

# BREAKOUT SESSION LMS #3

Return of Title IV Funds (R2T4) – Clock Hours

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# AGENDA

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- 01 Withdrawal Exemption
- 02 Concepts and Definitions
- 03 How the R2T4 Calculation Works
- 04 Making R2T4 Adjustments in COD
- 05 R2T4 Example: Payment Period
- 06 Resources and References

# WITHDRAWAL EXEMPTION



# R2T4 – WITHDRAWAL EXEMPTION

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- Upon early program completion, re-prorate the amount of Title IV aid paying the student for the hours successfully completed



*This is the only withdrawal exemption that applies to clock hour programs*

## **Example**

If a student is enrolled in a 900-hour program and graduates after 300 hours in the 2<sup>nd</sup> payment period, the school would have to prorate *all* Title IV funds and only pay the student for a total of 750 hours, instead of paying for 900 hours

# EXAMPLE

- Student enrolls in **900** clock-hour/**26-week program**
- Student receives maximum 2022-2023 Pell Grant award of **\$6,895**
- **\$3500** Subsidized Direct Loan and **\$2000** Unsubsidized Direct Loan
- Student has completed requirements for graduation at **750 clock-hours**

# RE-PRORATION PELL EXAMPLE

New Award Based upon 750 hours  
Two payment periods of 375  
Maximum Pell Award = \$6,895

Payment Period 1  
 $(\$6,895 \times 375) / 900 = \$2,873$

Payment Period 2  
 $(\$6,895 \times 375) / 900 = \$2,873$

Results in recalculated disbursements for a total award of \$5,746  
The school must reduce 1<sup>st</sup> disbursement by \$575  
The school must reduce 2<sup>nd</sup> disbursement by \$574  
The school must return \$1149 to ED

# RE-PRORATION DIRECT LOAN EXAMPLE

New Award Based upon 750 hours  
Must determine re-prorated annual Subsidized amount  
Must determine re-prorated annual additional Unsubsidized amount

Direct Subsidized Loan  
 $(\$3,500 \times 750) / 900 = \$2,917$

Direct Unsubsidized Loan  
 $(\$2,000 \times 750) / 900 = \$1,667$

New DL Annual Subsidized amount is \$2,917  
School must reduce the Subsidized Loan 1<sup>st</sup> disb by \$292, 2<sup>nd</sup> disb by \$291 and return a total difference of \$583 in DL Subsidized funds to ED

New DL Annual additional Unsubsidized amount is \$1,667  
School must reduce the additional Unsubsidized Loan 1<sup>st</sup> disb by \$166, 2<sup>nd</sup> disb by \$167 and return total difference of \$333 to ED

# WRITTEN CONFIRMATION

R2T4 requirements do not apply when...

## Clock-hour programs

- Student provides written confirmation to resume attendance in same period no later than 60 days after student ceased attending for non-term programs





# CONCEPTS AND DEFINITIONS



# BASIC R2T4 PRINCIPLES

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## PERCENT COMPLETED

Student earns Title IV aid based on **percentage of period completed**



## CLOCK HOURS FORMULA

R2T4 formula determines percent completed and **differs from credit-hour programs**



## 60 PERCENT THRESHOLD

Student earns 100% of Title IV funds with ***more than 60%* completed**



## SCHOOL POLICY

Institutional or **other refund policies do not impact R2T4 calculation**

# APPLICABILITY

## 34 C.F.R. 668.22

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R2T4 requirements apply to any Title IV recipient who withdraws during a payment period or period of enrollment in which the student began attendance



# STUDENT DOES NOT BEGIN ATTENDANCE

**Institution cannot document attendance for period —  
Student ineligible for Title IV aid**

## 34 CFR § 668.21

- Institution must return aid disbursed:
  - Federal Pell Grant and Iraq and Afghanistan Service Grant
  - Federal Supplemental Equal Opportunity Grant (FSEOG)
  - TEACH Grant
  - Direct Loan (DL) credited to student's account
  - DL disbursed directly to student if *knowledge of nonattendance* prior to disbursement
    - Must notify loan servicer if not returning funds disbursed directly to student

# PARTIAL WITHDRAWALS AND COMPLETERS

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**R2T4 requirements do not apply when...**

- Student stays enrolled in at least one course during period
- Student qualifies for the withdrawal exemption

# CONSUMER INFORMATION

## Provide students with...

- Refund policies with which the school must comply
- School's tuition refund policy
- Requirements for treatment of Title IV funds after withdrawal
- Procedures for official withdrawal
  - Office(s) accepting official withdrawal notices

# LEAVE OF ABSENCE (LOA)

Temporary interruption in program of study (instead of withdrawal)

## Conditions for approved LOA:

1. Institution must have formal written policy
2. Student and institution must follow policy to request and approve LOA
3. Must be reasonable expectation student will return from LOA
4. Institution may not assess additional institutional charges or increase student's need
5. LOA must not exceed 180 days within 12-month period
6. Except in a **clock-hour**, nonterm credit-hour, or subscription-based program, a student returning from an LOA must resume training at the same point in the academic program that he or she began the LOA
7. Institution must explain effects on loan repayment and grace period if student borrower fails to return – *before approving LOA*

