

National Association of Student Financial Aid Administrators Presents...

Return to Title IV Funds Back to Basics and Beyond

Brian Kerrigan

Dan Klock



NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Today's Agenda

- Collection of withdrawal information
- R2T4 Calculation
- Notification
- Compliance self-monitoring
- DCL issues
- Questions & Answers



Presentation Objectives:

- Understand that R2T4 non-compliance is a top finding
- Today's session will equip you to prevent R2T4 findings from occurring on your campus



Collection of Withdrawal Info.

- **Institutions required to take attendance**
 - Outside entity has a requirement that the institution take attendance - Nov. 1, 2002 change (67 FR 67073)



Collection of Withdrawal Info. - Date of Determination

- **Required to Take Attendance**

- When the student begins the official withdrawal process at the school
- When student exceeds the institution's policy on excused absences, not more than 14 days after the withdrawal date

- **Not Required to Take Attendance**

- When the student begins the official withdrawal process at the school
- The date the institution becomes aware that the student has ceased attendance



Collection of Withdrawal Info. – Withdrawal Date

- **Required to Take Attendance**

- The last recorded date of attendance from the institution's attendance records

- **Not Required to Take Attendance**

- Begins the formal withdrawal process
- Date student provided intent to withdraw
- Midpoint – unofficial withdrawal
- The date a LOA began for a student who does not return from an LOA
- Illness, accident, grievous personal loss, events beyond the student's control



R2T4 Calculation

- For a **standard term based program**, use payment period.
- For a **non-term based or non-standard term program**, use payment period or period of enrollment.
- For a **non-term or non-standard term based program**, an institution must consistently use either a PP or POE for all students (in a category) in a particular program.



R2T4 Calculation

- **Percentage Earned** is a two-step process
- **Calc 1 – Determine Clock Hours Completed**

$$\frac{\text{clock hours completed}}{\text{total hours in the period}} \text{ equals } > 60\%, \text{ student has earned } 100\% \text{ of title IV Funds}$$

Calc 2 – Percentage Earned

$$\frac{\text{clock hours completed}}{\text{clock hours scheduled to complete}} \text{ equals } 70\% \text{ or more use scheduled hours}$$



R2T4 Calculation

- **Percentage Earned** is equal to –
calendar days completed
calendar days in the period
- **Note:** Exclude institutionally scheduled breaks of 5 or more consecutive days
- When a student has completed MORE than 60%, 100% of Title IV funds are earned



R2T4 Calculation

- After you calc the amount the student earned - 3 possibilities:
 - **A. The amount disbursed = the amount earned**
 - Eureka! No further action necessary!
 - **B. The amount disbursed > the amount earned**
 - The unearned portion must be returned to the programs
 - **C. The amount disbursed < the amount earned**
 - Post-withdrawal disbursement

R2T4 Calculation

- **B. The amount disbursed > the amount earned**
 - Calculate the unearned portion from the school
 - Institution returns the lesser of –
 - 1.) amount disbursed 2.) institutional charges
 - - amount earned (or) x percentage not earned
 - Calculate the unearned portion that the student owes: Total unearned amt. less amt. school paid



R2T4 Calculation

- **B. The amount disbursed > the amount earned**
 - Amount of unearned the student owes =
 - Title IV Loans – repay in accordance with the loan repayment provisions
 - Title IV Grants – the initial amount of the grant is reduced by 50% (the product is referred to as the original amount of the grant overpayment)

Notification

- **C. The amount disbursed < the amount earned**

Post-withdrawal disbursement (PWD)

- Credit the student's account for direct costs
- With permission – credit the student's account for indirect educational costs
- If Title IV loan funds are credited, must notify borrower of right to cancel or reduce loan
- If PWD exceeds costs credited – institution must offer PWD w/in 30 days of the date of determination



Notification

- Post-withdrawal disbursement (PWD)
 - 14-day Rule
 - Institutional flexibility beyond 14-day Rule
 - 120 days to complete the PWD



