

Most Frequently Asked Questions from NASFAA's R2T4 Spotlight: Advanced Concepts Webinar

May 13, 2020



The following are answers to the most frequently asked questions presented during the webinar. You may search or browse the [AskRegs Knowledgebase](#) for answers to any follow-up questions you may have and/or submit them as AskRegs questions. For more guidance on the CARES Act and associated Higher Education Emergency Relief Fund (HEERF), go to [NASFAA's Coronavirus \(COVID-19\) Web Center](#).

Question	Answer
COVID-19	
1. If our school reduced room and board charges as a result of disruptions from COVID-19, and a return of Title IV funds (R2T4) calculation is required after the charges were adjusted, should we include the original room and board charges or the newly reduced room and board charges?	<p>It depends upon when the charges were reduced. The institutional charges used in the R2T4 calculation should reflect the charges that were assessed at the time the student withdrew. Please note the following guidance from page 5-107 of the 2019-20 FSA Handbook (emphasis added):</p> <p>“If, as a result of the withdrawal, an institution adjusts or eliminates a student’s institutional charges, or changes a student’s enrollment status, the changes made by the institution have no bearing on the applicability of the requirements in 34 CFR 668.22. Moreover, the charges used in the R2T4 calculation are always the charges on the student’s account prior to withdrawal. However, if a student’s enrollment status changed prior to and unrelated to the withdrawal, the effect of that change on institutional charges should be reflected in any R2T4 calculation.”</p> <p>Therefore, if the room and board charges were adjusted prior to the withdrawal, the adjusted charges would be used in the R2T4 calculation. On the other hand, if the room and board charges were adjusted after the withdrawal, the original charges would be used in the R2T4 calculation.</p>
2. It was past the 60 percent point of our term when our students began withdrawing due to COVID-19, so in these instances Title IV aid was considered 100 percent earned. Since we are not using the flexibility extended by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, will we need to report anything to the U.S. Department of Education (ED) for these withdrawals?	<p>No. In this scenario, no R2T4 calculation is required, so the school is not waiving any requirements under R2T4 rules.</p> <p>Section 3508(a)(2) of the CARES Act states the following (emphasis added):</p> <p>“WAIVERS.—The Secretary shall require each institution using a waiver relating to the withdrawal of recipients under this subsection to report the number of such recipients, the amount of grant or loan assistance (other than assistance received under part C of title IV of such Act) associated with each such recipient, and the total amount of grant or loan assistance (other than assistance received under part C of title IV of such Act) for which each institution has not returned assistance under title IV to the Secretary.”</p>

Question	Answer
Did the Student Withdraw?	
<p>3. Does registration/enrollment in a future course not constitute written confirmation of future attendance?</p> <p>What if the school doesn't have a policy in place to get written confirmation of future attendance for summer class withdrawals?</p> <p>Does an e-mail from the student work for written confirmation, or does the student need to sign a paper document stating they intend to begin attendance in the future module?</p>	<p>It depends upon when the student registers for the future module. 34 CFR 668.22(a)(2)(ii)(A)(1) requires the written confirmation of attendance in a future module to be provided “at the time that would have been a withdrawal.” Therefore, if the student was already registered for the future module before the student drops the current module, that existing registration would not on its own constitute written confirmation of future attendance. On the other hand, if the student actively adds a new course in a future module at the time the student drops the current module, that would count as a positive confirmation of future attendance.</p> <p>If the school does not have a process in place to obtain written confirmation of attendance, then students who drop a course while not currently attending any other courses would be considered to have withdrawn, and R2T4 would be required.</p> <p>ED considers e-mail to be a form of written communication, so an e-mail from the student would meet the requirement for a written confirmation of future attendance. Similarly, ED has stated that an online confirmation of future attendance from the student constitutes a valid written confirmation, provided that the confirmation is a timely positive confirmation of future attendance.</p> <p>See also ED’s Program Integrity Question and Answers for Return of Title IV Funds, MOD-Q3/A3.</p>
<p>4. In the Rhiannon example, if she had earned credit or a passing grade in module one, is an R2T4 calculation required?</p>	<p>It depends upon when she dropped the future module. Under current R2T4 rules, earning credit in one module does not necessarily mean the student did not later withdraw from another module later in the period.</p> <p>If she dropped the future module while still attending module one, it would not be a withdrawal and R2T4 would not be required, assuming she then completes module one.</p> <p>If she dropped the future module after completing module one, and did not provide written confirmation of future attendance, it would be a withdrawal and R2T4 would be required, because she was no longer attending any other courses at the time the future module was dropped.</p>
<p>5. If a student starts attending courses, drops all of their courses, and then is approved for medical withdrawal and the school backdates his drop to a date before school started, do we perform an R2T4?</p>	<p>Yes. The R2T4 regulations do not differentiate a medical withdrawal from any other type of withdrawal, nor do they provide for “backdating.” If the student attended at least one day, the student is considered to have earned some portion of their Title IV funds and an R2T4 calculation is required.</p>

