



THE LIVERPOOL INSTITUTE  
FOR PERFORMING ARTS

<b>Return to Title IV (R2T4) Funds Policy</b>	
<b>Responsible for Policy</b>	David Fletcher, Chief Operating Officer
<b>Relevant to</b>	All United States (US) students in receipt of Federal Loans
<b>Approved by</b>	Senior Management Team
<b>Date Approved/Last Approval</b>	May 2023
<b>Next review date</b>	May 2026
<b>Relevant Documents</b>	
Student withdrawal paperwork R2T4 calculations	
<b>Related Policies and Documents</b>	
Green Book	

## 1. Introduction

- 1.1. We are required to complete a Return to Title IV (R2T4) calculation for US Federal loan recipients who withdraw their studies during the course of the academic year.
- 1.2. The withdrawal may be an official, unofficial or a result of academic failure.

## 2. LIPA Policy

- 2.1. LIPA's withdrawal and refund policy is as follows:

### *Making the decision to leave your course and completing the paperwork*

*You need to discuss the possibility of leaving us initially with your LGT and then your Head of Discipline, and attend a meeting with them, if required. Additional support can also be given during this decision-making process from the Student Support Manager and the International Team.*

*If you are leaving us completely, you are defined as **withdrawing**.*

*If you need to have a break from your study, you can apply for a Leave of Absence from your studies. Please note a Leave of Absence is not an automatic right and can only occur in agreement with your Head of Discipline and the Academic Registrar at LJMU.*

*Please read <https://www.ljmu.ac.uk/~media/sample-sharepoint-libraries/policy-documents/71.pdf?la=en> for further information.*

*There must be a reasonable expectation that the student will return from the period of absence.*

*Leave of Absence retains the 'in-school' status for 180 days after which the student is reported as having been withdrawn. This may effect student's loans repayment grace period.*

*In addition to the leave of absence policy, the following US government regulations apply to any leave of absence taken by a student in receipt of Title IV funds:*

- *Students can only have one break every 12 months;*
- *The student is required to resume training at the same point in the academic program that he or she began the Leave of Absence (LOA); and*
- *Loan funds will not be disbursed during a LOA.*

*Once the decision is made to leave by withdrawing or it has been agreed that you can take a Leave of Absence, you must complete a Student Withdrawal form (located in the Registry), or take a Leave of Absence, supported by your programme team. You will need to submit the completed form to the Registry.*

*All other withdrawals will be classed as unofficial withdrawals. Students who do enrol and do not attend classes are ineligible for the US loans, therefore their US loans will be cancelled in line with our Standard Academic Progression Policy.*

### Return of Tuition Fees

*If you suspend or withdraw from your studies after the first four weeks of the programme in your first year of studies, or at any time during your second or third year of studies, we will charge you tuition fees for the whole period that you have attended.*

*Our Registry will advise the Finance Department of your suspension or withdrawal date.*

*The Finance Department will then calculate the fees you owe us based on the period from the start of the teaching year up to the date of your suspension or withdrawal plus the administration charge. If you are funding your fees by a loan from the SLC or SAAS, depending on when you leave, the amount you will be required to pay to us will be restricted to the amount the SLC or SAAS will pay. The SLC or SAAS will automatically recover any overpayment of tuition fees for students they are funding. We will refund any overpayment of tuition fees to the person who paid the fees for privately funded students.*

*Students in receipt of Direct Loans will have money returned to them following the precepts of our R2T4 policy.*

### **3. R2T4 Calculations**

- 3.1. The R2T4 calculates the amount of 'unearned funds' loan funds paid to the student. The 'unearned loan funds' must be returned to the US Department of Education. The return amount will be calculated using the number of days the student attended in the given term and the total number of days in the given term.
- 3.2. A R2T4 calculation for US Federal loan recipients is also required where recipients undertake an interruption of study longer than 180 days or go on an unauthorised interruption.
- 3.3. US loans recipients are required to inform the Registry of their withdrawal / interruption of studies within 5 days of occurrence. Once the relevant paperwork has been completed, the Registry will inform the Finance Department of the withdrawal / interruption of studies.
- 3.4. The withdrawal / interruption of studies date is the date the student completed the formal LIPA process. This date is entered on LIPA's student records system.
- 3.5. Should a student fail to complete the required withdrawal paperwork, for our own administrative purposes, the date of leaving will be defined as the last date of formal attendance.

### **4. Failing your Course**

- 4.1. Where a student fails all exams, assessments or modules, we will contact the student to establish whether the failed grades were earned or represent a lack of attendance.
- 4.2. If the grades were earned then we will apply the Satisfactory Academic Progress Policy.

- 4.3. If it is determined that the grades were a result of non-attendance then the last date of attendance will be used in the R2T4. Students who do not attend any classes are ineligible for the US loans as a result their loans will be cancelled.

