



NASFAA University Authorized Training 2016–17 Return of Title IV Funds

National Association of Student
Financial Aid Administrators

2016–17 Return of
Title IV Funds
A NASFAA Authorized Event

Presented by
[Name of Presenter/Association]
[Location]
[Date], 2016

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Lesson 1:
Introduction to Return
of Title IV Funds

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Key Concepts

Withdrawal	Title IV Recipient	Title IV Aid
<ul style="list-style-type: none"> Student ceased attendance in all classes during payment period/period of enrollment 	<ul style="list-style-type: none"> Received federal grant or loan funds Meets the requirements to receive a late disbursement of federal loan funds 	<ul style="list-style-type: none"> Certain federal financial aid programs subject to R2T4

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Return of Title IV Funds Formula

Earned Aid

- Disbursed or undisbursed federal funds the student may keep

Post-Withdrawal Disbursement

- Undisbursed federal funds the student earned and could receive

Unearned Aid

- Disbursed federal funds for which the student doesn't qualify

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Institutional Refund Policies

- Amount of unearned Title IV aid to return is independent of school's refund policy
- Title IV regulations do not govern school's refund policy

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When R2T4 Requirements Apply

Credit-hour	Clock-hour
Nonterm and Nonstandard term	Module

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When R2T4 Requirements Don't Apply

Situation	Perform R2T4 Calculation	School Returns Funds	Student Returns Funds
Partial withdrawal	No	No	No
Did not establish Title IV eligibility	No	No	No
Deceased student	Yes	Yes	No



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Lesson 2: Determining the Withdrawal Date



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Required to Take Attendance

- A school is required to take attendance if:
 - Requirement imposed by outside entity
 - Voluntarily takes attendance
 - Required by the program
- Includes taking attendance for:
 - A limited period of time
 - Certain populations



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Academic Attendance

Includes

- Physically attending class
- Submitting an academic assignment
- Attending a study group assigned by the school
- Participating in an academic online discussion
- Academic questions to course faculty

Does not include

- Living in institutional housing
- Using school meal plan
- Participating in student-organized group
- Logging into an online course without active participation
- Participating in academic counseling or advising



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Not Required to Take Attendance

- Withdrawal date depends on whether the student is an:
 - Official withdrawal
 - Unofficial withdrawal



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Unofficial Withdrawals

- Occurs when a student drops out without notifying the school
- Schools have a choice:
 - Midpoint of the payment period
 - Last date of attendance in an academically related activity that is earlier
- Time frame for determination



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Withdrawal from Programs Offered in Modules

- Course does not span the entire payment period
- A withdrawal occurs when student:
 - Ceases attendance before completion of payment period as scheduled, AND
 - No written confirmation of future attendance provided



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Written Confirmation of Future Attendance

Paper or electronic format

Student may change date under certain circumstances

Nonterm and non-standard term requirements



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Example: Elsa

- Enrolled in 15-week semester
- Ceases attending classes on Day 20 of first module
- Does not provide written confirmation

Module 1
(3 credits)

Module 2
(3 credits)

Module 3
(3 credits)



Without written confirmation, R2T4 is required



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Student is Unable to Begin Withdrawal Process

- Circumstances beyond the student's control may prevent official withdrawal
- May use date the circumstance occurred, if school is not required to take attendance



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Rescinding Official Withdrawal Notice

If rescinding notice, it must:

- Be in writing
- Indicate student will finish payment period or period of enrollment

Subsequently withdraws, withdrawal date is:

- First notification of his intent
- Date began process
- Last date of an academically-related activity



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Fails to Earn a Passing Grade in Any Course

- Applies to schools not required to take attendance
- Must be able to determine if student actually completed payment period
- Considered an unofficial withdrawal if:
 - Fails to earn a passing grade in any course
 - Cannot document requirements for one course completed



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Leave of Absence

- A temporary interruption of student's studies
- Does not include:
 - Nonattendance during a scheduled break
 - Situations addressed by incomplete courses
- Formal policy not required
 - If formal policy exists, must meet regulatory requirements



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Lesson 3: Return of Title IV Funds Formula



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Step 1 Determine the Percentage of Period Completed

- Aid is earned based on percentage of period completed

- Calculation of percentage completed is the only difference between credit-hour and clock-hour programs

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Step 1 Determine the Percentage of Period Completed

Credit-hour % Completed	Clock-hour % Completed
$\frac{\text{Days attended}}{\text{Days in period}}$	$\frac{\text{Scheduled hours at withdrawal}}{\text{Hours in period}}$

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Step 1 Determine the Percentage of Period Completed

- Nonterm credit-hour programs
 - Last day may depend on individual student program progression
 - Number of days in payment period depends on whether or not the program is self-paced

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Step 1 Determine the Percentage of Period Completed

- Module programs
 - Only include completed days in numerator
 - Include only the number of days the student was scheduled to attend in the denominator
 - Exclude days from denominator under certain circumstances

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Step 2 Determine the Amount of Earned Aid

Total aid	x	% completed	=	Earned aid
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Disbursed Aid versus Aid That Could Have Been Disbursed

- Both used in the R2T4 calculation as a snapshot of student eligibility
- Modules
 - Must recalculate eligibility for the Federal Pell Grant and campus-based funds
 - Do not recalculate eligibility for Direct Loans
- Aid that could have been disbursed consists of undisbursed aid the student is eligible for



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Step 3 Determine the Amount of Unearned Aid

$$\text{Disbursed aid} - \text{Earned aid} = \text{Unearned aid}$$



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Step 4 Determine the School and Student Shares

- School's share
 - Lesser of the total amount of unearned aid or amount equal to institutional charges multiplied by percentage earned
- Student's share
 - Difference between unearned aid and the school's share



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Step 5 Allocate Unearned Aid

Federal Loans

- Direct Unsubsidized
- Direct Subsidized
- Federal Perkins Loan
- Federal PLUS

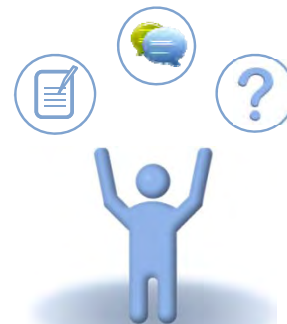


Federal Grants

- Federal Pell Grant
- FSEOG
- TEACH Grant
- IASG



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Returning Unearned Aid

- School
 - 45 days from date of determination
- Student or Parent
 - Loan funds are repaid according to promissory note
- Student
 - Grant fund repayment options



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Other Considerations

- Use of payment period or period of enrollment
- Prorating institutional charges
- Treatment of Title IV Credit Balances
- Date of determination



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Lesson 4: Post-Withdrawal Disbursements and Time Frames



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Title IV Funds Formula: Earned Aid Exceeds Disbursed Aid

- Step 1 Determine the Percentage of Period Completed
- Step 2 Determine the Amount of Earned Aid
- Step 3 Determine the Amount of the Post-Withdrawal Disbursement



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Title IV Funds Which Cannot Be Included

- Title IV Grants
- Direct Loans
- Federal Perkins Loans



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Step 4 Credit Unpaid Charges

- Crediting student account
 - May credit grant funds
 - May not loan funds without borrower confirmation
- Requirements
 - Disbursement notification
 - Authorization requirements
 - Other cash management restrictions

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Step 5 Offering Any Portion Not Credited to Institutional Charges

- School must directly disburse to the student any amount of a post-withdrawal disbursement of grant funds not credited to the student's account
- Requirements
 - Disbursement notification

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Time frames

- Notifications
- Aid student must repay
- School's return of funds
- Post-withdrawal disbursements
- Verification

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