



Return of Title IV Funds

Updated for COVID-19 Waivers, Exceptions and Flexibilities
March 2022

In accordance with 34 CFR 668.22 and Article IV, D (6) of the CSAC Institutional Participation Agreement, financial aid students who receive federal and/or Cal Grant financial assistance who completely withdraw from all classes, after beginning attendance, before completing more than 60% of the semester will have a Return to Title IV (R2T4) funds calculation completed and will be required to return any unearned funds. The amount of the return will be calculated on a pro-rata basis. FWS earnings are excluded from the calculation.

COVID-19 Waivers, Exceptions and Flexibilities (page 4) are applicable for any student who begins attendance in a payment period that includes March 13, 2020 or begins between March 13 and the last date that the national emergency is in effect, and subsequently withdraws from the period as a result of COVID-19-related circumstances.

Effective July 1, 2021, students who meet the withdrawal exemption criteria published by the Department of Education on September 2, 2020, are not considered withdrawn, and therefore, no R2T4 calculation will be completed for those students.

For the purposes of this document, the terms "Title IV and "federal "refer to student financial assistance from the following programs:

- Federal Direct Subsidized and Unsubsidized Loans
- Federal Direct PLUS Loans
- Federal Pell Grant
- Iraq and Afghanistan Service Grant
- FSEOG
- Cal Grant A, B & C

The R2T4 funds is defined as either the Institutional Debt or the Student Debt.

Institutional Debt: An overpayment that must be repaid by the college:

- a. the college incorrectly disbursed aid to the student, or
- b. the college must repay a portion of the institutional charges as a result of the student withdrawing from all courses at the college.

Student Debt: An overpayment that must be repaid by the student to the Department of Education because:

- a. The student is enrolled in fewer units than on the date Title IV aid was disbursed to the student, prior or on the Pell recalculation date.

- b. The student must repay a portion of the Title IV funds as a result of the student withdrawing from all classes at the college.
- c. The student provided incorrect data to the college resulting in a payment that the student was not entitled to receive.

Since NVC is not required to take attendance, a student's withdrawal date for the return of Title IV calculation will be:

- the date the student provided notification, orally or in writing, to the Admissions and Records Office that he or she intends to withdraw, or
- the midpoint of the semester for students who do not officially withdraw or
- the date posted by the instructor indicating the student's last date of attendance in class.

The Financial Aid designated staff will run an enrollment report (Return of Title 4 Report) through Report Manager to identify students who receive Title IV financial assistance who are no longer enroll in classes before each disbursement date, approximately every two to three weeks. The financial aid staff will process each student on the report and identify all students who a return of funds is required. NVC will return any Title IV funds due from the institution within 45 days from the date NVC determined the student withdrew. Simultaneously, NVC will notify the student of any repayment he/she may owe to the Title IV programs within 30 days from the date NVC determined the student withdrew. The student will be offered any earned funds that were not disbursed. This process will occur within a thirty-day period from the date NVC determined the student withdrew. For students who do not officially withdraw, final grade reports will be used, and the withdrawal date will be set at 50% of the term. NVC will return Title IV funds and notify students within 30 days of receipt of final grades. Documentation of academic activity beyond the drop date is reason to recalculate the repayment amount.

The percentage of Title IV aid earned will be calculated by counting the number of days from the beginning of the semester to the withdrawal date and dividing that number by the number of calendar days in the semester minus any scheduled breaks 5 days or longer in length. Once that percentage is determined, it will be multiplied against the total amount of Title IV aid that was disbursed and that which could have been disbursed.

To determine if a student was eligible to receive Title IV funds even though none were disbursed, the cash management rules of §668.164 (g) (2) will be applied. To be an eligible student, NVC must have:

- received either a SAR or ISIR having an official calculated EFC;
- determined that the student meets federal and institutional eligibility requirements;

- for FSEOG, awarded the student a grant;
- for Direct Loans, originated the loan record and the borrower must have completed the first thirty days of the semester.

