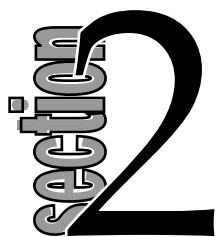


Archived Information



General Participation Requirements

A school that wishes to participate in the SFA Programs must meet certain requirements for participation. For example, a school must enter into a program participation agreement and meet requirements for financial responsibility and administrative capability. In addition, a school's academic year and payment periods must conform to specific definitions so that SFA Program funds are disbursed properly. Participation standards are important because all SFA funds received by a participating school are held in trust by that school for the intended student beneficiaries (except for allowed administrative expense reimbursement). Most general requirements for SFA Program participation are found in 34 CFR Part 668.

Schools are permitted to contract with consultants for assistance in administering the SFA Programs. However, the school ultimately is responsible for the use of SFA funds and will be held accountable if the consultant mismanages the programs. (See the "Contracts with Third-Party Servicers" discussion on page 3-50 for more details.)

THE PROGRAM PARTICIPATION AGREEMENT

An eligible school must enter into a Program Participation Agreement (PPA) with the Department to participate in any SFA Program other than the State Student Incentive Grant (SSIG) Program or the National Early Intervention Scholarship Program (NEISP). The PPA covers the school's participation in the following programs: Pell Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), Federal Perkins (Perkins), and the Federal Family Education Loan (FFEL) Program. Currently, a school that participates in the Direct Loan Program does so through an addendum to the PPA.

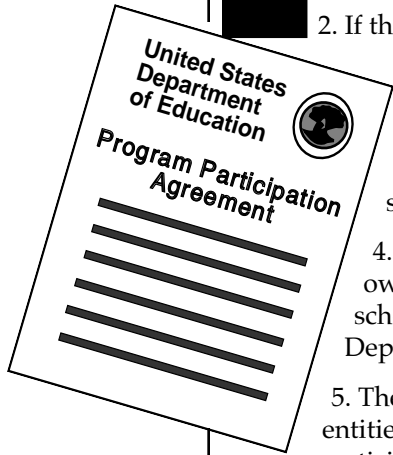
Purpose & scope of the PPA

Under the PPA, the school agrees to comply with the laws and regulations governing the SFA Programs. When entering into a PPA, the school must demonstrate that it is financially responsible and administratively capable of providing the education it promises and of properly managing the SFA Programs. After being certified for SFA participation, the school must administer SFA funds in a prudent and responsible manner. Under certain circumstances, for example, when a school stops providing education, a school's PPA automatically terminates (for more information, see Section 9.)

PPA requirements

The PPA lists some of the basic administrative requirements of SFA participation. Some of these are discussed in more detail in this or other areas of this *Handbook*, as noted below:

1. The school will provide timely information on its administrative capability and financial responsibility to the Department, and to the appropriate state, guaranty, and accrediting agencies. (Section 2)
2. If the school advertises job placement rates to attract students, it must provide a prospective student with any relevant information on state licensing requirements for the jobs for which the offered training will prepare the student.
3. The school cannot deny SFA funds on the grounds that a student is studying abroad in an approved-for-credit program. (Section 5)
4. To begin participation in the FFEL Programs (or if a school changes ownership or changes its status as a parent or subordinate institution), the school must develop a default management plan for approval by the Department and must implement the plan for at least two years. (Chapter 9)
5. The school must acknowledge the authority of the Department and other entities to share information regarding fraud, abuse, or the school's approval to participate in the SFA Programs. (Section 6)
6. The school may not knowingly employ or contract with (in the administration of or receipt of SFA funds) any individual, agency, or organization that has been convicted of or pled guilty or *nolo contendere* to a crime or was judicially determined to have committed fraud involving the misuse of SFA funds.
7. The school must, in a timely manner, complete surveys under the Integrated Postsecondary Education Data System (IPEDS) or any other data collection effort of the Department.
8. If the school offers athletically related student aid, it must annually compile data concerning its revenues and expenses related to athletics; this data must be audited every three years and made available to the Department and to the public. (Section 8)
9. The school cannot penalize in any way a student who is unable to pay institutional costs due to compliance with the SFA Program requirements, or due to a delay in federal aid disbursement caused by the school.
10. The school cannot pay commissions or other incentives based directly or indirectly on securing enrollment or financial aid (except when recruiting foreign students ineligible for SFA funds) to persons engaged in recruiting, admission, or financial aid administration.