Notification

- Grant Overpayment Notification
 - 45-day period of extended eligibility
 - Notify student w/in 30 days of Date of Determination that s/he must take Positive Action
 - Fully repay the overpayment
 - Make arrangements with school to repay
 - Make arrangements with ED to repay
 - Institutional monitoring



Compliance Self-Monitoring

- R2T4 is one of the most common audit findings
 - Use our free software
 - Ease of use
 - Use reports to manage the process and assure compliance



Compliance Self-Monitoring

Return of Title IV Funds

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

Return of Title IV Funds (R2T4) is non-year specific software that processes, calculates, manages and stores the return of Title IV aid calculation record. The following links are available for your information.

Before You Start	Using R2T4	Follow Up
<p>Overview</p> <ul style="list-style-type: none">What is R2T4? <p>Gather the following:</p> <ul style="list-style-type: none">Student's Withdrawal InformationStudent's Title IV Aid InformationStudent's Program InformationStudent's Account InformationSchool Information	<p>Setup the School screens:</p> <ul style="list-style-type: none">Institutional ChargesSchool CalendarUser-Specified Fields <p>Student records:</p> <ul style="list-style-type: none">Create a new studentFind an existing student	<p>Overpayment Notification and Tracking reports:</p> <ul style="list-style-type: none">Students NotifiedSchool Portion of R2T4 to be ReturnedStudent Repayment Arrangement(s) - CompletedStudent Repayment Arrangement(s) - Not CompletedNotification Tracking StatusStudents With a Post-Withdrawal Disbursement - Not CompletedStudent ListingStudent Records To Be Referred to the Department of Education





Return of Title IV Funds

[Student Record Status](#)

[Create New Record](#)

[Find Existing Record](#)

[Institutional Charges](#)

[School Calendar](#)

[User-Specified Fields](#)

[Reports](#)

[Data Export](#)

Reports

The following reports are available for viewing

- [Student Listing](#)
- [Student Notification](#)
- [Student Repayment Arrangements](#)
- [School Portion of R2T4 Returned](#)
- [Students With a Post-Withdrawal Disbursement Not Completed](#)
- [Student Records To Be Referred to the Department of Education](#)

Need help with this page?

FSA SCHOOL PORTAL

RETURN TO FAA MENU

EXIT



Return of Title IV Funds

- Student Record Status
- Create New Record
- Find Existing Record
- Institutional Charges
- School Calendar
- User-Specified Fields
- Reports
- Data Export

Notification Tracking Status

Welcome to Return of Title IV Funds On The Web! Here is the current status of your outstanding records.

Status Information

Number of students waiting to be notified:	2	View
Number of students who have been notified but have not made arrangements to repay:	0	View
Number of students who have been notified and have made arrangements to repay:	0	View
Number of students for whom the school has not returned funds:	2	View
Number of students for whom the school has returned funds:	0	View
Number of students with a Post-Withdrawal Disbursement not completed :	0	View
Number of student records to be referred to the Department of Education:	0	View

? Need help with this page?



We Help Put America Through School



Return of Title IV Funds

- Student Record Status
- Create New Record
- Find Existing Record
- Institutional Charges
- School Calendar
- User-Specified Fields
- Reports
- Data Export

School Portion of Title IV Funds To Be Returned

School must return the unearned portion of Title IV funds as soon as possible but no later than 30 days after the school determined that the student withdrew.

Social Security Number	Student Last Name	Student First Name	School Calendar Profile	Award Year	Date School Determined the Student W/drew	Days Remaining (30)	Date School Returned Funds
111-22-3333	TESTER	JOE	SCP04	2004	01/01/2004	-32	<input type="text"/>
123-44-5678	Jones	Dan	SCP04	2004	01/30/2004	-3	<input type="text"/>

Submit **Cancel**

Need help with this page?

