title IV Funds must be calculated.

A student is considered to have “earned” all of the aid he was eligible for once he passes the 60% point in the semester.



# Step 3: Amount of Title IV Aid Earned by Student

**59.3%**

**X**

**\$1,769**

**\$1,049.02**



## Step 4: Total Title IV Aid to be Disbursed or Returned

- Determine if post-withdrawal disbursement or return of funds is required
- Compare Title IV aid earned (D) with Title IV aid actually disbursed (A)
  - $D = A$  no further action
  - $D > A$  post-withdrawal disbursement
  - $A > D$  return of funds



## Step 4: Total Title IV Aid to be Returned

- Title IV aid disbursed (A)
- Amount of Title IV aid earned (D)
- = Total Title IV aid to be returned (F)

$$\$1,769.00 - \$1,049.02 = \$719.98$$



## Step 5: Amount of Unearned Title IV Aid Due from School

- **Total Institutional Charges \$2,250**
- **Determine % unearned**  
**100.0%**  
**- 59.3% earned**  
**= 40.7% unearned**



## Step 5: Amount To Be Returned By School

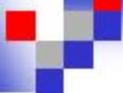
**Institutional Charges X % unearned**

$$\mathbf{\$2,250 \times 40.7\% = \$915.75}$$

**Then compare Box I and Box F**

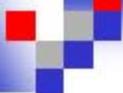
**Return the lesser amount, write in Box J**

**\$915.75 vs. \$719.98**



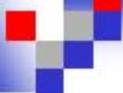
## Step 6: Return of Funds by School

- **Law specifies order of Title IV programs to which funds must be returned**
- **Never return more money than was received from a Title IV program**



## Step 6: Return of Funds by School

- Return funds to programs as soon as possible, but no later than 30 days after determination of withdrawal

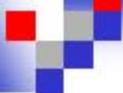


# Step 7: *Initial* Amount of Unearned Title IV Aid Due from Student



$$\begin{array}{r} \$719.98 \text{ (Box F amount to return)} \\ - \$719.98 \text{ (Box J amount due from school)} \\ \hline 0 \end{array}$$

**This is initial amount due back from student.**



## **Step 8: Return of Funds by Student**

- **Law specifies order of Title IV programs to which funds must be returned**
- **Loans are repaid in accordance with terms of promissory note**
- **Grant repayment limited to 50% of student's initial responsibility to repay**

# Step 8: Student's Grant Overpayment



**Initial amount  
to be returned  
to Grant**

**X**

**50%**

**=**

**Amount  
for Student  
to Return**



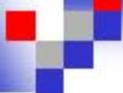
# Grant Overpayment

- **Any grant repayment due from student is considered an overpayment**
- **Occurs because student has received more aid than he earned by attending**
- **Student is responsible for repayment**
  - **Amounts under \$25 are set aside**



# Grant Overpayments

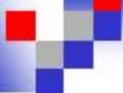
- **School must notify student within 30 days of school's determination of withdrawal**
- **Student retains Title IV eligibility for 45 days. During that time, he must either:**
  - **Repay in full to school**
  - **Make satisfactory arrangements to repay with school (school option)**
  - **Make satisfactory arrangements to repay with Department of Education**



# Referring Overpayments to the Department



- **If student does not repay in full or make payment arrangements with school within 45 days, school must refer overpayment to Department for collection.**
- **Referral form can be found in the FSA Handbook, Volume 2, Page 226**



# Report Overpayment to NSLDS

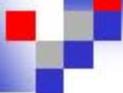


- **Overpayments not paid in full within 45 days of the institution's determination of the withdrawal must be reported to NSLDS**
  - **Reported via on-line process**



# Post-Withdrawal Disbursements

- When Title IV aid disbursed is less than Title IV aid earned
- Mighty's Ledger #2
- Step 4 Box E
- $$\begin{array}{r} \$1,049.02 \text{ (Box D)} \\ - \quad \quad 0 \quad \text{(Box A)} \\ \hline = \$1,049.02 \end{array}$$



# Post-Withdrawal Disbursement Tracking Sheet



- **School must make disbursement**
  - **Within 120 days of school's determination of withdrawal**
  - **From grants before loans**
  - **May credit student's account for outstanding charges prior to release of funds to student**



# Post-Withdrawal Disbursements

- **School must offer any additional disbursement to student in writing**
  - **Within 30 days of school's determination of withdrawal**
  - **Identify type and amount of funds**
  - **Provide option to accept/decline all or part within 14 days of notice**



# Additional Resources

- **Dear Colleague Letter GEN-00-24  
December 2000**
- **R2T4 Software available at  
<http://fsa4schools.ed.gov>  
– Click on SAIG Software Download**