National Association of Student Financial Aid Administrators

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National Association of Student Financial Aid Administrators

Consortium/Contractual Agreements

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Session Agenda

Review key aspects of consortium and contractual agreements

- Purpose and applicability
- Criteria specific to study abroad
- Required and optional elements
- Considerations for construction and execution
- Regulatory changes effective 7/1/11

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What is a Consortium Agreement?

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

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Definitions—Consortium/Contractual

- Title IV-eligible institution:
  - Designed by ED as *Eligible* to participate in Title IV programs, even if does not actually award or disburse Title IV funds (i.e., eligible nonparticipating school)
- Regular student:
  - Student enrolled, or accepted for enrollment, for purpose of earning a degree, certificate, or other recognized credential offered by the school

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Definitions—Consortium/Contractual

HOME INSTITUTION

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

HOST INSTITUTION

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

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What is a Contractual Agreement?

A written agreement between a ***Title IV-eligible institution*** and one that is not Title IV-eligible, allowing a ***regular student*** to be considered “enrolled” at his or her 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

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Consortium/Contractual Agreement

Formal statement that:

- Coursework taken at host school is acceptable for credit at home school
- Student is considered enrolled as a regular student at home school while taking classes at host school

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Key Difference

CONSORTIUM AGREEMENT

A written agreement between two or more eligible institutions

CONTRACTUAL AGREEMENT

A written agreement between an eligible institution and an ineligible institution

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Consortium Agreement

Student's academic program is ***Title IV-eligible program*** if:

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

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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

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Contractual Agreement

- Agreement between Title IV-eligible institution and an ineligible institution
- Home school is always eligible institution
- Allows otherwise eligible student to receive Title IV eligibility funds while studying at host school

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Contractual Agreement

Student's program is ***not Title IV-eligible*** if ineligible institution:

- Was terminated by ED from participating in the Title IV programs;
- Voluntarily withdrew its Title IV participation due to 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

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Contractual Agreement

Student's academic program is ***Title IV-eligible program*** if:

- Host school provides no more than applicable regulatory percentage of program by home school
- Home school's program meets eligible program requirements in 668.8

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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

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Contractual Agreement

If eligible institution and ineligible institution separately owned or 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

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Written Agreements: Benefits

- Broadened academic offerings and educational programs
- Increased partnerships between schools
- Simplified registration and payment processes between schools
- Equal access to academic programs

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Consortium/Contractual Agreement for:

- Individual student
- Entire category or class of students
- All students at the school
- Study at several host schools under a single agreement
- Study abroad or study within the U.S.

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Consortium/Contractual Agreement for:

- Coursework taken at host school while student is not taking classes at home school
- Simultaneous enrollment at both home and host schools
- Distance education courses offered by one or more host school

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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 home school
- Home school accepts study abroad courses for credit

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Study Abroad

Type of agreement depends on entity providing study abroad program

- Home school enters agreement directly with foreign school
- Home school enters agreement with domestic school or organization (i.e., a broker) that represents one or more foreign schools

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Study Abroad Brokers

- Organizations representing several foreign institutions used to facilitate study abroad
  - Do not teach coursework
  - Handle financial and logistical arrangements
  - May contract with numerous schools
- School must use contractual agreement for written agreement with a broker

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Domestic Exchange Programs

- Exchange program between schools in the U.S.
- Students participate:
  - Student pays tuition and fees directly to school he or she is temporarily attending; or
  - Student pays tuition and fees at home school while taking courses at other
- Home school must enter written agreement directly with host school

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Written Agreements: Drawbacks

- Managing and tracking student information
- Meeting reporting requirements
- Adjusting the institution's student system to accommodate consortium students
- Processing of financial aid, billing, etc.
- Increased communication among all offices involved
- Potential loss of campus-based funding

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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

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Written Agreement Requirements

- Must be in writing
- Effective for 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

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Completing the Agreement

- School should designate individual or office to complete written agreements
  - May be centralized (i.e., one office or individual may complete)
  - May be decentralized (i.e., several offices or individuals may complete)
- Each school that is part of a written agreement must sign it

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Approving Student Participation

- School should designate individual or office to approve student participation
- School's approval process depends on whether agreement is:
  - Blanket agreement with groups of schools
  - Separate agreement for each school
  - Separate agreement for each student

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Awarding Title IV Aid

- If contractual agreement, only home school may award Title IV aid
- If consortium agreement, each school may award Title IV aid
  - Even if student not enrolled at that school
  - Regardless of billing school
  - Regardless of home school

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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 cost of attendance (COA) expense
- Same expected family contribution (EFC) and COA used
- Same enrollment period used to award funds (i.e., beginning and ending dates of home school)

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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

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Federal Pell Grants and TEACH Grants

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

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Federal Work-Study

Exception to FWS awarding rules under written agreement:

- Student employment is very limited or not allowed
- Often is the case for study abroad

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Granting Degree/Certificate/Credential

- Consortium agreement must identify which school will grant degree, certificate, or other recognized credential
- 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

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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.)