# EXCUSED ABSENCES

## PROGRAM INTEGRITY Q&A'S



### CHP-Q3

## Treatment of excused absence hours when a student graduates before completing all clock hours in a program

- If a student completed 100 percent of a program's hours, including excused absences, **no re-proration of Title IV aid is required.**
- Excused absence policy must meet the Department's requirements under **34 CFR 668.4(e)**



# R2T4 ROUNDING RULES

## Dollar amounts and percentages



Round calculation to nearest penny

- $\$2,346.00 \times 44.6\% = \$1,046.316$  or  $\$1,046.32$
- $\$2,346.00 \times 44.4\% = \$1,041.624$  or  $\$1,041.62$



May round disbursement or refund to nearest dollar

- $\$1,046.32 = \$1,046$
- $\$1,041.62 = \$1,042$



Calculate out to four decimal places

- $45 \text{ days} / 101 \text{ days} = 0.4455$
- $199 \text{ hours} / 450 \text{ hours} = 0.4422$



Round to third decimal place for percentage

- $0.4455 = 0.446 = 44.6\%$
- $0.4422 = 0.442 = 44.2\%$



# HOW THE R2T4 CALCULATION WORKS

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# STEPS OF AN R2T4 CALCULATION

**Step 1:** Determine amount *disbursed* or *could have been disbursed* at time of withdrawal

STEP 1: Student's Title IV Aid Information			
Title IV Grant Programs	Amount Disbursed	Amount that Could Have Been Disbursed	
1. Pell Grant			
2. FSEOG			
3. TEACH Grant			
4. Iraq and Afghanistan Service Grant			
	<b>A.</b>	<b>C.</b>	
	Subtotal	Subtotal	
Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed	
5. Unsubsidized Direct Loan			
6. Subsidized Direct Loan			
7. Direct Grad PLUS Loan			
8. Direct Parent PLUS Loan			
	<b>B.</b>	<b>D.</b>	
	Subtotal	Subtotal	
			<b>E. Total Title IV aid disbursed for the period.</b>
			<b>A.</b>
			<b>+ B.</b>
			<b>E. \$</b>
			<b>F. Total Title IV grant aid disbursed and that could have been disbursed for the period.</b>
			<b>A.</b>
			<b>+ C.</b>
			<b>= F. \$</b>
			<b>G. Total Title IV aid disbursed and that could have been disbursed for the period.</b>
			<b>A.</b>
			<b>B.</b>
			<b>C.</b>
			<b>+ D.</b>
			<b>= G. \$</b>

# AID THAT COULD HAVE BEEN DISBURSED

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Include aid that met late disbursement conditions prior to withdrawal

- ED-processed SAR/ISIR with official EFC (for all programs)
- TEACH Grant/Direct Loan originated in school system
- FSEOG award made to student

# WITHDRAWAL DATE AND AMOUNT COMPLETED

## Clock-hour program

### Hours scheduled to complete

- Numerator of clock-hour R2T4 calculation
- Scheduled hours completed in PP or POE
- Must use hours established by any state or accrediting agency requirements
- “Hours scheduled” excludes:
  - Leaves of absence
  - “Make-up” hours not part of normal schedule

**STEP 2: Percentage of Title IV Aid Earned**

Withdrawal date  /  /

**H. Determine the percentage of the period completed:**  
Divide the clock hours scheduled to have been completed as of the withdrawal date in the period by the total clock hours in the period.

÷  =  . %

Hours scheduled to complete      Total hours in period

► If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.

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

H.  . %

# PAYMENT PERIOD OR PERIOD OF ENROLLMENT

## Examples

### Payment Period



450 clock hours

### Period of Enrollment – clock hours (900 clock-hour/26-week academic year)



# IMPORTANCE OF DATES

- Withdrawal date – determines the percentage of Title IV aid earned
- Date of determination – starts the clock ticking for doing the calculation, returning funds, and providing timely notifications to the student



# WITHDRAWAL DATE AND AMOUNT COMPLETED

## “Total scheduled hours” example

Our College offers a 1500 clock-hour cosmetology program. Students are scheduled to attend five clock hours each day, Monday – Friday.

One student withdraws on Day 35 of the program (not calendar days) and completed 135 clock hours.

How many hours do you enter in “Hours scheduled to complete”?

- a. 135
- b. 175
- c. 450

**H. Determine the percentage of the period completed:**  
Divide the clock hours scheduled to have been completed as of the withdrawal date in the period by the total clock hours in the period.

