

# Return of Title IV Funds

**TASFAA 2018  
ABC Workshop**



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**Return of  
Title IV Funds**  
What Happens When a Title IV  
Recipient Withdraws?

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## Return of Title IV Funds

- Applies only to Title IV eligible students who begin attendance and then completely withdraw, or otherwise cease attending
- If student enrolled but never attended any classes
  - Student did not establish eligibility for any funds
  - All Title IV aid disbursed must be returned to the programs

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# Return of Title IV Funds

## Theory Behind the Calculation

- Student earns Title IV aid through attendance
- Percentage of aid earned is equal to the percentage of payment period or enrollment period completed




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## How Does it Work?

- If school has disbursed more aid than the student has earned, money is returned to the programs
- If school has disbursed less aid than the student has earned, a post-withdrawal disbursement will be calculated

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## How Did Student Get More Aid Than What Was Earned?

- FSA recipients typically receive Title IV funds in advance
- Unwritten contract between student and ED
- When student "breaks" the contract...




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# Return of Title IV Funds

## R2T4 – Many Forks in the Road

- Required to take attendance vs. not required



- Payment period vs. period of enrollment
- Withdrawal date vs. determination date

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## R2T4 – Many Forks in the Road

- Aid disbursed vs. aid that could have been disbursed
- Amounts included in calculation vs. amounts that can actually be disbursed
- Return vs. post-withdrawal disbursement
- School part of return vs. student part




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## R2T4 – Two Important Dates

- **Withdrawal Date**
  - Last day of student's eligibility for Title IV
- **Determination Date**
  - Starts timeline for return of \$ to ED
  - Starts timeline for PWD
  - Starts timeline for notifications to student
- Might fall on the same date but often do not




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## Return of Title IV Funds

### Date of Institution's Determination that Student Withdrew

- When did the school know of the student's withdrawal?
- If unofficial withdrawal, determine withdrawal date no later than 30 days after the end of the earlier of the
  - Payment period or period of enrollment
  - Academic year
  - Educational program
- Schools required to take attendance should have a DOD no later than 14 calendar days after student's last date of attendance

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### Payment Period or Period of Enrollment

- Standard term-based program must use term/payment period
- Nonstandard term or nonterm program may choose either payment period or period of enrollment
- May choose on a program-by-program basis
- Must be consistent with application of method used




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### Rounding Rules

 <p>Calculation - round to the nearest penny</p> <ul style="list-style-type: none"> <li>• <math>\\$2,346.00 \times 44.6\% = \\$1,046.316</math> or <math>\\$1,046.32</math></li> <li>• <math>\\$2,346.00 \times 44.4\% = \\$1,041.624</math> or <math>\\$1,041.62</math></li> </ul>	 <p>Disbursement or refund may be rounded to the nearest dollar</p> <ul style="list-style-type: none"> <li>• <math>\\$1,046.32 = \\$1,046</math></li> <li>• <math>\\$1,041.62 = \\$1,042</math></li> </ul>	 <p>Calculate out to 4 decimal places</p> <ul style="list-style-type: none"> <li>• <math>45 \text{ days} / 101 \text{ days} = .4455</math></li> <li>• <math>199 \text{ hours} / 450 \text{ hours} = .4422</math></li> </ul>	 <p>Round to third decimal place</p> <ul style="list-style-type: none"> <li>• <math>.4455 = .446 = 44.6\%</math></li> <li>• <math>.4422 = .442 = 44.2\%</math></li> </ul>
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# Return of Title IV Funds

## Our Student - Michael

- Fill out top of R2T4 worksheet
- We determined Michael withdrew May 23
- Our school calculates R2T4 on a payment period basis
  - In this case, Spring Semester

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## Michael – R2T4 Worksheet Step 1

- Enter student's Title IV aid as either disbursed or could have been disbursed
- Note that loans are separate from grants
  - A = Grant \$ disbursed
  - B = Loan \$ disbursed
  - C = Grant \$ TCHBD
  - D = Loan \$ TCHBD




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## Michael's Stats aka Spring Financial Aid Package

