

Archived Information

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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.) The specific requirements for such agreements are discussed below.

Under a consortium or contractual agreement (including those for study abroad programs), the home school must give credit for the courses taken at the other school(s) on the same basis (in terms of instructional time) as if it provided that portion itself. The underlying assumption of the 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 substitution for its own instruction.

However, the Department has issued new guidance which permits a home school to decline to give credit for courses in which a student earns a grade of “D” at the other school. Previously, Department guidance required a home school to treat credits earned through contracted coursework in exactly the same manner as those earned at the home school. For example, a home school was required to accept grades of “D” even if the school had a policy of not accepting grades below a “C” when a student transfers from another school.

Under the new guidance, although a home school has a policy of accepting grades of “D” or above earned at the home school, it does not have to accept credits earned for courses at the other school for which a student earns a “D.”

As in the past, grades received through contracted coursework do not have to be included in the calculation of the student’s grade point average (GPA).



CONSORTIUM AGREEMENT



A consortium agreement, which can exist between eligible schools only, can apply to all the 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.

Elements of 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, certain information should be included in all agreements, such as which school will grant the degree or certificate, what the student’s tuition, fees, and room and board costs are at each school, and what the student’s enrollment status will be at each school. The agreement should also specify which school will be responsible for disbursing aid and monitoring student eligibility and should include 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 disbursements, 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. The school paying the student must return SFA funds if required (for example, in refund or overpayment situations). For details on how agreements affect Federal Pell Grant calculations, see Chapter 4.

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, the student can be paid for the entire award year, including the preceding fall semester.

CONTRACTUAL AGREEMENT

A contractual agreement is between eligible and ineligible schools¹ or organizations, as defined in Section 1 of this chapter. Under such an agreement, the ineligible school or organization provides, under written contract, a portion of the eligible school's educational program.

There is a limit on the portion of the program that can be given at 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.

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 Section 7 of this chapter for record requirements.)

"Contracted portion of an educational program" covers situations ranging from a "junior year abroad" program to a portion of a cosmetology program given by an ineligible cosmetology school under contract with an eligible community college or vocational-technical school. In the traditional academic community, a baccalaureate institution does not jeopardize its eligible programs if no more than one academic year is spent by students at an ineligible institution, such as a foreign institution under the junior year abroad concept. At schools that predominantly grant associate degrees, eligible programs are not jeopardized if students spend no more than one semester or one quarter studying under contract at an ineligible school. (Of course, students may exceed these limits and take up to 50% of the program at a separately owned school if the school's accrediting agency has approved the contractual agreement.)

Portion of program provided by ineligible school

Home school maintains all records

Examples of contractual agreements

¹An eligible school may not contract with an ineligible school that has been terminated from SFA participation or has withdrawn from SFA participation while under a termination, show-cause, suspension, or similar type proceeding by a state licensing agency, accrediting agency, guaranty agency, or the Department.

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.

Some 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 considers 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 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 study abroad program must be part of a written contractual agreement between the two schools, and the program must be accepted for credit by the home institution. (The program does not have to be required for the eligible program in which the student is enrolled at the home institution for it to be accepted for credit.) The law also includes this item in the Program Participation Agreement.

Study abroad students are SFA-eligible