



NASFAA

# TRAINING TRACK

The following is a presentation prepared for:

**SWASFAA Conference**

**San Antonio, Texas**

**Month 14 – 16, 2012**



# Consortium/Contractual Agreements

**Debra LaGrone**

Training Specialist

Division of Training & Regulatory Assistance, NASFAA

**Linda Good**

Assistant Director

Oklahoma State University

# Session Agenda

Review key aspects of consortium and contractual agreements:

- Purpose of a written agreement
- Requirements and options in offering and using written agreements, including for study abroad
- Construction and execution
- Student consumer information requirements



# Key Terms to Understanding Written Agreements

- **Eligible institution:**
  - Institution designated by the Department of Education (ED) as eligible to participate in the Title IV programs
- **Regular student:**
  - Student enrolled, or accepted for enrollment at an institution, for the purpose of earning a degree, certificate, or other recognized credential offered by that school



# Key Terms to Understanding Written Agreements

## HOME INSTITUTION

School granting student's degree, certificate, or other recognized credential

## HOST INSTITUTION

School where student takes part of academic program requirements while "visiting" under consortium/contractual agreement



# Consortium and Contractual Agreements: Eligible Program Criterion

In general, student's academic program under consortium or contractual agreement is a ***eligible program*** for Title IV purposes if:

- Home school's program meets eligible program requirements in 668.8
- Host school provides part of student's program offered by home school



# Study Abroad

Does not have to be required part of home school program provided:

- Student is a regular student enrolled in an eligible program at the home school
- Home school accepts study abroad courses for credit



# Consortium and Contractual Agreements

Differences between the two types of agreements based on:

- Who may enter into the agreement
- Portion of student's program that the host may provide
- Responsibilities of home and host schools for administration of Title IV funds under the agreement





# What is a Consortium Agreement?

A written agreement between two or more **eligible institutions**, under which a **regular student** is considered “enrolled” at eligible **home** institution while completing part of his or her academic program at another eligible (or **host**) institution in the U.S. or abroad



# Consortium Agreement

If agreement is between eligible institutions owned or controlled by same individual, partnership, or corporation:

- Home school's program must meet eligible program requirements in 668.8
- Home school must provide more than 50% of student's program



# What is a Contractual Agreement?

A written agreement between an **eligible institution** and an ineligible institution, allowing a **regular student** to be considered “enrolled” at eligible **home** institution while completing part of his or her academic program at the other ineligible (or **host**) institution in the U.S. or abroad



# Contractual Agreement

Home school always must be an eligible institution and may not contract with an ineligible institution that:

- Was terminated by ED from participating in the Title IV programs;
- Voluntarily withdrew its Title IV participation due to an administrative proceeding initiated by ED, accrediting or state licensing agency, or guarantor; or
- Had its application for certification or recertification to participate in the Title IV programs revoked or denied by ED



# Contractual Agreement

Home school may contract with:

- Single school
- Group of schools
- Organization other than traditional classroom provider (e.g., a hospital)
- Organization (e.g., a broker) representing one or more foreign institutions to provide study abroad program and/or portion of student's program of study



# Contractual Agreement

If eligible institution and ineligible institution owned or controlled by same individual, partnership, or corporation, host school cannot provide more than 25% of student's program



# Contractual Agreement

When eligible institution and ineligible institution separately owned and controlled, host school can provide more than 25%, but less than 50%, of student's program only if home school's accrediting agency or state licensing agency determined agreement meets its standards for contracting out educational services



# Written Agreement Unnecessary

- Student is a regular student at both schools
- Student is transferring coursework
- Home school sends faculty and students to another location or site, including abroad





# Written Agreement Requirements

- Must be in writing and signed by each school
- Effective with payment periods in which agreement is signed; may be retroactive to previous payment period in same award year
- Duration indefinite unless student-specific agreement or terms of agreement change



# Required Elements of Written Agreements

- Identity of the school granting the degree or certificate
- Student's tuition, fees, room, and board at each school
- Student's enrollment status at each school



# Required Elements of Written Agreements

## Procedures for:

- Calculating Title IV awards
- Disbursing Title IV funds
- Monitoring student eligibility, including satisfactory academic progress
- Keeping records
- Returning Title IV funds should the student withdraw



# Accepting Coursework

- Courses taken at host school must count towards student's program at home school
- Home school must award academic credit for host school courses on same basis as it would award credit for its own courses



# Accepting Coursework

Written agreement should include home school's:

- Policies for accepting coursework
- Official(s) responsible for approving courses
- Method of identifying approved courses
- Policies regarding acceptance of certain grades



# Establishing Enrollment Period

Written agreement should include:

- Beginning and ending dates of enrollment period (i.e., home school's dates)
- Procedures by which schools will exchange enrollment period information
- Information regarding any differences in program formats (e.g., standard term, nonstandard term, nonterm programs)



# Defining Enrollment Status

Written agreement should define:

- Enrollment status for Title IV purposes
- Full-time, half-time, and less-than-half-time status for each category of students (e.g., undergraduate, graduate, etc.)