PROGRAM	AMOUNT
Federal Pell Grant	2000
Federal Work Study	1000
State Grant	500
Direct Loan Sub Stafford	1741 (net amount)
Direct Loan Unsub Stafford	995 (net amount)
Private student loan	2000
School Scholarship	3000

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# Return of Title IV Funds

## Aid That Could Have Been Disbursed

- Student met conditions for a late disbursement (668.164(g)(2)) –
- At time student withdrew, ED had processed a SAR or ISIR with official EFC
  - Pell – ISIR with eligible EFC
  - DL – loan had been originated
  - TEACH – grant had been originated
  - Perkins/FSEOG – funds had been awarded




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## DL Second/Subsequent Disbursements

- Include as aid that could have been disbursed if student met the “conditions for a late disbursement”
- Cannot be included in any post-withdrawal disbursement [668.164(g)(4)(ii)]




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## Aid Included in Calculation vs Aid That Can Be Disbursed

- Counter intuitive to include funds in calculation that you will not disburse to student
- However, one set of regs govern the calc
- Another set of regs govern what can be disbursed
  - More restrictive




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# Return of Title IV Funds

## Michael – R2T4 Worksheet Step 2

- Find out how much of the payment period Michael completed

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## STEP 2: Withdrawal Date – School Not Required to Take Attendance

- Use the earlier of
  - date student began school’s withdrawal process or date student otherwise provided “official” notice; **or**
  - midpoint in period (if student didn’t notify school); **or**
  - If student didn’t notify due to circumstances beyond student’s control, the date related to that circumstance




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## STEP 2: Withdrawal Date – School Not Required to Take Attendance

A school that is not required to take attendance always has the option of using the date of student’s last attendance at an academically-related activity as documented by the school

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# Return of Title IV Funds

## STEP 2: Withdrawal Date – School Required to Take Attendance

IF... school is required to take attendance by outside entity (such as state or accrediting agency)  
OR...the school, itself, requires attendance be taken

THEN... withdrawal date is taken from attendance records

NOTE: Requirement might apply only to specific groups of students

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## Calendar Days at Credit-Hour Schools

Count every day, including weekends and holidays, except:

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

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## Michael – R2T4 Worksheet Step 2

- Michael started on the first day of Spring Semester, February 1, 2018
- The last day of Spring Semester is May 20, 2018
- Michael “unofficially” withdrew
- Our school is not required to take attendance

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# Return of Title IV Funds

## Michael – R2T4 Worksheet Step 3

- What % of his aid would Michael have earned had he NOT withdrawn?
- What % did Michael, in fact, earn SINCE he withdrew?
- $\% \text{ completed} \times \text{Total Title IV aid disbursed and TCHBD} = \text{T4 Earned by student}$

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## Michael – R2T4 Worksheet Step 4

- Does Michael have a return or a PWD?
- If a return, continue with R2T4 calc
  - Step 4 Box K
- If a PWD, go to PWD Tracking Sheet




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## Michael – R2T4 Worksheet Step 4

- Step 4 is calculating the Total Return
  - School-owed portion
  - Student-owed portion




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# Return of Title IV Funds

## Michael – R2T4 Worksheet Step 5

- What is the school's part of the Total Return?

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## Michael – R2T4 Worksheet Step 5

- The institutional charges at Michael's school are \$3000 tuition/fees
- Calculated before any withdrawal related reduction in institutional costs
- Determine % of unearned Title IV aid
- Institutional costs x % of unearned T4 = amount of unearned charges
- Compare Total T4 to Return to amount of unearned charges
- Lesser amount is the School part of return




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## Step 6: Return of Funds by School

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

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# Return of Title IV Funds

## Step 6: Return of Funds by School

- Return funds to program(s) as soon as possible, but no later than 45 calendar days after the date of determination of withdrawal
- Calculation must be completed within 30 calendar days of the date of determination

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## Michael – R2T4 Worksheet Step 6

- What are the amounts that the school will return to each T4 program for Michael?
- Why does the school have to return these funds for Michael?