Question	Answer
<p>6. If our Registrar indicates that a student never attended, is R2T4 required?</p>	<p>No. If a student doesn't begin attendance, the student has failed to establish eligibility for that period. No R2T4 is required, but instead all aid must be returned as described in Volume 4, Chapter 3 of the FSA Handbook.</p> <p>The school must return any Pell Grant, Iraq and Afghanistan Service Grant (IASG), TEACH Grant, and FSEOG funds, even if they were disbursed directly to the student.</p> <p>The school must also return any Direct Loan funds that were credited to the student's account at the school for the period, and, if any portion was paid directly the student, the school must notify the loan servicer so that a 30-day demand letter can be issued to the student.</p> <p>See also AskRegs Q&A "What Must We Do When We Discover Mid-Year That a Student Never Began Attendance?"</p>
<p>7. For our online courses, some instructors indicate that a student is attending, but upon investigation we discover that the student only logged in and did not participate further. Does logging in count as attendance for R2T4 purposes?</p>	<p>No, simply signing into an online course does not in and of itself constitute academic attendance for R2T4 purposes. The student needs to have demonstrated academic engagement, such as by submitting an assignment, taking an exam, or participating in an online discussion about academic matter.</p> <p>668.22(l)(7)(i) provides examples (emphasis added) of activities that are and are not considered academically-related attendance:</p> <p>“Academic attendance’ and ‘attendance at an academically-related activity’—</p> <p>(A) Include, but are not limited to—</p> <ul style="list-style-type: none"> (1) Physically attending a class where there is an opportunity for direct interaction between the instructor and students; (2) Submitting an academic assignment; (3) Taking an exam, an interactive tutorial, or computer-assisted instruction; (4) Attending a study group that is assigned by the institution; (5) Participating in an online discussion about academic matters; and (6) Initiating contact with a faculty member to ask a question about the academic subject studied in the course; and <p>(B) Do not include activities where a student may be present, but not academically engaged, such as—</p> <ul style="list-style-type: none"> (1) Living in institutional housing; (2) Participating in the institution's meal plan; (3) Logging into an online class without active participation; or (4) Participating in academic counseling or advisement.”

Question	Answer
What Is the Withdrawal Date?	
<p>8. To determine whether a scheduled break should be excluded from the R2T4 calculation is it 5 or more consecutive days, or more than 5 consecutive days?</p> <p>Does it matter whether the school is required to take attendance?</p>	<p>It is 5 or more consecutive days.</p> <p>668.22(f)(2)(i) states that “The total number of calendar days in a payment period or period of enrollment includes all days within the period that the student was scheduled to complete, except that scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period.”</p> <p>Similarly, 668.22(f)(2)(ii)(B) provides that “For a payment period or period of enrollment in which any courses in the program are offered in modules, any scheduled breaks of at least five consecutive days when the student is not scheduled to attend a module or other course offered during that period of time.”</p> <p>Scheduled breaks of at least 5 consecutive days are excluded from both the numerator and the denominator in the R2T4 calculation, whether or not the school the school is required to take attendance.</p>
<p>9. In the Jerry example on slide 74, what if he instead withdrew on March 20, putting his withdrawal date more than 30 days in the past?</p>	<p>If Jerry officially withdrew on March 20, his withdrawal date for the R2T4 calculation would still be February 17. He is not scheduled to attend courses in module two, so it would still be an official withdrawal during a scheduled break of at least 5 consecutive days.</p> <p>Remember that the 30-day timeframe to complete the R2T4 calculation and offer any post-withdrawal disbursement (PWD), and the 45-day timeframe to return unearned funds, begins with the date the school determined that the student withdrew, not the student’s withdrawal date. Because the student officially withdrew on March 20, the window begins on that date, not February 17.</p>
<p>10. If we use the midpoint for unofficial withdrawals, do we still need to confirm participation in all courses if the student was a Pell recipient?</p>	<p>Yes. Regardless of whether a student withdraws, 690.80(b)(2)(ii) always requires the school to recalculate Pell to reflect only those classes for which the student actually began attendance.</p>

