

RETURN OF TITLE IV FUNDS (R2T4)



11 PURPOSE

This document sets out the University's processes and procedures for the Return of Title IV (R2T4) when a student, who has received US federal loan funds, withdraws, discontinues, or takes leave from Victoria University of Wellington (the University).

12 OVERVIEW

US law (34 CFR668.22) specifies how the University must determine the amount of US financial aid that a student has earned when they withdraw from the University. If a US Federal Aid student is determined to have withdrawn, the University must comply with US regulations, which must be read in conjunction with the University's institutional refund and withdrawal policies.

At the University, Wellington University International is responsible for calculating R2T4 and the Student Fees and Student Finance teams are responsible for transferring the funds.

The R2T4 calculation is to determine the earned and unearned portions of US Federal Aid loan funds as of the date the student ceases attendance (withdraws). The University must return any "unearned" loan funds to the US Department of Education.

For the purposes of US financial aid, this document includes reference to semesters, as defined as March-June; and July-November. Some programmes include courses over the summer period from November to February.

Note: Under the Victoria University of Wellington's tuition/fees refund policy, tuition and fees become payable in full once the student is enrolled beyond the deadlines for Course Add/Drop. Student borrowers who withdraw may still owe funds to the University to cover unpaid charges which cannot be covered by US Federal Aid. The University's refund policy can be found in the Fees Statute: <https://www.wgtn.ac.nz/documents/policy/finance/fees-policy.pdf>

13 DEFINITIONS

Payment period - Payment period means the period for which the aid was certified and disbursed. For coursework, the payment period equals semester; for research, the payment period equals one four-month period within 12 months. The end of the payment period is the last day of the semester in which the student is enrolled for coursework or the last date of the current four-month period for research.

Return of Title IV funds - Return of Title IV funds means the return of unearned funds to the United States Government by the student and/or the University.

Official Withdrawal - A withdrawal refers to a student's intent to completely terminate studies at Victoria University of Wellington. Official withdrawal is where the University has received written notice from the student they have ceased or will cease attending the University.

Unofficial Withdrawal - An unofficial withdrawal is one where the University has not received written notice from the student that the student has ceased or will cease attending the University.

14 PROCEDURE FOR RETURN OF TITLE IV FUNDS

The Financial Aid Coordinator at Wellington University International is required to complete calculations in accordance with the US regulations for R2T4, and use the R2T4 worksheets provided by the US Department of Education to determine the percentage of US federal aid funds "earned" by the student. A detailed explanation of the data elements included in the R2T4 worksheets can be found in the 2020 - 2021 Federal Student Aid Handbook, Volume 5, Chapter 2 "The Steps in a Return of Title IV Aid Calculation". The calculations must be completed within 30 days from the date it determines a student's complete withdrawal.

The University must return any unearned funds for which it is responsible as soon as possible and no later than 45 days from the determination of a student's withdrawal. Any unearned Title IV funds that the student is required to return is returned or repaid in accordance with the terms of the loan.

Up through the 60% point in each payment period, a pro rata schedule is used to determine the amount of US federal aid funds the student has earned at the time of withdrawal. After the 60% point in the payment period, a student has earned 100% of the US federal aid funds the student was scheduled to receive during the period.

For a student who withdraws after the 60% point-in-time, there are no unearned funds. However, the University must still determine whether the student is eligible for a post-withdrawal disbursement (PWD).

15 DETERMINATION OF THE WITHDRAWAL DATE

15.1 OFFICIAL WITHDRAWAL

For calculating the R2T4 funds, the latter of either 1) the date the student notified the Faculty Office of their intended withdrawal from all courses or 2) the last date of an academic-related activity that the student participated in, is the withdrawal date used for Title IV purposes. The University's process for an official withdrawal can be found here: <https://www.wgtn.ac.nz/students/study/course-additions-withdrawals>

The student must also notify the Financial Aid Coordinator at Wellington University International of their withdrawal to be considered an **official withdrawal**.

152 UNOFFICIAL WITHDRAWAL

If a student stops attending classes without notifying the University (an **unofficial withdrawal**), the withdrawal date will be either 1) the midpoint of the payment period, 2) or the last date of an academic-related activity determined by the University.

