

## Chapter 2

# The Steps in a Return of Title IV Aid Calculation - Part 1

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This chapter discusses the data elements in the order in which they occur on the Return of *Title IV* (R2T4) worksheets. It is not a set of instructions. It is an explanation of the criteria a school must consider as it enters data in the steps of the calculation.

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## Step 1: Student's *Title IV* Aid Information

### *Title IV* Aid Disbursed

A school must calculate the amount of earned *Title IV* funds by applying a percentage to the total amount of *Title IV* program assistance that was disbursed and that could have been disbursed. Under Step 1 of the R2T4 worksheet, a school fills in the amount of each type of *Title IV* aid that was disbursed and that could have been disbursed. When entering the amount of loan funds, a school should enter the ***net amount*** of *Aid disbursed and Aid that could have been disbursed*.

Generally, a student's *Title IV* funds are disbursed when a school credits a student's account with the funds or pays a student or parent directly with *Title IV* funds received from the Department. There are a couple of exceptions to this definition. For a complete discussion of the definition of disbursed *Title IV* funds, see *Volume 4*.

A student's aid is included as Aid disbursed in the calculation if it is disbursed as of the date of the institution's determination that the student withdrew, and so long as the disbursement was not an inadvertent overpayment (see the discussion in Chapter 1 under "Date of the Institution's Determination that the Student Withdrew").

Inadvertent overpayments are an exception. Inadvertent overpayments—disbursements inadvertently made to a student after the student ceased attendance but prior to the date of the institution's determination that the student withdrew—are included in an R2T4 calculation as aid that could have been disbursed rather than aid disbursed. (See the discussion under "Treatment of Inadvertent Overpayments" later in this chapter.)

A school may not alter the amounts of *Title IV* grant and loan funds that were disbursed prior to the school's determination that the student withdrew. For example, a school may not replace a withdrawn student's loan funds with grant funds that the student was otherwise eligible to receive before performing the R2T4 calculation.

### *Title IV* Aid that Could Have Been Disbursed

In addition to aid disbursed, aid that could have been disbursed is also used in the calculation. There are two principles that govern the treatment of disbursements of *Title IV* funds in R2T4 calculations.

The first principle provides that, for purposes of determining earned *Title IV* aid, generally, as long as the conditions for late disbursements in [34 CFR 668.164\(j\)\(2\)](#) were met prior to the date the student became ineligible, any undisbursed *Title IV* aid for the period for which the R2T4 calculation is performed is counted as aid that could have been disbursed (regardless of whether the institution was prohibited from making the disbursement on or before the day the student withdrew or whether the school will be able to disburse the funds as a post-withdrawal disbursement (PWD)).

Any undisbursed *Title IV* aid for the period that the school uses as the basis for the R2T4 calculation is counted as aid that could have been disbursed as long as the following conditions were met before the date the student became ineligible:

- For all programs, the Department processed a FAFSA Submission Summary or Institutional Student Information Record (ISIR) with an official Student Aid Index (SAI) for the student. (An *official* SAI is one calculated by the Department and provided on a FAFSA Submission Summary or ISIR. It may or may not be a *valid* SAI, which is one based on complete and correct information.)
- For an FSEOG award, the institution made the award to the student.
- For a Direct Loan, the institution originated the loan (within the school's financial aid system).
- For a TEACH Grant, the institution made the award (within the school's financial aid system).

In all *Title IV* loan programs, a promissory note must be signed for a loan to be included as aid that could have been disbursed in an R2T4 calculation. The signature may be obtained after the student withdraws but must be signed before the school performs the R2T4

calculation. In addition, if a school has an affirmative confirmation process set up to actively determine if a student wants a Direct Loan, if the student declines or fails to respond to the request, the Direct Loan would not be included as aid that could have been disbursed.

Of course, a school can only include aid (e.g., the loan funds) for the period for which it performs the R2T4 calculation. If the calculation is performed on a payment period basis, the loan funds counted are those for the payment period; if the calculation is performed on a period of enrollment basis (e.g., academic year), the loan funds counted are those for the entire period of enrollment.

A school may not include as aid that could have been disbursed Pell Grant funds that if disbursed would, combined with other Pell funds the student previously received, cause them to exceed their Pell Grant maximum lifetime eligibility.

The second principle provides that a student can never receive any funds from a disbursement that the institution was prohibited from making on or before the date the student withdrew as a PWD. Therefore, although the following potential disbursements can be counted as aid that could have been disbursed (if intended for the period for which the R2T4 is being calculated), an institution is prohibited from disbursing:

- for nonstandard term credit-hour programs where the terms are not substantially equal in length, credit-hour non-term programs, and clock-hour programs, a second disbursement of Direct Loan funds where the student has not successfully completed half of the number of credit hours or clock hours and half of the number of weeks of instructional time in the payment period ([34 CFR 685.303\(d\)\(3\)\(ii\)\(B\)](#));
- **a second or subsequent disbursement** of Direct Loan funds unless the student has successfully completed the loan period ([34 CFR 668.164\(j\)\(4\)\(ii\)](#));
- a disbursement of Direct Loan funds for which the borrower has not signed a promissory note;
- for clock-hour or credit-hour non-term programs, a second or subsequent disbursement of a Federal Pell Grant, Iraq and Afghanistan Service Grant, or TEACH Grant, when the student has not completed the earlier payment period for which the student has already been paid ([34 CFR 690.75\(a\)\(3\)](#) and [34 CFR 686.31\(a\)\(5\)](#));
- a disbursement of a Direct Loan to a first-year, first-time borrower who withdraws before the 30th day of the student's program of study ([34 CFR 668.164\(j\)\(4\)\(iii\)](#)) (except when this delay does not apply because of low default rates);
- a disbursement of a Federal Pell Grant or TEACH Grant to a student for whom the institution did not have a valid FAFSA Submission Summary/ISIR by the deadline established by the Department which is published annually in the public deadline notice ([34 CFR 668.164\(j\)\(4\)\(iv\)](#)); and
- **a first disbursement** of a Direct Loan (i.e., the first disbursement of a Direct Loan in a loan period) to a student enrolled in a modular program who has withdrawn before beginning attendance in enough courses to establish a half-time enrollment status.

Some schools can use the 50% point as the withdrawal date for a student who unofficially withdraws in determining earned *Title IV* aid. However, to determine whether the funds can be disbursed as a PWD, the school must make a separate determination of the date the student lost eligibility.

#### Volume 5, Chapter 2, Example 1

Consider a student enrolled at a school that is not required to take attendance by an outside entity. On September 1 the student begins attendance in 12 credits. On September 15 the student drops classes worth seven credits, and the enrollment status changes to less than half time. On December 1 the school receives \$2,000 in Direct Loan funds for the student. In reviewing its records, the school determines that the student stopped attending all classes and is an unofficial withdrawal. Though the school can use the 50% point as the withdrawal date, it must make a separate determination of the student's eligibility for a PWD. In this case, because the student lost eligibility for Direct Loan funds on September 15 (the day the student ceased to be enrolled at least half time), the student may not receive a PWD of Direct Loan funds.

#### Volume 5, Chapter 2, Example 2

Consider a standard term credit-hour program where each semester comprises three modules of five weeks each. If a student enrolls in one three-credit-hour course in the first module and one three-credit-hour course in the second module, the student will

not begin attendance in six credit hours, the school's minimum half-time enrollment status, until the student begins the course in the second module. The school does not have to, nor should it, delay the disbursement of Direct Loans until the student begins the course in the second module. However, if the student withdraws during the first module and the school has not made the first loan disbursement prior to the student's withdrawal, the school may not make that first Direct Loan disbursement. However, the amount of the disbursement would be included in the R2T4 calculation as aid that could have been disbursed.

## Conditions for Late Disbursement

[34 CFR 668.164\(j\)\(2\)](#)

## Limitations on Making a Late Disbursement

[34 CFR 668.164\(j\)\(4\)](#)

## Exception to Including Funds as Aid That Could Have Been Disbursed When a Student Has a Disqualifying Comment Code

If a student's FAFSA Submission Summary/ISIR contains a Comment Code that requires resolution (e.g., 163–Default) in order for the funds to be included as aid that could have been disbursed, the underlying issue must be resolved before the institution performs the R2T4 calculation and in time for the institution to meet any applicable R2T4 deadline.

## Treatment of Inadvertent Overpayments

An inadvertent overpayment occurs when an institution disburses funds to a student who is no longer in attendance (for example, when an institution makes a scheduled disbursement on Monday to a student who dropped out on the previous Friday). Inadvertent overpayments are included in R2T4 calculations as aid that could have been disbursed rather than aid that was disbursed.

A school is allowed to hold an inadvertent overpayment while determining if the student is owed a PWD. However, this is not intended to affect the amount of aid a student would receive under an R2T4 calculation. Rather, it is permitted to avoid a school having to return funds only to have to later request and disburse them if a student is eligible for a PWD.

An inadvertent overpayment does not create a separate basis for permitting funds to be paid to a student's account. So, if an inadvertent overpayment does not meet the criteria for a late disbursement, the second principle under *Title IV* aid that could have been disbursed discussed previously applies, and neither the institution nor the student may retain any portion of the overpayment. However, the funds are included as *aid* that could have been disbursed which can reduce the amount of *Title IV* aid required to be returned under an R2T4 calculation or may result in a student being able to retain more grant funds.

To be consistent with the aforementioned second principle, an institution must treat inadvertent overpayments as aid that could have been disbursed rather than aid that was disbursed. If the inadvertent overpayment could not have been made as a late disbursement under the regulations, the institution must return the entire amount of the overpayment. If the overpayment could have been made as a late disbursement, the institution must return only the unearned portion of the inadvertent overpayment. Please note that an institution is not required to obtain the student's permission (PWD confirmation) to retain the amount of inadvertently overpaid Direct Loan funds that the R2T4 calculation indicates that the student has earned and that could have been disbursed as a PWD.

An institution is not required to return the inadvertent overpayment immediately but **must return it within 45 days of the date of the institution's determination** that the student withdrew (the time frame for an institution's return of *Title IV* funds under [34 CFR 668.22\(j\)\(1\)](#)).

An institution must return an inadvertent overpayment in accordance with the applicable regulations for returning overpayments. Please see *Volume 4, Chapter 3* for more information on overpayment procedures.

For example, if a late disbursement would have been prohibited because the student had withdrawn and the disbursement would have been a late second or subsequent disbursement of a Direct Loan, the inadvertent overpayment must be returned because the student had not successfully completed the period of enrollment for which the loan was intended ([34 CFR 668.164\(j\)\(4\)\(ii\)](#)).

Institutions are expected to have the administrative capability to prevent inadvertent overpayments on a routine basis. Specifically, an institution is expected to have in place a mechanism for making the necessary eligibility determinations prior to the disbursement of any *Title IV* funds. For example, a school should have a process in place by which withdrawals are reported immediately to those individuals at the institution who are responsible for making *Title IV* disbursements. During a program review, the Department would question a pattern or practice of making inadvertent overpayments.

## Examples of Second or Subsequent Direct Loan Disbursements and of a Second Payment Period Pell Grant Disbursement

### Volume 5, Chapter 2, Example 3

Consider a student who, prior to successfully completing half the clock hours and weeks in a loan period, withdrew after completing 400 clock hours in a 900 clock-hour program. The loan period is the 900 clock-hour academic year which includes two payment periods of 450 hours each. The R2T4 calculation is done on a period of enrollment basis. Half of the Direct Loan and half of a Federal Pell Grant were disbursed at the beginning of the first payment period, and the student was scheduled to receive the other half in the second payment period. Because the student had not successfully completed half of the clock hours and weeks, the student was not eligible to receive the second disbursement of the Direct Loan or Federal Pell Grant. Therefore, the second disbursements could not have been made before the student withdrew.

Under current guidance when calculating an R2T4 on a period of enrollment basis, the second disbursements of both the Pell Grant and the Direct Loan are included as aid that could have been disbursed in Step 1 of the R2T4 calculation which increases the amount of *Title IV* aid used in the calculation (and ultimately earned by the student).

**Please note, however, the institution may not make a PWD from the second scheduled disbursements of Pell Grant or Direct Loan funds because the student did not successfully complete half of the number of clock hours and half of the number of weeks of instructional time in the first payment period.**

### Volume 5, Chapter 2, Example 4

Consider a student who completed 500 clock hours in a 900 clock-hour program and successfully completed half the clock hours and weeks in the loan period at an institution that uses the period of enrollment as the basis for its R2T4 calculations. The loan period is the 900 clock-hour academic year which includes two payment periods of 450 hours each. Half of the Direct Loan was disbursed at the beginning of the first payment period, and the student was scheduled to receive the second half in the second payment period. Although the student completed half of the clock hours and weeks in the loan period and was otherwise eligible to receive the second disbursement of the loan, the second disbursement of the loan was not disbursed before the student withdrew. Because the Department had processed a FAFSA Submission Summary/ISIR and the institution originated the loan before the student lost eligibility, the second disbursement of the loan is included as aid that could have been disbursed in Step 1 of the R2T4 calculation.