<input type="text"/>	-	<input type="text"/>	=	<input type="text"/>	·	%
Hours scheduled to complete		Total hours in period				

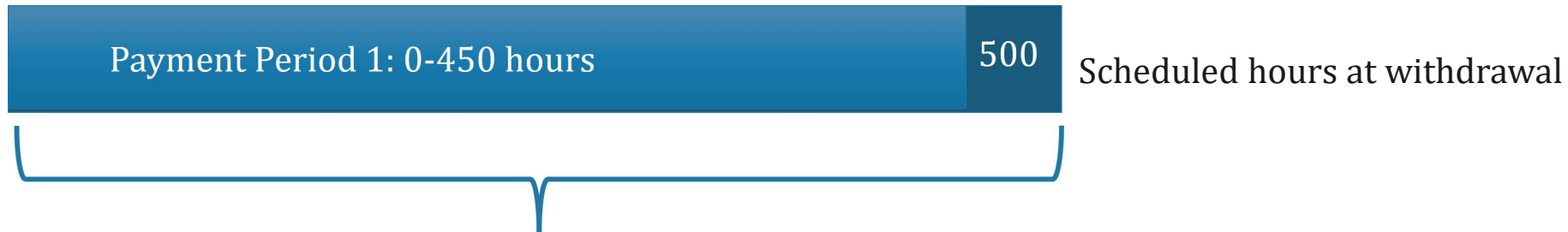
▶ If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.  
▶ If this percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3.

H.  · %



# SCHEDULED HOURS EXCEEDS PAYMENT PERIOD

**Question:** What happens when the student withdraws at 500 scheduled hours but is still enrolled in the first payment period?



**Answer:** Calculate Step 2 using scheduled hours and total hours in first Payment Period.

- Calculation equals  $500/450 = 111\%$ , rounded to 100%
- Student earns 100% of Title IV aid for Payment Period 1

# SCHEDULED HOURS EXCEEDS PAYMENT PERIOD

**Question:** What happens when the student withdraws at 1190 scheduled hours and the student is still enrolled in the second payment period with 800 clock hours completed?

Payment Period 1: 0-450 hours

Payment Period 3: 901-1200 hours

Payment Period 2: 451 - 900 hours \* Student withdraws

Payment Period 4: 1201-1500 hours

**Answer:** Calculate Step 2 using scheduled hours and total hours in second Payment Period.

- Calculation equals  $1190 - 450$  (subtract PP1) = 740 scheduled clock hours
- $740 / 450$  (2<sup>nd</sup> PP) = 166% (rounded down to 100%)
- Student earns 100% of Title IV aid

# STEPS OF AN R2T4 CALCULATION

**Step 3:** Calculate amount of Title IV aid earned by student

Multiply percentage of Title IV aid earned (Box H) *by* Total Title IV aid disbursed and could have been disbursed (Box G)


STEP 3: Amount of Title IV Aid Earned by the Student		
Multiply the percentage of Title IV aid earned (Box H) by the Total Title IV aid disbursed and that could have been disbursed for the period (Box G).		
<div><input type="text"/></div> <div>Box H</div>	% x <div><input type="text"/></div> <div>Box G</div>	= <div><input type="text"/></div> <div>l. \$ .</div>

# STEPS OF AN R2T4 CALCULATION

**Step 4:** Determine Title IV post-withdrawal disbursement (PWD) *or* return

Compare Box I (Title IV earned by student) to Box E (Total aid disbursed)

- PWD required if amount earned *greater than* amount disbursed (Box J)
- Return of funds required if amount earned *less than* amount disbursed (Box K)
- No further action required if boxes are equal



**STEP 4: Title IV Aid to be Disbursed or Returned**

- ▶ If the amount in Box I is greater than the amount in Box E, go to Item J (Post-withdrawal disbursement).
- ▶ If the amount in Box I is less than the amount in Box E, go to Title IV aid to be returned (Item K).
- ▶ If the amounts in Box I and Box E are equal, **STOP**. No further action is necessary.

**J. Post-withdrawal disbursement**  
From the amount of Title IV aid earned by the student (Box I) subtract the total Title IV aid disbursed for the period (Box E). This is the amount of the post-withdrawal disbursement.

–  = **J.\$**  .

Box I                      Box E

If there's an entry for "J," **STOP here**, and enter the amount in Box 1 on Page 3 (Post-withdrawal disbursement tracking sheet).

**K. Title IV aid to be returned**  
From the total Title IV aid disbursed for the period (Box E) subtract the amount of Title IV aid earned by the student (Box I). This is the amount of Title IV aid that must be returned.

–  = **K.\$**  .

Box E                      Box I

# INSTITUTIONAL CHARGES

## Total institutional charges

- Charges do not affect earned Title IV aid
- Include charges initially assessed for period or adjusted *prior to* withdrawal
- Charges may not be reduced if paid by non-Title IV sources
- Prorate any charges assessed for period longer than period used in R2T4 calculation

STEP 5: Amount of Unearned Title IV Aid Due from the School		
<b>L. Institutional charges for the period</b>	Tuition	
	Room	
	Board	
	Other	
	Other	
	Other	
<b>Total Institutional Charges</b> (Add all the charges together)		<b>= L. \$</b>
<b>M. Percentage of unearned Title IV aid</b> $100\% - \text{Box H } \% = \text{M. } . \%$		
<b>N. Amount of unearned charges</b> Multiply institutional charges for the period (Box L) by the percentage of unearned Title IV aid (Box M). $\text{Box L } \times \text{Box M } \% = \text{N. \$}$		
<b>O. Amount for school to return</b> Compare the amount of Title IV aid to be returned (Box K) to amount of unearned charges (Box N), and enter the lesser amount. <b>O. \$</b>		

# INSTITUTIONAL VS. NON-INSTITUTIONAL CHARGES

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## INSTITUTIONAL CHARGES

- Tuition, fees, and room and board (if contracted with school)
- Required course materials (books, kits, tools, supplies, etc.) if no real and reasonable opportunity to purchase elsewhere

## NON-INSTITUTIONAL CHARGES

- Required course materials if student had a real and reasonable opportunity to purchase elsewhere (EA March 5, 2019)
- Group health insurance fees if required for all students, and coverage remains in effect even after withdrawal
- Discretionary, educationally-related expenses (e.g., parking, library fines, etc.)