FSA SCHOOL PORTAL - RETURN TO FAA MENU - EXIT



We Help Put America Through School



Return of Title IV Funds

- Student Record Status
- Create New Record
- Find Existing Record
- Institutional Charges
- School Calendar
- User-Specified Fields
- Reports
- Data Export

Students Notified

School must notify student of Title IV grant overpayment within 30 days of the school's Date of Determination that the student withdrew.

Social Security Number	Student Last Name	Student First Name	School Calendar Profile	Award Year	Date School Determined Student W/drew	Date Student Notified	Selected
123-44-5678	Jones	Dan	SCP04	2004	01/30/2004	<input type="text"/>	<input checked="" type="checkbox"/>
111-22-3333	TESTER	JOE	SCP04	2004	01/01/2004	<input type="text"/>	<input checked="" type="checkbox"/>

Default Date:

? Need help with this page?

Compliance Self-Monitoring

– *How do I access R2T4OTW?*

– **It's Easy!**

- **SIGNUP!**

- Signup via SAIG Enrollment website

- » <https://www.fsawebenroll.ed.gov/PMEnroll>

Note: The R2T4 Web Application when available will be accessed via FAA Access

- » <https://fafsa.ed.gov/faa/faa.htm>



Compliance Self-Monitoring

- ***CUSTOMER SERVICE***
- **Software Support**
 - **CPS/WAN Technical Support**
 - CPSSAIG@ed.gov
 - (800) 330-5947
- **Policy**
 - **ED's Customer Support center**
 - fsa.customer.support@ed.gov
 - (800) 433-7327



Dear Colleague Letter (DCL) ***(GEN-04-03)***

- **Title IV Credit Balances**
- **Aid That Could Have Been Disbursed**
- **Verification not completed before withdrawal**
- **No Passing Grades**
- **Withdrawal – Credit Hr, Non-Term Program**
- **Date of Determination of Withdrawal for Institution not required to take attendance**
- **Treatment of LEAP Funds**



DCL Issues - Title IV Credit Balances

- **Hold all Title IV Credit Balances until R2T4 calculation is completed.**
- **Credit Balance is “Aid Disbursed.”**
- **Determine if Credit Balance changes because of a Refund Policy or R2T4.**
- **Use Credit Balance to repay TIV Grant Overpayment on behalf of student.**
- **Release Credit Balance within 14 days.**



DCL Issues - Aid That Could Have Been Disbursed

- **Old Policy -- Aid that could have been disbursed before withdrawal. Did not include**
 - **Second loan disbursement, or**
 - **Loan within first 30 days.**
- **New Policy -- All aid for period, if conditions for late disbursement were met before the student withdrew.**
(668.164(g)(2))
- **However, if limitations apply, that aid may not be paid to the student. (668.164(g)(4))**



DCL Issues - Conditions for a Late Disbursement

- **All Student Aid (including Pell) - ED processed SAR/ISIR with official (not necessarily a valid) EFC. (Not needed for PLUS.)**
- **FFEL/Direct Loan - Institution certified or originated the loan.**
- **Perkins/FSEOG - Institution made the award**



DCL Issues - Limitations on Making a Late Disbursement

- **No second or subsequent disbursements of FFEL/DL, unless student completes the period.**
- **No FFEL/DL unless student completes the 30-day delay period.**
- **No Pell Grant without a valid SAR/ISIR by the deadlines in the Federal Register.**
- **No 2nd pp Pell if 1st pp not completed.**
- **No 2nd pp FFEL/DL if 1st pp not completed**



DCL - Importance of Aid That Could Have Been Disbursed

- **If total aid (Aid That Could Have Been Disbursed plus Aid Disbursed) is greater, the amount earned will be greater.**
- **Results in a smaller amount to be returned, or in a post-withdrawal disbursement.**
- **Remember - Aid must correspond to the period for which you are doing the Return Calculation. (pp or period of enrollment)**



Aid That Could Have Been Disbursed

*(aid that could have been disbursed from the 2nd pp)
(clock hour school)*

Length of Period is 1000 hours
Student withdrew after 400 hours
Period of enrollment basis

