

R2T4: An Overview

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Agenda

- Basic principles
- Consumer Information
- Failure to begin attendance
- The Return to Title IV (R2T4) calculation
- Special cases and programs offered in modules
- Case studies

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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

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Basic Principles

- Student earns Title IV aid in pace with attendance
- Portion of aid earned is equal to the portion of the period completed
- 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) must be offered to the student



Basic Principles

- After the student completes more than 60% of the period, the student has earned 100% of Title IV funds
- Institutional or other refund policies do not impact the amount of Title IV aid earned under an R2T4 calculation
- Schools should use the best information available to determine the withdrawal date



Consumer Information

- Any refund policies with which the school must comply, as specified by the State or accrediting agency
- School's refund policy
- Requirements for the treatment of Title IV funds after withdrawal
- School's official withdrawal process, including naming the individual(s) or office(s) that manage the process



Failure to Begin Attendance

- If a student never begins attendance, the student is not Title IV-eligible
- Therefore there is no withdrawal!
 - R2T4 does not apply
 - Instead, the provisions of 34 CFR 668.21 apply:
 - All Pell, FSEOG, Perkins, Iraq & Afghanistan Service Grant, and TEACH funds must be returned
 - Direct Loan funds credited to the student's account must be returned

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The R2T4 Calculation

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Withdrawal Date

- A student's withdrawal date determines the number of days the student is considered to have completed, and helps determine the R2T4 numerator
 - Completed days exclude scheduled breaks of five days or more
 - Completed days also exclude leaves of absence and periods in which the student was not enrolled in any modules

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 Row H and proceed to Step 3.

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

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Required to Take Attendance?

For the 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

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Required to Take Attendance?

Institution is required to take attendance if...

- Outside entity requires that attendance be taken
- The school has its own requirement that instructors take attendance
 - Institutional, departmental or program level
 - If a faculty member independently chooses to take attendance, that alone does not mean the institution is required to take attendance
- Outside entity or the institution has a requirement that can only be met by taking attendance

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Required to Take Attendance?

A census date is a single date on which the institution takes a snapshot of attendance

- Having a census date does not mean an institution is required to take attendance
- For a program offered in modules, up to one census date in each module is permitted without being considered an institution required to take attendance

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Required to Take Attendance?

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

- If an institution takes attendance for a limited period, 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, as long as the institution can demonstrate that the student attended after the limited period

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Withdrawal Date

For an institution required to take attendance, a student's withdrawal date is... the last date of attendance!

Dear Colleague Letter GEN-04-12

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Withdrawal Date

For an institution not required to take attendance, a student's withdrawal date is...

- Date student began the formal withdrawal process or provided official notification
- Midpoint of the period, if the withdrawal is unofficial
- Date of event beyond the student's control
- Beginning of a leave of absence (LOA) if student does not return
- Last date of an academically-related activity

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Withdrawal Date

An institution must have a process for determining if student completed the period

- A student with at least one passing grade may be considered to have completed the period
- If no passing grade, institution must document completion of period
 - E.g., grading policy that differentiates between 'earned' failing grades, and failing grades due to non-attendance

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Withdrawal Date

- When a student fails to return from a leave of absence, the student's withdrawal date is...
 - The first day of the leave (if not required to take attendance)
 - The last date of attendance (if required to take attendance)
- *For a student on an approved LOA, a Title IV loan will remain in in-school status for the period of the leave. When a student does not return from a LOA, part or all of the grace period could be used, impacting when a student will go into repayment*

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Leave of Absence

Conditions for an approved LOA include...

- Formal written policy, followed by the student
- Reasonable expectation that the student will return
- School must approve the requested LOA in accordance with its policy
- The student may not be charged additional institutional charges
- The maximum days cannot exceed 180 within a 12-month period
- Loan recipients must be informed of the effects on their grace period if they do not return

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Leave of Absence

- For standard term and non-standard term programs, the student must resume training at the same point when the student began the LOA
- For non-term programs, the student does not have to resume training at the same point when began the LOA

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Academic Attendance

“Academic attendance” and “attendance at an academically-related activity” include, but are not limited to...