# EQUIPMENT CHARGES



- Institution may exclude *documented cost\** of equipment from institutional charges if:
  - Unreturnable
  - Returnable but not returned in good condition within 20 days of withdrawal
- Institution's return policies must be reasonable, consistent, and fair to all students
  - Institution must notify students in writing of these policies when they enroll

*\*Institution's cost – not amount charged to students*

# STEPS OF AN R2T4 CALCULATION

## Step 5: Amount of unearned Title IV aid due from the school

Determine institution's responsibility to return

- Use charges assessed to student *prior to* withdrawal (Box L)
- Multiply total charges *by* percentage of unearned aid (Box L x Box M) for unearned charges (Box N)
- Institution returns *lesser of* unearned charges or total unearned Title IV aid (Box O)

STEP 5: Amount of Unearned Title IV Aid Due from the School		
L. Institutional charges for the period	Tuition	
	Room	
	Board	
	Other	
<b>K. Title IV aid to be returned</b> From the total Title IV aid disbursed for the period (Box E) subtract the amount of Title IV aid earned by the student (Box I). This is the amount of Title IV aid that must be returned.		
<input type="text"/>	– <input type="text"/>	= <b>K.\$</b> <input type="text"/>
Box E	Box I	
<b>N. Amount of unearned charges</b> Multiply institutional charges for the period (Box L) by the percentage of unearned Title IV aid (Box M).		
<input type="text"/>	x <input type="text"/> %	= <b>N.\$</b> <input type="text"/>
Box L	Box M	
<b>O. Amount for school to return</b> Compare the amount of Title IV aid to be returned (Box K) to amount of unearned charges (Box N), and enter the lesser amount.		
		<b>O.\$</b> <input type="text"/>



# STEPS OF AN R2T4 CALCULATION

## Step 6: Return of funds by the school

Document order of return of funds

- Return up to net amount disbursed from each source

STEP 6: Return of Funds by the School	
The school must return the unearned aid for which the school is responsible (Box O) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.	
<b>Title IV Programs</b>	Amount for School to Return
1. Unsubsidized Direct Loan	<div></div> <div></div> <div></div> <div></div>
2. Subsidized Direct Loan	
3. Direct Graduate PLUS Loan	
4. Direct Parent PLUS Loan	
<b>Total loans the school must return = P. \$</b> <div></div>	
5. Pell Grant	<div></div> <div></div> <div></div> <div></div>
6. Iraq and Afghanistan Service Grant	
7. FSEOG	
8. TEACH Grant	

# STEPS OF AN R2T4 CALCULATION

**Steps 7 – 10:** Determine amount of unearned Title IV aid due from the student

Student may be responsible to return funds

- Step 7: Determine initial amount due from student
- Step 8: Amount of loan funds student must repay (according to MPN)
- Step 9: Amount of grant funds student must repay (after 50% grant protection)
- Step 10: Grant funds order of return
  - Student not responsible for amounts of \$50 or less

STEP 10: Return of Grant Funds by the Student	
Except as noted below, the student must return the unearned grant funds for which he or she is responsible (Box U). The grant funds returned by the student are applied in order as indicated, up to the amount disbursed from that grant program minus any grant funds the school is responsible for returning to that program in Step 6.	
<b>Note that the student is not responsible for returning funds to any program to which the student owes \$50.00 or less.</b>	
Title IV Grant Programs	Amount To Return
1. Pell Grant	<div></div>
2. Iraq and Afghanistan Service Grant	
3. FSEOG	
4. TEACH Grant	

# **RETURNING FUNDS & POST-WITHDRAWAL DISBURSEMENTS**

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# RETURNS BY STUDENT

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## Grant Overpayments

- Notify student of overpayment within 30 days of date of determination
- Student retains Title IV eligibility for 45 days after overpayment notice
- Student extends Title IV eligibility by:
  - Paying overpayment in full, or
  - Signing repayment agreement with institution (optional) or ED