Question	Answer
<p>11. I would assume that a student who is expelled would receive only failing grades. In that case, wouldn't it be an unofficial withdrawal? Wouldn't we use either the 50% point or last date of academic activity, rather than the date of the expulsion?</p>	<p>No, even if an expulsion results in all failing grades, it is treated as an administrative withdrawal rather than an unofficial withdrawal. Typically, when a student is suspended, he or she does not have any input as to whether or not they are withdrawing from classes, and as such the provisions at 668.22(c)(1)(iv) for withdrawals due to circumstances beyond the student's control would apply. It would not be an unofficial withdrawal because the institution's records should have the date the expulsion occurred, and that date would be used for the R2T4 calculation.</p> <p>Alternatively, under 668.22(c)(3) a school that is not required to take attendance may always choose to use the last date of attendance at an academically-related activity as the withdrawal date.</p> <p>See also AskRegs Q&A "When Do We Calculate Return of Title IV Funds for a Student Who Has Been Expelled?"</p>
<p>12. Would you please further explain how to ascertain the number of days in the denominator with modules? This is one of our most troublesome questions when evaluating R2T4.</p>	<p>The days in a module are included in the total number of days in the period if any of the following conditions are true:</p> <ul style="list-style-type: none"> • The student attended at least one day in the module; • The module is in the future and the student was scheduled to attend it at the time the student withdrew; or • The module was in the past and was included in the original payment period or period of enrollment and was used to determine the amount of eligibility for Title IV funds <p>For example, consider a payment period that contains three consecutive modules, each 35 days in length, with no scheduled breaks. A student enrolls in modules one and three and begins attendance in module one. Then, 10 days into module one, the student drops module one. At that time, the student provides written confirmation of their intent to return for module three, so the student is not considered to have withdrawn and R2T4 is not performed. The student returns as scheduled for module three, but then withdraws after 12 days.</p> <p>The denominator would be 70 days, which includes the days in modules one and three, because the student attended at least one day in both modules. The numerator would be 22 days, which includes the 10 days the student completed in module one, and the 12 days the student completed in module two.</p> <p>See also Session 18 "Return of Title IV (R2T4) Funds: Essential Concepts" from the 2018 FSA Training Conference.</p>

Question	Answer
Is an R2T4 Calculation Required?	
<p>13. If all charges are canceled, wouldn't all the aid have to be returned instead of performing R2T4?</p> <p>What if a school is required to take attendance, but students who withdraw during the first add/drop week will not show up on rosters, so no last date of attendance can be determined?</p> <p>Since there is no proof that the student ever attended, can their aid just be canceled instead of performing an R2T4 calculation?</p>	<p>No. If the student attended at least one day, the student is considered to have earned some portion of their Title IV funds and an R2T4 calculation is required. This is equally true whether or not the school is required to take attendance.</p> <p>It does not matter if some or all of the student's charges were canceled and/or refunded after the withdrawal. The institutional charges incurred prior to the withdrawal would be used in the R2T4 calculation. Please note the following guidance from page 5-107 of the 2019-20 FSA Handbook (emphasis added):</p> <p>"If, as a result of the withdrawal, an institution adjusts or eliminates a student's institutional charges, or changes a student's enrollment status, the changes made by the institution have no bearing on the applicability of the requirements in 34 CFR 668.22. Moreover, the charges used in the R2T4 calculation are always the charges on the student's account prior to withdrawal. However, if a student's enrollment status changed prior to and unrelated to the withdrawal, the effect of that change on institutional charges should be reflected in any R2T4 calculation."</p> <p>If the school is required to take attendance, attendance records should be retained as part of the student's eligibility documentation. Regardless of whether the school takes attendance, the school must be able to document in some manner that the student began attendance.</p>
<p>14. For a student that did not begin attendance, I thought that although Pell must be returned, the school "MAY," not "MUST," return the Direct Loans. Since the student was eligible at the time of the loan disbursement, can't the student simply repay the loan under the terms of their promissory note?</p>	<p>No. In order to retain any portion of the Direct Loan disbursement and repay it under the promissory note, the student would need to have been enrolled at least half-time at the time of the disbursement, and to have begun attendance in at least one class. See also session 1 "Administering Disbursements" from the 2019 FSA Training Conference.</p> <p>If a student doesn't begin attendance at all, the student has failed to establish eligibility for that period. No R2T4 is required, but instead all aid must be returned as described in Volume 4, Chapter 3 of the FSA Handbook.</p> <p>The school must return any Pell Grant, Iraq and Afghanistan Service Grant (IASG), TEACH Grant, and FSEOG funds, even if they were disbursed directly to the student.</p> <p>The school must also return any Direct Loan funds that were credited to the student's account at the school for the period, and, if any portion was paid directly the student, the school must notify the loan servicer so that a 30-day demand letter can be issued to the student.</p>

