

2016 PacWest SFS Conference



Title IV Disbursement and Refunding Compliance

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Marist College



Founded in 1929

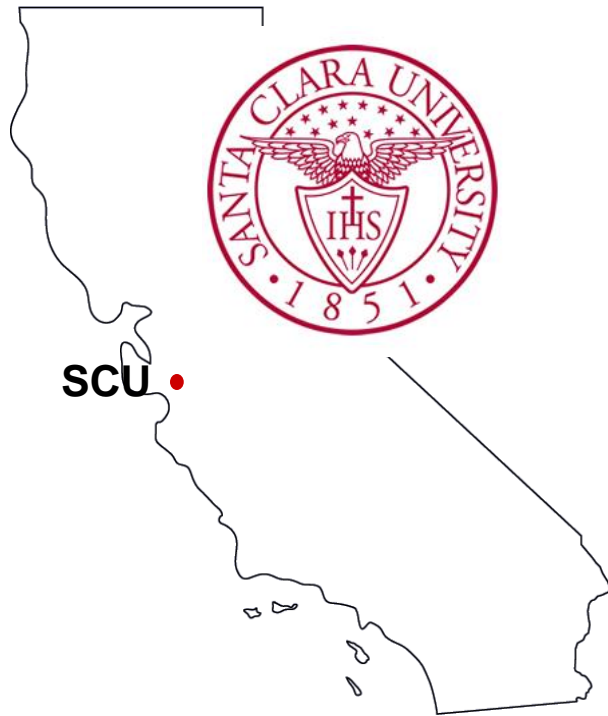
Located in New York's historic Hudson Valley
Branch located in Florence, Italy

Enrollment 2015-2016

- 4791 Traditional Undergraduates
- 1358 Graduate and Adult



Santa Clara University



Founded in 1851

Located in heart of the Silicon Valley
California's Oldest College

Enrollment 2015-2016

- 5385 Traditional Undergraduates
- 3335 Postgraduates

Description

- Title IV refunding
 - Student
 - Department of Education
- Federal Policy
 - Traditional and non-traditional refund schedule
 - Potential liabilities for student and college

You think you are done...

- Financial aid funds are awarded to students
- Students receive their Title IV refunds
- Student no longer attending



...what's next?

Agenda

History

- School provisions to encourage consistent administration of the program

Assumption

- Student will attend for entire period and make academic progress

When

- School is required to return funds when a student ceases to be enrolled prior to the end of the term or not meeting academic progress

How

- School completes R2T4 calculation

History: Prior to 2000

- Schools determined specific refund policies
- School determined institutional charges student earned, the unearned amount and the amount to be refunded
 - Example:
 - First week 100%
 - Second week 50%
 - Third week 50%
 - Fourth week 0%



History: Post 2000

- Schools are required to use a statutory schedule to determine the amount of Title IV funds a student has earned
- Student earns based on participation
- A pro rata schedule is used to determine the amount the student has earned through the 60% point of each payment period
- After the 60% point, the student has earned 100%



Assumption

- Student enrolls
- Award federal financial aid
- Semester/Quarter/Trimester begins
- Disburse federal financial aid
- Issue Title IV refund
- Student attends entire term and maintains academic progress





Does every student stay enrolled for the entire term?

What is R2T4?

- R2T4 is the acronym used by financial aid professionals for the Return of Title IV funds process
- The Return of Title IV funds is completed when a federal Title IV aid recipient either:
 - officially withdraws
 - unofficially withdraws
 - stops attending class per the attendance policy

R2T4 not R2D2



R2T4 is Complex

- R2T4 has its own volume in the Federal Student Aid Handbook
- 125+ pages of material about R2T4 plus . . .
 - 75+ pages of case studies

