

## **University of Essex**

### **Return of Title IV Funds Policy (Federal Aid)**

#### **Overview**

1. If a student in receipt of Federal Aid withdraws from or temporarily interrupts their programme of study, they may no longer be eligible for the full amount of Title IV funds that the student was scheduled to receive for the payment period in question.
2. Relevant regulations require that if a student receiving Title IV funds withdraws, the University completes the Return of Title IV (R2T4) calculation to determine the earned and unearned portions of Title IV funds based on the amount of time the student spent in attendance as a portion of the expected amount of time that they would have been in attendance if they completed the period.
3. Return of Title IV Funds calculations are completed by the Funding Team (for undergraduate and postgraduate students).

#### **Notification and Recording of Withdrawal**

4. The regulations specify that the date of withdrawal is “the earlier of the date the student notified the Progress Team of their intent to withdraw or the date the student submitted the withdrawal form”.
5. At the University of Essex students are required to follow the University’s published withdrawal procedure for undergraduate and postgraduate students. Students contacting individual members of staff about their intentions will be directed towards professional administrative staff for advice on completing the withdrawal procedure. Please refer to our web page: <http://www.essex.ac.uk/students/course-admin/withdrawing.aspx>
6. The actual date of cessation of attendance and the date of notification of withdrawal will be recorded on the University’s Student Records Database (SRDB) and will be used in the assessment of the proportion of the Title IV funds that have been earned.
7. Students that did not attend any teaching events for the relevant period are ineligible for any funds and all loan funds received on behalf of the student will be returned to the lender.
8. For students who do not provide official notification to withdraw by using the withdrawal form, their last of attendance is established by their last actual date of attendance at either their last physical teaching event or supervision with their academic supervisor.
9. The Department and Student Progress Team will make a determination of withdrawal within 14 days, including making contact with the student and the University’s Student Records Database (SRDB) will be updated accordingly.
10. The Progress Team will notify the Funding Team which represents the Financial Aid Office function.

## Calculation of Title IV Entitlement

11. Students who are in receipt of Federal Aid must earn this aid by remaining registered on their course and be in attendance of their classes. The amount of Federal Aid earned by the students is pro-rated.
12. Students who do withdraw or do not complete the registration required for their classes during the payment period may have a requirement to return some of the Federal Aid they have been awarded. Calculations are completed depending on the circumstances of the student as follows:

**The percentage earned** – The amount of Direct Loan 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).

$$\boxed{\begin{array}{c} \text{Number of days} \\ \text{the student} \\ \text{attended} \end{array}} - \boxed{\begin{array}{c} \text{Any periods of leave of} \\ \text{absence and unscheduled} \\ \text{leave that are 5 days or more} \end{array}} \div \boxed{\begin{array}{c} \text{Total number of} \\ \text{days in Payment} \\ \text{Period (PP)} \end{array}}$$

Once the student has completed at least 60% of the payment period, a student has earned 100% of the Title IV funds he or she was scheduled to receive during the period. If the student did not receive all of the funds that were earned, s/he may be due a “post-withdrawal disbursement”.

Where the percentage of aid earned is under 60% the percentage calculated is multiplied by the total Title IV aid disbursed and could have been disbursed for that payment period to give in USD the amount of Title IV aid earned by the student.

$$\boxed{\begin{array}{c} \text{Total aid} \\ \text{disbursed} \end{array}} \times \boxed{\begin{array}{c} \% \text{ completed} \end{array}} = \boxed{\begin{array}{c} \text{Earned aid} \end{array}}$$

**The percentage unearned** – is equal to 100 percent – the percent earned

Where a student ceases to attend their elected course but transfers to another course in the same payment period, they are not considered to have withdrawn and are eligible to receive Title IV funds for which the student was eligible for before ceasing their attendance.

13. The Funding Team will use the Return of Title IV Funds worksheets provided by the US Department of Education to calculate the amount of a post-withdrawal disbursement or the amount of funds to be returned.