Question	Answer
14. (Continued)	See also AskRegs Q&A “What Must We Do When We Discover Mid-Year That a Student Never Began Attendance?”
<p>15. If Pell is disbursed after our add/drop period, but our Registrar later records a withdrawal before the term starts, is R2T4 required?</p> <p>If a student withdraws from all classes during the add/drop period but no aid had disbursed yet, is R2T4 required?</p>	<p>It depends upon whether the student began attendance.</p> <p>If the student never began attendance, R2T4 is not required, but funds must be returned as described in the previous question and answer.</p> <p>If the student began attendance, R2T4 is required, even if the Registrar’s office “backdated” the withdrawal. Even if aid has not yet been disbursed, the student may be eligible for a PWD for the portion of the period that student attended.</p>
<p>16. What type of documentation is required to show that a student attended through the 60 percent point in the period and does not need a R2T4?</p> <p>I was under the impression even after 60 percent we still must perform the R2T4 calculation to show that nothing needs to be returned.</p>	<p>Regardless of when the student withdraws, an R2T4 calculation must be performed if all Title IV aid was not already disbursed prior to the withdrawal.</p> <p>If, however, the student withdrew past the 60 percent point and all aid was already disbursed, the financial aid administrator can simply note in the student’s file:</p> <ul style="list-style-type: none"> • The withdrawal date; and • All aid was already disbursed, so there cannot be a PWD. <p>That having been said, many schools simply perform the R2T4 calculation up through Step 3, as it may be the most consistent way to document this information.</p> <p>Note ED’s use of “may” (not “must”) on page 5-97 of the 2019-20 FSA Handbook:</p> <p>“For a student who withdraws after the 60% point in time, even though a return of Title IV aid is not required, a school may have to complete an R2T4 calculation to determine whether the student is eligible for a post-withdrawal disbursement.”</p> <p>See also AskRegs Q&A “Is an R2T4 Calculation Required If the Student Withdraws After the 60% Point Of the Term?”</p>

Question	Answer
Institutional Charges	
<p>17. Our institution reduced charges by 50 percent, and applied a 50 percent credit to next year's charges. Is the adjusted amount used when entering the expenses on the R2T4?</p>	<p>It depends upon when the charges were reduced. The institutional charges used in the R2T4 calculation should reflect the charges that were assessed at the time the student withdrew. Please note the following guidance from page 5-107 of the 2019-20 FSA Handbook (emphasis added):</p> <p>"If, as a result of the withdrawal, an institution adjusts or eliminates a student's institutional charges, or changes a student's enrollment status, the changes made by the institution have no bearing on the applicability of the requirements in 34 CFR 668.22. Moreover, the charges used in the R2T4 calculation are always the charges on the student's account prior to withdrawal. However, if a student's enrollment status changed prior to and unrelated to the withdrawal, the effect of that change on institutional charges should be reflected in any R2T4 calculation."</p> <p>Therefore, if the charges were adjusted prior to the withdrawal, the adjusted charges would be used in the R2T4 calculation. On the other hand, if the charges were adjusted after the withdrawal, the original charges would be used in the R2T4 calculation.</p>
Aid That Could Have Been Disbursed	
<p>18. In the Deb example on slides 99 and 100, wouldn't the school just remove the Direct Loans for the spring term, since the student would be less than half-time after the add/drop period?</p>	<p>No. A Direct Loan may be included in an R2T4 calculation as aid that could have been disbursed if the late disbursement conditions at 668.164(j)(2) are met and the loan has been originated at the time of the calculation.</p> <p>In this case, the loan was originated before the student withdrew or dropped below half time and the promissory note was complete, so the spring Direct Loan disbursement can be included in Deb's R2T4 calculation as aid that could have been disbursed.</p> <p>See also pages 5-46 and 5-47 of the FSA Handbook.</p>
<p>19. If the student completes the master promissory note prior to withdrawing but not entrance counseling, can the Direct Loan be included as aid that could have been disbursed?</p>	<p>Yes. Entrance counseling does not affect whether a Direct Loan can be counted in an R2T4 calculation as aid that could have been disbursed. However, the loan cannot actually be disbursed until the borrower completes the entrance counseling, and this must be done within the 180-day window for late disbursements provided in 668.164(j)(4)(i).</p> <p>See also AskRegs Q&A "If a Student Has Not Completed the Promissory Note or Entrance Counseling Before Withdrawing, Do You Include Direct Loan Amounts As Aid That Could Have Been Disbursed?"</p>