	Old	New
Aid for Period (\$2000 Pell; \$2000 FFEL)	= <u>\$4000</u>	<u>\$4000</u>
Aid Disbursed (\$1000 Pell; \$1000 FFEL)	= <u>\$2000</u>	<u>\$2000</u>
Aid That Could Have Been Disbursed	= <u>\$ 0</u>	<u>\$2000</u>
Amount Earned (40% x \$2000 or \$4000)	= <u>\$ 800</u>	<u>\$1600</u>
Amount to be Returned	= <u>\$1200</u>	<u>\$ 400</u>



Aid That Could Have Been Disbursed

(aid that could have been disbursed from the 2nd pp)
(credit hour school)

Length of Period is 24 semester hours, 224 days (no terms)

Student withdrew after 56 days

Period of enrollment basis

	Old	New
Aid for Period (\$2000 Pell; \$2000 FFEL)	= <u>\$4000</u>	<u>\$4000</u>
Aid Disbursed (\$1000 Pell; \$1000 FFEL)	= <u>\$2000</u>	<u>\$2000</u>
Aid That Could Have Been Disbursed	= <u>\$ 0</u>	<u>\$2000</u>
Amount Earned (1/4 x \$2000 or \$4000)	= <u>\$ 500</u>	<u>\$1000</u>
Amount to be Returned	= <u>\$1500</u>	<u>\$1000</u>



Aid That Could Have Been Disbursed

(aid that could have been disbursed from the 1st & 2nd pp)
(clock hour school)

Length of Period is 1000 hours

Student withdrew after 400 hours

Period of enrollment basis

	Old	New
Aid for Period (\$2000 Pell; \$2000 FFEL)	= <u>\$4000</u>	<u>\$4000</u>
Aid Disbursed (\$1000 Pell; \$0 FFEL)	= <u>\$1000</u>	<u>\$1000</u>
Aid That Could Have Been Disbursed	= <u>\$1000</u>	<u>\$3000</u>
Amount Earned (40% x \$2000 or \$4000)	= <u>\$ 800</u>	<u>\$1600</u>
Amount to be Returned / PWD (FFEL)	= <u>(\$ 200)</u>	<u>\$ 600</u>

Slide 32



Aid That Could Have Been Disbursed

(aid that could have been disbursed from the 1st & 2nd pp)
(credit hour school)

Length of Period is 24 semester hours, 225 days (no terms)

Student withdrew after 75 days

Period of enrollment basis

	Old	New
Aid for Period (\$2000 Pell; \$2000 FFEL)	= <u>\$4000</u>	<u>\$4000</u>
Aid Disbursed (\$1000 Pell; \$0 FFEL)	= <u>\$1000</u>	<u>\$1000</u>
Aid That Could Have Been Disbursed	= <u>\$1000</u>	<u>\$3000</u>
Amount Earned (1/3 x \$2000 or \$4000)	= <u>\$ 667</u>	<u>\$1333</u>
Amount to be Returned / PWD (FFEL)	= <u>(\$ 333)</u>	<u>\$ 333</u>



Aid That Could Have Been Disbursed

(limitation on disbursement – no 2nd FFEL disbursement)

(clock hour school)

Length of Period is 1000 hours

Student withdrew after 601 hours

Period of enrollment basis

	Old	New
Aid for Period (\$2000 Pell; \$2000 FFEL)	= <u>\$4000</u>	<u>\$4000</u>
Aid Disbursed (\$2000 Pell; \$1000 FFEL)	= <u>\$3000</u>	<u>\$3000</u>
Aid That Could Have Been Disbursed	= <u>\$1000</u>	<u>\$1000</u>
Amount Earned (100% of \$4000)	= <u>\$4000</u>	<u>\$4000</u>
Amount of FFEL PWD (instead of \$1000)	= <u>\$ 0</u>	<u>\$ 0</u>



Aid That Could Have Been Disbursed

*(limitation on disbursement – no 2nd FFEL disbursement)
(credit hour school)*

Length of Period is 24 semester hours, 224 days (no terms)

