

Return of Title IV (R2T4) Funds:  
Essential Concepts

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CCCSFAAA 2019

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March 2019

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Agenda

- Basic Principles
- Definitions and Ground Rules for Return of Title IV (R2T4)
- How the R2T4 Calculation Works
- Outcomes of the R2T4 Calculation
- Returning Funds and Post-Withdrawal Disbursements
- Aid to Include in an R2T4 Calculation
- Payment Period or Period of Enrollment
- Withdrawal Date and Amount Completed
- Institutional Charges
- Programs Offered in Modules

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Basic Principles

- Title IV funds are awarded to a student with the assumption that the student will attend school for the entire period for which the assistance is awarded
- When a student ceases attendance prior to the planned ending date, the student may not be eligible for the full amount of Title IV funds the student was scheduled to receive

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**Basic Principles**

- Students earn Title IV aid equal to the amount of attendance in a payment period (PP) or period of enrollment (POE)
  - In a credit-hour program, the percentage of aid earned is equal to the percentage of the period completed on the withdrawal date
  - In a clock-hour program, the percentage of aid earned is equal to the percentage of the period the student was scheduled to complete on the withdrawal date

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**Basic Principles**

- If a school has disbursed more aid than the student has earned, Title IV aid must be returned to the Department
- If a school has disbursed less Title IV aid than the student has earned, a post-withdrawal disbursement (PWD) will be calculated and must be offered

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**Basic Principles**

- After the student completes (or is scheduled to complete) more than 60% of the PP or POE, the student has earned 100% of his/her Title IV funds
- Institutional or other refund policies (State, accrediting agency) do not impact the amount of Title IV aid earned under a R2T4 calculation
- Schools should use the best information available to determine the withdrawal date

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**Consumer Information**

- Any refund policy with which the school must comply, as specified by the State / accrediting agency
- Requirements for the treatment of Title IV funds after withdrawal
- Requirements and procedures for officially withdrawing from the school
  - Includes naming the administrative offices that handle the official withdrawal process for your campus

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**Failure to Begin Attendance**

If an institution cannot document that a student commenced attendance for the PP or POE, the student is not an eligible student for Title IV funds for that period. Therefore:

- The provisions of 34 CFR 668.22 (R2T4) do not apply
- Instead, the provisions of 34 CFR 668.21 (Non-Attendance) apply

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**Failure to Begin Attendance**

- All Federal Pell Grant, FSEOG, Iraq-Afghanistan Service Grant, and TEACH Grant funds must be returned
- Direct Loan (DL) funds credited to the student's account must be returned
- For DL funds disbursed directly to the student:
  - The institution may choose to return the funds itself; or
  - The DL servicer must be notified and the funds immediately repaid by the student

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Definitions and Ground Rules for R2T4

**Withdrawal date:** The date that a student ceased attendance at an institution.

**Date of determination:** The date that the institution *determined* that the student ceased attendance

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Definitions and Ground Rules for R2T4

The R2T4 requirements do not apply if a student:

- Withdraws from some, but not all, of his/her coursework (e.g. dropping one of four classes during a semester)
- Completes the period by receiving a passing grade at the end of the last class that he/she was scheduled to attend

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Definitions and Ground Rules for R2T4

An institution may consider a student to have completed a PP or POE (and avoid an R2T4 calculation) with a failing grade, but only if:

- The institution's grading policy differentiates between completing a course but failing to meet course objectives (e.g. "F") and failing to complete the course (e.g. "W"); and
- The student receives the grade that denotes completion of the course

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### Definitions and Ground Rules for R2T4

#### Rounding Rules: Dollar Amounts and Percentages




**Calculation - 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**

- $\$1,046.32 = \$1,046$
- $\$1,041.62 = \$1,042$



**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**

- $.4455 = .446 = 44.6\%$
- $.4422 = .442 = 44.2\%$

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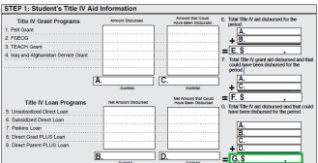
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### How the R2T4 Calculation Works

**Step One:** The institution determines the net amounts of Title IV aid for which a student was eligible at the time of the withdrawal, including amounts disbursed and amounts that could have been disbursed



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### How the R2T4 Calculation Works (Credit Hour)

**Step Two:** The institution calculates the percentage of the period that was completed. If greater than 60%, the student earned 100% for the period

**Numerator:** Number of days attended (completed) in the period

**Denominator:** Total number of days in the period

**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.  %**

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### How the R2T4 Calculation Works (Clock Hour)

**Step Two:** The institution calculates the percentage of the period that the student was scheduled to complete upon withdrawal. If greater than 60%, the student earned 100% for the period.

**Numerator:** Number of hours the student was scheduled to complete  
**Denominator:** Total hours in the period

**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	=	%
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▶ 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.** %

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### How the R2T4 Calculation Works

**Steps Three and Four:** The percentage completed (or scheduled to complete) is multiplied by the total amount of Title IV aid for which the student was eligible.