However, the late disbursement regulations prohibit an institution from making a second or subsequent disbursement of a Direct Loan unless the student has graduated or successfully completed the period of enrollment for which the loan was intended. The R2T4 requirements, including the PWD requirements, do not supersede this provision. **Therefore, although in this case a second or subsequent Direct Loan disbursement is counted as aid that could have been disbursed for purposes of determining earned *Title IV* aid, the funds may not be disbursed as part of a PWD.**

Consider a student who withdraws after completing 350 clock hours in a 900 clock-hour program at an institution that uses the period of enrollment as the basis for its R2T4 calculations. The loan period is the 900 clock-hour academic year which includes two payment periods of 450 hours each. The institution chooses to disburse the loan in four disbursements (installments of 225 hours each). The first disbursement of the Direct Loan (225 hours) has been disbursed. The student is scheduled to receive the second disbursement of the loan in the second half of the first 450-hour payment period. The student withdraws during the first payment period after receiving only the first disbursement of the loan. The second, third, and fourth scheduled disbursements of the loan are included in the calculation as aid that could have been disbursed because the school has chosen to perform the R2T4 calculation on the period of enrollment basis for all students in this program. However, the institution may not make a PWD from the second (or subsequent) scheduled disbursement of the loan because of the prohibition on making late second or subsequent disbursements of Direct Loans when a student has not successfully completed the period for which the loan was intended.

## Discussion of Inadvertent Overpayments

[Federal Register, Volume 64, Number 151, August 6, 1999, Proposed Rules, page 43026](#)

[Federal Register, Volume 64, Number 210, November 1, 1999, Rules and Regulations, page 59018](#)

[DCL GEN-04-03 Revised, November 2004](#)

### Late Arriving Aid for a Prior Completed Payment Period

If a school is determining the treatment of *Title IV* funds on a payment period basis, the student's *Title IV* aid used in the calculation is the aid that is disbursed or that could have been disbursed for the payment period during which the student withdrew. (Also, the institutional charges used in the calculation generally have to reflect the charges for the payment period.)

If *Title IV* aid earned during a previously completed payment period is received in a subsequent period during which the student withdrew, that aid is NOT considered *Aid disbursed or Aid that could have been disbursed* in the period during which the student withdrew. This late-arriving FSA funds, while they can be disbursed in the current term, is disbursed for attendance in the previous term. Therefore, it is not included in the R2T4 calculation for the period in which the student withdrew.

For a student who has withdrawn, a school cannot disburse aid received for a previous semester unless the student qualifies for a late disbursement.

### Step 2: Percentage of *Title IV* Aid Earned

The percentage of *Title IV* aid earned is determined differently for credit-hour program and clock-hour program withdrawals. In addition, the requirements for determining a student's withdrawal date differ based on whether a school is required to take attendance or not. The withdrawal date, the point in time that the student is considered to have withdrawn, is used to help determine the percentage of the payment period or period of enrollment completed by the student. The percentage of *Title IV* aid earned is equal to the percentage of the payment period or period of enrollment completed.

If the day the student withdrew occurs before the student completed more than 60% of the payment period or period of enrollment, the percentage earned is equal to the percentage of the payment period or period of enrollment completed. If the day the student withdrew occurs after the student has completed more than 60% of the payment period or period of enrollment, the percentage earned is 100%.

## Part 1—Withdrawal Date

The definition of a **withdrawal date**, as outlined here, is required for *Title IV* program purposes only, including the withdrawal date that a school must report to the National Student Loan Database System (NSLDS). A school may, but is not required to, use these withdrawal dates for its own institutional refund policies.

For R2T4 purposes, **the withdrawal date is used for determining the amount of aid a student has earned**. Do not confuse it with the date of the institution's determination that the student withdrew, discussed in Chapter 1, which can be the same date or a different date and is used for other purposes in the R2T4 process.

### Withdrawal Date for a Student Who Withdraws from a School That is Required to Take Attendance

The goal of the R2T4 provisions is to identify the date that most accurately reflects the point when a student ceases academic attendance, not the date that will maximize *Title IV* aid to the institution or to the student. Generally, the most precise determination of a student's withdrawal date is one that is made from institutional attendance records.

If a school is **required** to take attendance, a student's withdrawal date is **always** the last date of attendance at an academically related activity as determined by the school from its attendance records. This date is used for all students who cease attendance, including those who do not return from an approved LOA, those who take an unapproved LOA, and those who officially withdraw. For information on what qualifies as academic attendance, see "Academic Attendance and Attendance at an Academically Related Activity" later in this chapter.

#### Withdrawal Date at Schools Required to Take Attendance

[34 CFR 668.22\(b\)](#)

### Schools Required to Take Attendance

A school is required to take attendance if:

- the school is required to take attendance by an outside entity (such as the school's accrediting agency or a state agency) that has a requirement that the school take attendance,
- the school itself has a requirement that its 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, including but not limited to requiring that students in a program demonstrate attendance in the classes of that program or a portion of that program.

As noted later in this section, if a school meets any of the requirements to take attendance, it does not automatically mean the entire school is required to take attendance. It may, require only a department, program, or group of students to take attendance.

The regulations describe when a school is considered to be required to take attendance for *Title IV* purposes; they do **not** require schools to take attendance. A requirement that a student self-certify attendance directly to an outside entity does not make a school one that is required to take attendance. For example, a U.S. Department of Veterans Affairs requirement that benefit recipients self-report attendance would not result in a school being considered one that is required to take attendance unless the school is required to verify the student's self-certification.

#### Volume 5, Chapter 2, Example 6

Ten university students receive assistance from the state, which requires the school to take attendance for recipients of the state's education benefits. The university is not required by any other outside entity to take attendance. Seven of the 10 students who receive state benefits are also *Title IV* program recipients. If any of those seven students withdraw, the school must use the state-required attendance records to determine the withdrawal date. For all other *Title IV* aid recipients at the university who withdraw,



the school must determine the withdrawal date in accordance with the requirements for students who withdraw from a school that is not required to take attendance.

## When a School Has a Requirement for Taking Attendance

If a school requires its faculty to take attendance, whether at the program, department, or institutional level, then those attendance records must be used by the school in determining a student's withdrawal date.

A school is **not** considered to be required to take attendance if it:

- does not require faculty to take attendance but a faculty member chooses to take attendance voluntarily, or
- has a requirement that faculty provide a last date of attendance for students who receive all "F" grades to determine whether a student with failing grades has unofficially withdrawn.

In addition, the monitoring of whether online students log in to classes does not by itself result in a school being one that is required to take attendance for *Title IV* purposes because monitoring logins alone is not monitoring academic engagement (as defined under [34 CFR 600.2](#)). However, an institution that collects and maintains information about students' online activities for the purpose of tracking academic engagement is considered to be an institution that is required to take attendance if that tracking:

1. Involves monitoring student attendance in a synchronous class, lecture, recitation, or field or laboratory activity, physically or online, where there is an opportunity for interaction between the instructor and students; or
2. Is used to administratively withdraw students or to enforce an institutional attendance policy.

Schools that do not require the taking of attendance and are not required to take attendance by an outside entity are not prohibited from using individual faculty members' attendance records in determining a student's withdrawal date. The Department encourages schools to use the best information available in making this determination.

A school is responsible for ensuring that it is in compliance with the requirements for schools that are required to take attendance even if some faculty do not comply with the attendance-taking policy. For students enrolled in classes taught by faculty who fail to take attendance, their withdrawal date will be the last date of academic attendance as recorded by the faculty that did take attendance. **If, at a school required to take attendance, no records of a student's academic attendance exist, the student is considered not to have begun classes for *Title IV* program purposes and never to have established eligibility for *Title IV* funds. *Title IV* funds received by a student who failed to establish eligibility must be handled by the school in accordance with the procedures described in Chapter 1 under **When a student who fails to begin attendance in all the courses they were scheduled to attend withdraws** ([34 CFR 668.21](#)).**

## Schools Required to Take Attendance

[DCL GEN-11-14](#), July 20, 2011

## Requirements That Can Only Be Met by Taking Attendance

The Department is looking at the substance of the information that is available rather than the way that information is described or portrayed by the school or outside entity. If the school is required to collect or record information about whether a student was in attendance during a payment period, or during a limited period of time during a payment period, that information must be used to determine when the student ceased attendance during that period.

For *Title IV* purposes, clock-hour programs are considered to be programs where schools are required to take attendance. Schools that are required to measure the clock hours a student completes in a program satisfy both the requirement of determining that a student is present and that the student is participating in core academic activity. (See preamble page 66898 of the [October 29, 2010 Federal Register](#).)

## Attendance Taking Requirements for Some Students

If a school is required to take attendance by an outside entity (for example, a state workforce development agency) for only some students, then the school is required to use attendance records to determine those students' withdrawal dates (the last date of academic attendance). The school would not be required to take attendance for any of its other students or to use attendance records to determine the withdrawal dates of any of its other students unless the school is one required to take attendance for those students by its own rules or another outside entity.

## When a School Takes Attendance for One Day or a Limited Period

If a school is required to take attendance or requires that attendance be taken on only one specified day to meet a census reporting requirement or to demonstrate that the student commenced attendance, the school is not one required to take attendance. For a program that is offered in modules, a school may require that attendance be taken on a single specified day in each module (i.e., have one census date per module) without the school being considered one that is required to take attendance.

If a school is required to take attendance or requires that attendance be taken for a limited period, the school must use its attendance records for that limited period to determine a withdrawal date for any students who withdraw during the limited attendance taking period. Students who withdraw after the limited period of attendance taking will be treated as students for whom the school was not required to take attendance.

If a school is taking attendance to determine whether each student attended at least once during a period of time (for example, the first two weeks of a term) but does not continue to monitor attendance for a student after the one day of confirmed attendance, it is not considered a school that is required to take attendance for *Title IV* purposes. However, if a school takes attendance throughout a period to determine when students are and are not present, then it is taking attendance for a limited period and is a school that is required to take attendance for *Title IV* program purposes for that period.

Unless a school demonstrates that a withdrawn student who is not in attendance at the end of the limited period of required attendance taking attended after the limited period, the student's withdrawal date would be determined according to the requirements for a school that is required to take attendance. That is, the student's withdrawal date would be the last date of academic attendance, as determined by the school from its attendance records.

For example, consider a student who officially withdraws after the end of a limited two-week period of required attendance taking. The student is not attending classes on the last day of the two-week period, and begins the school's official withdrawal process two weeks later. The school must demonstrate that the student was in attendance after the two-week attendance-taking period to use the date the student began the official withdrawal process as the withdrawal date (as permitted for schools not required to take attendance). If it cannot, the student's withdrawal date is the last date of academic attendance during the period of attendance taking, as determined by the school from its attendance records. And finally, keep in mind, that though a school always has the option to document a student's last date of attendance at an academically related activity, a school is not required to take attendance past the end of the limited period of attendance taking.

If a school demonstrates that a student attended past the end of the limited period, the student's withdrawal date is determined in accordance with the requirements for a school that is not required to take attendance.

## When Attendance Taking Is Required Only for Some Classes

A school is required to take attendance if attendance taking is required in ALL classes in the program for a period of time. For example, if a school requires that attendance be taken in all core classes but not elective classes, when the core classes in the program are taken in isolation, for the period of time that students are taking only core classes, the program is one for which the school is required to take attendance.

If core and elective classes are taken at the same time and attendance taking is not required for the elective classes, then for the period of time that core and non-core classes are taken together, the school is considered to be a school not required to take attendance for that program.

## Determining a Student's Withdrawal Date at a School That Is Not Required to Take Attendance



If a school is not required to take attendance, the determination of a withdrawal date varies with the type of withdrawal. The withdrawal date for the various types of withdrawals, as well as the date of the institution's determination that the student withdrew for each type of withdrawal is provided in the chart "Withdrawal Dates for a School that is Not Required to Take Attendance" at the end of this chapter.

## Official Notification

A student may provide official notification of intent to withdraw by following the school's withdrawal process. In this case, the withdrawal date is the date the student **begins** the withdrawal process. The student may also withdraw by providing notification to designated officials. If the student withdraws through official notification, the withdrawal date is the date notification was provided.

These withdrawal dates apply even if a student begins the school's withdrawal process or otherwise notifies the school of an intent to withdraw and projects a future last date of attendance. However, **a school that is not required to take attendance may always use a last date of attendance at an academically related activity as a student's withdrawal date** (this is discussed in detail later). Therefore, a school could use a later last documented date of attendance at an academically related activity if this date more accurately reflects the student's withdrawal date than the date the student begins the school's withdrawal process or provides withdrawal notification.

For example, if on May 5 a student provided notification of intent to cease attending the school beginning on May 10, the withdrawal date is May 5. However, the school may use May 10 as the student's withdrawal date if it documents May 10 as the student's last date of attendance at an academically related activity.

## Official Notification

[34 CFR 668.22\(c\)\(1\)\(i\)](#) and [\(ii\)](#)

## Official Notification Defined

A notice of intent to withdraw that a student provides to an office designated by the institution.