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## Step 7: Return of Funds by Student

- Total T4 to return – what school has returned = initial amount of student part
- Initial amount may change because the student gets different, and more favorable, treatment in the calc in later steps




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## Return of Title IV Funds

### Michael – R2T4 Worksheet Step 7

- What is Michael’s part of the return (initial amount)?

Total T4\$ to return  
 – what school has returned to T4  
 = initial amount of student part of the return

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### Step 8: Repayment of Student’s Loans

- Student is responsible to repay any loan funds not returned by the school
- Loans are repaid in accordance with terms of the promissory note

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### Michael – R2T4 Worksheet Step 8

- What is the amount of Michael’s loans that make up the initial amount of his return?
- What does “according to the terms of the promissory note” mean?
- Is this different from the standard the school was held to?

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# Return of Title IV Funds

## Michael – R2T4 Worksheet Step 9-10

- Michael has no grant funds to return
- This will occur for many students who have a combination of loan and grants

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## Simone – R2T4 Worksheet Step 9-10

- Simone received no loans
- Simone received \$2780 in T4 grants
- After the school returned its portion, Simone had an initial amount of \$900 to return (Box Q on worksheet next slide)

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## Simone – Calculating Grant Overpayment – Step 9

**STEP 9: Grant Funds to be Returned**

**S. Initial amount of Title IV grants for student to return**  
Subtract the amount of loans to be repaid by the student (Box R) from the initial amount of unearned Title IV aid due from the student (Box Q).

**\$900.00** Box Q - **\$0.00** Box R = **S. \$ 900.00**

**T. Amount of Title IV grant protection**  
Multiply the total of Title IV grant aid that was disbursed and could have been disbursed for the payment period or period of enrollment (Box F) by 50%.

**\$2780.00** Box F X **50%** = **T. \$ 1,390.00**

**U. Title IV grant funds for student to return**  
Subtract the protected amount of Title IV grants (Box T) from the initial amount of Title IV grants for student to return (Box S).

**\$900.00** Box S - **\$1390.00** Box T = **U. \$ <\$490.00>**

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# Return of Title IV Funds

## Simone – R2T4 Worksheet Step 9-10

- Does Simone have any grant funds to return?
- Is this standard different from the standard the school was held to?

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## Step 10: Return of Funds by Student

- Any grant repayment due from student is considered an overpayment
- Student is responsible for repayment
  - Amounts of \$50 or less in any program are set aside
- Law specifies order of Title IV programs to which funds must be returned
  - See worksheet

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## Step 10: Return of Funds by Student

### STEP 10: Return of Grant Funds by the Student

Except as noted below, the student must return the unearned grant funds for which he or she is responsible (Box U). The grant funds returned by the student are applied in order as indicated, up to the amount disbursed from that grant program minus any grant funds the school is responsible for returning to that program in Step 6.

**Note that the student is not responsible for returning funds to any program to which the student owes \$50.00 or less.**

Title IV Grant Programs	Amount To Return
1. Pell Grant .....	<input type="text"/>
2. FSEOG .....	
3. TEACH Grant .....	
4. Iraq and Afghanistan Service Grant .....	

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## Return of Title IV Funds

### Additional Resources

- FSA Handbook, Vol. 5, Ch. 2 inc. case studies
- Dear Colleague Letter GEN-00-24 (December 2000)
- Dear Colleague Letter GEN-04-03 (November 2004)
- Program Integrity Q&A on IFAP
- R2T4 Demo Site available at  
• <http://fafsademo.test.ed.gov>
- R2T4 website available through  
FAA Access to CPS Online  
• <http://www.faaaccess.ed.gov/>

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### Your Dallas Regional Training Team

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### Training Feedback

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

- Go to <http://s.zoomerang.com/s/RickRenshaw>
- Evaluation form is specific to Rick Renshaw
- 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 my supervisor [Nancy.hoover@ed.gov](mailto:Nancy.hoover@ed.gov)

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# Return of Title IV Funds



## QUESTIONS?

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Thanks for inviting me to be part of the TASFAA ABC Workshop!




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