Once the amount of earned Title IV Aid is determined, the sum will be subtracted from the total of Title IV aid that was disbursed. If the student received more than the earned amount, the unearned portion will be returned by the college and by the student in accordance with the method prescribed in regulation. The institutional charges for the semester will be multiplied by the percentage of Title IV aid unearned and compared to the amount of Title IV aid to be returned. The smaller amount will be returned by the college in the following priority:

1. Unsubsidized Federal Direct Stafford Loan
2. Subsidized Federal Direct Stafford Loan
3. Federal Direct PLUS Loan
4. Federal Pell Grant
5. Iraq and Afghanistan Service Grant
6. FSEOG
7. Cal Grant

The amount the college returns will be subtracted from the total sum that must be returned and the balance will be due from the student. The student will be responsible to return unearned funds in the same priority listed above. However, students who have loans will return funds in accordance with the terms of the promissory and grant funds to be returned will be multiplied by 50%.

Prior to a cash refund of any enrollment fee or tuition, NVC may determine if the student received federal Title IV funds during the term of enrollment. If the funds were received, the refund may be held up to 30 days while NVC determines if any institutional or student return to federal Title IV programs is due (Section 485 of the Higher Education Amendments of 1998, P.L. 105-244). If a return is deemed to be required, the amount of the enrollment fee refund may first be used to meet any return obligation of NVC. If an amount of enrollment fee refund remains after the NVC obligation has been met, that amount may be used to meet any return obligation of the student. If an enrollment fee refund amount remains after all return obligations have been met, the student shall receive the remainder (Section 58508 of Subchapter 6 of Chapter 9 of Division 6 of Title 5 of the California Code of Regulations).

The student will have 45 days from the date he or she receives notice from the college to repay the unearned Federal Pell Grant and/or Federal SEOG in full or set up a satisfactory repayment arrangement with the Financial Aid Administrator.

For Cal Grant repayments, the California Student Aid Commission will be notified immediately of the repayment and the Commission will collect from the student.

If the initial student overpayment is less than \$50.00, the student is not required to repay the grant overpayment. Please note that this limit refers to the initial amount the student is required to repay, not the remaining balance of a larger overpayment (2021-2022 Federal Student Handbook, Volume 5 – Withdrawals and the Return of Title IV Funds, Chapter 2).

Grant overpayments will be reported to NSLDS marked with the appropriate flag corresponding to the action taken by the student. This reporting will take place within thirty days after:

- the student signs a satisfactory repayment arrangement;
- the student fails to repay the overpayment or to enter into a repayment arrangement with NVC within the 45-day period;
- the student fails to meet the terms of the agreement signed with NVC.

When the determination is made that the student did not receive all of the earned Title IV aid and the withdrawal date has been determined, the Financial Aid Office will send the student a letter or email offering, with the exception of Cal Grant, the undisbursed financial aid. The student will be instructed to respond to the letter or email within 15 calendar days indicating whether or not the student wants the funds. If the student requests that the earned Title IV aid be disbursed, payment will be disbursed to the student based on his/her preference selected from Bank Mobile from one of two options: deposit to an existing account (ACH deposit) or deposit to his/her Bank Mobile Vibe account within 45 days of the college's determination that the student withdrew. If the response from the student is received within 15 days, it will be honored. Any response received after 15 days will not be honored and a notice will be sent to the student advising him or her of the outcome.

COVID-19 WAIVERS, EXCEPTIONS, AND FLEXIBILITIES

Return of Title IV Funds (R2T4)

[Updated as of 06/16/2020] Section 3508 of the CARES Act directs the Secretary to waive the statutory requirement for institutions to return Title IV funds as the result of student withdrawals related to a qualifying emergency. For any student who begins attendance in a payment period or period of enrollment that includes March 13, 2020, or begins between March 13 and the later of December 31 or the last date that the national emergency is in effect, and subsequently withdraws from the period as a result of COVID-19-related circumstances, an institution is not required to return Title IV funds.

This includes students who withdrew during the applicable period for whom the institution has already performed an R2T4 calculation and returned funds. Where returns have already been made, the institution should re-disburse Title IV funds to those students, making required adjustments in COD, crediting students' ledger accounts, and requesting any necessary funds

from G5. In the case of withdrawn students for whom no returns have been made, the institution should:

1. Perform an R2T4 calculation in order to determine the amount of Title IV funds that would otherwise have to be returned;
2. Make no adjustments to COD as a result of the withdrawal;
3. Make no adjustments (as the result of the withdrawal) to the amount of Title IV aid credited to the student's ledger account.