# RETURNS BY STUDENT

## Grant Overpayments

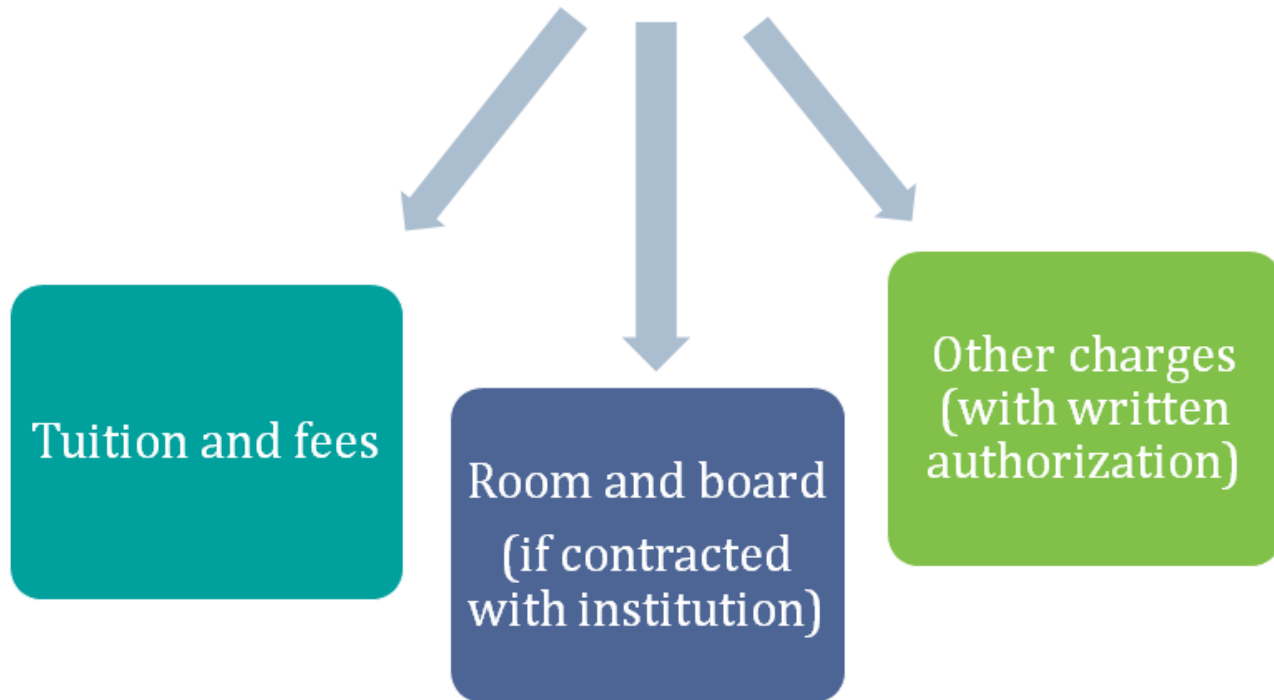
- Student not required to repay overpayment of \$50.00 or less
- Resolve overpayment through:
  - Full and immediate payment to institution
  - Signing repayment agreement with institution
  - Negotiating repayment with ED
- Return grant overpayment in order

# POST-WITHDRAWAL DISBURSEMENTS (PWD)

## 34 CFR 668.164(J)

- Must meet late disbursement conditions in **34 CFR 668.164(j)**
- Must be made from grant funds before loans

May be applied to outstanding charges:





# POST-WITHDRAWAL DISBURSEMENTS (PWD)

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## PWD CRITERIA FOR TITLE IV *GRANT FUNDS*

- Receive ED-processed SAR/ISIR with official EFC prior to withdrawal
- Disburse to **student's account** to cover current charges *within 180 days* of date of determination
  - Tuition and fees
  - Room and board (if contracted with institution)
  - Other charges (with written authorization)
- Disburse directly to student to cover allowable charges *no later than 45 days* of date of determination

# POST-WITHDRAWAL DISBURSEMENTS (PWD)

## NOTIFICATION AND DISBURSEMENT OF PWD FOR TITLE IV LOAN FUNDS



- Written notification of PWD loan funds to student (or parent for PLUS loan)
- Must send **within 30 days** of date of determination
  - Must specify loan type and amount
  - Must explain obligation to repay loan
  - Must request confirmation before disbursing funds
  - Must specify deadline to respond (**at least 14 days**)



# POST-WITHDRAWAL DISBURSEMENTS (PWD)

## NOTIFICATION AND DISBURSEMENT OF PWD FOR TITLE IV LOAN FUNDS

Must disburse loan funds **no later than 180 days** after date of determination

### LATE RESPONSE FROM BORROWER

- Institution choice to honor late response
- Must send written notification explaining refusal to honor late response

### NO RESPONSE FROM BORROWER

- No loan PWD

# VERIFICATION AND R2T4

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- If verification not complete within timeframe to meet R2T4 deadlines, school excludes aid subject to verification from calculation
- If verification is then completed after R2T4 deadlines but before verification deadlines, school must recalculate R2T4 including verified amounts as aid that could have been disbursed

# RETURN AFTER WITHDRAWAL

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## Clock hour programs

- If the student returns to the same program within 180 days –
  - The student is treated as if they never left and returns to the same payment period.