Student withdrew after 135 days

Period of enrollment basis

	Old	New
Aid for Period (\$2000 Pell; \$2000 FFEL) =	<u>\$4000</u>	<u>\$4000</u>
Aid Disbursed (\$2000 Pell; \$1000 FFEL) =	<u>\$3000</u>	<u>\$3000</u>
Aid That Could Have Been Disbursed =	<u>\$1000</u>	<u>\$1000</u>
Amount Earned (100% of \$4000) =	<u>\$4000</u>	<u>\$4000</u>
Amount of FFEL PWD (instead of \$1000) =	<u>\$ 0</u>	<u>\$ 0</u>



Aid That Could Have Been Disbursed

(limitation on disbursement – completion of < 30 days)

(clock hour school)

Length of Period is 1000 hours

1st year, 1st time student withdrew on 28th day of program, after completing 125 hours

Period of enrollment basis

Aid for Period (\$2000 FFEL)

Aid Disbursed (\$0 FFEL)

Aid That Could Have Been Disbursed

Amount Earned (12.5% of \$0 or \$2000)

Amount of FFEL PWD (instead of \$250)

	Old	New
=	<u>\$2000</u>	<u>\$2000</u>
=	<u>\$ 0</u>	<u>\$ 0</u>
=	<u>\$ 0</u>	<u>\$2000</u>
=	<u>\$ 0</u>	<u>\$ 250</u>
=	<u>\$ 0</u>	<u>\$ 0</u>



Aid That Could Have Been Disbursed

(limitation on disbursement – completion of < 30 days)

(credit hour school)

Length of Period is 24 semester hours, 224 days (no terms)

1st year, 1st time student withdrew on 28th day of program

Period of enrollment basis

	Old	New
Aid for Period (\$2000 FFEL)	= <u>\$2000</u>	<u>\$2000</u>
Aid Disbursed (\$0 FFEL)	= <u>\$ 0</u>	<u>\$ 0</u>
Aid That Could Have Been Disbursed	= <u>\$ 0</u>	<u>\$2000</u>
Amount Earned (12.5% of \$0 or \$2000)	= <u>\$ 0</u>	<u>\$ 250</u>
Amount of FFEL PWD (instead of \$250)	= <u>\$ 0</u>	<u>\$ 0</u>



Aid That Could Have Been Disbursed

(completion of < 30 days: Pell disbursement; no FFEL)

(clock hour school)

Length of Period is 1000 hours

1st year, 1st time student withdrew on 28th day of program, after completing 125 hours

Period of enrollment basis

	Old	New
Aid for Period (\$1000 FFEL; \$1000 Pell)	= <u>\$2000</u>	<u>\$2000</u>
Aid Disbursed (\$0 FFEL; \$0 FFEL)	= <u>\$ 0</u>	<u>\$ 0</u>
Aid That Could Have Been Disbursed	= <u>\$ 0</u>	<u>\$2000</u>
Amount Earned (12.5% of \$0 or \$2000)	= <u>\$ 0</u>	<u>\$ 250</u>
Amount of PWD - Pell	= <u>\$ 0</u>	<u>\$ 250</u>



Aid That Could Have Been Disbursed

(completion of < 30 days: Pell disbursement; no FELL)

(credit hour school)

Length of Period is 24 semester hours, 224 days (no terms)

1st year, 1st time student withdrew on 28th day of program

Period of enrollment basis

	Old	New
Aid for Period (\$1000 FFEL; \$1000 Pell)	= <u>\$2000</u>	<u>\$2000</u>
Aid Disbursed (\$0 FFEL; \$0 Pell)	= <u>\$ 0</u>	<u>\$ 0</u>
Aid That Could Have Been Disbursed	= <u>\$ 0</u>	<u>\$2000</u>
Amount Earned (12.5% of \$0 or \$2000)	= <u>\$ 0</u>	<u>\$ 250</u>
Amount of PWD - Pell	= <u>\$ 0</u>	<u>\$ 250</u>