[34 CFR 668.22\(c\)\(5\)\(i\)](#)

## School's Withdrawal Process

The **beginning** of the school's withdrawal process must be defined. The individual definition is left up to the school. Schools are required to make available to students a statement specifying the requirements for officially withdrawing from the school. They are expected to identify the beginning of the withdrawal process as part of their consumer information (see *Volume 2*). Schools should be able to demonstrate consistent application of their withdrawal process, including the determination of the beginning of that process.

The officially defined withdrawal process might include a number of required steps. Though the school might not recognize the student's withdrawal (for purposes of determining an institutional refund) until all the required steps have been completed, for the purpose of calculating the return of *Title IV* funds, the date the student began the withdrawal process is the withdrawal date for *Title IV* purposes.

## Otherwise Provides Official Notification

Official notification to the school occurs when a student notifies an office designated by the school of their intent to withdraw. In its written description of its withdrawal procedures, a school must designate at least one office for this purpose. For example, a school could designate a dean's, registrar's, and/or financial aid office. If a student provides notification to an employee of that office while that person is acting in their official capacity, the student has provided official notification.

Official notification from the student is any notification provided in writing or orally to a designated campus official acting in their official capacity in the withdrawal process. If the student notifies an employee of a designated office while that person is not acting in their official capacity (for example, the student runs into a financial aid administrator at the grocery store), that notification is not considered an official notification of withdrawal. However, the Department would expect the employee to inform the student of the appropriate means for providing official notification of withdrawal.

Acceptable official notification includes notification by a student via telephone, through a designated website or orally in person. It is the school's responsibility to document oral notifications. However, the school may request, but not require, the student to confirm their oral notification in writing. If a student provides official notification of withdrawal to the institution by sending a letter to the designated office stating their intent to withdraw, the withdrawal date is the date that the institution receives the letter. Notification is not provided to an institution until the institution receives the notification. Note that an institution always has the option of using the date of a student's last participation in an academically related activity as long as that participation is documented by a campus official.

Intent to withdraw means that the student indicates they have either ceased to attend the school or will cease to attend the school. A student who contacts a school and only requests information on aspects of the withdrawal process, such as the potential consequences of withdrawal, would not be considered a student who is indicating that they plan to withdraw. However, if the student indicates that they are requesting the information because they plan to cease attendance, the student would be considered to have provided official notification of their intent to withdraw.

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## Otherwise Provides Official Notification

[34 CFR 668.22\(c\)\(5\)](#)

### When a Student Triggers Both Dates

A student might both begin the school's withdrawal process and otherwise provide official notification to the school of their intent to withdraw. For example, on November 1, a student calls the school's designated office and notifies the office of their intent to withdraw. On December 1, the student begins the school's withdrawal process by submitting a withdrawal form. **If both dates are triggered, the earlier date is the student's withdrawal date - in this case, November 1.**

Remember that a school that is not required to take attendance is always permitted to use the last date of an academically related activity that the student participated in as the student's withdrawal date. So, if a student continues to attend class past the date the student provides notification, and the school chooses to do so, the school may document and use the student's last date of attendance at an academically related activity as the student's withdrawal date in the R2T4 calculation.

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## When a Student Triggers Both Dates

[34 CFR 668.22\(c\)\(2\)\(ii\)](#)

### Official Notification Not Provided by the Student

A student who leaves a school does not always notify the school of their withdrawal. The two categories for these **unofficial withdrawals** for the purposes of this calculation are:

1. When a school determines that a student did not begin the withdrawal process or otherwise notify the school of the intent to withdraw due to illness, accident, grievous personal loss, or other circumstances beyond the student's control.

2. All other withdrawals where official notification is not provided to the school or the official withdrawal process is not begun.

These rules apply only to schools that are not required to take attendance.

### **Withdrawal Without Student Notification Due to Circumstances Beyond the Student's Control**

There are two instances in which a special rule defines the withdrawal date for a student who withdraws due to circumstances beyond their control:

1. When a student who would have provided official notification to the school was prevented from doing so due to those circumstances.
2. When a student withdrew due to those circumstances and a second party provided notification of withdrawal on the student's behalf.

A school may determine the withdrawal date that most accurately reflects when the student ceased academic attendance due to the circumstances beyond the student's control. This date would not necessarily have to be the date of the occurrence of the circumstance. For example, if a student is assaulted, they may continue to attend school but ultimately not be able to complete the period because of the trauma experienced. Because the student's withdrawal was the result of the assault, the withdrawal date would be the date the student actually left the school, not the date of the assault. A school should document that the student left at the later date because of issues related to the assault.

If a school administratively withdraws a student (e.g., expels, suspends, or cancels the student's registration) who has not notified the school of their intent to withdraw, the last possible date of withdrawal for the student is the date the school terminates the student's enrollment (unless the school can document that the student continued their attendance after the midpoint). However, a school may not artificially create a withdrawal date for such a student that is beyond the midpoint of the period by simply choosing to withdraw the student after the midpoint.

Sometimes a school grants a retroactive withdrawal to a student who has experienced an event beyond their control. On those occasions, after the school has performed the R2T4 calculation using the best withdrawal date based on the circumstances and returned the funds required, it may be holding a credit balance composed of both *Title IV* and non-*Title IV* funds. When the withdrawal involves a student who has outstanding Direct Loans, if the school is unable to locate the student, in order to provide the student the greatest benefit, the school may return both the *Title IV* and non-*Title IV* funds in the student's credit balance using G6. All returns through G6 must be offset by a downward adjustment in the student's Direct Loan record in COD of the entire amount (the sum of the *Title IV* and non-*Title IV* funds) the school is returning. A school may never return more through G6 than the outstanding balance on the student's Direct Loan.

### **Withdrawal Date for Administrative Withdrawals**

A school may not artificially create a withdrawal date for a student that is beyond the "trigger point" that causes the school to administratively withdraw the student. If, for example, a school has a uniform policy of withdrawing students after a specified (and reasonable) number of absences that applies throughout the payment period/period of enrollment, then the date that a student exceeded that number of absences would be the date that the school would use as the withdrawal date. If a school administratively withdraws a student for some reason other than excessive absences, it similarly will have to determine the date of the event that caused the school to make that decision to withdraw the student as the withdrawal date.

In a slightly different scenario, if a school administratively withdraws a student because all of the student's instructors report that the student has ceased attendance as of a certain date (e.g., a census date) then the last possible date of the withdrawal for that student is that (census) date.

If a school can show that a student participated in an academically related activity after the date of the event that caused the school to terminate their enrollment, the school could use the date of the academically related activity as the last date of attendance (withdrawal date).

### **Withdrawal Date When a Student Dies**

When a student dies while enrolled and attending a program of study, a school must maintain the documentation it received that the student has died and determine an appropriate withdrawal date.

If a school that is **not required to take attendance** is informed that a student has died, it must determine the withdrawal date for the

student under [34 CFR 668.22\(c\)\(1\)\(iv\)](#). This section provides that if the institution determines that a student did not begin its withdrawal process or otherwise provide official notification of their intent to withdraw because of illness, accident, grievous personal loss, or other such circumstances beyond the student's control, the withdrawal date is the date that the institution determines is related to that circumstance. The withdrawal date, in this instance, can be no later than the date of the student's death.

For an institution that is **required to take attendance**, the withdrawal date for a student who has died is the last date of attendance as determined from the school's attendance records.

For more information on how the death of a student affects the R2T4 process, see the discussion under **When a student receiving *Title IV* aid dies during the payment period or period of enrollment** later in this chapter. For complete information on how a school should proceed when a student dies, see *Appendix B* of the *FSA Handbook*.

## All Other Withdrawals Without Student Notification

The midpoint of the payment period or period of enrollment (as applicable) is the withdrawal date for all other withdrawals without notification for schools not required to take attendance unless the school chooses to use the last date of an academically related activity in which the student participated as the withdrawal date.

### All Other Withdrawals

[34 CFR 668.22\(c\)\(1\)\(iii\)](#)

## Timeframe for the Determination of a Withdrawal Date for an Unofficial Withdrawal

A school may not know that a student has dropped out—unofficially withdrawn—until it checks its records at the end of an academic period. To ensure that *Title IV* funds are returned within a reasonable period of time, schools must have a procedure for determining when a student who began attendance and received or could have received an initial disbursement of *Title IV* funds unofficially withdrew (ceased to attend without providing official notification or beginning the official withdrawal process).

Schools **not required to take attendance** must determine the withdrawal date in these cases within 30 calendar days from the earliest of the end of (1) the payment period or period of enrollment, as applicable, (2) the academic year, or (3) the student's educational program.

Institutions **required to take attendance** are expected to have a procedure in place for routinely monitoring attendance records to determine in a timely manner when a student withdraws. Except in unusual instances, the date of the institution's determination that the student withdrew should be no later than 14 days after the student's last date of attendance as determined by the institution from its attendance records.

For more information, please review Chapter 1.

### Time Frame for the Determination

[34 CFR 668.22\(j\)\(2\)](#)

## When Students Fail to Earn a Passing Grade in Any Class

An institution must have a procedure for determining whether a *Title IV* recipient who began attendance during a period completed the period or should be treated as a withdrawal. The Department does not specify a specific procedure for making this determination.

If a student earns a passing grade in one or more of their classes *offered over an entire period*, an institution may presume that the student completed the course and thus completed the period. If a student who began attendance and has not officially withdrawn fails to earn a passing grade in at least one course offered over an entire period, the institution must assume, for *Title IV* purposes, that the student has unofficially withdrawn, unless the institution can document that the student completed the period. Keep in mind that a grade of “incomplete” is not considered a passing grade or successful completion.

Please note that a “system-generated” default date is not acceptable documentation that a student began attendance.

In some cases, a school may use its policy for awarding or reporting final grades to determine whether a student who failed to earn a passing grade in any of their classes completed the period. For example, a school might have an official grading policy that provides instructors with the ability to differentiate between those students who complete the course but failed to achieve the course objectives and those students who did not complete the course. If so, the institution may use its academic policy for awarding final grades to determine that a student who did not receive at least one passing grade nevertheless completed the period.

Another school might require instructors to report, for all students awarded a non-passing grade, the student’s last date of attendance (LDA). The school may use this information to determine whether a student who received all “F” grades withdrew. If one instructor reports that the student attended through the end of the period, then the student is not a withdrawal. In the absence of evidence of a last date of attendance at an academically related activity, a school must consider a student who failed to earn a passing grade in all classes to be an unofficial withdrawal.

Note that if a school uses its grading policy to determine whether students with failing grades have unofficially withdrawn, during compliance audits and program reviews, student records might be examined to determine whether the grades assigned accurately represent the students’ attendance.

Remember, if a student does not complete at least one course during a payment period and the school cannot document that they attended at least one day during that payment period, they must be treated as one who never began attendance for the payment period. In such a case, the regulations under [34 CFR 668.21](#) apply and *Title IV* aid disbursed to the student for the payment period must be returned.

In addition, a student with all incomplete (I) grades may be considered withdrawn for *Title IV* purposes depending on a school’s incomplete grading policy. If a school has an incomplete grading process whereby a student cannot receive an incomplete unless they attended the entire period for which the incomplete grade is for, then the financial aid office can treat the incomplete like an earned F and no R2T4 calculation would be necessary since the student would be considered to have completed the period.

If a school has an incomplete grading policy that states that a student can only obtain an incomplete grade if the institution documents that they completed more than 60% of the payment period, then no R2T4 calculation needs to be performed unless the school needs to determine if any PWD is owed for any aid that could have been disbursed. In this circumstance, if the institution determines that the student does have aid that could have been disbursed for the period and the student does not have any passing or “earned F” grades, the institution must perform the R2T4 calculation using the student’s documented withdrawal date and make any applicable PWDs.

Finally, if the school does not have any completion percentage requirements for an incomplete grade, (or allows an incomplete grade to be assigned to a student without ensuring that the student completed at least 60% of the period), then the school must perform an R2T4 calculation if the student does not have any passing grades or “earned F” grades (e.g., the student has only incomplete grades, or has incomplete grades and unearned “F” or “W” grades) unless the student receives a passing grade before the R2T4 return deadline. If, after the R2T4 return deadline, a student in this circumstance receives a passing grade for an incomplete course, the school is not permitted to reverse or adjust the R2T4 calculation that was correctly performed at the time it was completed.

Volume 5, Chapter 2, Example 7 - grading policy that could be used to determine whether a student unofficially withdrew

**F (Failing)** Awarded to students who complete the course but fail to achieve the course objectives.

**I-U (Incomplete-Unauthorized)** Awarded to students who did not officially withdraw from the course but who failed to participate in course activities through the end of the period. It is used when, in the opinion of the instructor, completed assignments or course activities or both were insufficient to make a normal evaluation of academic performance possible.

