

SOUTHWESTERN

LAW SCHOOL Los Angeles, CA

Return of Title IV Funds Policy

Administrative policy approved May 15, 2023. Effective immediately.

Revision history: Formerly part of the Financial Aid Policies & Procedures Manual; clarifying language added when established as a standalone policy in May 2023.

Related policies: Federal Financial Aid Eligibility Policy; Tuition Refund Policy; Attendance Policy

Scheduled Review Date: Financial Aid Office and General Counsel's Office May 2025

A. Student Withdrawal

Federal regulations require Southwestern to re-evaluate a student's eligibility to receive federal student aid (Title IV Funds) when the student withdraws from Southwestern before the end of an enrollment period (e.g., summer, fall, or spring term or SCALE period).

A student who withdraws from all classes before completing more than 60% of an enrollment period must have their eligibility for aid recalculated based on the percent of the enrollment period completed. The percent completed must be *more than* 60%, otherwise, a Return of Title IV Funds (R2T4) is required.

The Financial Aid Office calculates completion percentages to four decimal places and rounds to three decimal places using standard rounding rules. One exception to the rule is for .6001 to .6004; in this case, the percent is rounded up, so the result is over 60%, as required. This process means that if the completion calculation comes to exactly 60%, an R2T4 calculation is necessary. If the completion calculation results in 60.001%, an R2T4 calculation is not necessary.

To determine the percent, the R2T4 calculation considers the number of calendar days the student was scheduled to complete, minus breaks of more than 5 consecutive days, and uses the actual number of days the student attended (e.g., total number of days the student attended divided by total number of days scheduled in the enrollment period). The calculation will determine the amount of Title IV Funds the student has or has not earned and may result in financial aid awards being reduced (or an "aid adjustment" being made). For R2T4 purposes, the law school processes returns on a payment-period

basis, which coincides with the student's enrollment period dates. Generally, this basis will be quarters for SCALE students and semesters for traditional and cross-enrolled students (SCALE II students who are also taking fall or spring classes).

Southwestern is an "Attendance-Taking Institution," and for R2TA purposes uses the last date of attendance provided by the Student Services Office to establish how many days a student attended class during an enrollment period. For law school classes offered in mini-terms (or modules), if a student ceases attendance and is not scheduled to begin another course within an enrollment period for more than 45 calendar days after the end of the module the student ceased attending, the Financial Aid Office must consider that student withdrawn and will perform an R2T4 calculation.

B. Notice of Withdrawal

The Student Services Office has 14 days from the last date of attendance to determine that a student has withdrawn or taken a Leave of Absence. The Student Services Office will record the date that determination is made in the "Academic Date of Determination" field on the Student Action Report (SAR) form. The Student Services Office will notify the Financial Aid Office by email of any student that they have determined has withdrawn or taken a Leave of Absence and send a SAR to the Registrar's Office for processing.

C. Return of Title IV Funds Process

The Financial Aid Office will do the following once it has received a SAR from the Registrar's Office with information on a student withdrawal or Leave of Absence:

1. Calculate the amount of the enrollment period completed using the last day of attendance and the last scheduled day of class, as explained above. A student enrolled in mini-term courses (or modules) at the law school is not considered to have withdrawn if they meet either of the following standards:
 - The student successfully completes one module that includes 49% or more of the number of days in the payment period, excluding scheduled breaks of 5 or more consecutive days and all days between modules; or
 - The student successfully completes (e.g., earns a passing grade) a combination of modules that, when combined, contain 49% or more of the number of days in the payment period, excluding scheduled breaks of 5 or more consecutive days and all days between modules.
2. Complete the R2T4 calculation and send the calculation results to the Accounting Office for immediate action; namely, the return of funds to the U.S. Department of Education. The Financial Aid Office must complete the R2T4 calculation within 30 days of the date of the determination. Sometimes, the return amount resulting from the R2T4 calculation is less than the return amount requested by the Student Services Office. Southwestern must first offer these additional funds (typically refunded tuition) to the student and must obtain the student's permission to return funds that exceed those mandated by the R2T4 calculation. If the student is not responsive, and Southwestern cannot obtain permission from

the student to return these additional funds to the U.S. Department of Education, Southwestern must send these funds to the student.