11. The school must comply with the requirements of the Department, as well as those of accrediting agencies. (Section 1)
12. The school must have a fair and equitable refund policy in accordance with regulations. (Section 4)
13. Schools cannot charge for processing or handling any application or data used to determine a student's SFA eligibility. For instance, the school may not charge (or include in the student's cost of attendance) a fee to certify a loan application, complete a deferment form, process a Pell Grant payment, verify an application, or send or request a financial aid transcript.
14. A student may always use the *Free Application for Federal Student Aid* (FAFSA) to apply for SFA funds. However, a school may require additional data that are not provided on the federal form to award institutional or state aid. Institutional charges for collecting such data must be reasonable and within marginal costs.

The above list is not exhaustive; schools must carefully review *all* of the requirements listed on their PPA and those specified in 34 CFR 668.14. In addition, a school must meet any requirements for participation specific to an individual SFA Program.

Another participation requirement found in the PPA requires a school that admits students without a high school diploma or its recognized equivalent (based on their ability to benefit) to make a GED preparatory program available to its students. The course does not have to be provided by the school itself, and the school is not required to pay the costs of the program. The GED program must be offered at a place that is convenient for the students and the school must take reasonable steps to ensure that its students have access to the program, such as coordinating the timing of its program offerings with that of the GED program. The school must provide information about the availability of the GED program to affected students. The GED program must be proven successful in preparing its students to obtain a GED—such programs include GED programs that are conducted by state and local secondary school authorities, as well as programs for which the school has documentation that statistically demonstrates the success.

The law does not require a school to verify that a student is enrolled in a GED program or to monitor the student's progress in the program. A student admitted based on his or her ability to benefit but who does not have a high school diploma or its recognized equivalent is not required by law to enroll in a GED program, but the school may choose to make this an admissions requirement. A student may not receive SFA funds for the GED program although he or she may be paid for postsecondary courses taken at the same time as the GED coursework, including remedial coursework¹ *at the secondary level or higher*.

¹It is the school's responsibility to determine whether a remedial program is at the secondary level. However, if the state, the school's accrediting agency, or the state agency recognized for the approval of public postsecondary vocational education determines that a remedial program is at the elementary level, the school must abide by that determination. For more on remedial coursework, including the admission of ability-to-benefit students, see Chapter 2.

**School must
make GED
program
available**

When a school signs the PPA, it also agrees to comply with the civil rights and privacy requirements contained in the Code of Federal Regulations (CFR), which apply to all students in the educational program, not just to SFA recipients.

FINANCIAL RESPONSIBILITY

Standards of financial responsibility

In order to participate in the SFA Programs, a school must demonstrate that it is financially responsible. To provide the Department with the information necessary to evaluate a school's financial responsibility, schools are required to submit financial information to the Department every year. Final regulations published November 29, 1996 require a school to submit an audited financial statement as part of a combined submission that also includes the school's compliance audit. The combined submission must be submitted to the Department within six months of the end of the school's fiscal year. Previously, a school's audited financial statement was a separate submission, due no later than four months after the fiscal year ended. See Section 6 for more information on required audit submissions.



A notice of proposed rulemaking (NPRM) published September 20, 1996, proposed implementation of new financial responsibility standards. In response to public comment, the comment period on some portions of the NPRM was extended through April 14, 1997. Final regulations for some portions of this NPRM were published November 29, 1996 and include

- ◇ changes to the performance alternative to maintaining a cash reserve to make refunds, and
- ◇ new financial responsibility standards for foreign schools.