To serve as documentation that a student who received all “F” grades had not withdrawn, such a grading policy would have to require instructors to award the “F” (or equivalent grade) only to students who completed the course (but who failed to achieve the

course objectives). In addition, the policy would have to require that instructors award an alternative grade, such as the "I-U" grade, to students who failed to complete the course (typically due to stopping attendance). If the system allows an instructor to indicate the date the student last participated in course activities, this date would be helpful if an institution chose to use attendance at an academically related activity as a student's withdrawal date.

At a school using such a grading policy, if a student received at least one grade of "F", the student would be considered to have completed the course and, like a student who received at least one passing grade, would not be treated as a withdrawal. A student who did not officially withdraw and did not receive either a passing grade or an "F" in at least one course must be considered to have unofficially withdrawn. As noted previously, when a student unofficially withdraws from an institution that is not required to take attendance, depending on the institution's R2T4 policy, the institution may use either the student's last date of attendance at an academically related activity or the midpoint of the period as the student's withdrawal date.

## When a Student Fails to Earn a Passing Grade

[DCL GEN-04-03 Revised](#), November 2004

### Last Date of Attendance at an Academically Related Activity

A school that is **not required to take attendance** may always use a student's last date of attendance at an academically related activity, as documented by the school, as the student's withdrawal date, in lieu of the withdrawal dates listed previously in conjunction with the school's R2T4 policy. So, if a student begins the school's withdrawal process or otherwise provides official notification of their intent to withdraw and then attends an academically related activity after that date, the school would have the option of using that last actual attendance date (as spelled out in the school's R2T4 policy) as the student's withdrawal date, provided the school documents the student's attendance at the activity. Similarly, a school could choose to use an earlier date if it believes the last documented date of attendance at an academically related activity more accurately reflects the student's withdrawal date than the date the student began the school's withdrawal process or otherwise provided official notification of their intent to withdraw per the school's R2T4 policy. Please note that a school is not required to take class attendance to demonstrate academic attendance for this purpose. For more information on what qualifies as academically related activity, see the discussion under "Academic Attendance and Attendance at an Academically Related Activity."

## Last Date of Attendance at an Academically Related Activity

[34 CFR 668.22\(c\)\(3\)](#)

### Withdrawals After Rescission of Official Notification

A student may provide official notification to the school of the intent to withdraw and then change their mind. To allow a student to rescind an intent to withdraw for purposes of this calculation, the school must obtain a written statement from the student stating their intent to remain in academic attendance through the end of the payment period or period of enrollment. If the student subsequently withdraws after rescinding an intent to withdraw, the withdrawal date is the date the student first provided notification to the school or began the school's withdrawal process, unless the school chooses to document a last date of attendance at an academically related activity.

For example, a student notifies their school that they intend to withdraw on January 5. On January 6, the student notifies the school that they have changed their mind and has decided to continue to attend the school and provides the required written statement to that effect. On February 15, the student notifies the school that they are really withdrawing this time (actually does). The school has a record of an



exam that the student took on February 9. The school may use February 9 as the student's withdrawal date. If the school could not or did not choose to document a last date of attendance at an academically related activity for the student (in this case, the record of the exam), their withdrawal date would be January 5, the date of the original notification of the student's intent to withdraw, not February 15.

## Withdrawals After Rescission of Official Notification

[34 CFR 668.22\(c\)\(2\)\(i\)](#)

### Academic Attendance and Attendance at an Academically Related Activity

For a school that is required to take attendance, the withdrawal date is always the last date of academic attendance as determined by the school from its attendance records. A school that is not required to take attendance may always use as a withdrawal date a student's last date of attendance at an academically related activity.

Moreover, the school (not the student) must document:

- that the activity is academic or academically related, and
- the student's attendance at the activity.

Under the September 2, 2020 final regulations, the Department modified and expanded the definition "academic attendance" and "attendance at an academically-related activity" to include the criteria outlined under the definition of academic engagement. Academic engagement is the active participation by a student in an instructional activity related to the student's course of study that is defined by the institution in accordance with any applicable requirements of its State or accrediting agency, and includes, but is not limited to the following academically related activities:

- Attending a synchronous class, lecture, recitation, or field or laboratory activity, physically or online, where there is an opportunity for interaction between the instructor and students;
- Submitting an academic assignment;
- Taking an assessment or an exam;
- Participating in an interactive tutorial, webinar, or other interactive computer-assisted instruction;
- Participating in a study group, group project, or an online discussion that is assigned by the institution; or
- Interacting with an instructor about academic matters.

Academically related activities do **not** include activities where a student may be present but not academically engaged, such as:

- living in institutional housing,
- participating in the school's meal plan,
- logging into an online class or tutorial without any further participation,
- participating in academic counseling or advisement.

**Maintaining records**—A school must determine and maintain the records that most accurately support its determination of a student's withdrawal date and the school's use of one withdrawal date over another according to the school's R2T4 policy. At a school that is not required to take attendance, but is using a last date of attendance at an academically related activity as a withdrawal date, it is up to the school to ensure that accurate records are kept for purposes of identifying a student's last date of academic attendance or last date of attendance at an academically related activity.

**Excused absences**—A school may only count as days in attendance excused absences that are followed by some class attendance. That is, a school may not include as days attended any excused absences that occur after a student's last day of actual attendance.

## Academic Attendance

## Documenting Attendance When Students Are Enrolled in Distance Education Courses

For distance education, documenting that a student has logged into an online class is not sufficient to demonstrate academic attendance by the student. A school must demonstrate that a student participated in class or was otherwise engaged in an academically related activity. Examples of acceptable evidence of academic attendance and attendance at an academically related activity in a distance education course/program include, but are not limited to:

- student submission of an academic assignment,
- student submission of an exam,
- documented student participation in an interactive tutorial, webinar or other interactive or computer-assisted instruction,
- a posting by the student showing the student's participation in an online study group that is assigned by the institution,
- a posting by the student in a discussion forum showing the student's participation in an online discussion about academic matters, and
- an email from the student or other documentation showing that the student-initiated contact with a faculty member to ask a question about the academic subject studied in the course.

Please note that only active participation by a student in an instructional activity related to the student's course of study that meets the definition of "academic engagement" in [34 CFR 600.2](#) and takes place during a payment period or period of enrollment qualifies as attendance in an academically related activity. If a period of orientation takes place prior to the start of a course, it would not qualify as attendance in an academically related activity.

## Documentation of a Withdrawal Date

A school must document a student's withdrawal date and maintain that documentation as of the date of the school's determination that the student withdrew. The determination of a student's withdrawal date is the responsibility of the school, *not the student*. A student's certification of attendance that is not supported by institutional documentation is not acceptable. If a school is required to take attendance, it is up to the school to ensure that accurate attendance records are kept for purposes of identifying a student's last date of academic attendance.

As with other Title IV program records, schools must retain and make documentation available for examination in accordance with the regulatory provisions for recordkeeping ([34 CFR 668.24](#)).

## Documenting a Student's Withdrawal Date

[34 CFR 668.22\(b\)\(2\)](#)

[34 CFR 668.22\(c\)\(4\)](#)

## Determining a Student's Withdrawal Date at a School That is Not Required to Take Attendance

## Title IV Withdrawals from Programs Offered in Modules

Under the [September 2, 2020 final regulations](#), the Department revised the definition of a program “offered in modules” for *Title IV* purposes to only include a program that uses a *standard term or nonstandard-term academic calendar, is not a subscription-based program, and has a course or courses in the program that do not span the entire length of the payment period or period of enrollment (34 CFR 668.22(l))*. This means that non-term credit-hour, clock-hour and subscription-based programs are never considered to be a program offered in modules for R2T4 purposes.

For all programs offered in modules, a student is considered to have withdrawn for *Title IV* purposes if the student ceases attendance at any point prior to completing the payment period or period of enrollment, unless the school obtains written confirmation from the student at the time of the withdrawal that they will attend a module that begins within the established timeframes later in the same payment period or period of enrollment or meets one of the R2T4 withdrawal exemptions (see *Chapter 1* for more information).

For a student in a standard or nonstandard-term program offered in modules, excluding subscription-based programs, a student is considered to have withdrawn from the program if the student is not scheduled to begin another module/course within the payment period or period of enrollment for more than 45 calendar days after the end of the module the student ceased attending, unless the student is on an approved leave of absence. So, for a student in a standard or nonstandard-term program offered in modules, excluding subscription-based programs, who ceases attendance, the student is considered to have withdrawn for *Title IV* purposes unless the school obtains written confirmation from the student at the time of the withdrawal that they will attend a module that begins later in the same payment period or period of enrollment, provided the later module the student will attend begins no later than 45 calendar days after the end of the module the student ceased attending.

**Please note:** If a student is solely enrolled in modules within a term (no full-term courses), then the 45-day timeframe will apply if the student provides written confirmation to attend a later module within the term.

For schools that perform R2T4 on a payment period basis and a student is enrolled in both modules and full-term courses, the 45-day timeframe does not apply since the full-term course is treated like a module for the term in question where the student is (or was) expected to be enrolled for the entire payment period. Therefore, in situations where the student was attending full-term courses and completely withdraws but provides written confirmation to attend a future module within that payment period, there is no time limit as to when the future module must start. As long as the module starts within the payment period, the school can hold off performing an R2T4 to see if the student begins attendance in the future module.

If a school has a policy to administratively withdraw a student who fails to begin attendance in another course within a period of time that is less than the 45-day period, the student is considered a withdrawal for *Title IV* purposes, and the school must determine their withdrawal date in accordance with the requirements for administrative withdrawals.

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. The student’s withdrawal date and the total number of calendar days in the payment period or period of enrollment are the withdrawal date and total number of calendar days as of the student’s last date of attendance, that would have applied had the student not provided written confirmation of future attendance.

If a student enrolled in a term- based credit-hour program offered in modules who withdrew without confirming an intent to return to a later module in the payment period or period of enrollment re-enters the same program prior to the end of the payment period or period of enrollment, the student is treated as if they did not cease attendance, and the school must reverse the R2T4 calculation, including reimbursing any returns that it made on the basis of that calculation.

How to determine whether a student in a program offered in modules has withdrawn

Schools can determine whether a student enrolled in a series of modules is a withdrawal by asking the following five questions.

1. Did the student cease to attend, or fail to begin attendance in a scheduled course that was included in the institution’s calculation of the student’s *Title IV* awards for the payment period or period of enrollment?

- If yes, go to question 2
  - If no, student is not a withdrawal
2. When the student ceased to attend or failed to begin attendance in a scheduled course, was the student attending other courses in the period?
    - If yes, student is not a withdrawal, but Pell recalculations may apply
    - If no, go to question 3
  3. When the student ceased to attend or failed to begin attendance in a scheduled course, did the student complete all the requirements for graduation?
    - If yes, student is not a withdrawal, but Pell recalculations may apply
    - If no, go to question 4
  4. When the student ceased to attend or failed to begin attendance in a scheduled course, did the student successfully complete:
    - a module or combination of modules that contain 49% or more of the number of days of the payment period (excluding scheduled breaks of 5 consecutive days or more and all days between modules); OR
    - coursework equal to or greater than the coursework required for the institution's definition of a half-time student for the payment period?
    - If yes to either question, student not a withdrawal, but Pell recalculations may apply
    - If no, go to question 5
  5. Did the student confirm attendance in a later module in the payment/enrollment period (45-day rule for standard or nonstandard term programs offered in modules)?
    - If yes, not a withdrawal, but Pell recalculations may apply
    - If no, student is a withdrawal

**Note:** See the discussion under "If a student remains enrolled only in non-*Title IV* eligible courses" in Chapter 1 for more information about a student in a term-based module program who remains enrolled only in non-*Title IV* eligible courses.

## Examples of Using the Five Questions to Determine Whether a Student Who is Scheduled to Complete Two Courses in Each of the First Two of Three Modules Within a Payment Period Has Withdrawn

### Volume 5, Chapter 2, Example 8

The student begins attendance in two courses in the first module but ceases to attend both courses after just a few days and does not provide written confirmation that they will return to any courses in modules two or three. The student is a withdrawal because they ceased to attend courses they were scheduled to attend (Yes to question 1); was not still attending any other courses (No to question 2); did not graduate (No to question 3); did not successfully complete a module(s) totaling 49% or more of the number of days in the payment period or half-time coursework (No to question 4); and did not confirm attendance in a course in a module beginning later in the period (No to question 5).

### Volume 5, Chapter 2, Example 9

If, however, the student begins attendance in two courses in the first module but drops just one of the courses after just a few days, the student is not a withdrawal. Although the student ceased to attend a course they were scheduled to attend (Yes to question 1), the student was still attending another course (Yes to question 2). However, the student's eligibility may have to be

recalculated.

## Volume 5, Chapter 2, Example 10

If the student completes two courses in module one totaling 6 credit hours (1/2 time enrollment), and then withdraws, the student is not a withdrawal. The student ceased to attend courses they were scheduled to attend (Yes to question 1); was not still attending any other courses (No to question 2); did not graduate (No to question 3); BUT did successfully complete a module(s) totaling 49% or more of the number of days in the payment period or half-time coursework (YES to question 4). Because the student met one of the withdrawal exemptions, the student is not considered withdrawn for R2T4 purposes. However, because the student did not begin attendance in all courses, other regulatory provisions concerning recalculation may apply.

