



GAME ON: R2T4 IN A POST-JULY 1 WORLD

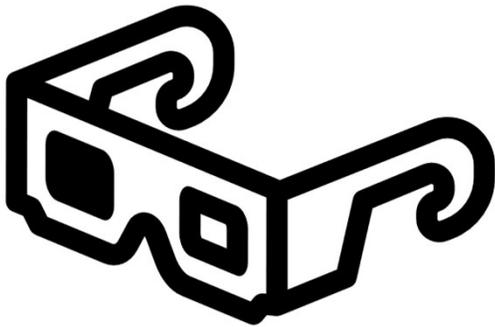
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NeASFAA 2026 - Norfolk, NE



REGULATORY PROCESS (HOW DID WE GET HERE?)

- **April 4, 2023** – Program Integrity and Institutional Quality Public Hearing Notice
 - **July 6, 2023** – Intent to Establish Negotiated Rulemaking Committees
 - **November 29, 2023** – Negotiator Nominations and Schedule of Committee Meeting
 - **January 8-11, 2024** – Negotiated Rulemaking Session 1
 - **February 5-8, 2024** – Negotiated Rulemaking Session 2
 - **July 24, 2024** – Notice of Proposed Rulemaking
 - **January 3, 2025** – FINAL RULE - Program Integrity and Institutional Quality (R2T4)
-

NEW R2T4 REGULATIONS EFFECTIVE 7/1/2026



Determination of Withdrawal Status
(Attendance Taking Institutions)

Leave of Absence*
(Prison Education Programs)

New Withdrawal Exemption*

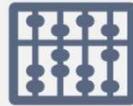
Clock-Hour Programs

Modules

#1 DETERMINATION OF WITHDRAWAL STATUS



Regulation only applies to institutions required to take attendance.



Codifies long-standing practice that the date of determination of withdrawal must be within 14 days of the student's last day of attendance.



Does **NOT** mean that an institution must administratively withdraw a student on day 14.

POST JULY 1: WHAT SHOULD YOU DO?

- Flexible U is required by state regulation to take attendance.
- Spring 2026 contains a 9-day Spring break.
- Casual Carl is apparently taking his time re-engaging in school after the break; he has also not responded to any faculty emails asking if he plans to return.
- Day 14 has arrived – there is no sign of Casual Carl.





#2 LEAVE OF ABSENCE (LOA)*

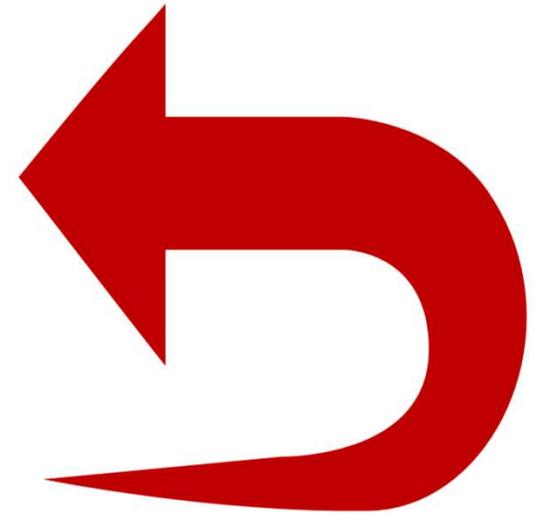
- Special LOA provisions for Prison Education Programs (PEP) **ONLY**
 - Allows term-based PEP institutions to grant an LOA for circumstances beyond the student's control, such as facility lockdown or involuntary transfer
 - PEP LOA will allow the student to return at a different point in the program
 - Normal LOA rules require the student to return at same point in the program
 - All other LOA provisions apply
 - *Available for early implementation
-