- If the amount earned is less than the amount disbursed, a return to the Department is required.
- If the amount earned is greater than the amount disbursed, a PWD is required.

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. \$
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Box H      Box G

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### How the R2T4 Calculation Works

**Step Five:** If a return is required, the institution determines the amount of unearned Title IV aid it is responsible for returning.

The amount of funds due from the institution is calculated by adding all the institutional charges incurred by the withdrawal date, then multiplying that total by the percentage of the period the student did not complete.

**L. Institutional charges for the period**

Tuition	
Room	
Board	
Other	
Other	
Other	

**Total Institutional Charges** = \$

(Add all the charges together)

**M. Percentage of unearned Title IV aid**

100% - % = %

Box L      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. \$
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Box L      Box M

**O. Amount for school to return**  
 Compare the amount of Title IV aid to be returned (Box N) to amount of unearned charges (Box M), and enter the lesser amount.

**O.** \$

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### How the R2T4 Calculation Works

**Step Six:** Once the institution determines the total amount of unearned Title IV aid that must be returned to ED, the institution must return funds in the statutory order (i.e. loans, then grants)

**STEP 6: Return of Funds by the School**  
 The school must return the unearned aid for which the school is responsible (Box C) by moving funds to the following sources, in order, up to the total net amount disbursed from each source. Amount for School to Return

Title IV Programs	
1. Unsubsidized Direct Loan	.....
2. Subsidized Direct Staff Loan	.....
3. Perkins Loan	.....
4. Direct Grant PLUS Loan	.....
5. Direct Parent PLUS Loan	.....
<b>Total loans the school must return = P.S</b>	
6. Pell Grant	.....
7. FSEOG	.....
8. TEACH Grant	.....
9. Iraq and Afghanistan Service Grant	.....

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### How the R2T4 Calculation Works

**Steps Seven through Ten:** Once the institution has determined the amounts of each type of unearned Title IV aid that it must return, any remaining unearned funds that were disbursed are the responsibility of the student

- Remaining unearned Title IV loan funds (e.g. Direct or Perkins Loans) must be repaid by the student in accordance with the terms of the loans. No further action by the institution is required for these unearned funds
- Remaining unearned Title IV grant funds, if greater than 50% of the total grant assistance disbursed for the period, are considered **grant overpayments**. The institution must notify the student within 45 days of his/her obligation to repay those funds

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### Outcomes of an R2T4 Calculation

1. Amount of Title IV funds disbursed exceeded amount earned, so funds must be returned to the Department
  - Returns may be required of the school or the student
2. Amount of Title IV funds disbursed was less than amount earned, so a post-withdrawal disbursement must be offered to the student (or parent)
3. Amount of Title IV funds disbursed equals amount earned, and no further action is necessary

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**Returns by the School**

- An institution must return the Title IV funds it has responsibility to return as soon as possible, but no later than 45 days after the date of determination
- A return is completed on the date that the institution:
  - Deposits or transfers the funds into the school's federal funds bank account, and then awards and disburses the funds to another eligible student; or
  - Returns the funds to the Department electronically using the "Refund" function in G5

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**Returns by the Student (Grant Overpayments)**

- The student is obligated to return any Title IV overpayment in the same order that is required for schools
- A school must notify the student within 30 days of the date of determination that the student must repay the overpayment or make satisfactory arrangements to repay it

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**Returns by the Student (Grant Overpayments)**

- 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 student does not have to repay a grant overpayment of \$50.00 or less for grant overpayments resulting from the student's withdrawal

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**Returns by the Student (Grant Overpayments)**

- Students retain their eligibility for Title IV funds for 45 days from the date the school sends the student notice of the overpayment
- Students can extend eligibility beyond 45 days by repaying overpayment in full or by signing repayment agreement with the school or the Department

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**Post-Withdrawal Disbursements**

- Must meet the late disbursement requirements in 668.164(j)
- Must be made from grant funds before loan funds
- May be used to pay for:
  - Tuition/fees;
  - Room and board, if contracted with the institution;
  - Other charges, with written authorization

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**Post-Withdrawal Disbursements**

Post-withdrawal disbursements of **Title IV grant funds**:

- If disbursed directly to the student, must be made as soon as possible but within 45 days of the date of determination. If disbursed to the student's account, must be made within 180 days of the date of determination
- Cannot be made if the institution did not have a valid SAR/ISIR by the deadline established by the Department

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**Post-Withdrawal Disbursements**

Post-withdrawal disbursements of **Title IV loan funds**:

- Must be offered to the student (or parent in the case of a PLUS Loan) within 30 days of the date of determination and school must request confirmation of acceptance
- Must be made within 180 days of the date of determination

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**Post-Withdrawal Disbursements**

Notifications for **Title IV loan** post-withdrawal disbursements:

- Within 30 days of the date of determination, the institution must notify the student (or parent) and explain that the borrower may decline all or a portion of the loan disbursement
- Institution must request confirmation of any amount to be credited to the account or directly disbursed to the borrower
- The institution must explain the obligation to repay the loan
- The institution must specify a deadline of at least 14 days for required response/confirmation

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**Post-Withdrawal Disbursements**

Notifications for **Title IV loan** post-withdrawal disbursements:

- If the response is late, the school may decide to disburse or not to disburse. If the school decides to not disburse, it must notify the borrower in writing
- If no response from the borrower, no post-withdrawal disbursement can be made

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### Aid to Include in an R2T4 Calculation

An institution must determine the total amount of Title IV aid for which a student was eligible as of his/her withdrawal date. This includes:

- Aid disbursed to the student's account or directly to the student
- Aid that could have been disbursed

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### Aid That Could Have Been Disbursed

In addition to the Title IV aid that was disbursed, include aid that could have been disbursed if conditions for late disbursements in 34 CFR 668.164(j)(2) were met prior to the withdrawal date:

- All Title IV – ED processed the ISIR/SAR with an official EFC
- TEACH Grant – School originated grant
- Perkins/FSEOG – School made the award
- Direct Loan – School originated loan
- Direct PLUS – Satisfactory credit check was received

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### Aid That Could Have Been Disbursed

**Origination:**

- A Direct Loan or a TEACH Grant is “originated” on the date that the institution creates an electronic origination record
- The date of origination is the date that the school creates the origination record in its system, not necessarily the date that it transmits the information to the Common Origination and Disbursement (COD) System

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### Aid That Could Have Been Disbursed

In some cases, aid is included as "aid that could have been disbursed," but the school cannot make a post-withdrawal disbursement of that aid. These cases include:

- Second or subsequent disbursements of DL
- First disbursements of DL to a student in a modular program who withdrew before beginning attendance in enough courses to establish half-time enrollment status
- Disbursements of DL to first-year, first-time DL borrowers unless the students complete the first 30 days

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### Aid That Could Have Been Disbursed

- If a student's total aid ("aid that could have been disbursed" plus "aid disbursed") is greater, the amount earned will also be greater
- More funds in the "aid that could have been disbursed" category 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 R2T4 calculation

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### Aid That Could Have Been Disbursed

#### Example:

- First-time, first-year student starts class on Sept. 1, but withdraws on Sept. 28. Direct Loan for \$1,000 that has been originated has not been disbursed because of the 30-day delay rule
- The school includes the \$1,000 loan as "Aid that could have been disbursed"
- BUT: These funds cannot be disbursed because the student was not eligible due to the fact that the first-time, first-year student did not attend for at least 30 days

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### Inadvertent Overpayments

- An inadvertent overpayment occurs when an institution disburses Title IV aid to a student who is no longer in attendance
- Inadvertent overpayments are included as “aid that could have been disbursed” rather than “aid disbursed.”
- Unless the student is eligible for a post-withdrawal disbursement, the school must return inadvertent overpayments within 45 days of the date of determination.

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### Inadvertent Overpayments

**Example:**

- On Friday, a student goes to the Registrar’s office to initiate an official withdrawal. The Registrar provides the student with a form that must be signed by the financial aid office and the bursar
- On Monday, the institution makes a disbursement of Direct Loan funds to the student’s account
- On Tuesday, the student gets the required signatures and is officially withdrawn. The institution includes the Direct Loan disbursement as “aid that could have been disbursed” in the student’s R2T4 calculation

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### Payment Period or Period of Enrollment (Credit Hour)

The total number of days in an institution’s payment period or period of enrollment constitutes the denominator of the credit hour R2T4 calculation.

**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 (including scheduled breaks of five days or more AND days that the student was on an approved leave of absence).

Completed days + Total days = %

▶ If the percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.

▶ If the percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3. **H. . %**

- “Total days” excludes scheduled breaks of five days or more
- “Total days” also excludes leaves of absence and periods in which the student was not enrolled in any modules

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### Payment Period or Period of Enrollment

**Example:**

- An institution has a vacation break beginning Wednesday, Nov. 26 and ending Friday, Nov. 28. The institution does not offer classes on the weekend.
- Therefore, the five days extending from Wednesday, Nov. 26 through Sunday, Nov. 30 would be excluded from the R2T4 calculation

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### Payment Period or Period of Enrollment (Clock Hour)

The total number of scheduled hours in an institution's payment period or period of enrollment constitutes the denominator of the clock hour R2T4 calculation.

- Must be hours that were established in accordance with accrediting agency requirements
- Do not count scheduled hours during periods when a student is on a leave of absence or "make-up" hours that were not part of the student's normal schedule

**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 in course	÷	Total hours in period	=	%
<p>▶ If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.</p> <p>▶ If this percentage is less than or equal to 60%, enter that percentage in Box H and proceed to Step 8.</p>				
				H. . %

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### Payment Period or Period of Enrollment

- For a standard term program, the institution must use the payment period
- For a non-term or nonstandard term program, the institution may use either the payment period or period of enrollment
  - Must use consistently for all students in a program

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### Payment Period or Period of Enrollment

**Payment Period**

Aug. 19                      Dec. 6

**Period of Enrollment**

Aug. 19                      Dec. 6      Jan. 13                      May 7

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### Payment Period or Period of Enrollment

**Example:**

Scenario: Student leaves after 21 days in the second term of a two-term academic year.