### **Determining if a Program is Offered in Modules**

A standard term or nonstandard-term program, excluding subscription-based programs, is offered in modules if a course or courses in the program do not span the entire payment period or period of enrollment. The determination of whether a program is offered in modules is made on a payment period or period of enrollment basis, as appropriate, and is student specific. So, while some periods in a student's program may be considered to be offered in modules, others may not. If all the courses in a program span an entire payment period or period of enrollment, the program is not considered to be offered in modules for any student who withdraws during **that** period.

Conversely, if none of the courses in a program for a particular payment period or period of enrollment span the entire period, the program is considered to be offered in modules for a student who withdraws during **that** period.

If some courses span the entire period but some do not (modules), the program is considered to be offered in modules for any student scheduled to attend at least one course that does not span the entire period and who withdraws during the period.

For example, an institution offers a credit-hour program in semesters with two optional summer sessions. All the courses in the fall and spring semesters span the entire length of the semester. The two summer sessions are offered sequentially and are each seven weeks long. The institution chooses to combine the summer sessions into one term. Students have the option to enroll in either session or both sessions. The fall and spring semesters are never considered to be offered in modules for any student who withdraws because all classes span the entire length of the payment period (the term). However, for the summer sessions, where the payment period is the term comprising both sessions, all students who withdraw are considered to be withdrawing from a program offered in modules (with each session being a module) because none of the courses offered span the entire length of the payment period. If, for the summer term, the institution also offered courses that were 14 weeks in length (i.e., spanned the entire length of the payment period) and a student who withdrew was scheduled to attend only 14-week-long courses, the program would not be considered to be offered in modules for determining the applicability of the return of *Title IV* funds requirements for that student's withdrawal.

Not every payment period or term may contain modules as noted above. Consider a student enrolled in a program offered predominantly in standard terms without modules. However, the third semester of the program is composed of clinical coursework offered in modules. If a student withdraws during the third semester, the student would have to be treated as one who withdrew from a modular program.

### **When a Student Who Has Withdrawn Returns Within a Payment Period or Period of Enrollment**

If a withdrawn student returns to the school and re-enters the same program within the same payment period or period of enrollment for a term-based program offered in modules, the student is treated as though they did not cease attendance and the school must "undo" the R2T4 calculation.

As with a student who re-enters the same clock hour or non-term credit-hour program within 180 days, for a student who returns to a term-based credit hour program offered in modules within the same payment period or period of enrollment, the school must restore the student's original *Title IV* program funds to the original amounts, with no adjustments required for partial attendance of a module. However, if a student did not attend a module they were originally scheduled to attend during the time the student was away from the school, the

school must adjust the student's original *Title IV* fund amounts to take into account that the student never began the courses in that module (e.g. Federal Pell Grant mandatory recalculations, etc.).

However, the regulations require that funds be returned to the Department or delivered or offered to a student due a PWD within a specified period of time, and a school is expected to begin the R2T4 process immediately upon its determination that a student has withdrawn in order to perform any required actions in a timely manner. (See the chart "Return of *Title IV* Funds Requirements and Deadlines" near the end of this chapter for a description of all time-limited actions.) Therefore, once it has determined that a student has withdrawn, a school may not delay performing an R2T4 calculation to see if the student will return later in the payment period or period of enrollment.

### **Written Confirmation of Future Attendance**

A student is not considered to have withdrawn if the school obtains a written confirmation from the student at the time of the withdrawal that they will attend a module that begins later in the same payment period or period of enrollment. This confirmation must be obtained at the time of withdrawal, even if the student has already registered for subsequent courses, and the later module cannot begin any later than 45 calendar days after the end of the module the student ceased attending.

"At the time of the withdrawal" means close to the date that the student actually ceased attendance and before the time when the school was required to return *Title IV* funds, offer any PWD of loan funds, or take any other action under the R2T4 requirements. Without confirmation of future attendance, a school must assume a student who has ceased attendance is a withdrawal and begin the R2T4 process. A school is expected to begin the R2T4 process immediately upon its determination that a student has withdrawn in order to perform required actions in a timely manner and may not delay the R2T4 process in hopes that a student might return. Of course, because the notice must confirm attendance in a module that begins later in the same payment period or period of enrollment, the notice must always be obtained prior to the beginning of the module in which the student is confirming attendance.

Written confirmation can be electronic as well as hardcopy. One form of electronic written confirmation may be through an online confirmation process. With an online confirmation process, the school must ensure that the online confirmation requires the student to reaffirm attendance in a module that begins later in the period in a timely manner. Remember that a school may not assume a student will be returning for a later module in which they were registered before the student ceases attendance. However, if at the time of the withdrawal, the student enrolled in a course in a later module in the same payment period or period of enrollment (**that the student was not previously scheduled to attend**), the newly added course would count as positive confirmation of future attendance for *Title IV* program purposes (assuming it started within 45 days after the end of the module the student ceased attending).

### **Changing Dates of Written Confirmation of Future Attendance**

A student who has provided written confirmation of their intent to return is permitted to change the date of return to a different module in the same payment period or period of enrollment, provided that they do so in writing prior to the return date previously confirmed, and, for standard and nonstandard-term programs offered in modules, the module that they will now attend begins no later than 45 calendar days after the end of the module the student ceased attending.

### **Institutional Charges Associated with a Program Offered in Modules**

For purposes of determining the amount of institutional charges to use in the R2T4 calculation, an institution must always use the initial charges assessed the student for the entire payment period or period of enrollment. An institution only accounts for adjustments to those charges made prior to the student's withdrawal (for example, for a change in enrollment status unrelated to the withdrawal). It would not include any charges or adjustments that occur after the student's withdrawal. This also applies to situations where the institution charged the student for classes in multiple modules, but the denominator of the R2T4 calculation only consists of the days in a single module.

### **Withdrawal Date for a Program Offered in Modules**

Regardless of whether a student withdraws from a program offered in modules or a program not offered in modules, the withdrawal date is still determined following the normal R2T4 requirements.

For a school that is **required to take attendance**, a student's withdrawal date is always the last date of academic attendance as determined by the school from its attendance records ([34 CFR 668.22\(b\)\(1\)](#)).



For a school that is **not required to take attendance**, the withdrawal date is determined in accordance with the requirements of section [34 CFR 668.22\(c\)](#). For official withdrawals, the withdrawal date is the earlier of the date the student began the official withdrawal process or otherwise provided official notification of withdrawal to the institution.

The withdrawal date for a student who withdraws from a school that is **not required to take attendance** when the student does not provide official notification to the school of their withdrawal (i.e., unofficially withdraws) is the midpoint (the 50% point) of the payment period or period of enrollment, unless the school chooses to use a last date of attendance at an academically related activity as defined by the school's R2T4 policy.

## Determining the Number of Days a Student is Scheduled to Complete in Modules

As discussed in Chapter 1, a student is considered withdrawn from a credit-hour program (assuming they do not meet any of the withdrawal exemptions or provide appropriate written confirmation of intent to return) if the student does not complete all the days in the payment period or period of enrollment that the student was scheduled to complete. The [September 2, 2020 final regulations](#) added a definition of the number of days a student was scheduled to complete in a module by indicating under [34 CFR 668.22\(l\)\(9\)](#) that a student in a program offered in modules is scheduled to complete the days in a module if the student's coursework in that module was used to determine the amount of the student's eligibility for *Title IV*, HEA funds for the payment period or period of enrollment.

When a student enrolls in a module during a payment period or period of enrollment, the student is considered to be enrolled in a program offered in modules and the institution must determine the number of days in the denominator of the R2T4 calculation based on whether the coursework, including full-term courses, was used to determine the amount of eligibility for *Title IV* aid. This determination will depend on several factors:

- Whether the school uses an R2T4 Freeze Date;
- The *Title IV* programs for which the student was eligible; and
- Which modules/courses the student attended during the period.

When a student enrolls in a module during a payment period or period of enrollment, the following guidance about using an R2T4 Freeze Date or not applies to all courses the student enrolls in including full-term courses during the period.

## R2T4 Freeze Date

An R2T4 Freeze Date is an optional (not required) policy that uses the student's enrollment schedule at a fixed calendar point to determine the number of days the student is scheduled to attend during the period for R2T4 purposes. If the institution uses an R2T4 Freeze Date, the days in a module/course are included in the R2T4 calculation if the student attends the module/course or is enrolled in the module/course on the R2T4 Freeze Date, regardless of the types of *Title IV* aid awarded. However, if a student is enrolled in a period and the institution uses an R2T4 Freeze Date and the student withdraws prior to the R2T4 Freeze Date, the institution includes the days associated with any module/course the student started and any module/course the student was enrolled in for the period as of the withdrawal date. Please note that though the use of an R2T4 Freeze Date is optional, if established, the R2T4 Freeze Date must be used for all students enrolled in the same program of study.

If a school chooses to use an R2T4 Freeze Date, the date can coincide with other dates (e.g. census dates, Pell recalculation dates, etc.) or be a separate date. Also, similar to Pell recalculation dates (PRDs), institutions may use multiple R2T4 Freeze Dates for multiple modules. A student will only have one R2T4 Freeze Date apply to them within a payment period or period of enrollment. The school will use the last R2T4 Freeze Date in the period that applies to a student. And like a PRD, an R2T4 Freeze Date applicable to a particular module is activated only if the student actually starts attending that module. However, remember that if a student attends one day in a module, whether or not that course has been dropped by the student's latest R2T4 Freeze Date, those days must be factored in the R2T4 calculation.

### Reminder

An institution must ensure that the R2T4 Freeze Date for a given payment period or period of enrollment will not occur prior to the timeframe when most students enroll for all classes throughout the period. A school is not permitted to purposely structure the timing of students' enrollment such that students can only enroll in a single module when the R2T4 freeze date occurs but then enrolls in other modules and receives more *Title IV* aid after the R2T4 Freeze Date.

## Title IV Programs for Which the Student is Eligible

Institutions that choose to not establish an R2T4 Freeze Date will monitor changes in the student's enrollment throughout the period and which module/course days to include in the R2T4 calculation will, in part, depend on the type of *Title IV* aid awarded.

If the student is only eligible for Pell Grant, or TEACH Grant funds during the period and the institution does NOT use an R2T4 Freeze Date, the days in a module/course must be included in the denominator of the R2T4 calculation only if the student *actually attends the module/course*. This is because Pell Grant and TEACH Grant recalculation requirements ultimately require institutions to exclude from consideration in the student's enrollment status/intensity any coursework that the student did not attend.

If the student is eligible for Direct Loan or FSEOG funds during the period (regardless of eligibility for other *Title IV* programs) and does NOT use an R2T4 Freeze Date, the days in a module/course must be included in the R2T4 calculation if the student was enrolled in the module/course on the first day of the period or enrolled in the module/course at any time during the period. This is because a student's cost of attendance for these programs is affected by the student's enrollment in all modules/courses during a payment period or period of enrollment. Please note that "eligible" for Direct Loan funds means that the funds can be included in the disbursed or could have been disbursed column in the R2T4 calculation.

Whatever approach the institution establishes to identify days a student was scheduled to complete within modules, the institution needs to ensure that the process is spelled out clearly in its' R2T4 policy.

## Attendance in a Module

Regardless of any of the considerations above, the days in a module are always included in the denominator of the R2T4 calculation if the institution has documented attendance for a student in the module, even for a single day.