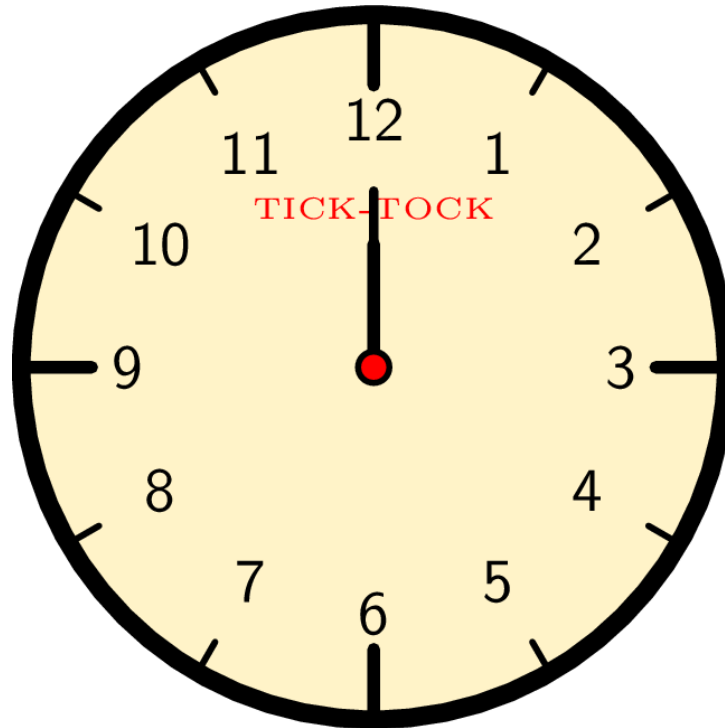


Reminder

Institutional Refund Policy

- A school's institutional refund policy has no impact on the R2T4 calculation
- If a student withdraws and receives 100% refund of institutional charges, it does not impact the earned federal aid

When is a school required to complete R2T4?



When

R2T4 calculation is required when student who received Title IV aid ceases attendance in ALL classes

R2T4 is not required if the student:

- Never began attendance at the school
- Continues to attend at least one Title IV eligible class
- Is on a leave of absence
- Did not receive, and is not eligible to receive Title IV aid
- Received or eligible to only receive Federal Work Study

Important Dates

Return of Title IV Funds Deadlines:

- School must return any unearned Title IV funds within **45 days** from the date the school determined the student withdrew
- School offers post-withdrawal **30 days** from the date the student determined the student withdrew
- Late returns continue to be a top 10 program review findings



Determining Attendance

Does the school take attendance?

- Yes or No

Does the school verify enrollment?

- Add/Drop
- Census Date
- 60% point of the term

Does the school have a formal withdrawal process?

- Yes or No

What Funds are Considered

- Federal Pell Grant
- Federal Supplement Educational Opportunity Grant
- TEACH Grant
- Iraq Afghanistan Service Grant
- Unsubsidized Federal Direct Loan
- Subsidized Federal Direct Loan
- Federal Perkins Loan
- Federal Direct PLUS Loan

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

Student's Name Social Security Number
 Date form completed / / Date of school's determination that student withdrew / /
 Period used for calculation (check one) Payment period Period of enrollment

Monetary amounts should be in dollars and cents (rounded to the nearest penny).
 When calculating percentages, round to three decimal places. (For example, .4486 = .449, or 44.9%)

STEP 1: Student's Title IV Aid Information

Title IV Grant Programs	Amount Disbursed	Amount that Could Have Been Disbursed	E. Total Title IV aid disbursed for the period.
1. Pell Grant			A.
2. Academic Competitiveness Grant			+ B.
3. National SMART Grant			= E. \$
4. FSEOG			
5. TEACH Grant			
6. Iraq Afghanistan Service Grant			
A. Subtotal	C. Subtotal		A.
			+ C.
			= F. \$

Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed	G. Total Title IV aid disbursed and that could have been disbursed for the period.
7. Unsubsidized FFEL/Direct Stafford Loan			A.
8. Subsidized FFEL/Direct Stafford Loan			B.
9. Perkins Loan			C.
10. FFEL/Direct PLUS (Graduate Student)			D.
11. FFEL/Direct PLUS (Parent)			
B. Subtotal	D. Subtotal		= G. \$

STEP 2: Percentage of Title IV Aid Earned

Start date / / Scheduled end date / / Date of withdrawal / /

A school that is not required to take attendance may, for a student who withdraws without notification, enter 50% in Box H and proceed to Step 3. Or, the school may enter the last date of attendance at an academically related activity for the "withdrawal date," and proceed with the calculation as instructed. For a student who officially withdraws, enter the withdrawal date.

