
Agreements Between Schools

Two or more institutions may enter into a consortium or contractual agreement so that a student can continue to receive SFA funds while studying at a school or organization other than his or her “home” institution. (The home school is the one that will grant the student’s degree or certificate.) This chapter discusses the specific requirements for such agreements.

Under a consortium or contractual agreement (including those for study abroad programs), the home school must give credit for courses taken at the other schools on the same basis (in terms of instructional time) as if it provided the training itself. The underlying assumption of such an agreement is that the home school has found the other school’s or organization’s academic standards to be equivalent to its own, and a completely acceptable substitute for its own instruction.

A home school may decline to give credit for courses in which a student earns a grade of “D” at a host school even though the home school has a policy of accepting grades of “D” or above that students earn in residence at the home school. In addition, even though grades received through consortium or contractual agreements do not have to be included in the calculation of the student’s grade point average (GPA), they must be included when calculating a student’s satisfactory academic progress (SAP).

CONSORTIUM AGREEMENT

A consortium agreement can only exist between eligible schools. It can apply to all SFA programs. Under such a written agreement, students may take courses at a school other than the *home* institution (the school where the student expects to receive a degree or certificate) and have those courses count toward the degree or certificate at the home school.

Consortium Agreement Cite
34 CFR 668.5
(previously 600.9 and 690.9)

Elements of a consortium agreement

A consortium agreement can be a blanket agreement between two or more eligible schools, or it can be written for a specific student. Such an agreement is often used when a student takes related courses at neighboring schools or when a student is enrolled in an exchange program with another eligible school for a term or more. The written agreement ensures that the student will receive payment from only one school in a given payment period.

In a consortium agreement there is no limit on the portion of the eligible program that may be provided by eligible schools other than the home school. Agreement contents can vary widely and will depend upon the interests of the schools involved and the accrediting or state agency standards. The Department does not dictate the format of the agreement (which can be executed by several different offices) or where the agreement is kept. However, the following information should be included in all agreements:

- the school that will grant the degree or certificate;
- the student's tuition, fees, and room and board costs at each school;
- the student's enrollment status at each school;
- the school that will be responsible for disbursing aid and monitoring student eligibility; and
- the procedures for calculating awards, disbursing aid, monitoring satisfactory progress and other student eligibility requirements, keeping records, and distributing SFA refunds.

Usually, the home institution is responsible for disbursing funds, but if the student is enrolled for a full term or academic year at the host institution, it may be easier for the host institution to monitor the student's eligibility and make payments.

Arrangements Between
Institutions Cite
34 CFR 668.5



When there is a written arrangement between eligible institutions, any of the institutions participating in the written arrangement may make Title IV, HEA program calculations and disbursements without that institution being considered a third-party servicer. This is true even if the student is not taking courses at the institution that is calculating and disbursing the aid.

The school that disburses an SFA award is responsible for maintaining information on the student's eligibility, how the award was calculated, what money has been disbursed, and any other documentation associated with the award (even if some of that documentation comes from other schools). Moreover, the school paying the student must return SFA funds if required (for example, in refund/return or overpayment situations). For details on how agreements affect Federal Pell Grant calculations, see Volume 3 — *Pell Grant Program*.

Effective date of the agreement

The agreement becomes effective for the payment period in which it is signed; however, it can be retroactive to a previous payment period if the payment period is in the same award year. Thus, if an agreement is signed in the middle of the spring semester, a student can receive a Title IV grant for the entire award year (including the preceding fall semester). Likewise, the loan period for a Title IV education loan

would include that part of the award year that preceded the date of the agreement.

If not written for an individual student, agreements can stay in effect indefinitely.

CONTRACTUAL AGREEMENT

An *eligible* institution may enter into a *written contractual agreement* with an *ineligible school or organization* under which the ineligible school or organization provides part of the educational program of students enrolled at the eligible school.

Eligible institutions are prohibited from entering into contracts with ineligible schools or organizations if the ineligible school or organization:

- has had its eligibility to participate in the SFA programs terminated by the Department; or
- has voluntarily withdrawn from participation in the SFA programs under a termination, show-cause, suspension, or similar type proceeding initiated by the institution's state licensing agency, accrediting agency, guarantor, or by the Department.

Under a contractual agreement, the eligible school is always the home school. The home school performs all the aid processing and delivery functions for its students attending the ineligible school or organization. The home school is responsible for maintaining all records necessary to document student eligibility and receipt of aid (see chapter 8).

For schools in a contractual agreement, there is a limit on the portion of the program that can be offered by the ineligible school. If both the home and ineligible schools are owned or controlled by the same individual, partnership, or corporation, no more than 25% of the educational program can be provided by the ineligible school. If the two schools are separately owned or controlled, the ineligible school can provide up to 50% of the educational program. However, in the case of separately owned schools, if the contracted portion is more than 25% of the program, the home school's accrediting agency or state agency (in the case of a public postsecondary vocational institution) must determine and confirm in writing that the agreement meets its standards for contracting out education services.

STUDY ABROAD OR DOMESTIC EXCHANGE PROGRAMS

Students usually participate in study abroad or domestic exchange programs in one of two ways:

- by paying tuition and fees directly to the school the student is temporarily attending (for example, through an out-of-state tuition waiver system), or
- by paying tuition and fees at the home school, while taking courses at another school.

Important: Some eligible students have had problems receiving SFA program funds for study abroad or domestic exchange programs, because neither the student's home school nor the school the student is temporarily attending considered the student enrolled in an eligible program of study. These circumstances have caused otherwise eligible students to be denied financial assistance at both schools.

The law states that a student participating in a study abroad program approved by the home school is eligible for SFA funds, regardless of whether the program is required for the student's regular, eligible program of study, as long as the student is an eligible regular student enrolled in an eligible program at the home school. The Program Participation Agreement (PPA) requires participating institutions to establish procedures that ensure that its students participating in study-abroad programs receive the SFA funds to which they are entitled.

A study abroad program must be part of a written contractual agreement between two or more schools, and the program must be accepted for credit by the home institution. **The program does not have to be required by the eligible program in which the student is enrolled at the home institution for the student to receive funds.**

Arrangements With a Study-
Abroad Organization Cite
34 CFR 668.5



New regulations, effective November 1, 2000 permit an eligible institution to have a written arrangement with a study-abroad organization that represents one or more foreign institutions instead of separate agreements directly with each foreign institution that its students are attending.

For purposes of administering the Title IV, HEA programs, and the written agreement between the eligible institution and the study abroad organization must adequately describe the duties and responsibilities of each entity and meet the requirements of the regulations.

When there is a written arrangement between eligible institutions, any of the institutions participating in the written arrangement may make Title IV, HEA program calculations and disbursements without that institution being considered a third-party servicer. This is true even if the student is not taking courses at the institution that is calculating and disbursing the aid.