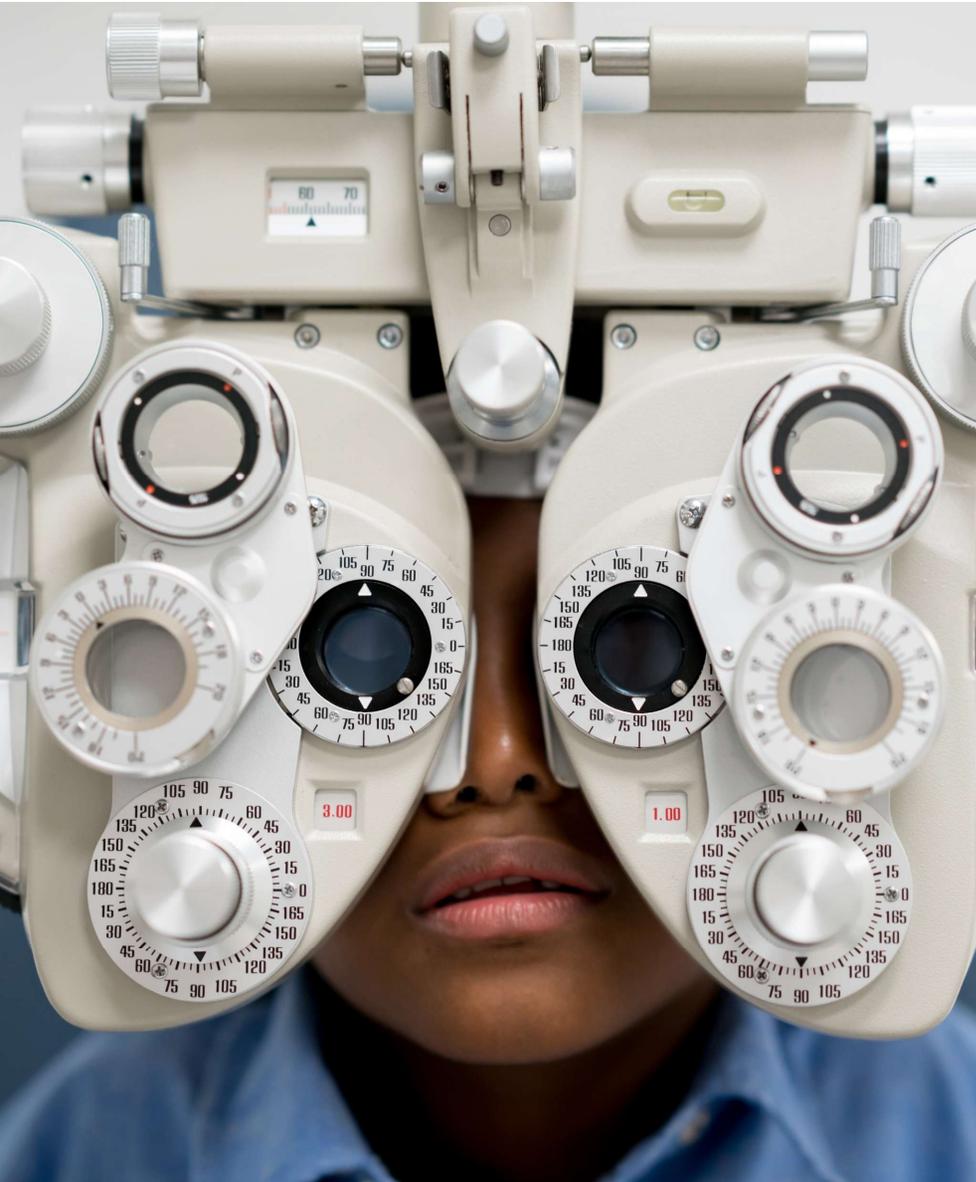
#3 NEW WITHDRAWAL EXEMPTION*

- Must treat the student as if they never began attendance for the period
- Must return all Title IV aid disbursed for the period, including any credit balances issued
- Must refund all institutional charges for the period
- Must write-off or cancel any remaining balance for the period

- **All four criteria must be applied in order to utilize this exemption.**

- **Note:** *Period* refers to *Payment Period* or *Period of Enrollment*, whichever would be applicable for an R2T4 calculation





#3 CLARIFICATIONS

- Applicable to all program structures
- Available for implementation now
- This is an **OPTIONAL** exemption
- Can be used on a case-by-case basis, as long as specified in policies and procedures
- Must document use of withdrawal exemption in student's file
- Must keep records of attendance and student's eligibility to receive Title IV



Add To Favorites

Can We Cancel All Classes and Charges To Avoid Treating the Student As a Withdrawal?