PAYMENT PERIOD	PERIOD OF ENROLLMENT
Total # of Days: 100	Total # of Days: 200
# of Days Completed 21	# of Days Completed 121
Calculate % 0.21	% Earned (if > 60%, earned = 100%) 0.605
% Earned (if > 60%, earned = 100%) 21%	100%
Total TV AID Disb'd or Could Have Been Disb'd 2000	Total TV AID Disb'd or Could Have Been Disb'd 4000
Amt Earned in Current PP 420	Amt Earned for Pd of Enrollment 4000
Amt Earned in Previous PP 2000	Amt Unearned for Pd of Enrollment 0
Amt Unearned for Pd of Enrollment 1580	

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### Leave of Absence

A leave of absence (LOA) is a temporary interruption in a program of study instead of a withdrawal

**Conditions for an approved LOA:**

1. Formal written policy
2. Student follows the formal policy in requesting the LOA
3. There is a reasonable expectation that the student will return from the LOA
4. The school approves the LOA in accordance with its policy
5. The student is not assessed additional institutional charges
6. The number of days on an approved LOA cannot exceed 180 days within a 12-month period
7. Loan recipients must be told about the effects on their grace period if they do not return

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### Leave of Absence

- For standard term or non-standard term programs, the the student must resume training at the same point the student began the LOA
- For non-term credit hour programs, the student does not have to resume training at the same point the student began the LOA
- If a student's LOA does not meet regulatory requirements, student must be considered a withdrawal as of the beginning of the LOA

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### Withdrawal Date and Amount Completed

A student's withdrawal date determines the number of days the student is considered to have completed, and helps determine the numerator of the R2T4 calculation.

- In a credit hour program, "completed days" exclude scheduled breaks of five days or more, leaves of absence, and periods when the student was not enrolled in any modules

**III. Percentage of payment period or period of enrollment completed**

Circle the numerator (days completed) in the period to the date the student starts the period (including scheduled breaks or the days or more AND days that the student was on an approved leave of absence)

Days completed:  Total days:

Percentage:  $\frac{10}{30} = 33\%$

► If the percentage is greater than 60%, enter 100% in Step 1 and proceed to Step 3.

► If the percentage is less than or equal to 60%, enter that percentage in Step 1 and proceed to Step 2.

**IV. Determine the percentage of the period completed**

Circle the clock hours completed to have been calculated as of the withdrawal date in the period by the total clock hours in this period.

Clock hours completed:  Total clock hours:

Percentage:  $\frac{10}{30} = 33\%$

► If the percentage is greater than 60%, enter 100% in Step 1 and proceed to Step 3.

► If the percentage is less than or equal to 60%, enter that percentage in Step 1 and proceed to Step 2.

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### Required to Take Attendance?

- For purposes of determining a student's withdrawal date, there are two types of institutions:
  - Institutions required to take attendance
  - Institutions NOT required to take attendance
- All clock hour programs are considered "required to take attendance"

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**Required to Take Attendance?**

An institution is “required to take attendance” if:

- An outside entity requires that attendance be taken;
- The institution has its own requirement that instructors take attendance; or
- An outside entity or the institution has a requirement that can only be met by taking attendance

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**Required to Take Attendance?**

**An institution could be considered “required to take attendance” for a subset of students.**

**Example:** An outside agency provides a scholarship for 10 students and attendance is required. If one of those scholarship recipients withdraws, then the “required to take attendance” rules apply.

**An institution could be considered “required to take attendance” for a short period of time.**

**Example:** A State requires continuous attendance taking for the first 10 days of class for a State grant. If a recipient withdraws within the first 10 days, then the “required to take attendance” rules apply.

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**Required to Take Attendance?**

- Having a census date (sometimes called the “add/drop date” where the institution takes a snapshot of attendance) does NOT cause an institution to be required to take attendance
- In a program offered using modules, an institution can have up to one census date in each module without being considered “required to take attendance”

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**Institutions Required to Take Attendance**

**An institution required to take attendance must use its official attendance records to determine a student's withdrawal date.**

If attendance is taken for a limited period, then a student who attends on the last day of that period is treated as a student for whom the institution was NOT required to take attendance if the institution can demonstrate that the student attended after the limited period (such as through a test or submitting a project for a grade after the limited period)

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**Institutions Not Required to Take Attendance**

An institution not required to take attendance is any institution that does not fall into one of the categories for institutions required to take attendance

- Most institutions fall into this category
- Institutions not required to take attendance have more options for determining when a student has withdrawn

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**Institutions Not Required to Take Attendance**

Types of withdrawals at institutions not required to take attendance:

- The earlier of the official withdrawal date / the date the student otherwise provided intent to withdraw
- Date related to accident, grievous personal loss, or other such circumstances beyond the student's control, if those things prevented the student from officially withdrawing

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### Institutions Not Required to Take Attendance

Types of withdrawals at institutions not required to take attendance (continued):

- Date the student began a leave of absence (if he/she does not return, or if the leave does not meet federal requirements)
- Midpoint of the period (if the student gives no notice; sometimes called an "unofficial withdrawal")
- Last date of attendance or an academically-related activity (optional)

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### Date of Determination

For an institution that is required to take attendance:

- The date that the student provides notification that he or she is ceasing attendance
- If no notification is provided, no later than 14 days after the last date of attendance (except in unusual circumstances)

NOTE: An institution is not required to administratively withdraw a student after 14 days, but should be aware that the 14<sup>th</sup> day begins the time frame for calculations/returns

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### Deadlines Related to Date of Determination

Within 30 days, the institution must:

- Perform the R2T4 calculation
- Notify the student of any grant overpayment
- Notify the student of eligibility for a post-withdrawal disbursement (PWD) of loan funds

Within 45 days, the institution must:

- Return the Title IV funds it has responsibility to return
- Make a PWD of grant funds directly to the student

Within 180 days, an institution must:

- Make a PWD of grant funds to a student's account
- Make any PWD of DL funds

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### Institutional Charges

The total amount of institutional charges for the period determines the portion of unearned Title IV aid that the institution is responsible for returning.

- Charges included are those initially assessed for the period, or adjusted prior to the withdrawal
- Must be prorated if charges are assessed for a period longer than the period used for R2T4 purposes

<b>L. Institutional charges for the period</b>	<input type="text"/>
- Tuition	<input type="text"/>
- Fees	<input type="text"/>
- Books	<input type="text"/>
- Other	<input type="text"/>
- Other	<input type="text"/>
- Other	<input type="text"/>
<b>Total Institutional Charges</b> (Add all the charges together)	<b>L, \$</b>
<b>M. Percentage of unearned Title IV aid</b>	<input type="text"/>
100% = <input type="text"/> % = <b>M, %</b>	
<b>N. Amount of unearned charges</b>	<input type="text"/>
<small>Multiply institutional charges for the period (Box L) by the percentage of unearned Title IV aid (Box M).</small>	
<input checked="" type="checkbox"/> <b>X</b> <input type="text"/> = <b>N, \$</b>	
<small>Box L</small>	
<b>O. Amount for school to return</b>	<input type="text"/>
<small>Compare the amount of Title IV aid to be returned (Box K) to amount of unearned charges (Box N), and enter the lesser amount.</small>	
	<b>O, \$</b>

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**FederalStudentAid** HEAVY UPGRADE OF THE INSTITUTIONAL CHARGES

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### Institutional Versus Non-institutional Charges

<p><b>Institutional Charges:</b></p> <ul style="list-style-type: none"> <li>All charges for tuition, fees, and room and board (if contracted with the school);</li> <li>Expenses for required course materials (books, kits, tools, supplies, etc.) if the student does not have a real and reasonable opportunity to purchase the materials from any place but the school</li> </ul>	<p><b>Non-Institutional Charges:</b></p> <ul style="list-style-type: none"> <li>Charges for required course materials that a school can document a student had a real and reasonable opportunity to purchase elsewhere;</li> <li>Charges for group health insurance fees if the insurance is required for all students and coverage extends after the withdrawal; and</li> <li>Charges to a student's account for discretionary, educationally-related expenses (e.g., parking or library fines, etc.)</li> </ul>
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**FederalStudentAid** HEAVY UPGRADE OF THE INSTITUTIONAL CHARGES

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### Institutional Versus Non-institutional Charges

**Excludable Costs:**

- 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
- The amount that may be excluded is the amount that the *institution* paid for the materials, which is not necessarily the amount it charged students

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**Transfer / Re-entry and R2T4**

- If the student re-enters the same nonterm program within 180 days, student is eligible for the same amount of Title IV, HEA funds prior to withdrawal date (see 668.4(f))
- If the student re-enters the same nonterm program after more than 180 days, the student is treated as a transfer student beginning a new program. The institution treats the hours remaining in the program as if they are the student's entire program

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**Credit Balances and R2T4**

When a student with a credit balance withdraws:

- Hold all Title IV credit balances until R2T4 calculated
- Credit balance is "Aid/Amount Disbursed" in the calculation
- Determine if credit balance changes because of a State, accreditor, or institutional refund policy
- After the R2T4 calculation - use any remaining credit balance to first repay a grant on behalf of student
- Release credit balance within 14 days

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**Verification and R2T4**

If Verification is not completed when R2T4 calculated:

- Return any Interim Disbursements of aid subject to verification and do not include them in R2T4
- Include only Unsubsidized and PLUS loans in R2T4

If Verification is completed later, but within deadlines:

- School must perform new R2T4 calculation using additional eligible aid as aid that could have been disbursed

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### FSEOG and R2T4

Two ways to include FSEOG in an R2T4 calculation:

Option 1: Include only the 75% federal portion of the award

- Individual recipient match
- Aggregate match

Option 2: Include 100% of the federal portion of the award

- Fund-specific match

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### Programs Offered in Modules

A program is "offered in modules" if a course or courses do not span the entire length of the payment period (PP) or period of enrollment (POE).