## Determining the Number of Days Scheduled in Modules Examples

### Volume 5, Chapter 2, Example 11 – No R2T4 Freeze Date (Pell Grant recipient)

- Student enrolled in a semester with two 8-week modules
- School uses one Pell recalculation date (PRD) 10 days into overall term
- Student enrolled in 6 hours in module 1 and 6 hours in module 2
- As of PRD, student started 6 hours and was enrolled in 12 hours
- School disbursed a full-time Pell Grant to the student
- Student ends up withdrawing during module 1 and never attends module 2
- School must perform a mandatory Pell recalculation and pay the student a half-time Pell amount based on the student's attendance in module 1
- Since the student only received Pell Grant funds and the school did not use an R2T4 Freeze Date, the school will only use the days from the module(s) that the student actually attended. Since the student only attended module 1, **the number of days in module 2 are not included in the denominator of the R2T4 calculation.**

### Volume 5, Chapter 2, Example 12 – R2T4 Freeze Date (Pell Grant recipient)

- Student enrolled in a semester with two 8-week modules
- School uses one Pell recalculation date (PRD) 10 days into overall term and uses that date as their "R2T4 freeze date" for

modular days

- Student enrolled in 6 hours in module 1 and 6 hours in module 2
- As of the R2T4 Freeze Date, the student was enrolled in 12 hours (modules 1 and 2)
- School disbursed a full-time Pell Grant to the student
- Student ends up withdrawing in module 1 and never attends module 2
- School must perform a mandatory Pell recalculation and pay a half-time Pell
- Regardless of attendance, since the coursework enrolled in as of the school's R2T4 Freeze Date was for modules 1 and 2, **the number of days in both modules are included in the denominator of the R2T4 calculation.**

Volume 5, Chapter 2, Example 13 – No R2T4 Freeze Date (Pell Grant recipient later eligible for Direct Loan funds)

- Student enrolled in a semester with two 8-week modules
- School uses one Pell recalculation date (PRD) 10 days into overall term
- Student only enrolled in 3 hours in module 1 as of the PRD (could have enrolled in coursework for the whole term but chose to only enroll in module 1)
- A week after the PRD, student enrolls in 3 hours in module 2 and requests a Direct Loan
- School disbursed a less-than-half-time Pell Grant to the student and made a Direct Loan disbursement
- Student ends up withdrawing during module 1 and never attends module 2
- School does not have to do a Pell recalculation since it only disbursed less than half-time Pell Grant; loan funds do not have to be adjusted since student started a class and was registered half-time at the time of disbursement
- Since the school did not use an R2T4 Freeze Date and the student was awarded a Direct Loan, the school will factor in the days of any module the student enrolled in as of the first day of the period or during the payment period. In this case, the student enrolled in courses in both modules 1 and 2 and therefore, **the number of days in both modules 1 and 2 are included in the denominator of the R2T4 calculation.**

Volume 5, Chapter 2, Example 14 – R2T4 Freeze Date (Pell Grant recipient later eligible for Direct Loan funds)

- Student enrolled in a semester with two 8-week modules
- School uses one Pell recalculation date (PRD) 10 days into overall term and uses that date as their “R2T4 Freeze Date” for modular days
- Student only enrolled in 3 hours in module 1 as of the R2T4 Freeze Date (could have enrolled in coursework for the whole term but chose to only enroll in module 1)
- A week after R2T4 Freeze Date, student enrolls in 3 hours in module 2 and requests a Direct Loan
- School disbursed a less-than-half-time Pell Grant and a Direct Loan disbursement to the student
- Student withdraws during module 1 and never attends module 2
- School does not have to do a Pell recalculation because it only disbursed a less than half-time Pell Grant; loan funds do not have to be adjusted since student started a class and registered half-time at time of disbursement
- Since the coursework enrolled in as of the school's R2T4 Freeze Date was only for module 1 AND the student never attended at least one day in module 2, **only the number of days in module 1 are included in the denominator of the R2T4 calculation.**

Volume 5, Chapter 2, Example 15 – No R2T4 Freeze Date (Pell Grant recipient)

- Student enrolled in a semester with five 4-week modules
- School uses one Pell recalculation date (PRD) 10 days into overall term
- Student enrolled in a 2-hour course in all five modules for a total of 10 hours
- As of PRD, student started 2 hours in module 1 and was enrolled in 10 hours
- School disbursed a three-quarters-time Pell Grant to the student
- Student completes module 1, starts attending module 2 and then withdraws
- School must perform a mandatory Pell recalculation and pay the student a less than half-time Pell amount (only started 4 hours)
- Since the student only received Pell Grant funds and the school did not use an R2T4 Freeze Date, the school will only use the days from the module(s) that the student **actually attended**. Since the student attended modules 1 and 2, regardless of the amount of Pell Grant funds received, **the number of days in modules 1 and 2 are included in the denominator of the R2T4 calculation.**

Volume 5, Chapter 2, Example 16 – R2T4 Freeze Date (Pell Grant and Direct Loan recipient)

- Student enrolled in a semester with five 4-week modules
- School uses one Pell recalculation date (PRD) 10 days into overall term and uses that date as their “R2T4 freeze date” for modular days
- Student enrolled in two 3 credit-hour courses in module 1 as of the R2T4 freeze date
- School disbursed a half-time Pell Grant and made a Direct Loan disbursement
- Towards the end of module 1, student enrolls in a 3 credit-hour course in module 2 and a 3-credit hour course in module 3;
- However, after attending a few days in module 2, the student withdraws
- School does not have to do a Pell recalculation since it only disbursed a half-time Pell Grant to the student; loan funds do not have to be adjusted since student started a class and registered half-time at time of disbursement
- Though the student was only enrolled in coursework in module 1 as of the R2T4 Freeze Date, since the student attended at least one day in module 2 but never attended module 3, **the number of days in modules 1 and 2, but not module 3, are included in the denominator of the R2T4 calculation.**

Volume 5, Chapter 2, Example 17 – No R2T4 Freeze Date (Direct Loan recipient)

- Student enrolled in a semester with four, 4-week modules
- Student enrolled in a 3-hour course in modules 1, 3, and 4 for a total of 9 hours
- School made a Direct Loan disbursement
- Student completed module 1, starts attending module 3 and then completely withdrew (never attended module 4)
- School does not have to adjust loan funds since the student started a class and was registered half-time at the time of disbursement
- Since the school did not use an R2T4 Freeze Date and the student was awarded a Direct Loan, the school will factor in the days of any module/course the student enrolled in as of the first day of the period or during the payment period. In this case, the student enrolled in courses in modules 1, 3, and 4 and therefore, **the number of days in modules 1, 3, and 4 are included in the denominator of the R2T4 calculation.**

**Reminder:** Before calculating the number of days a student was scheduled to complete, the school should review the student's circumstances to determine whether the student qualifies for any of the withdrawal exemptions. If the student qualifies for a withdrawal exemption, there is no need to compute the number of scheduled days to use within the R2T4 calculation.

## Aid to Include in an R2T4 Calculation

If a student withdraws before beginning attendance in the number of credit hours for which the Federal Pell Grant and Campus-Based funds were awarded, before performing the required R2T4 calculation, a school must recalculate the student's eligibility for Pell Grant and Campus-Based funds based on a revised cost of attendance and enrollment status/intensity ([34 CFR 690.80\(b\)\(2\)\(ii\)](#)). The school then performs an R2T4 calculation using the student's revised award.

For such a student, a change in enrollment status to less than half time as a result of the failure to begin attendance in all subsequent modules would not affect the student's eligibility for any federal education loan funds previously received because at the time the previous disbursements were made, the student was still scheduled to attend on at least a half-time basis. (Of course, a student may not receive as a late disbursement any second or subsequent disbursement of the loan.)

However, if a student who was enrolled in a series of modules withdraws before beginning attendance as a half-time student and the student had not received the first disbursement of a Direct Loan before withdrawing, the school may not make the first disbursement because the school knows the student was never enrolled on at least a half-time basis. A school may not disburse the proceeds of a Direct Loan to an ineligible borrower.

*Title IV* program funds are disbursed to a student on the presumption that they will attend the hours for which aid has been awarded. Therefore, a school is not required to delay the disbursement of *Title IV* program funds until a student has attended enough hours to qualify for the enrollment status for which the funds were awarded. However, if the student has withdrawn and has not begun attendance in enough courses to establish a half-time enrollment status/intensity, the presumption is no longer valid. Thus, the school may not make a first disbursement of a Direct Loan to such a student. Section [668.164\(j\)\(3\)\(iii\)](#), which permits a school to make a late disbursement of a Direct Loan for costs incurred to a student who did not withdraw but ceased to be enrolled as at least a half-time student, does not apply because the student never really was a half-time student.

For example, consider a credit-hour program where each semester comprises three modules of five weeks each. If a student enrolls in one three-credit course in the first module and one three-credit course in the second module, the student will not begin attendance in six credit hours, the school's minimum half-time enrollment status, until starting the course in the second module. The school is not required to, nor should it, delay the disbursement of the student's Direct Loan Program funds until the student begins the course in the second module. However, if the student withdraws during the first module and the school has not made the first disbursement of a Direct Loan to the student prior to the withdrawal, the school may not make that first disbursement of the Direct Loan to the student as a late disbursement (although the loan would be included as **aid that could have been disbursed**) since the student never actually began half-time attendance.

## Written Confirmation of Future Attendance in Nonmodular Programs

Though written confirmation was discussed earlier in conjunction with programs offered in modules, it is important to note that written confirmation is also applicable in subscription-based and non-term programs.

A student is not considered to have withdrawn if the institution obtains written confirmation from the student at the time of withdrawal that they will attend a later course in the same payment period/period of enrollment; and

- For a **subscription-based program**, a student is not considered to have withdrawn if the school obtains written confirmation from the student at the time that the student would have otherwise been a withdrawal, that they will resume attendance, and that future date occurs within the same payment period or period of enrollment and **is no later than 60 calendar days after the student ceased attendance**; or
- For a **non-term program**, a student is not considered to have withdrawn if the school obtains written confirmation from the student at the time that the student would have otherwise been a withdrawal, that they will resume attendance, and that future date is **no later than 60 calendar days after the student ceased attendance**.

A student may change the date of return that begins later in the same payment period or period of enrollment, provided that the student does so in writing prior to the return date that they had previously confirmed and for non-term and subscription-based programs, the student's program permits the student to resume attendance **no later than 60 calendar days after the student ceased attendance.**

## Part 2—Percentage of Aid Earned

### Percentage of Payment Period or Period of Enrollment Completed

Once a student's withdrawal date is determined, a school needs to calculate the percentage of the payment period or period of enrollment that was completed. The percentage of the payment period or period of enrollment completed represents the percentage of aid earned by the student. This percentage is determined differently for students who withdraw from credit-hour programs and students who withdraw from clock-hour programs.

### Percentage of Payment Period or period of Enrollment Completed

[34 CFR 668.22\(f\)](#)

### Scheduled Breaks

For credit hour programs, institutionally scheduled breaks of five or more consecutive days are excluded from the R2T4 calculation as periods of nonattendance and, therefore, do not affect the calculation of the amount of *Title IV* aid earned. If a scheduled break occurs prior to a student's withdrawal, all days between the last scheduled day of classes before a scheduled break and the first day classes resume are excluded from both the numerator and denominator in calculating the percentage of the term completed. If the withdrawal occurs prior to a scheduled break, the days in the break are excluded only from the denominator.

If a student officially withdraws while on a scheduled break of less than five days, the date of the student's notification to the institution is the student's withdrawal date. (Withdrawing during a scheduled break of less than five days does not affect the date the school uses as the date of withdrawal in an R2T4 calculation.)

The beginning date of a scheduled break is defined by the school's calendar for the student's program. In a program where classes only meet on Saturday and/or Sunday, if a scheduled break starts on Monday and ends on Friday, the five weekdays between the weekend classes do not count as a scheduled break because the break does not include any days on which classes are scheduled. Therefore, the five days would not be excluded from the numerator or denominator in Step 2 of an R2T4 calculation.

### Scheduled Breaks

[34 CFR 668.22\(f\)\(2\)\(i\)](#) and [\(ii\)\(B\)](#)

### Determining the Length of a Scheduled Break

1. Determine the last day that class is held before a scheduled break—the next day is the first day of the scheduled break.
2. The last day of the scheduled break is the day before the next class is held.

Where classes end on a Friday and do not resume until Monday following a one-week break, both weekends (four days) and the five weekdays would be excluded from the R2T4 calculation, for a total of nine days. (The first Saturday, the day after the last class, is the first day of the break. The following Sunday, the day before classes resume, is the last day of the break.)



If classes were taught on either weekend, those days would be included rather than excluded and would not be part of the scheduled break. For example, if a community college offers regular classes on Saturday and Sunday and its academic calendar says that a scheduled break starts on a Monday and resumes with classes the following Monday, that break is seven days long.

#### Volume 5, Chapter 2, Example 18 - Withdrawal Date When a Student Withdraws During a Scheduled Break of Five or More Days

If a student officially withdraws while on a scheduled break of five consecutive days or more, the withdrawal date is the last date of scheduled class attendance prior to the start of the scheduled break. For example, the institution's last date of scheduled class attendance prior to spring break is Friday, March 7. Spring break at the institution runs from Saturday, March 8, to Sunday, March 16. If the student contacts the institution's designated office on Wednesday, March 12, to inform the institution that they will not be returning from the institution's spring break, the student's withdrawal date is Friday, March 7, which was the institution's last day of scheduled class attendance.

However, the date of the institution's determination that the student withdrew is March 12, the date the student actually informed the institution that they would not be returning. The date of the institution's determination that the student withdrew is used as the starting date for institutional action, such as providing student notifications and returning *Title IV* funds.

#### Institutionally Scheduled Breaks of at Least Five Consecutive Days

Institutionally scheduled breaks of at least five consecutive days between courses/ modules in the same payment period or period of enrollment are excluded from an R2T4 calculation.

If a student takes an "unscheduled break in attendance," thereby deviating from the student's original attendance plan, the school either must treat the student as a withdrawal or place the student on an "approved leave of absence" as described under "Breaks in Attendance for Students Enrolled in Programs Measured in Credit Hours Without Academic Terms," in Chapter 1.

The length of a payment period can never be less than the originally scheduled length. If a student is progressing more rapidly than originally planned and the required projection calculation results in an end date that creates a shorter payment period, the school must use the original "end date" in the R2T4 calculation.

#### Temporary Closures Beyond the Control of the Institution

A school that temporarily closes due to weather, natural disaster, or other event outside the control of the institution should promptly contact its School Participation Division to discuss its situation. The Department will work with the school to review the effects of the temporary interruption and the impact of the temporary closure.

