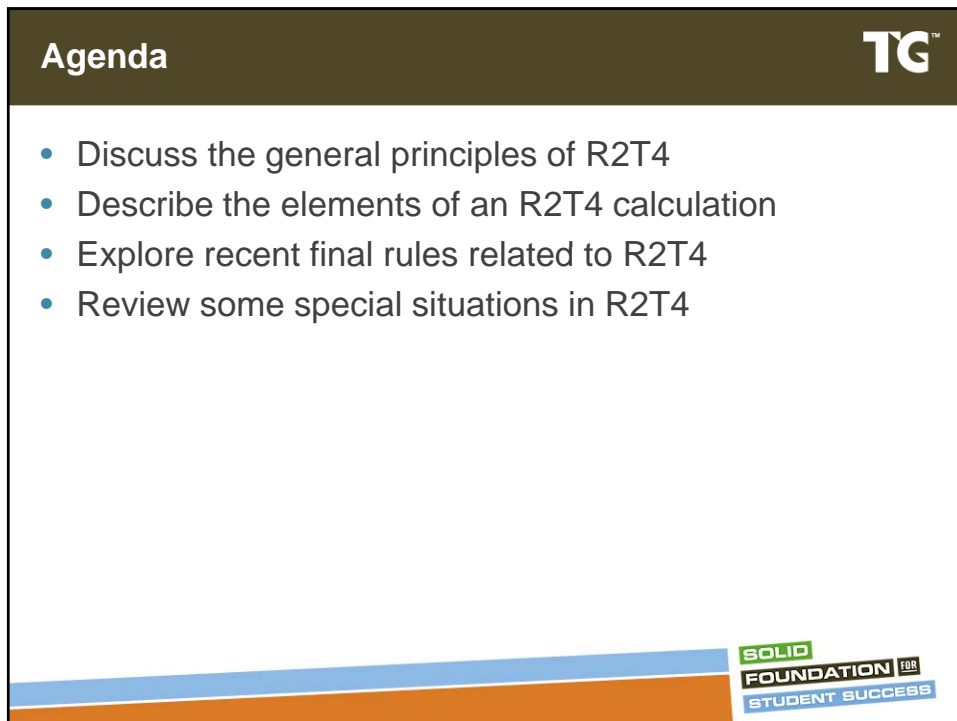


The slide header features a green top bar with the TG logo. Below it is a dark brown bar with the title "R2T4: Basics and Beyond" in white. The bottom section has a blue background with a white graphic of two classical columns and a logo that reads "SOLID FOUNDATION FOR STUDENT SUCCESS".

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## R2T4: Basics and Beyond

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The slide content area has a dark brown header with "Agenda" on the left and the TG logo on the right. The main content is a white box containing a bulleted list. The bottom of the slide features a blue and orange gradient bar with the "SOLID FOUNDATION FOR STUDENT SUCCESS" logo.

Agenda

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- Discuss the general principles of R2T4
- Describe the elements of an R2T4 calculation
- Explore recent final rules related to R2T4
- Review some special situations in R2T4

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## General principles of R2T4

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### General principles of R2T4



- Student is entitled to the amount of Title IV funds student earned as of his/her withdrawal date
- If student earned less funds than he/she received, must return unearned funds to Title IV programs
- If student earned more funds than he/she received, must offer a post-withdrawal disbursement

## School's consumer information must include



- School's withdrawal policy [including office(s) designated to receive official notifications of intent to withdraw]
- School's refund policy
- Requirements regarding return of Title IV funds



## When is R2T4 applicable?



- Applies to student who begins and then ceases attendance in all classes prior to the scheduled end of the period
- Does not apply to student who drops hours, even to less-than-half-time enrollment
- Does not apply to student who never begins attendance or is expelled before first class day



## When is R2T4 applicable?



### Programs offered in modules

- Modules are smaller periods within a term
- Whether R2T4 is applicable to a student who withdraws from a module depends on type of program and basis on which school performs the R2T4 calculation



## When is R2T4 applicable?



### Programs offered in modules

For a standard term-based credit-hour program:

- If student withdraws after completing at least one course in one module within the term, student is not considered withdrawn and R2T4 does not apply
- If student withdraws before completing at least one course in one module, student is considered withdrawn and R2T4 applies (unless school has obtained confirmation from student that he/she intends to attend a module later in the term)



## Elements of an R2T4 calculation

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### Elements of calculation



- Date of determination
- Aid disbursed
- Aid that could have been disbursed
- Withdrawal date/Title IV aid earned
- Aid to be disbursed or returned/post-withdrawal disbursements
- Amount of unearned Title IV aid due from the school
- Amount of unearned Title IV aid due from the student