KA-37128

Helpfulness Rating ⓘ ☆☆☆☆☆

862 page views

This guidance is not award-year-specific and applies across award years.

Yes, but several conditions must be met to avoid treating the student as a withdrawal and performing a return of Title IV funds (R2T4) calculation for Title IV purposes.

Under [34 CFR 668.22\(a\)\(2\)\(ii\)\(A\)\(6\)](#), a student is not considered to have withdrawn if:

- The institution's records treat a student as having never attended courses for that payment period or period of enrollment;
- The institution returns all the Title IV grant or loan assistance, including all Title IV credit balances provided to the student or parent, that were disbursed for that payment period or period of enrollment;
- The institution refunds all institutional charges to the student for the payment period or period of enrollment; **and**
- The institution writes off or cancels any payment period or period of enrollment balance owed by the student to the institution due to the institution's returning of Title IV funds to the U.S. Department of Education (ED).

Institutions are allowed to early-implement this [new rule](#) as of February 3, 2025. Whether the institution treats a student as having never attended courses with these conditions is optional. However, if the school implements this option, the student is not a withdrawal if all conditions are met. The institution still must maintain records, including enrollment records, documenting this treatment for Title IV purposes.

[Add To Favorites](#)

Can a School Retroactively Decide To Treat a Student As Having Never Attended and Undo a Previously Processed R2T4?

Award Year: 2024-25>

KA-37161

Helpfulness Rating ⓘ ★★☆☆☆

1,906 page views

This guidance is specific to the 2024-25> award year and later.

No. According to guidance NASFAA has received from the U.S. Department of Education (ED), the withdrawal exemption in [34 CFR 668.22\(a\)\(2\)\(ii\)\(A\)\(6\)](#) was created for schools to allow a student to be excluded from an R2T4 calculation. If an R2T4 calculation is performed, and a school's administration later decides to treat the student as if they had never attended, the exemption would not apply because an R2T4 has already been completed.

The regulation under 668.22(a)(2)(ii)(A)(6) states the following:

"(6) A student is not considered to have withdrawn if—

- (i) The institution's records treat a student as having never attended courses for that payment period or period of enrollment;
- (ii) The institution returns all the Title IV grant or loan assistance, including all Title IV credit balances provided to the student or parent, that were disbursed for that payment period or period of enrollment;
- (iii) The institution refunds all institutional charges to the student for the payment period or period of enrollment; and
- (iv) The institution writes off or cancels any payment period or period of enrollment balance owed by the student to the institution due to the institution's returning of Title IV funds to the Department."

[Add To Favorites](#)

Must We Also Cancel Orientation Charges If We Want To Apply the R2T4 Exemption For Institutional Charges?