You can find the Department's most recent disaster guidance on the Knowledge Center under the Dear Colleague Letter [GEN-17-08](#).

## Credit-Hour Programs

For a credit-hour program, the percentage of the period completed is determined by dividing the number of calendar days completed in the payment period or period of enrollment, as of the day the student withdrew, by the total number of calendar days in the same period.

$$\frac{\text{number of calendar days completed in the period}}{\text{total number of calendar days in the period}}$$

The number of calendar days in the numerator or denominator includes all days within the period, **except for institutionally scheduled breaks of five or more consecutive days or days in which the student was on an approved leave of absence.** The day the student withdrew is counted as a completed day. If the student is enrolled in a program offered in modules, please review the earlier section entitled “Determining the Number of Days a Student Is Scheduled to Complete in Modules.”

## Credit-Hour Programs

[34 CFR 668.22\(f\)\(1\)\(i\)](#)

### Percentage of *Title IV* Aid Earned for Withdrawal from a Non-Term Credit-Hour Program

In a non-term credit-hour program, the ending date for a period and, therefore, the total number of calendar days in the period, may depend on the pace at which an individual student progresses through the program. Therefore, for a student who withdraws from a non-term credit-hour program in which the completion date of the period depends on an individual student’s progress, an institution must project the completion date based on the student’s progress as of their withdrawal date to determine the total number of calendar days in the period. (See the examples that follow.)

If a student withdraws from a self-paced, non-term credit-hour program before earning any credits, the institution must have a reasonable procedure for projecting the completion date of the period. To the extent that any measure of progress is available, the institution should base its determination on that progress (see examples 20 and 21 following this section).

For a school that offers non-term credit-hour programs in which the student does not earn credits or complete lessons as they progress through the program, the institution must have a reasonable procedure for projecting the completion date of the period based on the student’s progress before withdrawal. If the total number of calendar days in the period does not depend on the pace at which a student progresses through a program (the completion date is the same for all students) and the student has not failed any courses for which they were paid in the payment period, the total number of calendar days in the period will be the same for all students.

Consider a non-term credit-hour program where some or all of the courses are offered sequentially and all students begin and end the courses at the same time. For a student who successfully completed all courses attempted up to the time the student withdrew, the completion date (and the corresponding number of days in the R2T4 calculation) will be the number of days between the start of the first course and the originally scheduled end of the last course.

### Examples of Calculating a Completion Date for a Student who Withdraws From a Non-term Credit-Hour Program

#### Volume 5, Chapter 2, Example 19—Lessons Completed

The student enrolled in a program offered in a non-term credit-hour format and, though they completed two lessons, they withdrew before earning any credits. The institution uses the student’s completed assignments as an interim measure of their progress and compares it to information from its records about other students who have completed the same program to determine an end date. Looking at the records of students who have completed the same program, the institution identifies other students who complete the two lessons in approximately the same amount of time as the student. The school determines the number of days it took those students to complete the period and uses the same number of days in the denominator of the R2T4 calculation for the student.

## Volume 5, Chapter 2, Example 20—Nothing Completed

A student enrolls in a program offered in a non-term credit-hour format. They withdraw before earning any credits, completing any lessons, or providing any other measure of progress toward the course or program goals at the time they withdrew. The institution uses its records to identify the student who took the longest to complete the period and determines the number of days it took that student to complete the period. The institution then uses the same number of days in the denominator of the R2T4 calculation for the student.

## Volume 5, Chapter 2, Example 21—Percentage Completed

A student is enrolled in a non-term 24 credit-hour program at an institution that calculates R2T4's on a payment period basis. Students in the program are expected to complete 12 credit hours each payment period in 15 weeks (105 days). The program has no scheduled breaks of 5 or more days.

When the student began classes, they received a Federal Pell Grant and a Direct Loan. They completed the 12 credit hours in the first payment period (half of the number of credit hours) in 120 days (more than half the weeks of instructional time in the program). When the student completed the first half of their program, they became eligible for the second disbursements of both their Federal Pell Grant and Direct Loan.

The student withdrew from school on day 53 of the second payment period. At the time they withdrew, the student had completed only one-third of the work (four credits) in the payment period. If the student had continued to progress at their current pace of four credits earned every 53 days, they would not complete the additional eight credit hours for another 106 days. They would not complete the 12 credit hours in the second payment period until day 159.

The total number of days in the student's payment period (and the number used in the denominator of the R2T4 calculation) is 159. The percentage of the payment period the student completed before withdrawing is 33.3% (53 days completed divided by 159 total days in the payment period).

In general, to calculate the number of days in the period, do the following:

Determine the percentage of credits earned.

$$\frac{\text{Number of credits completed (4)}}{\text{Number of credits in payment period (12)}} = \text{Percentage of credits earned (.333)}$$

Determine the number of days in the period.

$$\frac{\text{Number of days attended (53)}}{\text{Percentage of credits earned (.333)}} = \text{Number of days in the period (159)}$$

The school enters "159" as the number of "Total Days" in Step 2, Box H of the R2T4 calculation.

## Volume 5, Chapter 2, Example 22—Projecting a Completion Date for a Withdrawal from a Self-Paced, Non-term Program

A student is enrolled in a self-paced, 30 credit-hour, non-term program offered over 30 weeks at an institution that calculates

R2T4's on a payment period basis. Students in the program are expected to complete three courses of five credit hours each over the 15 weeks (105 days) in a payment period. (A student is expected to complete each five-credit course in five weeks' time [35 days].) The program has no scheduled breaks of 5 or more days.

It takes the student seven weeks (49 days) to complete 100% of the lessons in the first course, but they did not earn a passing grade. The student decides to withdraw from school.

Because the student is a withdrawal, the school must perform an R2T4 calculation. In addition, because the student was progressing more slowly than the rate expected, the school must project a new end date and a new number of "total days" to be used in the R2T4 calculation.

**Important:** Because the student was progressing at a slower rate (it took them 49 days instead of 35) to complete 100% of the lessons in the first course, the school cannot simply add the length of a scheduled (make-up) course (35 days) to arrive at the projected number of days in the payment period. The school must project the number of days in the period as follows.

Determine the time it would have taken the student to complete the first course by dividing the number of days attended (49) by the percentage of the lessons completed.

Number of days attended (49) divided by Percentage of payment period completed (1.00) = Number of days required to complete one course (49)

Project the number of days in the payment period by multiplying the number of days required for one course (49) by the number of courses in the payment period (3) and adding a course (1) for the student to make up the course failed (though all lessons were completed, the student failed the first course).

Number of days it takes a student to complete a course (49) multiplied by the number of courses in payment period (3) plus a makeup course (1) for a total of 4 equals the number of projected days in the payment period ( $49 \times 4 = 196$ )

The school enters "196" as the number of "Total Days" in Step 2, Box H, of the R2T4 calculation.

However, an institution must take into consideration any credits that a student has attempted but not successfully completed before withdrawing. Those credits must be successfully completed before the student is considered to have completed the period. To do this, the school must modify the denominator used in the R2T4 calculation. The school must add to the number of days between the start of the first course and the scheduled end of the last course, the number of days the student spent in the failed courses.

## Percentage of *Title IV* Aid Earned for Withdrawal from a Credit-Hour Non-term Program

[DCL GEN-04-03 Revised](#), November 2004

### When a School Disburses *Title IV* Aid to a Student Using Different Payment Periods

Nonstandard term credit-hour programs with terms that are not substantially equal in length have two defined payment periods: one for *Title IV* grant funds, and one for Direct Loan funds. Because only one payment period may be used in determining earned *Title IV* grant and loan funds for a student who withdraws and was disbursed or could have been disbursed aid under both payment definitions, the regulations specify a school must use the **payment period that ends later** in the R2T4 calculation.

Any aid disbursed for payment periods that overlap the payment period used in the calculation must be **attributed** to the payment period that ends later. To attribute Direct Loan funds that were disbursed, the school will use the net loan amount disbursed (after any fees removed) to reduce the necessity for additional calculations and align with our approach of using net loan amounts within our general R2T4 process.

If aid is disbursed or could have been disbursed using only one of the two payment period definitions, that is the payment period that is used for the calculation of earned aid, and no attribution of funds is necessary.

Note that this rule on multiple payment periods is only applicable to nonstandard term credit hour programs with terms that are not substantially equal in length. (Special considerations must also be followed for abbreviated loan periods discussed later in this chapter.) All other types of programs will only have one type of *Title IV* payment period.

#### Volume 5, Chapter 2, Example 23 - Performing an R2T4 Calculation for a Student Receiving Aid Under Two Payment Period Definitions

The school offers programs in nonstandard credit-hour terms that are not substantially equal in length.

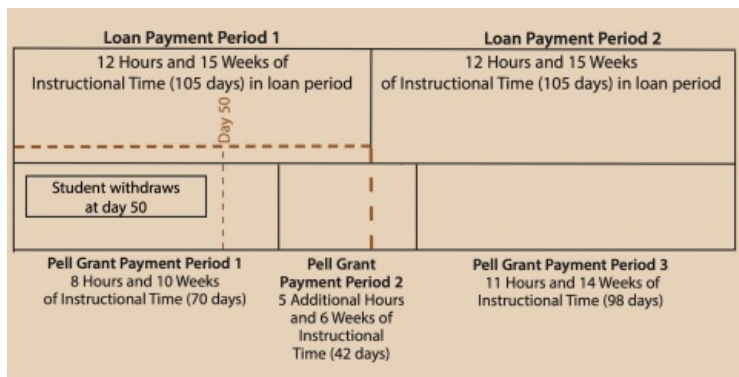
The student enrolls in one of the school's programs which is offered over 30 weeks in three terms of 10 weeks, 6 weeks, and 14 weeks, respectively. After attending classes for 50 days, the student decides that they are going to enroll in a different program offered at a different school and withdraws from their current school.

The current school's Academic Year is defined as 24 semester credit hours over 30 weeks of instructional time. Term 1 = 8 credits over 10 weeks. Term 2 = 5 credits over 6 weeks. Term 3 = 11 credits over 14 weeks.

Each scheduled payment period for the student's Direct Loans was one-half of the program's academic year - 12 credits and 15 weeks.

The student was scheduled to receive three disbursements of his Pell Grant with one disbursement occurring at the beginning of each term.

The scheduled disbursements and the withdrawal date are shown in the following graphic.



The student withdrew on the 50th day of their program while being enrolled in both Pell Grant payment period 1 and the Direct Loan payment period 1. Their Direct Loan funds were disbursed for loan payment period 1 (the first half of the academic year) and their Pell Grant funds were disbursed for Pell Grant payment period 1 (the first term, which is 10 weeks in length).

Since the Direct Loan payment period 1 ends later than the Pell Grant payment period 1, the payment period the school is required to use for the R2T4 calculation is the Direct Loan payment period 1.

As shown by the horizontal dashed line, the first two Pell Grant payment periods overlap with Direct Loan payment period 1, so aid that was disbursed or could have been disbursed for the Pell Grant payment periods 1 and 2 are attributed to Direct Loan payment period 1.

All of Pell Grant payment period 1 falls within Direct Loan payment period 1, so all of the Pell Grant funds that were disbursed for Pell Grant payment period 1 are included in the calculation. Pell Grant payment period 2 (six weeks - 42 days) overlaps with Direct Loan payment period 1 for five weeks (35 days). Therefore, those five weeks of Pell payment period 2 are attributed to Direct Loan payment period 1 so that the Direct Loan payment period 1 includes 70 days of Pell Grant payment period 1 and 35 days from Pell Grant payment period 2.

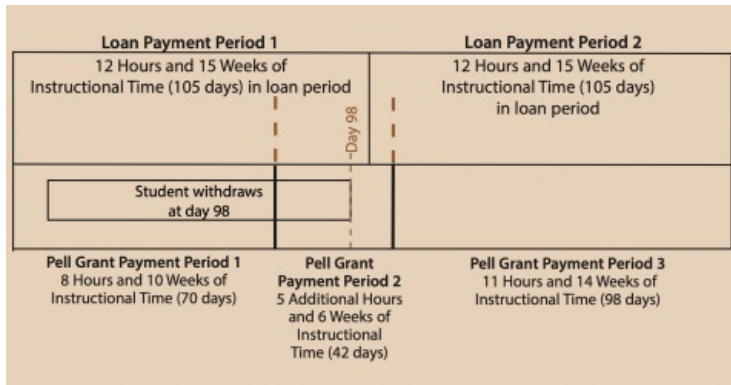
To determine the amount of Pell Grant funds that could have been disbursed that are attributable to the five additional weeks, the

school would take the full amount of Pell Grant funds for Pell Grant payment period 2, multiply by 35, and divide by 42. Any funds from the Pell Grant payment period 2 are included in the R2T4 calculation as **aid that could have been disbursed**.<sup>1</sup>

Note that before the student could receive a PWD of funds from Pell Grant payment period 2, they would have had to have started the 2nd term.