FAIL AND INCOMPLETE GRADES

Grade	D+	D	D-	E
Point Value	0	0	0	0

OTHER GRADES

F = Fail (for a course classified as Pass/Fail; also used for an unsuccessful Special Pass application).
K = Fail due to not satisfying mandatory course requirements (incomplete), even though the student's course mark reached the level specified for a pass, usually 50 percent.

U/WD (Withdrawals) = (U = withdrawal approved by Dean; WD = withdrawal during permitted period). A U or WD grade will count as non-pass grades if it is determined no extenuating circumstances exist.

Please refer to the Victoria University of Wellington Calendar or visit <https://www.wgtn.ac.nz/students/study/progress/grades> for further details.

Students who receive all failing (E) grades at the end of semester

US financial aid is awarded under the assumption that the student will attend the University for the entire period for which the loan funds were disbursed. When the student has failed to earn a passing grade in at least one course for the period, US federal regulations require the University to determine whether the student established eligibility for funds disbursed by attending at least one class or participating in any University academic-related activity.

In the event a student has a combination E, K, and WD grades for the enrolment period, Wellington University International will contact the Faculty to determine the last day of attendance and use the date in the R2T4 calculations. If the exact date cannot be determined, this is considered an unofficial withdrawal. Wellington University International will assume a 50% attendance, and that date as the last date of attendance.

16 STEPS IN THE RETURN OF TITLE IV FUNDS

Step 1: Student's US Federal Aid funds information

The Financial Aid Coordinator at Wellington University International will determine:

- The total amount of US FSA funds disbursed for the payment period in which the student withdrew. A student's loan funds are counted as aid disbursed in the calculation if it has been applied to the student's account on or before the date the student withdrew.
- The total amount of loan funds disbursed plus the loan funds that could have been disbursed for the semester in which the student withdrew.

Step 2: Percentage of US Federal Aid funds earned

Wellington University International will calculate the percentage of loan funds earned as follows:

The number of calendar days completed by the student divided by the total number of calendar days in the payment period in which the student withdrew. The total number of calendar days in a payment period excludes any scheduled breaks of more than five consecutive days in the payment period.

$$\text{Days Attended} \div \text{Days in Payment Period} = \text{Percentage Completed}$$

Step 3: Amount of US Federal Aid funds earned by the student

Wellington University International will calculate the amount of loan funds earned as follows:

The percentage of loan funds earned (Step 2) multiplied by the total amount of loan funds disbursed or that could have been disbursed for the semester in which the student withdrew (Step 1-a).

$$\text{Total Aid Disbursed} \times \text{Percentage Completed} = \text{Earned Aid}$$

As an example, if the student completes 30% of the payment period, the student has earned 30% of the US federal aid funds that was originally scheduled to receive within that loan period.

If the calculated percentage completed exceeds 60% of the payment period, then the student has "earned" all the loan funds for the payment period.

Step 4: Amount of US Federal Aid funds to be disbursed or returned (one of the following scenarios will apply)

- Loan funds already disbursed equals the earned aid, **no further action is required.**
- Loan funds already disbursed is greater than the earned aid, the University will return unearned fund portion **as soon as possible and no later than 45 days** from the determination of a student's withdrawal.

Total Disbursed Aid - Earned Aid = Unearned Aid to be Returned

US FSA funds must be returned in the following order:

1. *Direct Unsubsidized loans*
 2. *Direct Subsidized loans (awarded to undergraduates only)*
 3. *Direct PLUS loans*
- Loan funds already disbursed is less than the earned aid, then the Financial Aid Coordinator at Wellington University International will calculate a post-withdrawal disbursement.

Post-withdrawal disbursement (PWD)

If the student did not receive all the funds that were earned, they may be due a post-withdrawal disbursement (PWD). The Financial Aid Coordinator at Wellington University International will use the R2T4 worksheets to determine how much of the loan may be retained and how much must be returned.

The University will offer the student (or parent in the case of a PLUS) any PWD due within 30 days of the Date of Determination and request confirmation that the PWD is accepted within a specified timeframe.