If an affected student withdraws prior to some or all her Title IV aid having been disbursed (a situation that would normally result in a post-withdrawal disbursement), the institution should proceed with making any remaining disbursements for the payment period, and then follow steps one through three above. To determine whether a student has withdrawn from a payment period or period of enrollment, please refer to 34 CFR 668.22.

The CARES Act also directs the Secretary to waive student grant overpayments that result from the R2T4 process for students who withdraw as a result of COVID-19-related circumstances. If a student's grant overpayment has been waived in accordance with this provision, an institution is not required to notify the student or the National Student Loan Data System (NSLDS) of the overpayment or refer any portion of the overpayment to the Department. In addition, an institution must not apply any Title IV credit balance to pay down the grant overpayment. An institution must document in the student's file when it applies this waiver as a result of the CARES Act. If an institution has already returned the amount of a student overpayment on behalf of a student, it should re-request those funds in the same manner as described above for Title IV funds that the institution was otherwise required to return under normal R2T4 requirements.

Interaction with Tuition Refund Requirements

The Department's R2T4 provisions do not affect institutional refund policies. However, some institutions or states may have policies requiring the refund of some or all of a student's tuition charges if the student withdraws during a certain period of time. If a student who qualifies for CARES Act R2T4 relief withdraws and is granted a tuition refund, the refund may create a Title IV credit balance that must be provided to the student within 14 days.

For example, consider a student who withdraws during the first week of a semester as a result of COVID-19 disruptions. The student was originally charged \$10,000 in tuition and received \$5,000 in Pell Grant funds and \$3,500 in a Subsidized Direct Loan. When the student withdraws, the tuition refund policy will result in a refund of \$9,000 in tuition, leaving only \$1,000 in charges on the student's account. Furthermore, because R2T4 requirements will be waived, the student will still have a total of \$8,500 in Title IV funds on his or her account, resulting in a Title IV credit balance of \$7,500 that must be paid to the student within 14 days of the refund.

Institutions may choose to amend tuition refund policies to all students in a given program if such changes are documented and disclosed to students, although students may have rights under state law to enforce an institution's refund policy for a payment period that was started under an existing refund policy. An institution may not amend its tuition policy on a student-by-

student basis based on the amount of Title IV aid that the student receives as a credit balance as a result of the CARES Act R2T4 waiver.

Reporting Requirements

The CARES Act requires an institution to report to the Department information specific to each student for whom it was not required to return Title IV funds under the waiver exception (and for each student for which Title IV funds were previously returned and are now being redrawn). The Department has determined that reporting requirements under the CARES Act include:

- Identifying information for each student for whom R2T4 was waived under the CARES Act;
- The payment period “begin” and “end” dates for the period that the student did not complete as a result of the COVID-19 emergency;
- The amount of Title IV grant or loan assistance (other than Federal Work Study funds) that each such student received for the payment period in which he or she withdrew; and
- The total amount of Title IV grant or loan assistance that each institution has not returned to the Secretary as a result of the CARES Act provisions.

Institutions should retain this information for each student who withdraws and qualifies for an R2T4 waiver under the CARES Act, and should plan to provide, for each student, identifying information, payment period begin and end dates, and information regarding the Title IV grant and loan disbursements (except for Federal Work Study) that the student received for the payment period.

In order to fulfill the third reporting requirement, an institution must determine the total amount of grant and loan assistance that otherwise would have been returned, identified in Step 5 of the R2T4 calculation, had the calculation been performed. Therefore, it will continue to be necessary for institutions to perform an R2T4 calculation for each student covered by the CARES Act R2T4 waiver.

Upon receipt of information from an institution indicating that a covered student has withdrawn, the Department will cancel the entire amount of any disbursement of a Direct Loan borrowed by the student or his or her parent for the payment period or period of enrollment. Additionally, under Sections 3506 and 3507 of the CARES Act, the Department will exclude from a student’s Subsidized Loan usage and Pell Grant lifetime eligibility used (LEU) any payment period that the student does not complete due to a qualifying emergency. Additionally, the Department will cancel disbursements of TEACH Grants received by a covered student for the payment period or period of enrollment from which the student withdrew and restore grant eligibility for that amount.