<sup>1</sup>The school must have a reasonable method for determining the student's projected enrollment intensity for the next Pell Grant payment period (that the student had not yet attended). For example, the school could include a full-time Pell disbursement for a student who had indicated that they planned to attend full-time for the whole year.

## Volume 5, Chapter 2, Example 24 - Performing an R2T4 Calculation for a Student Receiving Aid Under Two Payment Period Definitions



The student withdrew on the 98th day after the start of classes. Their Direct Loan funds were disbursed for Direct Loan payment period 1 (the first half of the academic year) and their Pell Grant funds were disbursed for Pell Grant payment periods 1 and 2, the first and second terms, which together are 16 weeks in length.

Pell Grant payment period 2, the payment period during which the student withdrew, ends later than Direct Loan payment period 1, so Pell Grant payment period 2 is the payment period the school is required to use for the R2T4 calculation. The school includes only the Pell Grant funds from Pell Grant payment period 2 in the R2T4 calculation. Pell Grant payment period 2 overlaps with both Direct Loan payment periods. Therefore, the school will have to calculate the Direct Loan funds attributable to the Pell Grant payment period 2.

When performing an R2T4 calculation, if a school must attribute some part of a Direct Loan to a Pell Grant payment period, the school must calculate the amount of the Direct Loan that is attributed to the payment period by calculating the amount of the loan attributed from each Direct Loan payment period that overlaps the Pell Grant payment period from which the student withdrew. This approach is particularly useful when the Direct Loan funds attributed to the Pell Grant payment period comprise both aid that was disbursed, and aid that could have been disbursed. The payment period that is the basis for the R2T4 calculation (in this case, Pell Grant payment period 2) overlaps with Direct Loan payment period 1 for 35 days and Direct Loan payment period 2 for 7 days.

To determine the amount of the Direct Loan funds from Direct Loan payment period 1 attributed to Pell Grant Payment period 2, the school would first divide the number of days in Direct Loan period 1 that are in Pell Grant payment period 2 by the total number of days in Direct Loan period 1 ( $35/105$ ) and multiply that number by the net loan disbursed in Direct Loan period 1. That yields the amount of loan funds from Direct Loan period 1 attributable to Pell Grant payment period 2. As this aid was already disbursed to the student, this amount would be included in the R2T4 calculation as disbursed aid.

To determine the amount of Direct Loan funds from Direct Loan payment period 2 attributed to Pell Grant payment period 2, the school would divide the number of days in Direct Loan Period 2 that are in Pell Grant payment period 2 by the total number of days in Direct Loan Period 2 ( $7/105$ ) and multiply that number by the net loan disbursed in Direct Loan Period 2. That yields the amount of loan funds from Direct Loan period 2 attributable to Pell Grant payment period 2.



Because the student did not complete the 12 hours and 15 weeks of instructional time associated with Direct Loan payment period 1 and begin attendance in Direct Loan payment period 2, any loan amount attributable to the payment period that is the basis for the R2T4 calculation (in this case, Pell Grant payment period 2) that exceeds the amount previously disbursed would be included as aid that could have been disbursed.

Of course, the student would not be able to receive any PWD of Direct Loan funds since they would not meet the late disbursement requirements for receiving a second or subsequent Direct Loan disbursement (i.e. successful completion of the loan period for which the funds were intended).

## Clock-Hour Programs

Only *scheduled hours* are used to determine the percentage of the period completed by a student withdrawing from a clock-hour program.

For a clock-hour program, the percentage of the period completed is determined by dividing the number of hours the student was scheduled to complete in the payment period or period of enrollment, as of the day the student withdrew, by the total number of clock hours in the same period as follows:

$$\frac{\text{number of clock hours the student was scheduled to complete in the period}}{\text{total number of clock hours in the period}}$$

A student withdrawing from a clock-hour program earns 100% of their aid if the student's withdrawal date occurs after the point that they were scheduled to complete more than 60% of the scheduled hours in the payment period or period of enrollment.

The scheduled clock hours used for a student must be those established by the school prior to the student's beginning class date for the payment period or period of enrollment, and the hours must have been established in accordance with any requirements of the state or the institution's accrediting agency. These hours must be consistent with the published materials describing the institution's programs.

However, if an institution modified the scheduled hours in a student's program prior to and unrelated to their withdrawal in accordance with any state or accrediting agency requirements, the new scheduled hours may be used.

**Please note that a school does 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.**

## Clock-Hour Programs

[34 CFR 668.22\(f\)\(1\)\(ii\)](#)

## When a Student Who Received a Loan with an Abbreviated Loan Period Withdraws

As described in Chapter 1 under "Loan principles applicable to re-entry in and transfer to clock-hour programs, non-term credit hour programs, and nonstandard term credit-hour programs with terms that are not substantially equal" when a student transfers to a new school and enters that type of program, and an overlap exists between academic years of the two schools, the new school may originate a loan for the remaining portion of the prior school's academic year. The abbreviated loan period—the shortened initial loan period at the new school—ends on the calendar end date of the prior school's academic year without regard to the weeks of instructional time and credit- or clock-hours completed. (Note that the amount of the loan for the abbreviated loan period may not exceed the remaining balance of the student's annual loan limit at the grade level applicable at the new school, and the borrower is not eligible for a new annual loan limit until the original

academic year has ended.)

If a student who has received a loan for an abbreviated period withdraws, there are special considerations for the student's R2T4 calculation.

When an R2T4 calculation is performed on a payment period basis, the definition of a payment period in [34 CFR 668.4](#) is used. Those regulations define a payment period for clock-hour programs and non-term credit hour programs as the time it takes a student to complete half the hours and the weeks of instructional time in the program or the defined academic year, whichever is shorter. **An abbreviated loan period designed to complete a prior school's academic year does not meet the definition of a payment period and should not be used as a payment period for purposes of the R2T4 calculation.**

When determining what aid to include in Step 1 of an R2T4 calculation for a student who withdraws from a payment period or period of enrollment that includes an abbreviated loan period, a school follows the rules for Step 1 in R2T4 calculations described earlier in this chapter under "Student's Title IV Aid Information, Title IV Aid Disbursed, and Title IV Aid That Could Have Been Disbursed." In addition, when the loan period for a student does not correspond with the payment period used in the R2T4 calculation, as defined in [34 CFR 668.4](#), the school must prorate the net loan funds to determine the amount that should be attributed to the payment period from which the student withdrew.

If a student with an abbreviated loan period was enrolled in a non-term credit-hour program in which the completion date of the period depends on an individual student's progress, when performing the proration to determine the amount of loan funds to include in Step 1 of the R2T4 calculation, **an institution may either use the original payment period and loan period end dates, or may project the end dates of the payment period and loan period based on the student's progress** as of their withdrawal date using the same procedure as it uses to project the student's payment period completion date when it is determining the number of days in the payment period in Step 2 of the R2T4 calculation (see "Percentage of *Title IV* aid Earned for Withdrawal From a Credit-Hour Non-Term Program").

An institution also has the discretion to use the original payment period and loan period end dates or to project those end dates when performing this proration for a student who has withdrawn from a clock-hour program. An institution must be consistent in its use of original end dates or projected end dates.

#### Volume 5, Chapter 2, Example 25 - R2T4 Calculation With an Abbreviated Loan and Overlapping Payment Periods

Consider a one-year non-term credit-hour program that consists of 24 semester hours and 30 weeks of instructional time. The school's defined academic year for the program is also 24 semester hours and 30 weeks. The school performs its R2T4 calculations on a payment period basis.

A student transfers into the program beginning on August 24, but the academic year for the most recent Direct Loan the student received at the student's prior school ends on October 9. Therefore, the student is awarded a Direct Subsidized Loan (DLP 1) of \$1,050 (the difference between the annual loan limit at the new school and the loan amount received during the overlapping academic year period at the prior school) with an abbreviated loan period that begins on August 24 and ends on October 9. The student does not receive any other type of *Title IV* aid during that period.

Remember that when an R2T4 calculation is performed on a payment period basis, the definition of a payment period for clock-hour programs and non-term credit hour programs is the time it takes a student to complete half the hours and the weeks of instructional time in the program or the defined academic year, whichever is shorter.

The student begins attendance in the program on August 24. If the student stays on schedule, the first *Title IV* payment period will end on December 4.

The student receives two disbursements of \$500 each of Direct Loan funds from the DLP 1 (the \$1050 loan amount awarded minus origination fees produced a net loan amount of \$1,000 for the abbreviated loan period—a first disbursement of \$500 on August 24 and a second disbursement of \$500 on September 16 (calendar mid-point of the abbreviated loan period). On September 25, the school originated a second Direct Loan (DLP 2) with a net loan amount totaling \$2,400 for a loan period that extends from October 10 through March 11 (the period during which the student is expected to complete the remaining portion of the program). The school must wait to make the first disbursement of the second loan period until the student has completed the abbreviated loan period (the period of overlap with the academic year at the prior school).

Due to a family emergency, the student officially withdraws on September 29.

Title IV Payment Period (PP1) 8/24-12/4  12 Hours and 103 days of Instructional Time	Title IV Payment Period 2 (PP2) 12/5-3/11  12 Hours and 98 days of Instructional Time	24 hours and 201 days
DLP1 / Abbreviated Loan Period 8/24-10/9 (47 days) First Disbursement 8/24 Second Disbursement 9/16	DLP2 / Second Loan Period 10/10-3/11 (154 days)  First Disbursement Scheduled for 10/10 Second Disbursement Scheduled for 1/11	201 days
56 day overlap between DLP2 & PP1		

When the school performs the R2T4 calculation for the student, it performs the calculation on a payment period basis and uses the payment period that began on August 24 and was to end on December 4. The school includes the \$1,000 of Subsidized Direct Loan funds that was disbursed to the student as “aid disbursed.” Because the school originated the second loan prior to the student’s withdrawal and the first disbursement of that loan was scheduled to be made prior to the end of *Title IV* Payment Period 1 (December 4), the school must include as aid that could have been disbursed, that portion of the proceeds from the net loan amount for the second loan period (LP2) prorated by the number of days that are part of the first *Title IV* payment period (PP1).

$$\frac{(\text{Days in Loan Period 2 that fall in PP1}) 56}{(\text{Total Days in Loan Period 2}) 154} \times 2400 = \$873.00 \text{ (use normal rounding rules not to exceed annual or aggregate loan limits)}$$

In the example above, the school **may not make a PWD of funds from the second loan period because the student never completed the abbreviated loan period and never began the second loan period to establish eligibility for that loan.**

If the student had completed *Title IV* Payment Period 1 and started the *Title IV* Payment Period 2 and then withdrew, the \$1,527.00 of the proceeds of the second loan prorated for *Title IV* Payment Period 2 would be the basis for any required R2T4 calculation.

## When a Student Receiving *Title IV* Aid Dies During the Payment Period or Period of Enrollment

If a school determines that a student has died during a payment period or period of enrollment, it must perform an R2T4 calculation. If the R2T4 calculation indicates that an institution is required to return *Title IV* funds, **the school must return the *Title IV* funds for which it is responsible.**

The student’s estate is not required to return any *Title IV* funds disbursed to the student. Therefore, when a student dies, a school should neither report a grant overpayment to the National Student Loan Data System (NSLDS), nor refer a grant overpayment to [Debt Resolution Services](#). If a grant overpayment was previously referred for a student who later dies, the school should inform Debt Resolution Services and NSLDS that it has received notification that the student has died.

The Direct Loan regulations provide for a discharge of a borrower’s obligation to repay a Federal Direct Loan if they die; this also includes a parent’s obligation to repay a Direct PLUS Loan if the student on whose behalf the parent borrowed dies. If a school is aware that a student who has died has any outstanding *Title IV* loan debt, the school should contact the student’s estate and inform it of the actions it can take to have the student’s *Title IV* loan debt cancelled.

If a *Title IV* credit balance created from funds disbursed before the death of the student exists after the completion of the R2T4 calculation and the institutional refund calculations, the institution must resolve the *Title IV* credit balance in one of the following three ways:

1. In accordance with the cash management regulations, pay authorized charges at the institution (including previously paid charges that are now unpaid due to the return of *Title IV* funds by the institution).

2. Return any *Title IV* grant overpayments owed by the student for previous withdrawals from the present school (the school may deposit the funds in its federal funds account and make the appropriate entry in G6).

If the school previously referred grant overpayments to Debt Resolution Services that have not been fully resolved, the school should provide documentation that the student has died so that Debt Resolution Services can delete the overpayment from its records.

3. Return any remaining credit balance to the *Title IV* programs (a school cannot disburse *Title IV* funds to a student or parent's estate after they have died).

### Step 3: Amount of *Title IV* Aid Earned by the Student

The amount of *Title IV* aid earned by the student is determined by multiplying the percentage of *Title IV* aid earned (Box H on the worksheet) by the total of *Title IV program Aid disbursed plus the Title IV aid that could have been disbursed* to the student or on the student's behalf (Box G on the worksheet).

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#### Amount of *Title IV* Aid Earned by the Student

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[34 CFR 668.22\(e\)\(1\)](#)