Question	Answer
<p>20. In the continuation of the Deb example on slide 103, it doesn't make sense to have to consider the loan as aid that could have been disbursed, find out that the student earned some of it, and then not be able to disburse it after all as a PWD. Am I understanding the scenario correctly?</p>	<p>Yes, you are correct in understanding that in Deb's scenario, the spring Direct Loan disbursement can be included in the R2T4 calculation as aid that could have been disbursed, but it cannot actually be paid to Deb as PWD.</p> <p>It may help to think of aid that could have been disbursed in the R2T4 calculation simply as what would have happened to the aid if the student had not withdrawn. Please note that even if a second or subsequent Direct Loan disbursement cannot ultimately be paid to the student in a PWD, including it in the R2T4 calculation still increases the overall amount of earned Title IV aid, which could allow the student to retain a greater amount of their other aid.</p> <p>Page 5-47 of the FSA Handbook specifically addresses (emphasis added) the treatment of a second or subsequent Direct Loan disbursement:</p> <p>"The second principle provides that a student can never receive as a post-withdrawal disbursement any funds from a disbursement that the institution was prohibited from making on or before the date the student withdrew. Therefore, although the following potential disbursements can be counted as aid that could have been disbursed (if intended for the period for which the R2T4 calculation is being performed), an institution is prohibited from disbursing:</p> <ul style="list-style-type: none"> • for nonstandard term credit-hour programs where the terms are not substantially equal in length, credit-hour nonterm programs, and clock-hour programs, a second disbursement of Direct Loan funds where the student has not successfully completed half of the number of credit hours or clock hours and half of the number of weeks of instructional time in the payment period (34 CFR 685.303(d)(3)(ii)(B)); • a second or subsequent disbursement of Direct Loan funds unless the student has successfully completed the loan period (34 CFR 668.164(j)(4)(ii)); • a disbursement of Direct Loan funds for which the borrower has not signed a promissory note; • for clock-hour or credit-hour nonterm programs, a disbursement of a Federal Pell Grant, Iraq and Afghanistan Service Grant, TEACH Grant, or for a subsequent payment period when the student has not completed the earlier payment period for which the student has already been paid (34 CFR 690.75(a)(5) and 34 CFR 686.31(a)(5);

Question	Answer
20. (Continued)	<ul style="list-style-type: none"> • a disbursement of a Direct Loan to a first-year, first-time borrower who withdraws before the 30th day of the student's program of study (34 CFR 668.164(j)(4)(iii)) (except when this delay does not apply because of low default rates); • a disbursement of a Federal Pell Grant, Iraq and Afghanistan Service Grant, TEACH Grant or, to a student for whom the institution did not have a valid SAR/ISIR by the deadline established by the Department (34 CFR 668.164(j)(4)(iv)) annually in the public deadline notice; and • a first disbursement of a Direct Loan (i.e., the first disbursement of a Direct Loan in a loan period) to a student enrolled in a modular program who has withdrawn before beginning attendance in enough courses to establish a halftime enrollment status."
21. I thought the restriction against making a PWD of a second or subsequent Direct Loan disbursement applied only to a second disbursement within the same term as the first disbursement.	<p>No. 668.164(j)(4)(ii) applies to any second or subsequent Direct Loan disbursement. The regulation does not differentiate between single-term and multiple-term loans:</p> <p>"An institution may not make a late second or subsequent disbursement of a loan under the Direct Loan program unless the student successfully completed the period of enrollment for which the loan was intended."</p>
22. We package on an annual basis, and we have three trimesters: fall, spring, and summer. Each trimester has two modules. A student completes fall trimester, and their fall loan was originated and disbursed. If the student begins spring trimester but withdraws before module one ends and their Spring loan has not yet disbursed, do we include the disbursement in the R2T4 calculation but not pay it out in a PWD?	<p>That is correct. Assuming the student was packaged with a multiple-term loan, with disbursements scheduled for fall, spring, and summer terms, the spring and summer disbursements would each be second or subsequent disbursements. Therefore, if the student withdrew from the spring trimester after beginning attendance but before the Direct Loan was disbursed, the spring disbursement would be included in the R2T4 calculation as aid that could have been disbursed, but it cannot actually be paid to the student as a PWD.</p>