Slide 39



DCL Issues -Verification

- **Must complete R2T4 within 30 days.**
- **If Verification not completed**
 - **Return Interim Disbursements of aid subject to verification.**
 - **Include Unsubsidized and PLUS loans in R2T4.**
- **If Verification completed later, but within Verification timelines**
 - **School must perform new R2T4 calculation using additional eligible aid.**



DCL Issues - No Passing Grades

- **School must have a process for determining if student completed.**
- **No passing grade, institution must document completion of period.**
- **Grading Policy that differentiates between Failing, Completed; and Failing, Did Not Complete.**



DCL Issues – Withdrawal from a Non-Term, Credit Hour Program

- **Percentage Earned is equal to calendar days completed divided by calendar days in the period.**
- **Project calendar days in period if student is in a Self-Paced Program.**



*DCL Issues - **Date of Determination that Student Withdrew for Schools Required to Take Attendance***

- **Usually no later than two weeks after last date of attendance.**
- **Based on Attendance Records.**
- **Date of Official Notification if prior to that.**
- **After end of school's Absence Policy.**



DCL Issues - Treatment of LEAP Funds

- **Law excludes FWS but not LEAP.**
- **The State Grant (LEAP) is included in calculation if the State Grant Agency has told the school, in writing...**

DCL Issues - Treatment of LEAP Funds

The dollar or percent of student's State Grant that is LEAP. (\$ or % up to \$5000)

That the specific student's State Grant includes an unknown amount of LEAP. (Entire amount of Grant, up to \$5000)

The percent of LEAP in the school's State Grant amount. (% up to \$5000)

That all State Grants include LEAP funds. (Entire amount of Grant, up to \$5000)



Thank You !!

Brian.Kerrigan@ed.gov

(202) 219 -7058

Dan.Klock@ed.gov

(202) 377- 4026



National Association of Student Financial Aid Administrators Presents...

Appendix

Reminders that you can read on your
own



NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Appendix

- ***The Law & Regulations***
- Section 484B of the HEA
 - Enacted October 7, 1998, as part of the Higher Education Amendments of 1998
- NPRM published August 6, 1999
- Final Reg published November 1, 1999
 - Effective Date of Reg - July 1, 2000
- Dear Colleague Letter GEN-00-24
- NPRM published August 8, 2002
- Final Reg published November 1, 2002
- Dear Colleague Letter GEN-04-03

Slide 48



Appendix

- **Old approach – (refunds and repayments)**
- Dictated use of specific refund policies.
- Determined amount of institutional charges that a school had earned and not earned.
- **New approach – (Return to Title IV Funds)**
- Determines amount of title IV aid a student has earned, the unearned portion is returned
- “Paycheck theory” – if you aren’t there for the entire period you owe some of the money back



Appendix

- Schools prohibited from allowing Title IV funds to escheat (paid to a third party)
 - Credit balances and post-withdrawal disbursements
 - School must ensure that Title IV funds are used only for educational purposes intended
 - Funds cannot escheat to a third party (state or institutional coffers)
 - Must have a process to identify non-negotiated checks and return the funds to the Title IV programs before the checks are stale and escheat to an unintended third party



Appendix – Leave of Absence

- **The previous limit to only one LOA in 12 months was eliminated in the November 1, 2002 final regulations.**
- **Total leave days cannot exceed 180 in any 12-month period.**
- **The institution must have a formal policy that the student and institution follow.**



Appendix – Academically Related Activity

- **An institution not required to take attendance MAY ALWAYS use the last date of an academically-related activity as the withdrawal date.**
- **The school, not the student, must DOCUMENT**
 - **That the activity is academically-related, and**
 - **The student’s attendance at the activity.**



Appendix – Academically Related Activity

- **Examples of academically-related activities are**
 - **Examinations or quizzes,**
 - **Tutorials,**
 - **Computer-assisted instruction,**
 - **Completing an academic assignment, paper or project,**
 - **Attending a school assigned study group.**