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Monitoring Enrollment Status

- Because student is taking courses elsewhere, may not *appear* to be enrolled at home school
- Home school must have method to document enrollment, such as *dummy courses*
- Properly executed agreement *may* be acceptable enrollment documentation

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Exchanging Enrollment Data

- Timely exchange of enrollment data important for proper cash management
- Enrollment data to be exchanged includes:
  - If student does not begin attendance in all classes
  - Changes in enrollment status, including withdrawal
  - Substitutions of other classes for approved classes
  - If and when student completes courses
  - Student's grades

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Exchanging Enrollment Data

- Title IV aid must be awarded based on combined enrollment
- Enrollment status changes handled in same manner as if student had enrolled in all credits at one school
- Must recalculate Federal Pell Grant and TEACH Grant as required

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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)

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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

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Accepting Coursework

Remedial and English as a Second Language (ESL) coursework

- May be included in agreement if required by home school as part of program of study
- May appear on academic transcript but not count towards program completion requirements
- Home school must create audit trail that shows course(s) required

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Satisfactory Academic Progress

- Home school may establish policy to decline ***any*** grade (e.g., “D” grades)
- Not required to factor grades into GPA
- Must incorporate attempted credits in 150% maximum time frame
- Policies for accepting certain grades should be reflected in policies and procedures

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Satisfactory Academic Progress

Consortium agreement must indicate:

- Home school's SAP 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

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Enrollment Reporting

- Consortium agreement must indicate which school will complete NSLDS Enrollment Reporting
- Reporting school should report *combined* enrollment data
- Home school ultimately responsible for reporting combined (or aggregate) enrollment data

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Establishing Cost of Attendance

Consortium agreement should include provisions:

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

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Disbursing Title IV Aid

- Under contractual agreement, only home school may disburse Title IV funds
- Under consortium agreement, any of the participating schools may disburse Title IV aid:
  - Even if student not attending that school
  - Regardless of which school bills student

EXCEPTION: Only one school may disburse Federal Pell Grant and TEACH Grant funds

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Disbursing Title IV Aid

Consortium agreement should indicate:

- Which school will disburse Title IV aid
- When Title IV funds will be disbursed
- Which school will conduct Title IV loan entrance counseling
- Which school will confirm eligibility

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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

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Cash Management Authorizations

Consortium agreement should indicate which school will be responsible for cash management authorizations, including:

- Crediting Title IV funds to student’s school account
- Depositing Title IV funds into student's bank account
- Holding Title IV funds on student's school account

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FISAP Reporting Requirements

Consortium agreement should indicate which school will include student on its FISAP

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Return of Title IV Funds

Consortium agreement should:

- Identify school responsible for establishing withdrawal date
- State school that disbursed funds must perform return of Title IV funds calculations, return funds, and address overpayments
- Identify school will process post-withdrawal disbursements and the procedures for making them
- Which school will inform student of return of Title IV funds student consumer information

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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

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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

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Student Records

Consortium agreement should indicate which school will be responsible for recordkeeping requirements:

- All areas previously discussed
- Any other areas required under 668.24
- Any other program-specific recordkeeping requirements

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Constructing Written Agreements

- ED does not dictate format
- Agreements address various situations at various schools
- Participating schools negotiate construction of agreement

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Written Agreement Considerations

Different types of agreements to address:

- Student's program of study
- Nature and location of participating schools (e.g., eligible or ineligible, foreign or domestic)
- Academic program offered by host school

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Written Agreement Considerations

Different types of agreements to address:

- Type of enrollment (e.g., concurrent or consecutive, one course or many courses)
- Number of students enrolled under the agreement (e.g., one student, several students, categories of students)
- Other school's written agreement policies

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Development and Implementation Plan

Multiple offices likely to be involved in the decision-making process:

- Academic affairs
- Registrar
- Bursar, fiscal, and/or student billing
- Admissions
- Financial aid

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Development and Implementation Plan

- May designate specific individual or office to coordinate written agreements
- Identify the responsibilities of individuals in various offices for reporting and requesting information about students studying under written agreements
- Establish time line for requesting and receiving consortium agreement information

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Policies and Procedures

Each school involved in the consortium agreement process should have clearly defined written policies and procedures addressing each of the elements contained in the agreement, including all applicable:

- Title IV requirements
- State agency and accrediting agency requirements
- Institution-specific requirements

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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

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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

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Student Consumer Information

Must disclose to prospective and enrolled students programs designed to be offered by another entity:

- Method of delivery not being offered by the degree/certificate granting school
- Estimated additional costs that student may incur due to arrangement

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Additional Information

For more on 7/1/11 regulatory changes:

- 34 CFR 668.5
- *Federal Register*, 10/29/10, pages 66869 to 66872
- *Federal Register*, 6/18/10, pages 34814 to 34816
- 2011– 12 FSA Handbook, pages 2-23 to 2-26

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Contact

Questions?

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