What follows is a general overview of the financial responsibility standards. Schools should refer to 34 CFR 668.15 for complete information.

Three categories

The financial responsibility standards may be divided into three categories: (1) **General Standards** (basic financial standards that all schools are required to meet), (2) **Type-Specific Standards** (standards that apply specifically to each type of school—for-profit, nonprofit, and public), and (3) **Performance and Affiliation Standards** (standards to evaluate a school's past performance and persons affiliated with the school).

To prove financial responsibility, a school must demonstrate that it is

- ◇ providing the services described in its official publications and statements,
- ◇ providing the administrative resources necessary to comply with the requirements for SFA participation,
- ◇ meeting all of its financial obligations, which include but are not limited to making required refunds and making repayments to cover SFA Program liabilities, and
- ◇ current in its debt payments.

A school must also demonstrate that it has not had a statement by the accountant in its audit report for the school's most recently completed fiscal year expressing substantial doubt about the school's ability to continue as a "going concern," or a disclaimed or adverse opinion.

In addition, a school must post a letter of credit equal to 25% of the SFA refunds that the school was required to make for the past fiscal year. A school does not have to post this letter of credit if it meets one of the following exceptions:

Exception 1: The school meets a performance alternative whereby it demonstrates that it has sufficient cash reserves to make refunds. A school is considered to have sufficient cash reserves if it demonstrates, through audits for the two most recent fiscal years, that for the past two years the school has been financially responsible and has paid all required refunds on time (see Section 4 for more information on payment of refunds).

The November 29, 1996 final regulations provide for a small margin of error in determining that a school has paid all required refunds on time. A school will not have to post the letter of credit if

- ◇ • there is less than a five percent error rate in the sample of refunds examined by a reviewer or auditor (i.e., the school failed to make timely refunds to less than five percent of the students in the sample), or
- there is only one late refund in the sample of refunds examined by a reviewer or auditor, and
- ◇ the reviewer or auditor did not note a material weakness or a reportable condition in the school's report on internal controls that is related to refunds.

**General
standards
for all
schools**

**Letter of
credit**

**Exceptions
to letter of
credit
requirement**



If a school has not paid refunds on time, the school must post the 25% letter of credit. However, if a school has not demonstrated financial responsibility, the school is required to post a letter of credit in accordance with the letter of credit exemption to the general financial responsibility standards discussed below (i.e., equal to at least one-half of the SFA Program funds received by the school during the last complete award year).

If it is determined through an audit or review that a school no longer qualifies for the performance alternative, the school must post the 25% letter of credit no later than 30 days after notification of the finding, or no later than 30 days after the school's compliance audit is due, if it was the auditor that conducted the school's compliance audit who determines that the school no longer qualifies. A school must send the letter of credit to

U.S. Department of Education
Institutional Participation and Oversight Service
P.O. Box 23800
L'Enfant Plaza Station
Washington, DC 20026
ATTN: Director, IPOS

In addition to posting the letter of credit, if a guaranty agency or state review determines that the school is no longer qualified for the performance alternative, the school must notify the Department of the guaranty agency or state that conducted the review.

Exception 2: The Department determines that the state in which the school is located (and is legally authorized to operate) has a tuition recovery fund that ensures that the school is able to pay all required refunds, and that the fund is acceptable to the Department, and the school contributes to the fund.

When a state submits a tuition recovery fund for evaluation by the Department, the Department will consider the extent to which the recovery fund

- ◇ provides refunds to both in-state and out-of-state students,
- ◇ complies with SFA requirements for the order of return of refunds to sources of assistance, and
- ◇ will be replenished if any claims arise that deplete the fund.

Exception 3: The school has its liabilities backed by the full faith and credit of the state, or an equivalent government entity.

