



Session #45

Tribal Colleges: The Basics Return of Title IV Funds R2T4

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Myth

“You must do a Return of Title IV Funds calculation for every student that doesn’t complete your payment period.”



Truth #1

A Return of Title IV Funds calculation is done only for students who actually attended school and therefore established eligibility for Title IV funds.

Truth #2

If a student didn't attend, they are not eligible for ***any*** Title IV funds

- No R2T4 calculation required
- Return it ***ALL***

Remember



You must *always* have a way of knowing whether the student actually attended classes in order to be eligible for any Title IV funds.

How does the calculation work?

**Student earns Title IV aid
through attendance**

Percentage
of aid
earned

=

Percentage
of period
completed



How does the calculation work?

- If student has ***received more*** money than he has earned, money is returned to the programs
- If student has ***received less*** money than he has earned, a post withdrawal disbursement must be calculated



Consumer Information

Must provide to prospective and current students:

- Any refund policy with which school must comply
- School's tuition refund policy
- Requirements for treatment of Title IV funds after withdrawal (page 2-175)
- Procedures for official withdrawal



Date of Institution's Determination that Student Withdrew

When did the school realize that the student had withdrawn?

- If not official withdrawal, determine withdrawal date no later than 30 days after the end of the earlier of the . . .
 - Payment period or period of enrollment
 - Academic year
 - Educational program



Date of Institution's Determination that Student Withdrew

Other important deadlines key off this date:

- 30 days for school to return funds it's responsible for returning
- 30 days to offer post withdrawal disbursement
- 120 days to disburse the post withdrawal disbursement
- 30 days to notify student if overpayment is due
- 2 years for school to collect overpayment

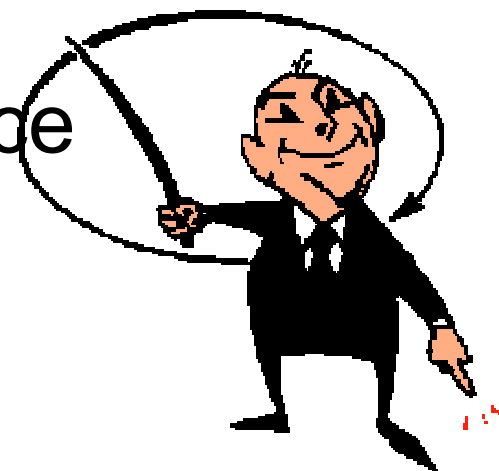


Payment Period or Period of Enrollment

- Standard term-based program must use term/payment period
- Non-standard term or non-term program may choose either payment period or period of enrollment

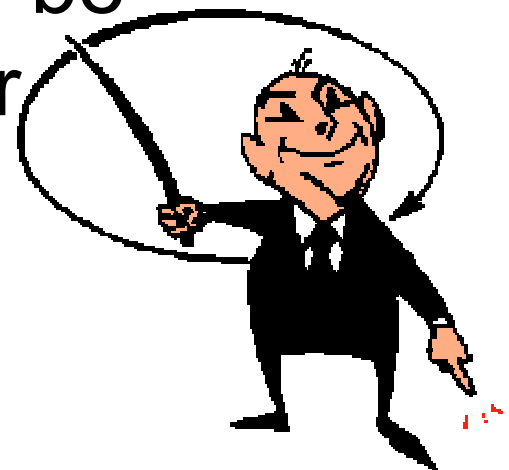
Rounding Rules for Percentages

- Calculate out to 4 decimal places
 - 45 days / 101 days = .4455
 - 199 hours / 450 hours = .4422
- Round to third decimal place
 - .4455 = .446 = 44.6%
 - .4422 = .442 = 44.2%



Rounding Rules for Dollar Amounts

- Round to the 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 $\$1,041.62$
- Disbursement or refund may be rounded to the nearest dollar
 - $\$1,046.32 = \$1,046$
 - $\$1,041.62 = \$1,042$