# RETURN AFTER WITHDRAWAL

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## Clock hour programs

- If withdrawn student re-enters same program of study after 180 days, or transfers into new program at any time
  - Student begins new payment period upon re-entry or transfer
  - Remaining portion of program treated as length of entire program for awarding Title IV funds

# MAKING R2T4 ADJUSTMENTS IN COD



# **COD: R2T4**

- R2T4 in COD
  - Base year for tool was 2017-18
    - Data (i.e., calculations, PDFs) will be available for ten years from base-year
  - Iraq and Afghanistan Service Grant included in tool calculation

# COD: R2T4

## Available on:

- <https://cod.ed.gov>
- R2T4 Home Page is located under “**Tools**” drop-down

The screenshot displays the Federal Student Aid Common Origination & Disbursement (COD) web interface. The header includes the Federal Student Aid logo and the text "Common Origination & Disbursement". A left-hand navigation menu lists various categories: Person, School, Batch, Award, Services, and Tools. The "Tools" category is expanded, showing a list of options including Tools Home, R2T4, R2T4 Information, School Calendar Profiles, Institutional Charges Profiles, R2T4 Calculator, Student Record Management, Reports, and R2T4 Training. The main content area is titled "R2T4" and "Welcome to Return to Title IV (R2T4)". It provides a brief explanation of the tool's purpose and includes a "General Information" section with three expandable items: Student's Program Information, Student's Withdrawal Information, and Student's Title IV Aid Information. A "Resources" section at the bottom links to the Knowledge Center - Return of Title IV Aid Worksheets and the Knowledge Center - Federal Student Aid Handbook - Volume 5.

# **COD: R2T4**

- R2T4 enhanced functionality
  - Ability to copy/modify institutional and calendar profiles within an aid year
  - User can recalculate without creating a new record
  - Reports will be consolidated into one file for export
    - Search by award year(s) and Payment Period or Period of Enrollment start/end dates



# R2T4 EXAMPLE



# EXAMPLE PROFILE: PAYMENT PERIOD

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- Serenity enrolled in a 900 hour/ 26-week Cosmetology program
- Payment Period Start date: June 6
- Serenity's LDA was June 22<sup>nd</sup>
- At the time of withdrawal, Serenity was scheduled to have completed 45 hours.
- On the first day of the payment period, June 6, Serenity received the following disbursements: Pell Grant \$ 3023, Net Subsidized Direct Loan \$ 1,732.00, Net Unsubsidized Loan: \$990
- Total Institutional Charges : \$5800

# R2T4 CLOCK-HOUR HAND CALCULATION

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

Student's Name	Serenity Student	Social Security Number	XXX-XX-XXXX
Date form completed	06 / 29 /	Date of school's determination that student withdrew	06 / 24 /
Period used for calculation (check one)	<input checked="" type="checkbox"/> Payment period	<input type="checkbox"/> Period of enrollment	

\_\_\_\_\_

<b>STEP 1: Student's Title IV Aid Information</b>		
<b>Title IV Grant Programs</b>	<b>Amount Disbursed</b>	<b>Amount that Could Have Been Disbursed</b>
1. Pell Grant	3023	
2. FSEOG		
3. TEACH Grant		
4. Iraq and Afghanistan Service Grant		
	A. 3023 Subtotal	C. Subtotal

<b>Title IV Loan Programs</b>	<b>Net Amount Disbursed</b>	<b>Net Amount that Could Have Been Disbursed</b>
5. Unsubsidized Direct Loan	990	
6. Subsidized Direct Loan	1732	
7. Direct Grad PLUS Loan		
8. Direct Parent PLUS Loan		
	B. 2722 Subtotal	D. Subtotal

E. Total Title IV aid disbursed for the period.	A. 3023
+ B. 2722	
= E. \$ 5745 .	
F. Total Title IV grant aid disbursed and that could have been disbursed for the period.	A. 3023
+ C.	
= F. \$ 3023 .	
G. Total Title IV aid disbursed and that could have been disbursed for the period.	A. 3023
	B. 2722
	C.
+ D.	
= G. \$ 5745 .	

# CLOCK-HOUR STEPS 2 & 3

## STEP 2: Percentage of Title IV Aid Earned

Withdrawal date

06 / 22 /

### H. Determine the percentage of the period completed:

Divide the clock hours scheduled to have been completed as of the withdrawal date in the period by the total clock hours in the period.

45

÷

450

=

10 . %

Hours scheduled  
to complete

Total hours in  
period

- ▶ If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.
- ▶ If this percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3.

H. 10 . %

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

Multiply the percentage of Title IV aid earned (Box H) by the total Title IV aid disbursed and that could have been disbursed for the period (Box G).

10 %

x

5745

=

1.\$

574 . 50

Box H

Box G

# CLOCK-HOUR STEP 4

## STEP 4: Title IV Aid to be Disbursed or Returned

- ▶ If the amount in Box I is greater than the amount in Box E, go to Item J (Post-withdrawal disbursement).
- ▶ If the amount in Box I is less than the amount in Box E, go to Title IV aid to be returned (Item K).
- ▶ If the amounts in Box I and Box E are equal, **STOP**. No further action is necessary.

### J. Post-withdrawal disbursement

From the amount of Title IV aid earned by the student (Box I) subtract the total Title IV aid disbursed for the period (Box E). This is the amount of the post-withdrawal disbursement.

$$\begin{array}{|c|} \hline 574.50 \\ \hline \end{array} - \begin{array}{|c|} \hline 5745 \\ \hline \end{array} = \begin{array}{|c|} \hline \text{J.} \$ \quad . \\ \hline \end{array}$$

Box I

Box E

If there's an entry for "J," **STOP here**, and enter the amount in Box 1 on Page 3 (Post-withdrawal disbursement tracking sheet).