# Establishing Cost of Attendance

Consortium agreement should include provisions:

- For calculation of cost of attendance (COA) and adjustment of each cost component
- For exchange of COA and cost component data





# Awarding Title IV Aid

- Enrollment period should reflect student's program at home school
- If contractual agreement, only home school may award Title IV aid
- If consortium agreement, each school may award Title IV aid



# Awarding Title IV Aid

If multiple schools award student under consortium agreement, schools must coordinate to ensure:

- Student does not receive overaward or awards exceeding annual maximums
- No double counting of any COA expense
- Same expected family contribution (EFC) and COA used to award all Title IV funds
- Same enrollment period used to award funds (i.e., beginning and ending dates of home school)



# Awarding Title IV Aid

- School cannot:
  - Reduce or deny Title IV funds to any student or category of students solely because studying under an agreement
- School can:
  - Limit its own institutional funds to students studying at the school



# Federal Pell Grants and TEACH Grants

- Under consortium agreement, only one school may award and disburse Federal Pell Grant and/or Teacher Education Assistance for College and Higher Education (TEACH) Grant funds to student
- School that awards and disburses funds must maintain all records relating to eligibility and disbursement



# Disbursing Title IV Aid

- Under contractual agreement, only home school may disburse Title IV funds
- Under consortium agreement, either school may disburse Title IV aid

**EXCEPTION:** Only school that awarded Federal Pell Grant and/or TEACH Grant funds may disburse those funds



# Disbursing Title IV Aid

Consortium agreement should indicate when Title IV funds will be disbursed and which school will:

- Disburse Title IV aid
- Conduct Title IV loan entrance counseling if required
- Confirm eligibility at the time of disbursement
- Collect cash management authorizations



# Disbursing Title IV Aid

School that disburses Title IV aid must maintain all records relating to:

- Student eligibility
- Calculation of awards
- Disbursement of funds
- Returns of Title IV funds, refunds and overpayments
- Institutional refunds and repayments
- Other program-specific requirements



# Monitoring Enrollment Status

- For student studying under an agreement, home school must have method to document enrollment
- If student enrolled for courses at both home and host schools:
  - Award Title IV aid based on combined enrollment
  - Handle enrollment status changes in same manner as if student had enrolled only at one school





# Exchanging Enrollment Data

An enrollment status may trigger certain time-sensitive Title IV requirements, such as:

- Recalculation of a student's Federal Pell Grant and TEACH Grant (must use awarding school's recalculation policies)
- Cash management requirements for disbursing and holding a student's Title IV funds
- Requirements for the return of unearned Title IV funds if the student withdraws
- Enrollment Reporting to the National Student Loan Data System



# Exchanging Enrollment Data

Agreement should stipulate policies and procedures for exchanging student's enrollment status information and changes in enrollment, such as:

- Failure to begin attendance in all courses
- Withdrawals from courses, including complete withdrawal
- Substitutions of other courses for approved courses
- When student completes courses
- Student's grades



# Return of Title IV Funds

## Consortium agreement should:

- State school that disbursed funds must perform return of Title IV funds calculations, return unearned funds, and address overpayments
- Identify the procedures and school responsible for:
  - Establishing withdrawal date
  - Processing post-withdrawal disbursements
  - Informing student of return of Title IV funds provisions required under the student consumer information requirements



# Return of Title IV Funds

If multiple schools disbursed Title IV aid to student:

- Each must perform the calculation using same withdrawal date
- Should have procedures for prompt identification of withdrawals and exchange of withdrawal data



# Institutional Refunds and Repayments

Written agreement should indicate:

- Which school's policy applies
- Which school will perform calculations
- Which school will notify student of applicable policies as required under student consumer information regulations



# Enrollment Reporting

- Consortium agreement should indicate which school will complete NSLDS Enrollment Reporting
- Reporting school should report *combined* enrollment data if student concurrently enrolled in courses at both home and host school
- Home school ultimately responsible for reporting combined (or aggregate) enrollment data



# Satisfactory Academic Progress

## Consortium agreement must indicate:

- Home school's satisfactory academic progress (SAP) policy must be used
- Which school will monitor SAP
- Procedures for forwarding academic records to school monitoring SAP
- Which school will notify student under student consumer information requirements
- How schools will exchange enrollment data



# Additional Responsibilities

Consortium agreement should indicate school that:

- Includes student on its FISAP
- Is responsible for recordkeeping requirements
  - Areas previously noted
  - Any other area required under 668.24
  - Any other program-specific recordkeeping requirement





# Written Agreements: Institutional Options

- Whether to:
  - Enter into a written agreement or particular type of written agreement
  - Execute an agreement with only certain schools or for only certain students or types of study
  - Use a separate agreement or blanket agreements
- Written agreement's format



# Student Consumer Information

Must make information about each written agreement readily available to enrolled and prospective students

- Description of agreement
- Portion of program not provided by school that grants degree or certificate
- Name and location of school or organization providing portion of program not provided by home school



# Student Consumer Information

Must make information about each written agreement readily available to enrolled and prospective students

- Delivery method for portion of program not provided by school that grants degree or certificate
- Estimated additional costs students may incur for enrolling in the program under the written agreement



# Information about Written Agreements

- 34 CFR 668.5
- 34 CFR 668.43(a)(12)
- *Federal Register*, 10/29/10, pages 66869 to 66872
- *Federal Register*, 6/18/10, pages 34814 to 34816
- 2012–13 *FSA Handbook*, pages 2-20 to 2-23





Questions?



NASFAA

**TRAINING TRACK**