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.

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### Programs Offered in Modules

Q: How do I know when a student has withdrawn in a program offered in modules?

A: Use the following flowchart:

```

    graph TD
      S1[STEP ONE: After beginning attendance in the period, did the student cease to attend or fail to begin attendance in a course he or she was scheduled to attend?] --> B1{ }
      B1 -- IF YES --> S2[STEP TWO: When the student ceased to attend or failed to begin attendance, was the student still attending any other courses?]
      B1 -- IF NO --> R1[IF NO, this is not a withdrawal.]
      S2 --> B2{ }
      B2 -- IF YES --> R2[IF YES, this is not a withdrawal. However, other recalculation requirements may apply.]
      B2 -- IF NO --> S3[STEP THREE: Did the student confirm attendance in a course in a module beginning later in the period?]
      S3 --> B3{ }
      B3 -- IF YES --> R3[IF YES, this is not a withdrawal unless the student does not return.]
      B3 -- IF NO --> R4[IF NO, this is a withdrawal.]
    
```

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**Programs Offered in Modules**

A student in a program offered in modules is a withdrawal\* if the student:

- Withdraws from a module he/she is attending;
- Completes a module, but then drops out of future modules in the period *between* modules; or
- Completes a module, but does not drop out of future modules that he/she was scheduled to attend

A student is not a withdrawal if he/she withdraws from all future classes on the *same day* as completing a module.

\*Unless the student provides written confirmation after ceasing attendance that he/she intends to return in a future module

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**Programs Offered in Modules**

The denominator of the Return of Title IV (R2T4) calculation is the total number of calendar days in the payment period or period of enrollment, including all days within the period that the student was scheduled to complete prior to ceasing attendance.

- Excludes 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

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**Programs Offered in Modules**

Therefore, for a student who is scheduled to complete more than one module:

- If the student withdraws from or completes a module and later drops all classes in the future module(s), the total number of calendar days in the denominator will include the days in the future module(s)
- If the student drops the future module(s) prior to withdrawing, the total number of calendar days in the denominator will not include the days in the future module(s)

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**Withdrawal from Programs Offered in Modules: Example 1**

<b>Module 1</b>	<b>Break</b>	<b>Module 2</b>
-----------------	--------------	-----------------

Completes Module 1 ←      → Does not return to attend Module 2

- John is scheduled for classes in both Modules 1 and 2
- He completes Module 1, but never returns for Module 2 and does not inform the school that he is leaving
- The student is considered withdrawn when he does not return to Module 2, and the denominator of his R2T4 calculation will include all the days in Modules 1 and 2
  - Pell must be recalculated using only classes attended in Module 1 and only the recalculated amount is included in the R2T4 calculation

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**Withdrawal from Programs Offered in Modules: Example 2**

<b>Module 1</b>	<b>Break</b>	<b>Module 2</b>
-----------------	--------------	-----------------

Completes Module 1 ←      → Drops all courses in Module 2

- Tina is scheduled for classes in both Modules 1 and 2
- She completes Module 1, and subsequently drops all of her courses in Module 2 during the break
- The student is considered withdrawn when she drops all the courses in Module 2, and the denominator of her R2T4 calculation will include all the days in Modules 1 and 2
  - Pell must be recalculated using only classes attended in Module 1 and only the recalculated amount is included in the R2T4 calculation

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**Withdrawal from Programs Offered in Modules: Example 3**

<b>Module 1</b>	<b>Break</b>	<b>Module 2</b>
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← Drops all courses in Module 2      → Completes Module 1

- Bill is scheduled for classes in both Modules 1 and 2
- Three weeks before the end of Module 1, he drops all courses in Module 2. Then he completes Module 1
- The student is considered to have completed the period because he was not scheduled to attend other courses when he ceased attendance. No R2T4 calculation is required
  - Pell must be recalculated using only classes attended in Module 1

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### Returning After Withdrawal in a Modular Program

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, the student is treated as though he or she did not cease attendance and the school must “undo” the R2T4 calculation.

Note: If the school awarded Pell Grant funds on the basis of classes the student did not attend, the school must recalculate the student’s Pell Grant.

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### Returning After Withdrawal: Example

Module 1

Module 2

Module 3

Withdraws on Day 20

Anthony enrolls for 3 modules within a semester, each 35 days in length, and with a week in between Modules 1 & 2 and 2 & 3. He enrolls in 3 credits in Module 1, 6 credits in Module 2, and 3 credits in Module 3, so he is considered enrolled full-time. He receives \$2,000 in Pell Grant funds and \$3,500 in Direct Loan funds.