H. Percentage of payment period or period of enrollment completed

Divide the calendar days completed in the period by the total calendar days in the period (excluding scheduled breaks of five days or more AND days that the student was on an approved leave of absence).

÷ = %
 Completed days Total days

▶ 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.** %

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).

% × = **I. \$**
 Box H Box G

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

Stop here, and enter the amount in "J" in Box 1 on Page 3 (Post-withdrawal disbursement tracking sheet).

Step 4 continued ▶

You should use this form when the withdrawal date is on or after 7/1/2010 p. 1 of 3

Student's Name Social Security Number

STEP 4: Aid to be Disbursed or Returned CONTINUED

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

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

L. Institutional charges for the period

Tuition
 Room
 Board
 Other
 Other

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

M. Percentage of unearned Title IV aid

100% - % = **M.** %
 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).

× % = **N. \$**
 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. \$

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.

Title IV Programs

1. Unsubsidized FFEL/Direct Stafford Loan
 2. Subsidized FFEL/Direct Stafford Loan
 3. Perkins Loan
 4. FFEL/Direct PLUS (Graduate Student)
 5. FFEL/Direct PLUS (Parent)

Total loans the school must return = **P. \$**

6. Pell Grant
 7. Academic Competitiveness Grant
 8. National SMART Grant
 9. FSEOG
 10. TEACH Grant
 11. Iraq Afghanistan Service Grant

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).

- = **Q.**

▶ If Box Q is ≤ zero, STOP. If greater than zero, go to Step 8

STEP 8: Repayment of the Student's loans

From the Net loans disbursed to the student (Box B) subtract the Total loans the school must return (Box P) to find the amount of Title IV loans the student is still responsible for repaying (Box R).

These loans consist of loans the student has earned, or unearned loan funds the school is not responsible for repaying. They are repaid to the loan holders according to the terms of the borrower's promissory note.

- = **R. \$**
 Box B Box P

▶ If Box Q is less than or equal to Box R, STOP. The only action a school must take is to notify the holders of the loans of the student's withdrawal date.

▶ If Box Q is greater than Box R, proceed to Step 9.

STEP 9: Grant Funds to be Returned

S. Initial amount of Title IV grants for student to return

From the initial amount of unearned Title IV aid due from the student (Box Q) subtract the amount of loans to be repaid by the student (Box R).

- = **S. \$**
 Box Q Box R

T. Amount of Title IV grant protection

Multiply the total of Title IV grant aid that was disbursed and that could have been disbursed for the period (Box F) by 50%.

× 50% = **T. \$**
 Box F

U. Title IV grant funds for student to return

From the Initial amount of Title IV grants for student to return (Box S) subtract the Amount of Title IV grant protection (Box T).

- = **U. \$**
 Box S Box T

▶ If Box U is less than or equal to zero, STOP. If not, go to Step 10.

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.

Note that the student is not responsible for returning funds to any program to which the student owes \$50.00 or less.

Title IV Grant Programs Amount To Return

1. Pell Grant	<input type="text"/>
2. Academic Competitiveness Grant	<input type="text"/>
3. National SMART Grant	<input type="text"/>
4. FSEOG	<input type="text"/>
5. TEACH Grant	<input type="text"/>
6. Iraq Afghanistan Service Grant	<input type="text"/>

You should use this form when the withdrawal date is on or after 7/1/2010 p. 2 of 3

R2T4 Results

- Amount of Title IV funds exceeded amount earned and funds must be returned
- Amount of Title IV funds less than amount earned and a post-withdrawal disbursement must be made
- Amount of Title IV funds equals amount earned



Unearned Funds: School

- Schools **must** return funds within 45 days of the date of determination

Unearned Funds: Student

- Unearned Title IV funds create a liability due from the student

R2T4 and Credit Balances

- Hold credit balances until R2T4 calculated
- Credit balance is “Aid/Amount Disbursed” in the calculation
- Determine if credit balance changes because of a State, accreditor, or institutional refund policy
- After the R2T4 calculation - use any remaining credit balance to first repay a grant on behalf of student
- Release credit balance within 14 days

Resources

- <http://ifap.ed.gov/ifap/>
- <https://www.nasfaa.org/>
- <http://www.pacwestsfs.org/>
- <http://www.nysobba.org/>
- <http://www.nacuboannualmeeting.org/>

Thank You