### K. Title IV aid to be returned

From the total Title IV aid disbursed for the period (Box E) subtract the amount of Title IV aid earned by the student (Box I). This is the amount of Title IV aid that must be returned.

$$\begin{array}{|c|} \hline 5745 \\ \hline \end{array} - \begin{array}{|c|} \hline 574.50 \\ \hline \end{array} = \begin{array}{|c|} \hline \text{K.} \$ \quad 5,170 .50 \\ \hline \end{array}$$

Box E

Box I

# CLOCK-HOUR STEP 5

## STEP 5: Amount of Unearned Title IV Aid Due from the School

### L. Institutional charges for the period

Tuition	5500
Room	
Board	
Other	300
Other	
Other	

Total Institutional Charges  
(Add all the charges together) = L.\$ 5800

### M. Percentage of unearned Title IV aid

100% - 10 % = M. 90. %

Box H

### N. Amount of unearned charges

Multiply institutional charges for the period (Box L) by the percentage of unearned Title IV aid (Box M).

5800 **x** 90 % = N.\$ 5220.

Box L

Box M

### O. Amount for school to return

Compare the amount of Title IV aid to be returned (Box K) to amount of unearned charges (Box N), and enter the lesser amount.

O.\$ 5170.50

# CLOCK-HOUR STEP 6

STEP 6: Return of Funds by the School	
The school must return the unearned aid for which the school is responsible (Box O) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.	
<b>Title IV Programs</b>	Amount for School to Return
1. Unsubsidized Direct Loan	990
2. Subsidized Direct Loan	1732
3. Direct Grad PLUS Loan	
4. Direct Parent PLUS Loan	
<b>Total loans the school must return = P. \$ 2722 .</b>	
5. Pell Grant	2448.50
6. Iraq and Afghanistan Service Grant	
7. FSEOG	
8. TEACH Grant	



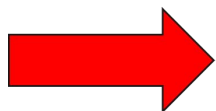
# CLOCK-HOUR STEP 7

## STEP 7: Initial Amount of Unearned Title IV Aid Due from the Student

From the amount of Title IV aid to be returned (Box K) subtract the amount for the school to return (Box O).

$$\begin{array}{ccc} \boxed{\$5170.50} & - & \boxed{\$5170.50} = \boxed{\text{Q.}\$ \quad 0.00} \\ \text{Box K} & & \text{Box O} \end{array}$$

▶ If Box Q is  $\leq$  zero, **STOP**. If greater than zero, go to Step 8.



# RESOURCES AND REFERENCES

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# RESOURCES

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## Return of Title IV Funds

- [2022–23 Federal Student Aid Handbook, Volume 5](#)
- [34 CFR 668.22 Treatment of Title IV funds when a student withdraws.](#)
- [Program Integrity Q&A - Return of Title IV Funds](#)
- [R2T4 Tool in Common Origination & Disbursement \(COD\) system](#)
- [FSA Training Center](#)
  - Learning Tracks – Student Withdrawals
    - R2T4 for Clock-Hour Programs
  - Training Courses – FSA Basic Training for New Staff (Departures)
- [R2T4 Training on COD](#)