- Physically attending a class with direct interaction
- Academic assignment submission
- Taking an exam, interactive tutorial, or a computer-based instruction
- Attending a school-assigned study group
- Participating in an online discussion that is academically-related
- Interacting online with faculty about subject matter or to ask course-related questions

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Academic Attendance

An academically-related activity does not include...

- Living in institutionally-provided housing or participating in the meal plan
- Logging into an online course without active participation
- Participating in academic counseling or advisement

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Academic Attendance

- 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

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Date of Determination

For an institution required to take attendance...

- The date the student provides notification he or she is ceasing enrollment
- The last date of attendance
 - The institution must have a process in place to determine when a student's absence is a withdrawal, within 14 days

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Date of Determination

For an institution not required to take attendance...

- The date the student provides official notification
- The date the institution becomes aware that the student ceased attendance
- A determination must be made within 30 days after the end of the earlier of:
 - The payment period or period of enrollment
 - The academic year
 - The student's educational program

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Deadlines Related to Date of Determination

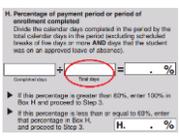
- Within 30 days, the institution must:
 - Perform the R2T4 calculation
 - Notify the student of any grant overpayment
 - Notify the student of eligibility for a post-withdrawal disbursement of loan funds
- Institution must return Title IV funds, or make a post-withdrawal disbursement of grant funds to a student, within 45 days
- Institution must make a post-withdrawal disbursement of grant funds to a student's account, or of any loan funds, within 180 days

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Payment Period or Period of Enrollment

- The total number of days in an institution's payment period or period of enrollment constitutes the denominator of the R2T4 calculation
 - Total days exclude scheduled breaks of five days or more
 - Total days also exclude 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

- For a standard term program, the institution must use the payment period
- For a non-term or non-standard 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

Example #1: Student leaves after 23 days in the first term of a two-term academic year.

PAYMENT PERIOD		PERIOD OF ENROLLMENT	
Total # of Days:	100	Total # of Days:	200
# of Days Completed	23	# of Days Completed	23
% Earned	0.23	% Earned	0.115
Total TIV AID Disb'd or Could Have Been Disb'd	2000	Total TIV AID Disb'd or Could Have Been Disb'd	4000
Amt Earned	460	Amt Earned	460
Amt Unearned	1540	Amt Unearned	3540

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Payment Period or Period of Enrollment

Example #2: 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%)	0.21	% Earned (If > 60%, earned = 100%)	100%
Total TIV AID Disb'd or Could Have Been Disb'd	2000	Total TIV AID Disb'd or Could Have Been Disb'd	4000
Amt Earned	420	Amt Earned	4000
Amt Unearned	1580	Amt Unearned	0

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R2T4 Calculation: Step One

The institution determines the precise 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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Aid that Could Have Been Disbursed (ATCHBD)

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(g)(2) were met prior to the withdrawal date:
 - ED processed the ISIR/SAR with an official EFC
 - Perkins and FSEOG: school made the award
 - Direct Loan: school originated the loan
 - TEACH Grant: school originated the grant

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ATCHBD: Example

Student is in a 32-credit hour non-standard term program that uses period of enrollment for R2T4. She withdraws after completing only 12 hours. The first \$1,312 of the loan has been disbursed.