**Date of determination: Header**

If an official withdrawal:

- The student's withdrawal date or date the student notified school of withdrawal

If an unofficial withdrawal:

- The date the school became aware that the student ceased attendance

**Date of determination: Header**

At a school required to take attendance:

- Date of determination should be no later than 14 days after student ceased attendance
- If, during the 14-day period, student verifies he/she plans to return, school should not consider the student withdrawn at that time



## Date of determination: Header



At a school not required to take attendance:

School must determine unofficial withdrawal within 30 calendar days of the earlier of:

- End of the payment period or period of enrollment
- End of the academic year
- End of the student's educational program



## Reason for date of determination



Triggers the timeframes for:

- Offering the student or parent a post-withdrawal disbursement (PWD) (30 days)
- Notifying student of overpayment due (30 days)
- Delivering a PWD of grant funds directly to the student (45 days)
- Returning unearned Title IV funds for which the school is responsible (45 days)
- Delivering a post-withdrawal disbursement of loan funds (180 days)



## Payment period/period of enrollment: Header



Which one do I use?

- Standard term-based credit-hour programs must use payment period
- Nonstandard term-based and non-term-based credit-hour, and clock-hour programs may use either payment period or period of enrollment



## Use of loan funds in R2T4 calculation



Remember to use net amounts (without the origination and federal default fees), not gross amounts, in the calculation



**Aid disbursed: Step 1, Box E**

Funds that were delivered as of date school became aware that student withdrew

Must have been:

- Credited to student's school account, or
- Given directly to student or parent

**Aid that could have been disbursed (ATCHBD):  
Step 1, Box F**

- Any undisbursed Title IV aid is considered ATCHBD as long as conditions for late disbursement are met before student withdrew
- Includes:
  - 30-day delayed Stafford loan disbursements
  - Second or subsequent FFELP and Direct loan disbursements



## Aid that could have been disbursed (ATCHBD)



### Conditions for late disbursement:

- Except in the case of a PLUS loan for a dependent student, ED processed SAR or ISIR with EFC
- If FSEOG or Perkins loan, was awarded by school
- If FFELP or Direct loan, loan was certified or originated, as applicable, by school prior to date of withdrawal
- If FFELP, Direct, or Perkins loan, borrower completed MPN prior to school performing R2T4 calculation



## Effects of ATCHBD on R2T4 calculation



- Decreases amount of aid to be returned (by both school and student)
- Increases amount of aid earned
- Increases student eligibility for PWD



### Example of benefits of using ATCHBD in calculation



- Student is awarded \$2155 Pell grant and \$1750 subsidized Stafford loan for fall semester
- Student's institutional charges are \$2000
- Student begins attendance; Pell is disbursed
- Student withdraws, having earned 25% of aid
- Stafford loan is not yet disbursed



### Example of benefits of using ATCHBD in calculation, cont'd.



School performs calculation using Pell as aid disbursed

Result: Amount that must be returned to Pell program is:

- \$1500 (school) and
- \$116.25 (student)

School performs calculation using Pell as aid disbursed and Stafford as aid that could have been disbursed

Result: Amount that must be returned to Pell program is:

- \$1178.75 (school)
- \$0.00 (student)



## Withdrawal date: Step 2



At school required to take attendance (by an outside entity), withdrawal date is:

- Last date of attendance as determined by school's attendance records



## Withdrawal date: Step 2



At school not required to take attendance, withdrawal date can be:

- Date student began withdrawal process
- Date student provided intent to withdraw
  - If student triggers both of the above dates, the earlier date is the student's withdrawal date
- Date school determined that student withdrew due to illness, accident, or personal grievous loss



## Withdrawal date: Step 2



At school not required to take attendance, withdrawal date can be:

- Midpoint of period
- Last date of academically related activity
- For student who does not return from approved leave of absence (LOA), date LOA began



## Things to keep in mind: withdrawal date




“The goal of the Return provisions is to identify the date that most accurately reflects the point when a student ceases academic attendance, not the date that will maximize Federal Student Aid to the institution or to the student.”