KA-37235

Helpfulness Rating ⓘ ★★★★★

212 page views

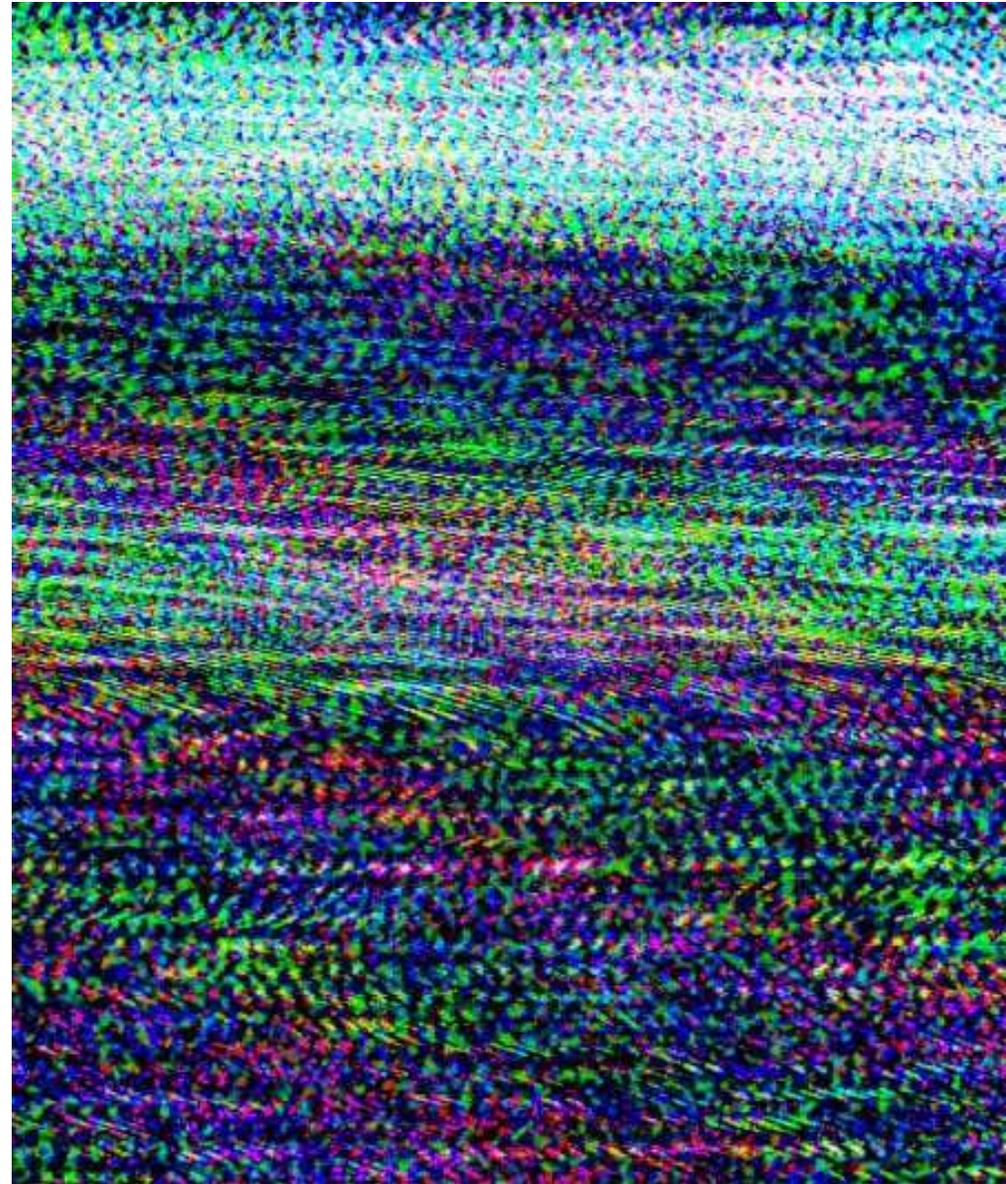
This guidance is not award-year-specific and applies across award years.

Yes. In order for a school to apply the return of Title IV funds (R2T4) exemption under [34 CFR 668.22\(a\)\(2\)\(ii\)\(A\)\(6\)](#)—the one where the school treats the student as never having begun classes, refunds all institutional charges, and returns all Title IV aid for the payment period, the school must cancel **all** institutional charges and fees for the payment period or period of enrollment to which the exemption is being applied. This includes, for example, any and all orientation fees even if they stayed in a dormitory or ate food during an orientation period before classes started for that period. If the school wants to apply the R2T4 exemption, it must treat the student as if they were never there for that period.

The U.S. Department of Education (ED) confirmed this guidance in its answer to Q&A 16 during its [September 10, 2025, Federal Update](#).

#3 STILL A LITTLE FUZZY

- How to report students with the new Withdrawal Exemption in NSLDS?
 - Will new students and returning students be reported differently?
 - ED said guidance is coming...
- For schools that charge institutional charges for kits, uniforms, computers, etc. at the beginning of their enrollments, which have to be prorated over the length of the program, do they have to refund all charges or just the portion assessed for the period?