## **5. Post Withdrawal Disbursements**

- 5.1. If a student does not receive their disbursement at the beginning of the payment period and decides to withdraw, the student is eligible for the amount of loan earned in this period.
- 5.2. The loan amount will be calculated and offered as a post-withdrawal disbursement. We will perform the Title IV calculation and notify the student of any loans overpayment or post-withdrawal disbursement.
- 5.3. To ensure that we comply with relevant regulations:
- We will ensure that notification of available funds happens within 30 days of the withdrawal;
  - We will notify the student / parent borrower of the type and amount of funds available;
  - The student/parent borrower has the option to accept or decline some or all of the funds;
  - The student/parent borrower must repay any funds disbursed;
  - The student/parent borrower will have 15 days to decide if they wish to accept the funds;
  - We will make any post-withdrawal disbursement available to the student (or parent in the case of a Parent PLUS loan) within 180 days from the date of the withdrawal; and
  - Funds may be credited to institutional charges if the borrower has accepted the post-withdrawal disbursement.

## **6. Return of Overpayment – Withdrawal and Interruption of Study for more than 180 days**

- 6.1. Title IV financial aid recipients who withdraw, are administratively withdrawn or interrupt their studies will have their financial aid overpayment calculated using the formula provided by the US Department of Education.

## **7. Calculation of Unearned Funds and Transfer to the US Department of Education**

- 7.1. The Finance Team are responsible for the correct calculation of the unearned funds using the formula provided by the US Department of Education.

- 7.2. The Finance Team are responsible for the transfer of R2T4 funds to the US Department of Education.
- 7.3. Title IV financial aid recipients who receive an overpayment resulting from changes in enrolment, cost of attendance and general eligibility will be required to return funds necessary to eliminate overpayments within a specified time frame.
- 7.4. In accordance with federal regulations, refunds are allocated in the following order:
  - Unsubsidized Direct loans;
  - Subsidized Direct loans; and then
  - Direct PLUS loans.

## **8. Calculation of Title IV entitlement and examples**

- 8.1. The following outlines the US Department of Education’s calculation of the amount of unearned funds:

$\frac{\text{Number of days enrolled on the programme}}{\text{Total Number of days in the payment period}} = \text{Percentage of funds earned}$
---

- 8.2. The amount of funds earned is calculated by the number of calendar days completed up to the withdrawal date (student in attendance or official withdrawal date) divided by the total number of calendar days within the payment period (excluding scheduled breaks of five days or more or days that the student was on approved leave).
- 8.3. Where a student withdraws or interrupts study after completing 60% of the payment period, he/she is deemed to have earned 100% of the loan funds therefore there is no requirement to return funds.
- 8.4. We have provided some worked examples to demonstrate how the calculation works in practice:

A student withdraws on the 1st of November:

Loan period	Total number of days	Term dates	Non study days	Study days
30 Sep - 31 Dec	93	30 Sep - 15 Dec	16 - 31 Dec = 16 days	77

- 8.5. In this example, withdrawal on the 1st of November equates to 33 days out of a period of 77. This means that 42.9% of the loan has been ‘earned’. In this instance, the Institute would be liable to return the difference in unearned funds. The student may also be liable to return any funds received for living expenses.

A student withdraws on the 30th of November:

Loan period	Total number of days	Term dates	Non study days	Study days
30 Sep - 31 Dec	93	30 Sep - 15 Dec	16 - 31 Dec = 16 days	77

- 8.6. In this example, the student has completed 62 days out of a period of 77. As this is a greater percentage than 60%, all of the loan value has been 'earned'.

A student withdraws on the 18th of March:

Loan period	Total number of days	Term dates	Non study days	Study days
1 Jan - 31 May (assumed no leap year)	151	14 Jan - 24 May	1 Jan - 13 Jan = 13 days 30 Mar - 14 Apr = 16 days 25 May - 31 May = 7 days	115

- 8.7. In this example, the student has completed 63 days out of a period of 115. This means that 54.8% of the loan has been 'earned'. In this instance, the Institute would be liable to return the difference in unearned funds. The student may also be liable to return any funds received for living expenses.

## **9. Return of funds**

- 9.1. Students who have received more loan funds than earned, the unearned funds must be returned to the US Department of Education by the Institute or the student.
- 9.2. In the event that the student has overpaid their tuition fees any credit balance owing to the student will be disbursed as soon as possible but no later than 14 days after the return calculation.
- 9.3. If the student has earned less than the earned amount of loan funds, the difference could be paid as a post withdrawal disbursement.
- 9.4. The Institute's tuition fee policy and R2T4 policy have different requirements. Therefore the student may owe funds to the Institute to cover any unpaid tuition fee charges.

## **10. Institute and Student Responsibilities**

10.1. LIPA's responsibilities in regard to the return of Title IV funds include:

- Providing each student with the information given in this policy;
- Identifying students who are affected by this policy and completing the Return of Title IV funds calculation for those students;
- Returning any funds which have been applied to tuition fees which are due to be returned;
- Indicating to the student in writing what funds in the borrowers name have been returned to the US Department of Education; and
- Indicating to the student what monies disbursed to the student he or she is now liable to return to the US Department of Education.

10.2. Student responsibilities include:

- Notifying the Institute of the student's intent to withdraw from all courses; and
- Returning any funds that were disbursed directly to the student and for which the student was determined to be ineligible through the Return of Title IV Funds calculation.

10.3. Federal regulations require the Institute to return unearned funds directly to the student's lender within 45 days, from the date the Institute determined the student has withdrawn. If the return of the funds creates a balance due on the student account the student will be responsible to pay the full balance on their account.

10.4. Please note that this policy applies to unofficial withdrawals, official withdrawals, interruptions and academic failures.

10.5. Please contact the Finance Team if further information is required on this policy.