3. The Financial Aid Office will email the student all loan documentation, exit counseling information, loan summaries, and notice of post-withdrawal refund, if any. The Financial Aid Office will ensure that any refund due to the student is made within 180 days of the date of determination.
4. The Financial Aid Office will encourage the student to make an appointment for exit counseling so they are aware of all available loan repayment plans.

Upon receiving the R2T4 calculation from the Financial Aid Office, the Accounting Office will return all funds resulting from the R2T4 calculation to the U.S. Department of Education within 45 days of the date of determination.

D. Order of Returned Funds

In accordance with federal regulations regarding the return of federal funds, Southwestern will return funds to the U.S. Department of Education in the following order:

1. Federal Direct Unsubsidized Loan (this is always returned first to keep the maximum allowable available for future education)
2. Federal Graduate Plus Loan

The refund to each fund will not be more than the amount disbursed during the award period from that fund.

E. Example of R2T4 Calculation

The following is an example of the R2T4 calculation and process. A full-time day student withdrew ten days after starting spring classes in mid-January of 2022. In early January 2022, Southwestern disbursed \$10,142 in a Direct Unsubsidized Loan and \$28,684 in a Graduate PLUS Loan; these disbursements paid tuition of \$27,658, and the student received a \$11,168 refund from the credit balance. The student attended 10 of 116 class days in the spring, for a total of 8.6% of the scheduled classes. Southwestern returned \$25,279.41 of the aid under the R2T4 calculation. The student kept the \$11,168 refund received in early January 2022 because they were not required to return the refund. The school refunded the student's spring tuition (not part of the R2T4 process, but a decision by the Student Services Office), and the student requested that those funds be returned with the R2T4 funds for a total return of \$27,658. The Financial Aid Office sent a confirmation email to the student's personal email address, along with exit counseling documentation and instructions.

F. Leave of Absence

For academic purposes, a student who takes an approved Leave of Absence is not considered to have withdrawn unless the student does not return from the leave as scheduled. But, for R2T4 purposes, a Leave of Absence is treated in the same manner as

a withdrawal. The Financial Aid Office will complete the required exit counseling at the start of the Leave of Absence and does not need to complete it a second time if the student does not return as scheduled. Southwestern will report the change in the student's enrollment status to the U.S. Department of Education according to the required enrollment reporting process and time frames.

G. Student Drops to Under Half-Time Enrollment

Except for the summer, Southwestern charges students a flat tuition for each enrollment period, regardless of the number of units taken. Southwestern charges students by unit in the summer. The Financial Aid Office will not disburse funds to a student until it has confirmed that the student is enrolled in at least 5 units in any fall or spring term or SCALE period, and 2 units in the summer. Starting with the summer 2024 term, students must enroll in 3 units in the summer to be considered half-time.

After receiving loan funds, if a student drops courses so that they are taking fewer than 5 units per fall or spring term or SCALE period or fewer than 2 units in the summer (or, starting summer 2024, less than 3 units in the summer), no additional loans can be awarded for that enrollment period if they remain less than half time. No R2T4 is required if the student maintains acceptable enrollment in at least one course. Southwestern will report the change in the student's enrollment status to the U.S. Department of Education.

H. Failure to Attend Any Classes After Disbursement Occurs

If the Financial Aid Office disburses Federal Direct Unsubsidized Loan or Federal Graduate Plus Loan funds to a qualifying student, but the student does not begin attending any course during the payment period, Southwestern must return all loan funds that were credited to the student's school account for the payment period. For any remaining loan funds disbursed directly to a student, the school must notify the appropriate loan servicer of the outstanding loan funds so the loan servicer can issue a 30-day demand letter to the student.

The Financial Aid Office must return funds related to a student who failed to begin attendance as soon as possible but no later than 30 days after the date the Financial Aid Office becomes aware that the student has not begun and will not begin attendance.