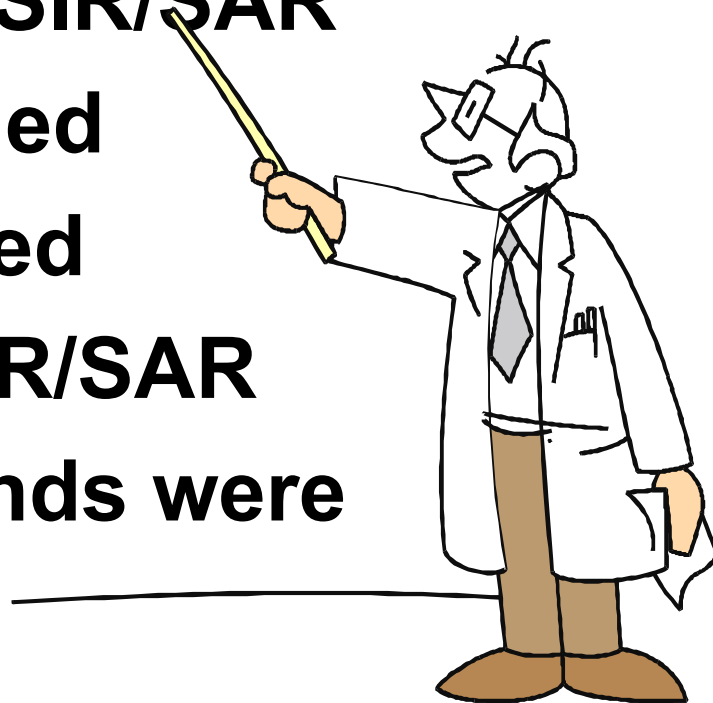


Step 1: Student's Title IV Aid Information

- Title IV aid disbursed
- Title IV aid that could have been disbursed
- Do not include FWS earnings
- Tribal Colleges will always include 100% of the FSEOG amount in the calculation (Title III waiver)

Aid That Could Have Been Disbursed

- **School has official ISIR/SAR**
- **FFEL - loan is certified**
- **DL - loan is originated**
- **Pell Grant - valid ISIR/SAR**
- **Perkins/FSEOG - funds were awarded**





FFEL/DL

Second/Subsequent Disbursements

- Include as could have been disbursed aid if loan was certified
- Cannot actually be paid in a post-withdrawal disbursement
- 668.164(g)(2)(ii)(a) and (B)

Amount Disbursed

Pell Grant \$1,519

FSEOG \$250



Box A

\$1,769



Box B

\$1,769



STEP 2:

Withdrawal Date - School that Is Required to Take Attendance

IF... school is required to take attendance

- By outside entity for some part of the period of enrollment

Then... withdrawal date is taken from attendance records

- Requirement might apply only to specific groups of students



Withdrawal Date- School that Is *Not* Required to Take Attendance

- Use
 - Earlier of date student began school's withdrawal process or date student otherwise provided "official" notice; **Or**
 - If student didn't notify school, midpoint in period; **Or**
 - If student didn't notify due to circumstances beyond student's control, date related to that circumstance; **Or**

Withdrawal Date - School that is *Not* Required to Take Attendance



- **If student didn't return from approved leave of absence**
 - date school determines leave began; **Or**
- **If student took unapproved leave of absence**
 - date student began leave



Withdrawal Date - School that is *Not* Required to Take Attendance

⇒ School not required to take attendance
always has option of using the date of
student's last attendance at school
documented academically-related
activity



Optional Approved Leave of Absence Policy

- Written policy publicized to students
 - Student followed school's policy and was approved
 - The leave does not involve additional charges
 - Student allowed to complete coursework began prior to leave
 - LOA may not include more than 180 days in any 12-month period



Step 2: Calendar Days for Credit Hour Programs

Count every day, including weekends and holidays, except:

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



Step 2: Calendar Days for Credit Hour Programs

64

108

59.3

Myth

“If you don’t disburse any aid to students until they have passed the 60% point of the semester, you don’t have to do a Return of Title IV funds calculation.”



Truth

When a student who was eligible for Title IV funds ceases to attend, *at any point in the semester*, a Return of Title IV Funds must be calculated.