2010-2011 FSA Handbook, p. 5-72




## Things to keep in mind: withdrawal date

- School that is not required to take attendance must have mechanism in place to determine if student:
  - Completed the period, or
  - Withdrew



## Things to keep in mind: withdrawal date

- When a student fails to earn a passing grade in at least one course, school must assume unofficial withdrawal and perform R2T4 calculation
  - Unless school can document that student completed period...i.e., the student *earned* the failing grade(s)



## Percentage of payment period/period of enrollment completed — credit-hour: Step 2



Divide:

$$\frac{\text{\# of calendar days completed in period}^*}{\text{\# of calendar days in period}^*}$$

\*Exclude scheduled breaks of 5 or more days



## Percentage of payment period/period of enrollment completed — clock-hour: Step 2



Divide:

$$\frac{\text{\# of clock hours scheduled to be completed in period}}{\text{\# of clock hours in period}}$$



## Percentage of Title IV aid earned: Step 2, Box H

- If at or below 60%, equal to percentage of period completed
  - The quotients of .6001 through .6004 are not rounded up
- If over 60%, student has earned 100% of Title IV funds



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## Things to keep in mind: Aid earned

- For a student who withdraws after the 60% point-in-time, there are no unearned funds
- However, a school must still determine whether the student is eligible for a post-withdrawal disbursement

— 10-11 FSA Handbook, page 5-93



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### Things to keep in mind: Aid earned



“[A] school may not delay the disbursement of funds until after the 60% point, for example, to avoid the administrative burden of performing a Return of Title IV Funds calculation and the requirements that go along with it, or to prevent the student from having to return funds upon withdrawal.”

— 09-10 FSA Handbook, page 3-93



### Things to keep in mind: Aid earned



If a student begins attendance but withdraws before the school's census date, the school must perform the R2T4 calculation to determine the percentage of aid the student earned

—10-11 FSA Handbook, page 5-11



## Things to keep in mind: Aid earned



If you have evidence that the student attended, you must still complete R2T4 calculation even if school retroactively withdraws student for the period and provides full refund of institutional charges

—09-10 FSA Handbook, page 5-102



## Post-Withdrawal Disbursements (PWDs): Step 4



- If student earned more aid than he/she was disbursed, school must offer student PWD
- Must use grant funds before loan funds



## PWDs: Step 4



	Student owes school charges	Student does not owe school charges
<b>Post-withdrawal disbursement of grant funds</b>	School applies grant funds toward school charges w/out student authorization	School can deliver grant funds to student w/out student authorization
<b>Post-withdrawal disbursement of loan funds</b>	School must obtain borrower's confirmation before applying loan funds toward school charges	School must obtain borrower's confirmation before delivery



## PWD of loan funds



- Once a school has determined a borrower's eligibility for a PWD disbursement of loan funds, school must:
  - Contact the borrower to offer the disbursement
  - Explain the obligation to repay the loan funds following such a disbursement
- The school must then:
  - Obtain the borrower's confirmation that the loan funds are still required
  - Document the borrower's file with result of contact and final determination of disbursement



## PWD of loan funds



- Student/parent must be given at least 14 days to respond to school's offer
  - If student/parent responds after 14 days
    - School can cancel PWD offer or
    - School can deliver PWD at its discretion



## Delivering PWDs




If student/parent accepts, school must deliver PWD within 180 days of date of determination



## Cannot make PWDs of... TG™

- Stafford funds if first-year, first-time borrower did not complete 30-day delay period
- Second or subsequent disbursement of FFELP or Direct funds because student did not complete loan period
- Loan funds for which the borrower did not complete the MPN prior to R2T4 calculation
- Other aid types on p. 5-67 of 2010-11 FSA Handbook



## R2T4 timeline TG™

**School must have:**

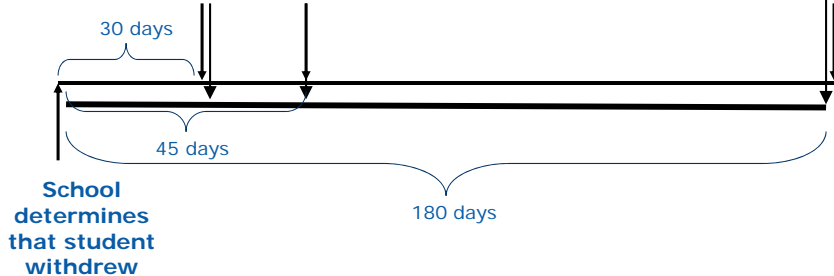
- Offered any PWD the student has earned
- Notified student of any overpayment due

**School must have:**

- Returned any unearned funds for which school is responsible
- Delivered any PWD of grant funds directly to the student

**School must have:**

- Delivered any PWD of loan funds student/parent accepts




30 days

45 days

180 days

**School determines that student withdrew**



## Unearned aid, school responsibility: Step 5



School returns the lesser of

- Total amount of unearned Title IV aid
- OR
- An amount equal to the total institutional charges multiplied by percentage of aid unearned