Within 30 days of the date of determination, the Financial Aid Coordinator will notify the student borrower (and parent in the case of a Parent PLUS loan) of the following:

- Explain that the borrower may decline all or a portion of the PWD.
- Request confirmation of any amount to be credited to the student's account or directly disbursed to the borrower.
- Specify a deadline of 14 working days from the date the notification is sent for required response/confirmation from the borrower.
- Specify that if no response is received by Wellington University International within 14 working days, the University is not required to make the PWD.
- Explain the obligation to repay the loan.

The University will return any remaining PWD, accepted and requested by the borrower within the 14-working day deadline, to the student's account no later than 180 days after the determination that the student withdrew. The University may use all or a portion of the PWD for tuition fees, and room and board charges. For other charges, the University requires the student's permission to use the PWD.

If authorization from a student (or parent for a Direct PLUS Loan) is received after the 14-working day deadline, the Financial Aid Coordinator at Wellington University International will notify the student (or parent) by email that the post-withdrawal disbursement will not be made and why.

Step 5: Written notification to the student, or parent in the case of Parent PLUS loan

The University must provide within 30 days of the date of the institution's determination that the student withdrew, written notification to the student borrower, or parent in the case of Parent PLUS loan. If the University is required to return the unearned aid on a student's behalf to the US Department of Education, the student will be required to repay that money to the University.

Note that outstanding loans are repaid by the student according to the terms of the student's promissory notes.

17 CONSEQUENCES OF NON-REPAYMENT OF DEBT INCURRED WITH THE UNIVERSITY

If a student does not pay funds due to the University to cover their tuition and any fees balance, the student's university records will be placed on a Financial Hold. This means the student will not be permitted to enrol in classes or receive a transcript until the outstanding balance is paid.

18 LEAVE OF ABSENCE

A leave of absence (LOA) for R2T4 purposes is a temporary interruption in a student's programme of study. LOA refers to the specific time during a programme of study when a student is not in attendance. An LOA is not required if a student is not in attendance only for University holidays. However, a University holiday may occur during an LOA.

An LOA must meet certain conditions to be counted as a temporary interruption in a student's education instead of being counted as a withdrawal requiring the University to perform an R2T4 calculation. If an LOA does not meet the conditions in 34 CFR 668.22(d), the student is considered to have ceased attendance and to have withdrawn from the University, and the University is required to perform an R2T4 calculation.

19 APPLYING FOR AN LOA

Students must apply in writing (signed and dated) to the Financial Aid Coordinator at Wellington University International. The Financial Aid Coordinator will assess the application and advise the student of the outcome within 10 working days.

An LOA must meet the conditions below to qualify as an Approved LOA:

- Students must apply in advance for an LOA being taken unless unforeseen circumstances prevent the student from doing so, for example, injury or illness.
- The situation described as the reason for the LOA must be non-academic in nature and must be one that leads to a reasonable expectation that the student will return from the LOA within the allowed time frame.
- The LOA, together with any additional leaves of absence, must not exceed a total of 180 days in any 12-month period, including days in which the University is not in session.
- Students must resume coursework at the same point the student began the LOA. If the student does not, it is considered an unofficial withdrawal.

A student who is granted an approved LOA remains in an **in-school status** for US federal loan repayment purposes. If a student on an approved LOA fails to return, the University will report through the National Student Loan Data System (NSLDS) the student's change in enrolment status as of the withdrawal date.

1.10 UNAPPROVED LEAVES OF ABSENCE

The University may grant a student an LOA that does not meet the conditions to be an approved LOA for Title IV purposes (for example, for academic reasons). However, an LOA that does not meet all of the conditions for an approved LOA is considered a withdrawal for Title IV purposes.

For more information on Federal Student Aid, refer to:

2020-2021 Federal Student Aid Handbook, Volume 5 "Withdrawals and Return of Title IV Funds"

2020-2021 Federal Student Aid Handbook, Appendix to Volume 5, "Forms Associated with a Return of Title IV Aid Calculation"

Relevant legislation:

US Amended Higher Education Act 1965

US Federal Regulations 34 CFR 668 - Student Assistance General Regulations

US Federal Regulations 34 CFR 685 - William D Ford Direct Loan Programme

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