Anthony begins Module 1, but then decides to withdraw on Day 20. On that day, Anthony drops Modules 1 and 2. He does not drop Module 3, but he also does not actively confirm that he will return.

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### Returning After Withdrawal: Example

Module 1

Module 2

Module 3

Withdraws on Day 20

The school considers Anthony to be withdrawn. First, the school recalculates Anthony’s Pell Grant to include only the credits in Module 1, which was the only module he attended. This recalculation results in a less-than-half-time enrollment status.

The school includes the less-than-half-time Pell Grant disbursement (\$500) in the R2T4 calculation and returns the remaining \$1,500 in Pell. The R2T4 calculation requires the return of \$2,000 of Anthony’s Direct Loan, and the school promptly makes the return.

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### Returning After Withdrawal: Example

Anthony returns unexpectedly in Module 3, which is in the same payment period as Module 1.

The school then reinstates his Title IV aid, disbursing the \$2,000 in Direct Loan funds that were returned. However, because Anthony did not attend Module 2, the school again recalculates his Pell Grant enrollment status, this time to half-time. The school disburses an additional \$500 in Pell Grant funds for a total of \$1,000 for the semester.

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### Written Confirmation of Intent to Return

For programs offered in modules, a student is not considered to have withdrawn if:

- For standard term programs, the institution obtains written confirmation that the student will return to attend a Title IV-eligible course within the same payment period
- For non-term and nonstandard term programs, the institution obtains written confirmation AND the module the student is expected to attend begins no later than 45 calendar days after the end of the module the student ceased attendance

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### Written Confirmation of Intent to Return

An online confirmation of future attendance from the student can constitute written confirmation if the confirmation is a timely positive confirmation of future attendance and occurs after the withdrawal.

A student can revise the date of return to a later module if the student does so in writing after the time of the withdrawal but prior to the return date.

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Written Confirmation: Failure to Return

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.

In that case, the student's withdrawal date and the total number of calendar days in the period are the same as those that would have applied if the student had not provided written confirmation of future attendance.

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Multiple Withdrawals

When a student withdraws from more than one module during a payment period, the days in a module in that payment period are included in the denominator of the R2T4 calculation if:

- The student attended at least one day in the module;
- The module is in the future and the student was scheduled to attend the module at the time of the withdrawal; or
- The module is in the past and was included in the original payment period or period of enrollment and used to determine the amount of Title IV, HEA funds eligibility

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Multiple Withdrawals: Example

Module 1:	Module 2:	Module 3:	Module 4:
3 credit hours	3 credit hours	3 credit hours	3 credit hours

- Payment period includes four modules
- School has a census date at the end of the first week of each module
- Each module is 20 days long; no breaks between each module
- Bill is enrolled in 12 credit hours in all four modules at the census date, so the school calculates his aid using a full-time enrollment status and Bill receives a Pell Grant disbursement of \$2,000 and a Subsidized Direct Loan disbursement of \$1,750

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### Multiple Withdrawals: Example

Module 1: 20 days	Module 2: 20 days	Module 3: 20 days	Module 4: 20 days
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↪ Withdraws on day 18 of Module 1

- Bill begins attendance in Module 1, but soon decides to withdraw from that module. He officially withdraws from Module 1 on day 18, but does not inform his school that he plans to return in later modules
- Bill did not drop courses in any other module before withdrawing from Module 1, so he was scheduled to attend all modules when he withdrew. Therefore, the days in all four modules are included in the denominator of the R2T4 calculation

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### Multiple Withdrawals: Example

Module 1: 20 days	Module 2: 20 days	Module 3: 20 days	Module 4: 20 days
----------------------	----------------------	----------------------	----------------------

↪ Withdraws on day 18 of Module 1

- The school recalculates the student's Pell Grant to less-than-half-time status and returns \$1,500 as a result of the recalculation
- The school then performs an R2T4 calculation:
  - Includes the less-than-half-time Pell Grant disbursement of \$500
  - Includes the full Subsidized Direct Loan disbursement of \$1,750
  - Numerator includes 18 completed days; denominator includes 80 total days in the payment period
  - Calculation requires the return of \$1,744 in Subsidized Direct Loan funds

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### Multiple Withdrawals: Example

Module 1: 20 days	<del>Module 2: 20 days</del>	Module 3: 20 days	Module 4: 20 days
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↪ Returns in Module 3

- Bill returns in Module 3, so the school reinstates his aid following the previous R2T4 calculation
- The school re-disburses the \$1,744 in Subsidized Direct Loan funds that was returned as a result of the original calculation
- The school also re-disburses an additional \$1,000 in Pell Grant funds because the student is now enrolled at ¾ time

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### Multiple Withdrawals: Example

Module 1: 20 days	<del>Module 2: 20 days</del>	Module 3: 20 days	Module 4: 20 days
----------------------	----------------------------------	----------------------	----------------------