The Department is developing the process by which institutions will fulfill the reporting requirements described above and will provide additional guidance about these requirements in the future. Note that because it will take time to develop a reporting process and provide relief from Pell lifetime eligibility requirements, subsidized usage requirements, and loan

obligations in these circumstances, we ask institutions and students to be patient while we develop a process to provide this relief.

In a March 1, 2021 Electronic Announcement we provided implementation information for the Common Origination and Disbursement (COD) System for the 2021-22 award year. In the "COD System Processing Function Modifications for 2021-22" attachment included with that earlier announcement, we provided information about summary-level Return of Title IV (R2T4) reporting functionality that we planned to implement in late April 2021.

Following a system update completed on April 25, 2021, we are pleased to announce that the R2T4 Lump Sum Reporting page is now available on the COD website. Schools can now use this page to report summary-level totals of Title IV funds that were not returned due to the CARES Act. For more details about the functionality, refer to the March 10th announcement.

As a reminder, the deadline for reporting funds not returned under R2T4 requirements due to CARES Act relief, for all award years through 2020-21, is Sept. 30, 2021. Schools can report these funds using the R2T4 calculator or now through the R2T4 Lump Sum Reporting page.

Qualification for R2T4 Relief

[Updated as of 06/16/2020] Any institution that moved students from ground-based instruction to distance learning, closed campus housing or other campus facilities, or experienced other interruptions in instruction during a term within the covered period may consider all withdrawals from students enrolled in affected programs during that term to have been the result of circumstances related to the COVID-19 national emergency. For institutions that did not undergo changes in educational delivery or campus operations as a result of the COVID-19 emergency, during a term or payment period within the covered period, the institution will be required to obtain a written attestation (including by email or text messages) from the student explaining why the withdrawal was the result of the COVID-19 emergency. Institutions must also obtain written attestations from students who withdrew from distance education programs, if applicable, explaining why the withdrawal was the result of the COVID-19 emergency.

Allowable circumstances include, but are not limited to, illness of the student or family member, need to become a caregiver or first responder, loss of childcare, economic hardship, inability to access wi-fi due to closed facilities, or an increase in work hours as a result of the COVID-19 emergency. Information (which in the judgment of the institution is reliable) provided by the family member of a withdrawn student whom the institution is unable to contact is acceptable for documentation purposes.

REFERENCE:

- Summary-Level Return of Title IV (R2T4) Reporting Functionality Now Available on the COD Website (EA ID: GENERAL-21-26)
<https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2021->

[04-28/summary-level-return-title-iv-r2t4-reporting-functionality-now-available-cod-website-ea-id-general-21-26](#)

- Implementation of Return of Title IV Funds (R2T4) Regulations (EA ID: GENERAL-21-50)
<https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2021-08-20/implementation-return-title-iv-funds-r2t4-regulations-ea-id-general-21-50>
- COVID-19 Title IV Flexibilities and Waivers as of January 15, 2021
<https://fsapartners.ed.gov/sites/default/files/attachments/2021-01/011521COVIDReliefTitleIVFlexibilitiesWaivers.pdf>
- CARES Act of 2020
<https://www.congress.gov/116/plaws/publ136/PLAW-116publ136.pdf>
- Guidance for interruptions of study related to Coronavirus (COVID-19) (Updated June 16, 2020)
<https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2020-03-05/guidance-interruptions-study-related-coronavirus-covid-19-updated-june-16-2020>
- UPDATED Guidance for interruptions of study related to Coronavirus (COVID-19) (Updated June 16, 2020)
<https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2020-05-15/updated-guidance-interruptions-study-related-coronavirus-covid-19-updated-june-16-2020>
- Updated deadlines for flexibilities related to Coronavirus (COVID-19)
<https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2020-08-21/updated-deadlines-flexibilities-related-coronavirus-covid-19>
- 2021-2022 FSA Handbook, Volume 5, Chapter 1, Withdrawals and the Return of Title IV Funds
- 2021-2022 FSA Handbook, Volume 5, Chapter 1, Introduction