- Include the \$1,312 that has been disbursed *and* the remaining \$1,313 as aid that could have been disbursed
- However, subsequent loan disbursements cannot be made for students who do not complete the period of enrollment

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Rounding Rules

 <p>Calculation - round to the nearest penny</p> <ul style="list-style-type: none"> • $\\$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$ 	 <p>Disbursement or refund may be rounded to the nearest dollar</p> <ul style="list-style-type: none"> • $\\$1,046.32 = \\$1,046$ • $\\$1,041.62 = \\$1,042$ 	 <p>Calculate out to 4 decimal places</p> <ul style="list-style-type: none"> • 45 days / 101 days = .4455 • 199 hours / 450 hours = .4422 	 <p>Round to third decimal place</p> <ul style="list-style-type: none"> • .4455 = .446 = 44.6% • .4422 = .442 = 44.2%
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R2T4 Calculation: Step Six

Once the institution determines the total amount of unearned Title IV aid that must be returned to the Department, the institution must return funds in the statutory order

The school must return the unearned aid for which the school is responsible (line C) by expiring 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 FFEL/Direct Stafford Loan	
2. Subsidized FFEL/Direct Stafford Loan	
3. Perkins Loan	
4. FFEL/Direct PLUS (Graduate Student)	
5. FFEL/Direct PLUS (Parent)	
Total loans the school must return	
	P. \$
6. Pell Grant	
7. Academic Competitiveness Grant	
8. National SMART Grant	
9. FISECO	
10. TEACH Grant	

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R2T4 Calculation: Remaining Steps

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 must be repaid by the student in accordance with the terms of the loans – no further action by the institution is required
- Remaining unearned Title IV grant funds, if greater than 50% of the total grant assistance disbursed for the period, are considered grant overpayments

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Post-withdrawal Disbursements

- Must meet the late disbursement requirements in [34 CFR 668.164\(g\)](#)
- The PWD must be made from grant funds before loan funds
- A PWD comprised of grant funds may be used to pay the following current charges:
 - Tuition, fees, and room and board, if provided by or contracted with the institution

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Post-withdrawal Disbursements

For post-withdrawal disbursements of Title IV grant funds...

- No student confirmation required to pay current outstanding charges for tuition, fees, room and board, or for prior-year charges up to \$200
- Written authorization is required for all other current charges
- If disbursed to the student's account for outstanding charges, must be disbursed within 180 days of the date of determination
- If disbursed directly to the student, must be disbursed as soon as possible but within 45 days of the date of determination

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Post-withdrawal Disbursements

For post-withdrawal disbursements of Title IV loan funds...

- PWDs must be made within 180 days of the date of determination
- PWD cannot be a second or subsequent disbursement of a Direct Loan
- PWD cannot be made to a first-year, first-time borrower unless the student completed the first 30 days of the program, or the school is exempt from this restriction
- Institution must offer the student (or parent in the case of a PLUS) the loan PWD within 30 days of the date of determination and request confirmation that the PWD is accepted
- Institution must obtain authorization to pay for other than current charges

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Post-withdrawal Disbursements

- The institution must explain the obligation to repay the loan
- The institution must specify a deadline of at least 14 days for required response
 - If the response is late, the school may decide not to disburse
 - If the school decides to not disburse, must notify the borrower in writing
 - If no response from the borrower, no disbursement of the loan

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Returning Unearned Funds

- If funds to be returned are the institution's responsibility, the institution must return funds within 45 days of the date of determination
- Return is considered to have been made when 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 via G5

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Special Cases (including modules)

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What is a Withdrawal?

When a student does not complete all days scheduled to complete within the payment period or term

- Must document that the student completed all courses
- If no passing grade in the last scheduled course must demonstrate the student actually completed the period

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Written Confirmation Of Return

- A student in a modular program is not considered a withdrawal if s/he provides written confirmation of intent to return for a future module
 - Must be provided at the time of withdrawal
 - Can be provided on paper or electronically
 - Registration for future modules does not constitute written confirmation
 - Student may change return date in writing prior to original return date
 - In a non-term or non-standard term program, a student is considered withdrawn if s/he will not be returning within 45 days, unless on an LOA

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Written Confirmation Of Return

- Student considered to be withdrawal if s/he does not return as scheduled
- Withdrawal date is retroactive to last date of attendance or when written confirmation was provided
 - The date the student was scheduled to return is the date of determination