Drops Module 4 on day 8 of Module 3 ← Fully withdraws on day 12 of Module 3

- Bill attends for the first week, and is still  $\frac{3}{4}$  time as of the census date
- Bill then decides that he doesn't need his class in Module 4, so he drops that class on day 8 of Module 3
- Finally, Bill realizes that he just doesn't have time for school this term, so he drops out of his remaining class in Module 3 on day 12 of that module

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### Multiple Withdrawals: Example

Module 1: 3 credit hours	<del>Module 2: 3 credit hours</del>	Module 3: 3 credit hours	<del>Module 4: 3 credit hours</del>
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Drops Module 4 on day 8 of Module 3 ← Fully withdraws on day 12 of Module 3

- The school once again recalculates the student's Pell Grant because the student only attended enough classes to be half-time, and the school returns \$500 in Pell Grant funds to the Department
- The school includes the remaining \$1,000 in Pell Grant funds and the \$1,750 in Subsidized Direct Loan funds in the R2T4 calculation

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### Multiple Withdrawals: Example

Module 1: 20 days	Module 2: 20 days	Module 3: 20 days	<del>Module 4: 20 days</del>
----------------------	----------------------	----------------------	----------------------------------

Drops Module 4 on day 8 of Module 3 ← Fully withdraws on day 12 of Module 3

- When the school determines how many days to include in the denominator of the R2T4 calculation, it uses 60 days:
  - 20 days for Module 1 because the student attended that module
  - 20 days for Module 2 because the module is in the past, was included in the original payment period or period of enrollment, and was used to determine Title IV eligibility
  - 20 days for Module 3 because the student attended that module
- The school does NOT include the days in Module 4 because the module is in the future and the student was not scheduled to attend Module 4 when he withdrew

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### Multiple Withdrawals: Example

Module 1: 20 days	Module 2: 20 days	Module 3: 20 days	Module 4: 20 days
----------------------	----------------------	----------------------	----------------------

Drops Module 4 on day 8 of Module 3 ← Fully withdraws on day 12 of Module 3

- When the school determines how many days to include in the numerator of the R2T4 calculation, it uses 30 days:
  - 18 days that the student attended in Module 1
  - 12 days that the student attended in Module 3
- Calculation: 30 days attended / 60 total days in the period
- Bill earned 50% of his Title IV aid for the payment period, and the school returns \$1,375 in Subsidized Direct Loan funds

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### R2T4 – Additional Training

- Additional R2T4 training available at <http://fsatraining.info>
- Log in with username and password
- Go to "Learning Tracks" > "Managing Student Withdrawals"



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### R2T4 on the Web Tool

- Currently available through FAA Access
- Migrating to COD in 2019
  - Core-functionality and calculations will not change
  - Iraq-Afghanistan Service Grant will be included
  - "Override" functionality will be included for certain modular or nonterm credit hour situations

See Session 11 – COD System Update for information

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**Other Resources**

- Section 484B of the HEA
- Final Regulation published Nov. 1, 1999
- Dear Colleague Letter GEN-00-24
- Final Regulation published Nov. 1, 2002
- Dear Colleague Letter GEN-04-03
- Dear Colleague Letter GEN-04-12
- Dear Colleague Letter GEN-05-16
- Final Regulation published Oct. 29, 2010
- Dear Colleague Letter GEN-11-14
- IFAP – Program Integrity Q’s & A’s – Return of Title IV Funds
- Dear Colleague Letter GEN-14-23 (R2T4 and Competency-Based Programs)

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**Training Feedback**

To ensure quality training we ask all participants to please fill out an online session evaluation

- All registrants for this session will receive a link to an electronic evaluation and we ask that you complete it
- This feedback tool will provide a means to educate and inform areas for improvement and support an effective process for “listening” to our customers
- Additional feedback about training can be directed to Askafed@ed.gov

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**Ask A Fed goes online!**

FSA has implemented a new resource to assist Financial Aid Administrators obtain guidance about the FSA programs. Based on the popularity and effectiveness of the Ask A Fed desk at the annual FSA Training Conference, we have instituted a similar process using email. Please send your inquiries about Title IV regulations to [askafed@ed.gov](mailto:askafed@ed.gov)



The Ask A Fed email box is staffed every business day by a team of FSA Training Officers and they are ready to assist schools with their questions.

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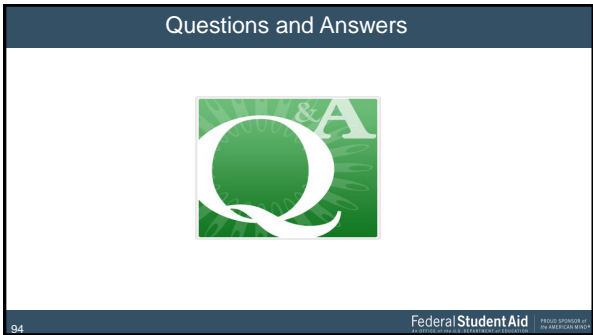
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