#4 CLOCK HOUR PROGRAMS

- ED has allowed two methods for calculating scheduled hours:
 - "Cumulative Method" - easier to calculate, but not as precise
 - "Payment Period Method" - more precise, but not as easy to calculate
- New regulation only allows for the "Payment Period Method"
 - Misleading name – still have the choice to use payment period or period of enrollment for R2T4
 - Institutions must use the scheduled hours that elapsed during a period since the student began attendance in that period
 - Will only see a difference for students withdrawing after completing their 1st payment period



#4 EXAMPLE – COURTESY: SHANNON MERACO

School Profile

- AY Definition = 900 hours and 26 weeks
 - Classes scheduled each weekday (Monday–Friday)
 - 6 hours of classes scheduled per day, which is 30 hours of classes scheduled per week
 - R2T4 uses Payment Period
-

#4 EXAMPLE

Student Profile

- Start date for program is Monday, 2/3/2025
- Completes exactly 450 hours for PP1 on Friday, 5/30/2025
- PP2 starts on Monday, 6/2/2025, when student begins hour 451
- Withdraws from school with LDA of 6/13/2025 (Friday)

Payment Period Method

- Count scheduled days from **start of PAYMENT PERIOD 2** through LDA
 - Starting with 6/2/2025, count that there are 2 weeks in PP2
 - 2 weeks x 30 scheduled hours per week = 60 scheduled hours
 - Percent earned = $60/450 = 13.3\%$
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Clock-Hour Example (cont.)

Example Attendance Report

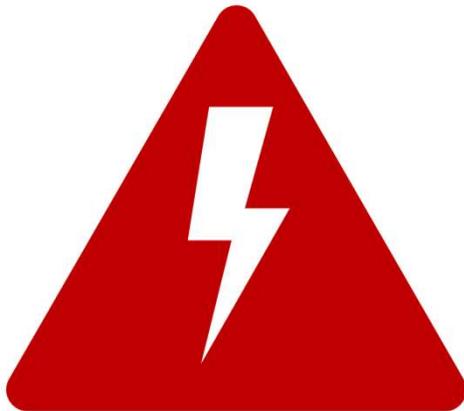


Date	Attended Hours	Scheduled Hours
2/3/2025	6	6
2/4/2025	6	6
2/5/2025	6	6
5/22/2025	6	6
5/23/2025	6	6
5/26/2025	6	6
5/27/2025	0	6
5/28/2025	0	6
5/29/2025	0	6
5/30/2025	6	6
Total Attended Hours		450
6/2/2025	6	6
6/3/2025	0	6
6/4/2025	0	6
6/5/2025	6	6
6/6/2025	0	6
6/9/2025	6	6
6/10/2025	6	6
6/11/2025	3	6
6/12/2025	0	6
LDA 6/13/2025	6	6
Total Scheduled Hours		60