## Institutional charges: Step 5, Box L



- Include tuition, fees, and room and board, if contracted with school, for that period ONLY
- Use the charges originally assessed the student for the period prior to the student's withdrawal
  - May only be adjusted by changes the school made to the charges before the student withdrew (e.g., for dropping or adding a class before withdrawing)
- Other charges may be deemed as “institutional”



## Order of return of funds: Step 6



First to loan programs in this order —

- Unsubsidized FFEL/Direct Stafford
- Subsidized FFEL/Direct Stafford
- Perkins
- FFEL/Direct PLUS



## Unearned aid, student responsibility: Steps 7-10



Student must return remaining unearned aid after school returns its portion

- Loans — borrower must return under terms of prom note
- Grants — student grant overpayment due only if overpayment exceeds 50% of the total Title IV grant aid disbursed and grant aid that could have been disbursed for the period
  - Also note that student not required to return a grant overpayment amount of \$50 or less for any federal grant program





### Example #1

Prior to withdrawal, student was awarded \$1000 in Pell (disbursed) and \$500 in SEOG (could have been disbursed)

R2T4 shows that student's initial grant overpayment is \$600

Student must repay only the portion of the initial grant overpayment that exceeds 50% of total grant aid disbursed plus grant aid that could have been disbursed for the period

Total grant aid disbursed + could have been disbursed = \$1500; 50% is \$750

Since student's initial grant overpayment amount of \$600 is less than \$750, student must return **\$0**



### Example #2

Prior to withdrawal, student was awarded \$1000 in Pell (disbursed)

R2T4 shows that student's initial grant overpayment is \$600

Student must repay only the portion of the initial grant overpayment that exceeds 50% of total grant aid disbursed plus grant aid that could have been disbursed for the period

Total grant aid disbursed + could have been disbursed = \$1000; 50% is \$500

Student must return amount by which initial grant overpayment (\$600) exceeds \$500; student must return **\$100**



## Order of return of funds



Then to grant programs in this order —

- Federal Pell Grant
- Academic Competitiveness Grant (ACG)
- National Science and Mathematics to Retain Talent (SMART) Grant
- Federal SEOG
- TEACH Grant



## Final rules—Program Integrity R2T4—Modules or compressed courses

Effective July 1, 2011

## R2T4



- Clarifies when a student will be considered withdrawn from payment period or period of enrollment
  - For credit-hour program: a student did not complete all the days in payment period or period of enrollment student was scheduled to complete
  - For clock-hour program: a student did not complete all clock hours and weeks of instruction time in payment period or period of enrollment student was scheduled to complete

§668.22(a)(2)(i)



## R2T4



- Adds definitions:
  - Program offered in modules
  - Nonstandard term-based program
- Affects programs comprised of modules (mini-sessions) or compressed courses

§ 668.22 (l)(6)



## R2T4



- If student does not complete number of days or hours he was scheduled to complete:
  - Student is considered withdrawn unless
    - At time of ceasing attendance, student provides written confirmation of plans to attend a later module in the same period
    - For non-term-based or nonstandard term-based programs, subsequent module must begin within 45 days after the end of the module the student ceased to attend

§ 668.22 (a)(2)(ii)



## R2T4



- School must reverse R2T4 and treat student as not having withdrawn after all if:
  - Student does not confirm plans to attend a later module in the same period but does so anyway, or
  - For non-term-based or nonstandard term-based program, student is not scheduled to begin another course within the 45-day period but does so anyway

§ 668. 22 (a)(2)(iii)



**R2T4** **TG**<sup>TM</sup>

- Example: student attending standard term-based program comprised of modules:
- Current ED policy: a student who withdraws after completing at least one course in one module within the term is not subject to R2T4

**R2T4** **TG**<sup>TM</sup>

- Example: student attending standard term-based program comprised of modules:
- Final rule: student subject to R2T4 if
  - Student does not complete all the days in the payment period/period of enrollment that he was scheduled to complete

## Final rules—Program Integrity R2T4—Taking attendance

Effective July 1, 2011

### R2T4

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- Clarifies programs for which schools are “required to take attendance”
  - A school will be designated in this manner if
    - An outside entity or the school itself has a requirement that instructors take attendance, **or**
    - The school or an outside entity has a requirement that can only be met by taking attendance or a comparable process

§668.22(b)(3)(i)