A student is considered to have “earned” all of the aid he was eligible for once he passes the 60% point in the semester.



Step 3: Amount of Title IV Aid Earned by Student

59.3%

X

\$1,769

\$1,049.02



Step 4: Total Title IV Aid to be Disbursed or Returned

- ☐ Determine if post-withdrawal disbursement or return of funds is required
- ☐ Compare Title IV aid earned (D) with Title IV aid actually disbursed (A)
 - $D = A$ no further action
 - $D > A$ post-withdrawal disbursement
 - $A > D$ return of funds



Step 4: Total Title IV Aid to be Returned

- Title IV aid disbursed (A)**
- Amount of Title IV aid earned (D)**
- = Total Title IV aid to be returned (F)**

$$\text{\$1,769.00} - \text{\$1,049.02} = \text{\$719.98}$$



Step 5: Amount of Unearned Title IV Aid Due from School

- **Total Institutional Charges \$2,250**
- **Determine % unearned**
100.0%
- 59.3% earned
= 40.7% unearned



Step 5: Amount To Be Returned By School

Institutional Charges X % unearned

$$\text{\$2,250} \times 40.7\% = \text{\$915.75}$$

Then compare Box I and Box F

Return the lesser amount, write in Box J

\\$915.75 vs. \\$719.98



Step 6: Return of Funds by School

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



Step 6: Return of Funds by School

- Return funds to programs as soon as possible, but no later than 30 days after determination of withdrawal



Step 7: *Initial* Amount of Unearned Title IV Aid Due from Student

$$\begin{array}{r} \$719.98 \text{ (Box F amount to return)} \\ - \$719.98 \text{ (Box J amount due from school)} \\ \hline 0 \end{array}$$

This is initial amount due back from student.



Step 8: Return of Funds by Student

- **Law specifies order of Title IV programs to which funds must be returned**
- **Loans are repaid in accordance with terms of promissory note**
- **Grant repayment limited to 50% of student's initial responsibility to repay**

Step 8: Student's Grant Overpayment



**Initial amount
to be returned
to Grant**

X

50%

=

**Amount
for Student
to Return**

Grant Overpayment

- Any grant repayment due from student is considered an overpayment
- Occurs because student has received more aid than he earned by attending
- Student is responsible for repayment
 - Amounts under \$25 are set aside

Grant Overpayments

- **School must notify student within 30 days of school's determination of withdrawal**
- **Student retains Title IV eligibility for 45 days. During that time, he must either:**
 - **Repay in full to school**
 - **Make satisfactory arrangements to repay with school (school option)**
 - **Make satisfactory arrangements to repay with Department of Education**



Referring Overpayments to the Department

- If student does not repay in full or make payment arrangements with school within 45 days, school must refer overpayment to Department for collection.
- Referral form can be found in the FSA Handbook, Volume 2, Page 226



Report Overpayment to NSLDS

- **Overpayments not paid in full within 45 days of the institution's determination of the withdrawal must be reported to NSLDS**
 - **Reported via on-line process**



Post-Withdrawal Disbursements

- When Title IV aid disbursed is less than Title IV aid earned
- Mighty's Ledger #2
- Step 4 Box E
- $$\begin{array}{r} \$1,049.02 \text{ (Box D)} \\ - \quad \quad 0 \quad \text{(Box A)} \\ \hline = \$1,049.02 \end{array}$$



Post-Withdrawal Disbursement Tracking Sheet

- **School must make disbursement**
 - **Within 120 days of school's determination of withdrawal**
 - **From grants before loans**
 - **May credit student's account for outstanding charges prior to release of funds to student**



Post-Withdrawal Disbursements

- **School must offer any additional disbursement to student in writing**
 - **Within 30 days of school's determination of withdrawal**
 - **Identify type and amount of funds**
 - **Provide option to accept/decline all or part within 14 days of notice**



Additional Resources

- **Dear Colleague Letter GEN-00-24
December 2000**
- **R2T4 Software available at
<http://fsa4schools.ed.gov>
– Click on SAIG Software Download**