#5 MODULES

#5 TWO WARNINGS



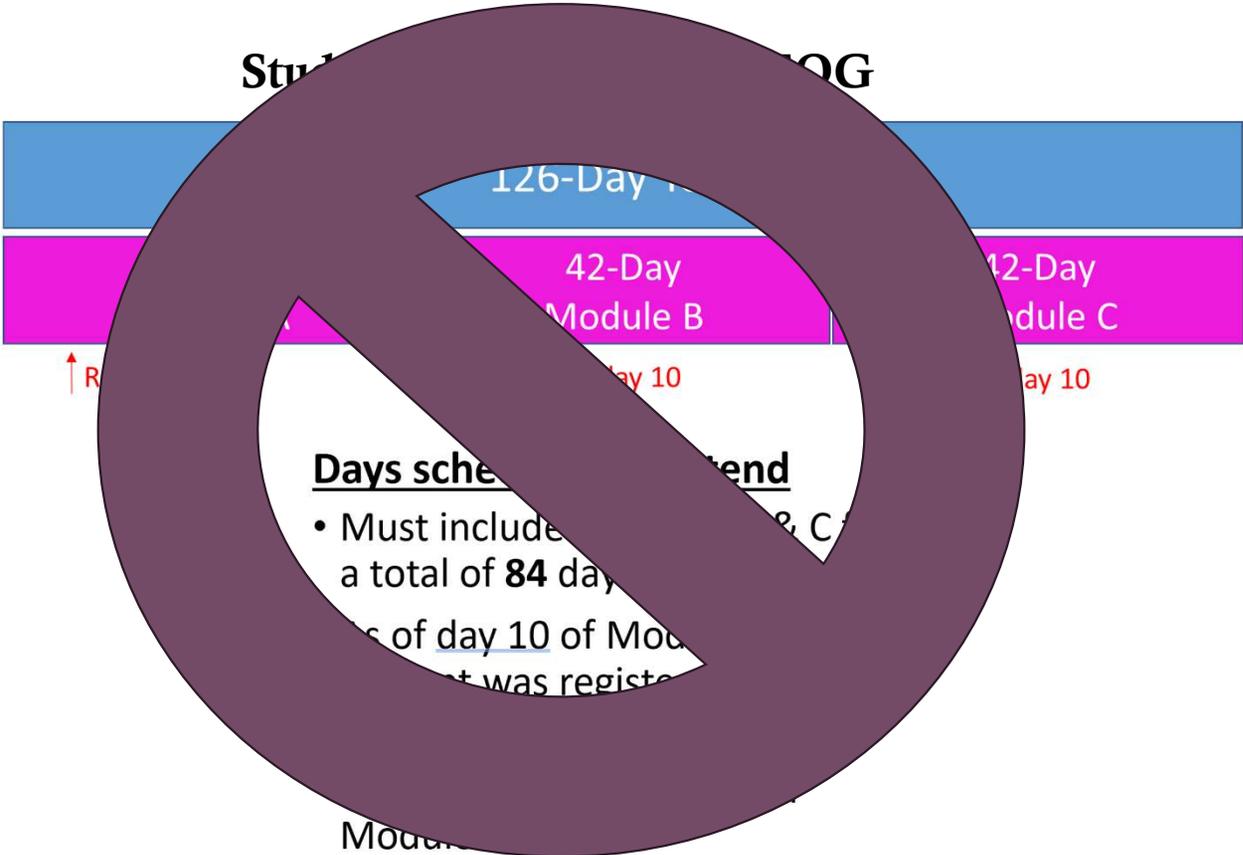
- WHICH CALCULATION CHANGED
 - Changes ONLY affect R2T4 Calculation for the percent of aid earned.
 - The exemption calculation DID NOT CHANGE.
 - INSTITUTIONAL CHARGES TO INCLUDE
 - The change does NOT affect charges assessed at the time of withdrawal.
 - Remember charges are to be a snapshot of the account at the time of the withdrawal.
-

MODULES



- Enrolled in one 3-credit course for each of Module A, Module B and Module C at the beginning of the term.
- Receives an 'A' grade in Module A
- On day 42 of Module A, student drops Module B, but remains enrolled in Module C
- Begins attendance in Module C but withdraws on day 3 of Module C.
- Student's aid package consists of Pell and SEOG

MODULES: WHAT DID CHANGE



MODULES



- Enrolled in one 3-credit course for each of Module A, Module B and Module C at the beginning of the term.
- Receives an 'A' grade in Module A
- On day 42 of Module A, student drops Module B, but remains enrolled in Module C
- Begins attendance in Module C but withdraws on day 3 of Module C.
- Student's aid package consists of Pell and SEOG

MODULES

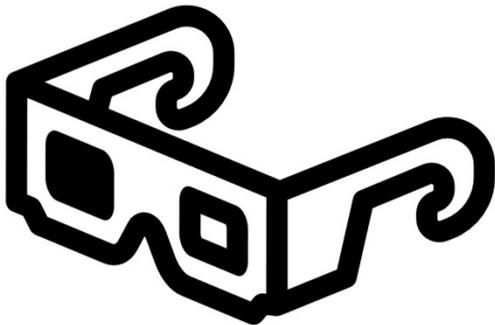


Days scheduled to attend include ONLY the modules the student attended.