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## R2T4



- Requires school to use its attendance records to determine withdrawal date if the student withdraws during a limited period of time in which the school is required to take attendance, or requires that attendance be taken

§668.22(b)(3)(iii)



## R2T4



- Exception:
  - Clarifies that a student in attendance at the end of the limited period who subsequently stops attending during the payment period would be treated as a student for whom the school was *not* required to take attendance

§ 668.22(b)(3)(iii)(B)



R2T4

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- Exception:
  - If a school is required to take attendance, or requires that attendance be taken, only on a specified date to meet a census reporting requirement, the school is considered one that is **not** required to take attendance
    - School can have 2 census days to accommodate class schedule (e.g. Monday, Wednesday, Friday classes and Tuesday, Thursday classes)

§668.22(b)(3)(iv)

The logo consists of three stacked rectangular boxes. The top box is green with the word "SOLID" in white. The middle box is black with the words "FOUNDATION" and "FOR" in white. The bottom box is blue with the words "STUDENT SUCCESS" in white.

## Special situations

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## Inadvertent overpayment



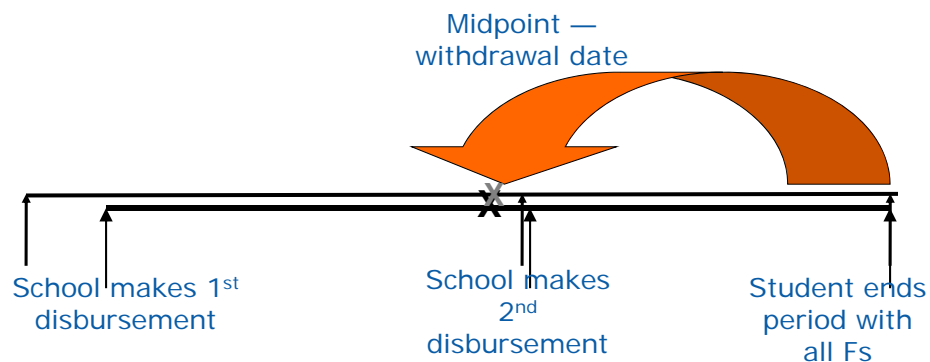
- Occurs when school unknowingly disburses funds to student who is no longer in attendance
  - Is counted as ATCHBD in R2T4 calculation
  - May happen in “student fails to earn passing grade in at least one course” scenario
- ED has said it will review for a pattern or practice of inadvertent overpayments

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## Inadvertent overpayment



Example:



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## PLUS loan denial



- If PLUS loan is included in a Return calculation and later the loan is denied by ED, the school must revise its return calculation
- If there has been a change in the amount the student or school must return, the school must make the appropriate adjustments to its records and the COD systems



## Verification



### Special rules concerning verification and R2T4

- When verification is completed before the R2T4 deadline
- When verification is not completed before the R2T4 deadline
- When verification is completed after the R2T4 deadline



## Avoiding audit and program review problems



- Common R2T4-related findings:
  - Return of Title IV funds made late
    - Design processes and procedures to track/monitor the deadlines
    - Ensure timely communication between offices
    - Use R2T4 on the Web report feature



## Avoiding audit and program review problems



- Common R2T4-related findings:
  - Return of Title IV funds calculation errors
    - Use correct institutional charges for the payment period
      - Prorate if all charges assessed upfront
      - Understand when to include book charges
    - Use R2T4 Worksheets
      - Electronic Web Application
      - Paper



## Avoiding audit and program review problems



- Common R2T4-related findings:
  - Return of Title IV funds calculation errors
    - Use the correct last date of attendance at an academically related activity



## References



- 34 Code of Federal Regulations 668.22
- 2010-2011 *Federal Student Aid Handbook*, Volume 5, Chapter 2 (Withdrawals and the Return of Title IV Funds)
- Dear Colleague Letters: GEN-98-28 (Nov. 1998), GEN-00-24 (Dec. 2000), GEN-04-03 (Feb. 2004, revised as GEN-04-12 Nov. 2004), GEN-05-16 (Oct. 2005); GEN-06-05 (Apr. 2006)



## References



- TG's Policy Page on Program Integrity
  - [www.tgslc.org/policy/integrity-rules.cfm](http://www.tgslc.org/policy/integrity-rules.cfm)
    - *Federal Registers*
    - One-page summaries of Program Integrity issues
    - *Shoptalk* articles
    - ED and Industry resources
    - Regulations Roadmap and helpful charts



## Questions?

This presentation is available for download at

[www.tgslc.org/tgconference](http://www.tgslc.org/tgconference).



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