# KNOWLEDGE CENTER

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Use the Knowledge Center for  
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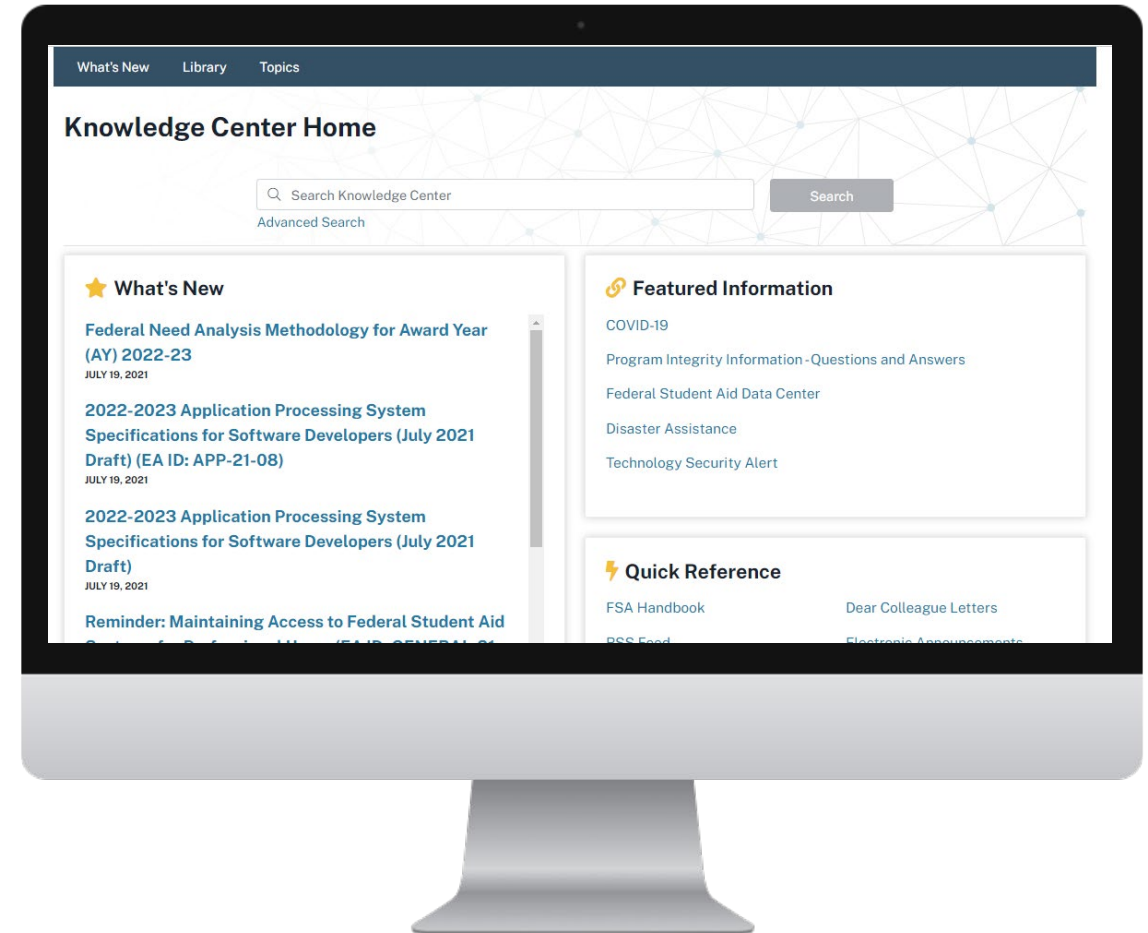
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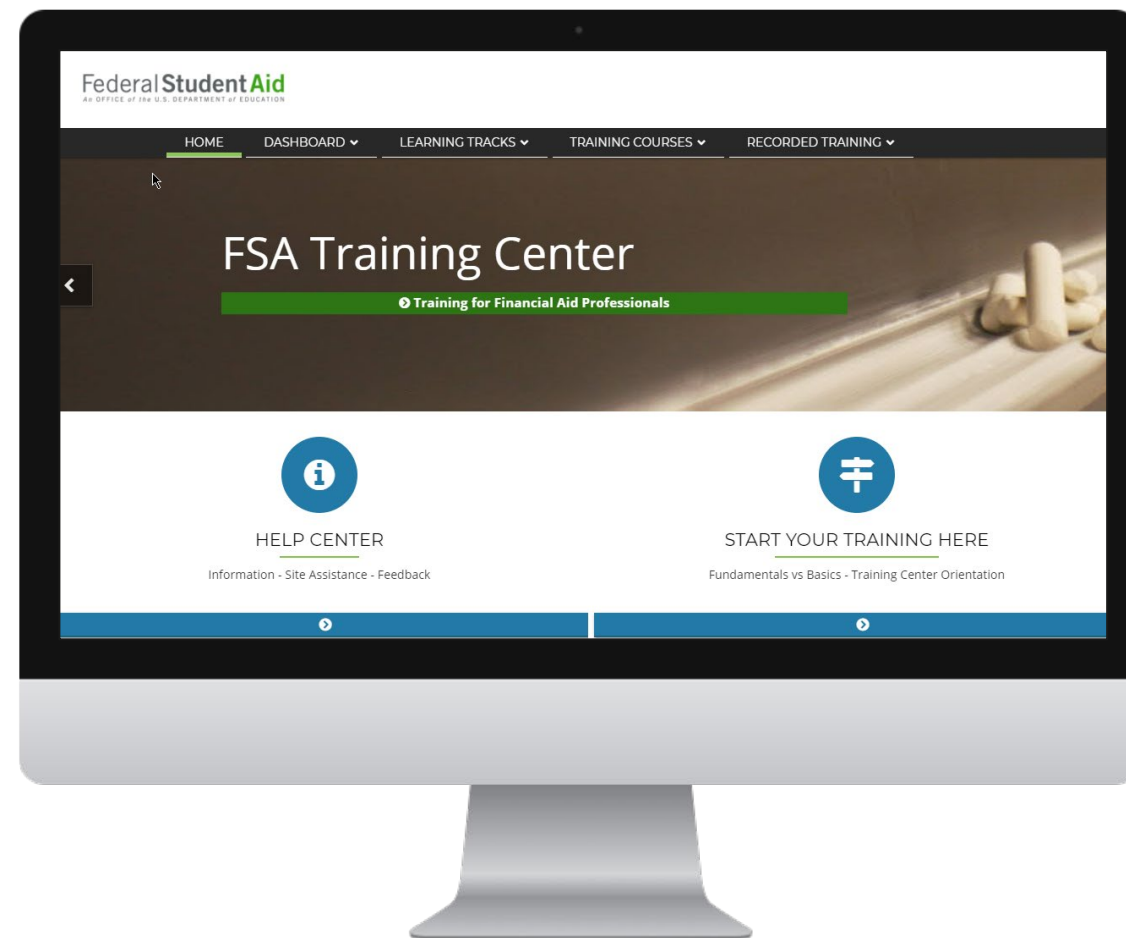
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### School Relations Center

Phone	Phone Support Hours
1-800-848-0978	Monday - Friday: 8:00 A.M. to 8:00 P.M. Eastern Time

# THANK YOU!