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Return After Withdrawal

- If a student does not provide written confirmation and is considered a withdrawal, but later returns in the same payment period, s/he is treated as if did not cease attendance
 - The school must "undo" R2T4 calculations already performed
 - Restore student's original aid amounts with no adjustment for partial attendance of a module
 - If the student never began attendance in one or more of their originally scheduled courses, Pell may need to be recalculated, or other aid adjusted

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R2T4 and Title IV Credit Balances

- Hold all Title IV credit balances until R2T4 calculated
- Credit balance is included in aid 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 overpayment on behalf of student
- Release credit balance within 14 days

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Verification

- If Verification 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 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

- Only the 75% Federal portion of the award is included in the R2T4 calculation when the school uses...
 - Individual recipient match
 - Aggregate match
- 100% of the FSEOG award is used in the R2T4 calculation when the school uses...
 - Fund-specific match

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Case Study: Artu Tifor

- Academic year comprises 30 weeks and 24 credit hours
 - Payment Period: 15 weeks Withdrawal type: Unofficial
 - Period Start Date: September 1 Institutionally Schedule Breaks: none
 - Attendance taking: Not required
 - Method for matching FSEOG: Fund specific
 - Period used in the Return calculation: Payment Period

COA profile

- Tuition & Fees: \$4,000/semester
- Room: \$1,000/semester
- Board: \$1,000/semester
- Books & supplies \$ 500/semester

Title IV award profile

- Pell Grant: \$2,750/semester
- FSEOG \$2,000/semester
- Net Unsub DL \$1,930/semester

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Case Study: Artu Tifor

- Artu is brilliant and is offered a high-paying job by a computer company and never officially withdraws
- At the end of the term, the institution discovers that he failed all of his courses
- On Dec 16th after faculty are consulted, it is determined that the last time Richard was engaged in an academically-related activity was Oct 10th
- Payment period dates: September 1-December 9
- Withdrawal date:
- Date of determination:

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Case Study: Step One

Treatment Of Title IV Funds When A Student Withdraws From A Credit-Hour Program

Student's Name: Richard Sherman Social Security Number: Example 2

Date form completed: 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 dollar and cents (rounded to the nearest penny) (When calculating percentages, round to three decimal places (for example, 4888.448 or 48.884))

STEP 1: Student's Title IV Aid Information

Title IV Grant Programs		Amount Received	Amount Not Received	Total Title IV aid disbursed to the period	
1. Pell Grant	2,750.00			A	4,750.00
2. Academic Competitiveness Grant				B	1,930.00
3. National SMART Grant				C	4,000.00
4. FSEOG	2,000.00			D	4,750.00
5. TRS-AI Grant				E	0.00
6. Iraq Afghanistan Service Grant				F	4,750.00
A	4,750.00	C	0.00	G	4,750.00
Title IV Loan Programs		Amount Received	Amount Not Received	Total Title IV aid disbursed and not used for Title IV purposes	
7. Unsubsidized FFEL Direct Stafford Loan	1,930.00			A	4,750.00
8. Subsidized FFEL Direct Stafford Loan				B	1,930.00
9. Perkins Loan				C	0.00
10. FFEL Direct PLUS (Guaranteed Student)				D	0.00
11. FFEL Direct PLUS (Parent)				E	0.00
B	1,930.00	D	0.00	G	6,680.00

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Resources

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Additional Resources

- Final Program Integrity regulations, Federal Register: October 29, 2010*
- Program Integrity Q & As: Return of Title IV Funds*
- Federal Student Aid Handbook, Volume 5*
- FSA Assessments: Return of Title IV Funds*
- R2T4 on the Web: FAA Access to CPS online*
- R2T4 worksheets*

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Thank you!

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<https://www.surveymonkey.com/s/ZacharyGoodwin>

This evaluation tool provides a means to inform us of areas for improvement, and to support an effective process for listening to our customers. Additional feedback about training can be directed to Joann.Borel@ed.gov.



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