## Return of Funds

14. If the calculation determines that funds must be returned, the Funding Team will instruct the Income Office to arrange a bank transfer for the corresponding amount. Funds must

be returned within 45 days of the date of the University being notified of the student's withdrawal.

15. Title IV Funds will be returned in the following order:

1. Unsubsidized Federal Stafford Loans
2. Subsidized Federal Stafford loans
3. PLUS loans

16. The Funding Team will arrange for an update of the student's records in COD and enrolment status via NSLDS.

17. Remaining unearned funds must be repaid by the student in accordance with the terms of the loans and conditions according to the promissory note (MPN).

18. The requirements for Title IV funds when students withdraw are separate from the University's tuition fee liability and refund policies. The student may still owe funds to the University to cover unpaid charges.

- University of Essex Tuition Fee Liability Policy:  
<https://www1.essex.ac.uk/fees-and-funding/current/payments/default.aspx>
- University of Essex Compensation and Refund Policy:  
<https://www1.essex.ac.uk/fees-and-funding/current/payments/default.aspx>

19. Students will be notified in writing (via email) of the result of the R2T4 calculation and a balance that is owed to the University because of the return of funds.

### **Post-withdrawal Disbursement**

20. If the calculation determines that a post-withdrawal disbursement is required, the Funding Team will ensure that the student is notified within 30 days of the date of the University being notified of their withdrawal.

21. The student will be notified of the following and they will be given a deadline of 15 working days to make a response:

- the type and amount of funds
- their option to accept or decline some or all of these funds
- their responsibility to repay any funds disbursed

22. If a disbursement is required then the University will seek and retain confirmation of this from the student or parent borrower.

23. The Funding Team will arrange for the disbursement, update the student's records in COD, enrolment status via NSLDS and will notify the student.

24. Any disbursement will be made as soon as possible, but no later than 180 days after the date of determination.

25. The University may automatically use all or a portion of any post-withdrawal disbursement to meet liabilities for tuition fees or accommodation charges, as determined by the student's contractual relationship with the University and the University's policies on refunds of tuition fees and accommodation charges following withdrawal.

## Leave of Absence (LOA)

26. LOA is a temporary interruption of a student's program of study and refers to a specific time period when the student is not required to be in attendance. All requests for leave of absence must be submitted and processed in accordance with the University's procedure for requesting leave of absence:  
<https://www.essex.ac.uk/student/intermission> .
27. For a student to continue to be eligible for Federal Aid, a student's LOA must meet certain conditions:
- The student must return to the same point on their course when they return to study.
  - The absence cannot be more than 180 days in any 12 months.
28. If both conditions in point 27 are not met, the student may, if approved, still take a leave of absence from their studies, but would be withdrawn from Federal Aid during this time and a R2T4 Calculation will be completed. They may become eligible for Federal Aid again when returning to study.
29. Time spent on a Leave of Absence will not count towards the maximum time allowed under the Satisfactory Academic Progress Policy, which is considered separately.

## Responsibilities of the University and student

30. University responsibilities:
- Provide student with the information set out in this policy
  - Complete an R2T4 calculation for any student who is affected by this procedure
  - Inform the student in writing (email) of the result of the R2T4 calculation and a balance that is owed to the University because of the return of funds
  - Return any un-earned funds
  - If applicable, notify any student/plus borrower of any eligibility to 'post-withdrawal disbursements'
31. Student responsibilities:
- To be aware of this policy
  - To be aware of the effect of withdrawal on their Title IV federal aid eligibility
  - Ensure that any outstanding balance owed to the University resulting from a return of unearned funds is paid
32. The procedures and policies detailed are subject to change in line with any changes to Federal Laws, Federal Regulations or University Policies. For more in depth guidance regarding the R2T4 policies and procedures please refer to the Federal Student Aid Handbook: <https://ifap.ed.gov/ilibrary/document-types/federal-student-aid-handbook>

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