
Introduction to Volume 5

An overpayment occurs when the student receives more aid than he or she was eligible to receive. One kind of overpayment, traditionally called an overaward, results from changes in the student's aid package; a second occurs when a student withdraws. This volume covers how a school should respond when a student withdraws.

Throughout the Federal Student Aid Handbook we use “college,” “school,” and “institution” interchangeably unless a more specific use is given. Similarly, “student,” “applicant,” and “aid recipient” are synonyms. “Parents” in this volume refers to the parents of dependent students, and “you” refers to the primary audience of the Handbook: financial aid administrators at colleges. “We” indicates the U.S. Department of Education (the Department, ED), and “federal student aid” and “Title IV aid” are synonymous terms for the financial aid offered by the Department.

We appreciate any comments that you have on this volume as well as all the volumes of the FSA Handbook. We revise the text based on questions and feedback from the financial aid community, so please write us at fsaschoolspubs@ed.gov about how to improve the Handbook so that it is always clear and informative.

Notes on active links

At the top of each page you will find links to the Federal Student Aid glossary and appendices, the Code of Federal Regulation, and Dear College Letters.

[Glossary](#) [CFR](#) [DCL](#)

COVID-19 Guidance and Waivers

The Department of Education recognizes that the ongoing COVID-19 pandemic has created many unique challenges for postsecondary institutions. The Department has provided a variety of special guidance and regulatory flexibilities due to the President's declaration of the COVID-19 national emergency on March 13, 2020. In addition, Congress has passed legislation offering relief from certain statutory requirements related to the Title IV, HEA programs.

For COVID-19 related guidance, including waivers and exemptions to Title IV rules, please see the following webpages:

- The Department of Education's COVID-19 Information and Resources for Schools and School Personnel:

<https://www.ed.gov/coronavirus/program-information>

- Office of Postsecondary Education COVID-19 Title IV FAQ:
<https://www2.ed.gov/about/offices/list/ope/covid19faq.html>

Section 3508 of the CARES Act directs the Secretary to waive the statutory requirement for institutions to return Title IV funds as the result of student withdrawals related to a qualifying emergency. For any student who begins attendance in a payment period or period of enrollment that includes March 13, 2020, or begins between March 13 and the later of December 31 or the last date that the national emergency is in effect, and subsequently withdraws from the period as a result of COVID-19-related circumstances, an institution is not required to return Title IV funds.

For more information about the R2T4 exceptions, examples, reporting requirements and qualifying students, please see the [electronic announcement \(EA\) dated May 15, 2020](#).

Major changes for 2020–2021

On pages 21–23, we added the most recent guidance about what a “real and reasonable opportunity” is when a student is purchasing books, supplies and equipment. Information provided includes new or expanded guidance around unaffiliated sources, online providers, percentage of students buying directly from the school and enrollment agreement charges.

We added guidance on page 22 explaining that when schools charge books and supplies for a period greater than the return period, the school can exclude the entire amount of documented costs associated with the books and supplies, not just documented costs associated with the prorated amounts of books and supplies.

On page 23, we updated our discussion about prorating institutional charges by describing the specific proration formulas outlined in the cash management regulations and the March 5, 2019 electronic announcement.

With regard to the 14-day date of determination time frame for schools required to take attendance, we expanded the explanation of unusual circumstances and provided examples on page 29.

We clarified on page 32 and pages 206/209 (post-withdrawal worksheets) that normal rounding rules can be used for both returns and post-withdrawal disbursements, not to exceed annual or aggregate limits (including lifetime eligibility) or scheduled award amounts.

On page 49, we provided additional information explaining that an institution is not required to obtain a student's permission (post-withdrawal disbursement 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 post-withdrawal disbursement.

We provided clarification on page 104 that a school can exclude an administrative fee of up to \$100 or 5% of total institutional charges for the period, whichever is less.

In chapter 3, all of the R2T4 example worksheets have been updated with the most current form available as of 7/1/2018.