...In this case, Modules A and C.

Nothing. Else. Matters.

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Modules

Webinar Videos

Browse each webinar's page to watch the recording and download webinar materials.



Federal Update Live Webinar September 10, 2025

This webinar provides a high-level overview of recent and relevant guidance from the U.S. Department of Education and Federal Student Aid concerning the proper administration the Title IV programs. Learn about general statutory and regulatory changes, operational updates, and reminders schools need to know.



General Q&A Session Live Webinar June 4, 2025

This Q&A session provided an opportunity for members of the financial aid community to ask questions about recently released guidance from the U.S. Department of Education and FSA. During the live webinar, participants could submit questions to policy and training experts at FSA. The focus was on the topics presented in the April 30th Federal Update as well as recently published guidance. Technical and systems-related questions were not addressed.



Federal Update Live Webinar April 30, 2025

This webinar provides a high-level overview of recent and relevant guidance from the U.S. Department of Education and Federal Student Aid concerning the proper administration the Title IV programs. Learn about general statutory and regulatory changes, operational updates, and reminders schools need to know.

Speakers



Maria Carrasco
Reporter



Sarah Austin
Policy Analyst



Jill Desjean
Director of Policy Analysis

OFF THE CUFF – APRIL 11, 2025 & UPDATED DECISION TREES



Return to Title IV: New Regulations Effective July 1, 2026

REGISTER

Date: March 25, 2026

Time: 2:00 PM ET

Duration: 90 Minutes

Price: Free for Value Plus and Webinar Package

\$135.00 for other members

\$265.00 for Non-members

Important Notes About This Webinar

- This is a popular event, and registration and confirmation of **technical requirements** well in advance of the 2:00 p.m. ET start time is highly recommended.
- If you are already registered, follow the link above, or from your confirmation emails, to access the event.
- If you are unable to register for the live webinar, registration will re-open for the on-demand version later this week.



The January 3, 2025, final rule made significant changes to R2T4 regulations that increase the accuracy and simplicity of calculations, address what constitutes a withdrawal, and codify longstanding policies into regulation. With the July 1, 2026, effective date closing in, it's time to begin preparing for implementation! Don't worry, we'll help! David Futrell, NASFAA Director of Institutional Compliance and Michelle Thompson, Regulatory Specialist, will focus on the changes made in the final rule and discuss how those changes impact standard R2T4 practices.

RESOURCES

- **Current Resources:**

- Federal Register (1/3/25): [2024-31031.pdf](#)
- Federal Update (4/30/25): [Federal Update Live Webinar April 30, 2025](#)
- Federal Update (9/10/2025): [Federal Update Live Webinar September 10, 2025](#)
- Off the Cuff (4/11/25): [OTC AskRegs Experts: NASFAA's 2026-27 FAFSA Comments and Updated R2T4 Decision Trees](#)
- NASFAA AskRegs: [Can We Cancel All Classes and Charges To Avoid Treating the Student As a Withdrawal?](#)
- NASFAA AskRegs: [Can We Apply the R2T4 Exemption For Canceling All Charges/Returning All Aid On a Case-By-Case Basis?](#)
- NASFAA AskRegs: [Can a School Retroactively Decide To Treat a Student As Having Never Attended and Undo a Previously Processed R2T4?](#)
- NASFAA AskRegs: [How and When Does a School Have To Return Direct Loan Funds For a Student Who Withdrew After One Week Of Classes?](#)
- NASFAA AskRegs: [Must We Also Cancel Orientation Charges If We Want To Apply the R2T4 Exemption for Institutional Charges?](#)

- **Future Resources:**

- ED announced in Federal Update webinar (4/30/25) that a Dear Colleague Letter is planned for release in Fall 2025 with information on the new regulations (**HASN'T HAPPENED – Re-promised guidance in 9/10/2025 Federal Update webinar.**)
 - NASFAA Webinar (3/25/26): [Return to Title IV: New Regulations Effective July 1, 2026](#)
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