In addition to the general standards of financial responsibility, a school must meet the requirements specific to the school type (for-profit, nonprofit, or public), as explained below. **In lieu of meeting these specific standards, a school may demonstrate that it has a superior bond rating, as defined in regulations.**

Type-specific standards

A for-profit school is financially responsible if it demonstrates	<ul style="list-style-type: none"> ◇ an “acid test” ratio of at least 1:1, ◇ a positive tangible net worth, AND ◇ no operating losses over either or both of its two latest fiscal years that, in sum, decrease the school’s tangible net worth by more than 10%.
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A nonprofit² school is financially responsible if it demonstrates	<ul style="list-style-type: none"> ◇ an “acid test” ratio of at least 1:1, AND ◇ a positive unrestricted current fund balance or positive unrestricted net assets, OR the school has not had an excess of current fund expenditures over current fund revenues over both of its two latest fiscal years that total more than 10% of either the unrestricted current fund balance or the unrestricted net assets.
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A public school is financially responsible if it demonstrates	<ul style="list-style-type: none"> ◇ liabilities backed by the full faith and credit of a state, or by an equivalent governmental entity, ◇ a positive current unrestricted fund balance if reporting under the Single Audit Act, OR ◇ a positive unrestricted current fund in the state’s Higher Education Fund. <p><i>OR, if it submits to the Department a statement from the state Auditor General that the school has met all of its financial obligations during the past year, and that it continues to have sufficient resources to meet all of its financial obligations.</i></p>
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A currently participating school that does not meet one or more of the general or the specific standards (excluding the cash reserve requirement) is still financially responsible if

- ◇ the school submits to the Department an acceptable irrevocable letter of credit equal to at least one-half of the SFA Program funds received by the school during the last complete award year, or
- ◇ demonstrates (in accordance with the regulations) that the school has sufficient resources to ensure that it will not close precipitously.

Exception to general & type-specific standards

²To demonstrate its compliance with the financial responsibility standards, a nonprofit school must prepare a classified statement of financial position in accordance with generally accepted accounting principles or provide the required information in notes to the audited financial statement.

Exception to acid test ratio

A school that does not meet the acid test requirement is still financially responsible if it provides a two-year or four-year associate or baccalaureate degree program and the school can demonstrate to the satisfaction of the Department that

- ◇ there is no reasonable doubt as to its continued solvency and ability to deliver quality educational services,
- ◇ it is current in its payment of all current liabilities, including student refunds, repayments to the Department, payroll, and payment of trade creditors and withholding taxes, and
- ◇ it has substantial equity in school-occupied facilities, the acquisition of which was the direct cause of its failure to meet the acid test ratio requirement.

Performance & affiliation standards

A school’s financial responsibility is also evaluated based on the past performance of the school and persons affiliated with the school. A school is not financially responsible if a person who exercises substantial control over the school (or any members of the person’s family alone or together) owes a liability for an SFA Program violation, or has ever exercised substantial control over another school (or a third-party servicer) that owes a liability for an SFA Program violation, unless that person, family member, institution, or servicer demonstrates that the liability is being repaid in accordance with an agreement with the Department.

Substantial Control — Direct or indirect control over at least 25% ownership interest (either alone or with family members); representation (under voting trust, power of attorney, or proxy) of a person who individually or with a group has at least 25% ownership interest; status as CEO or other executive officer or member of a board of directors of an entity holding at least 25% ownership interest.

Ownership Interest — A share of the legal or beneficial ownership or control of, or a right to share in the proceeds of the operation of, a school or a school’s parent corporation; including (but not limited to) sole proprietorship, interest as tenant, partnership, or interest in a trust.

Substantial control/ financial guarantees

The Secretary can require financial guarantees from the owners of a school or from other persons with substantial control over the school. The same persons may be required to assume personal liability for financial losses to the federal government and students, and for civil/ criminal monetary penalties authorized under the HEA.

Such financial guarantees will not be required for a school that

- ◇ has not been subject to a limitation, suspension, or termination action by the Department or a guaranty agency in the last five years,

- ◇ has not had, in the last two SFA Program reviews or audits, findings that required a repayment of more than 5% of its SFA funds for any year,
- ◇ has not failed to resolve any compliance problems identified in program reviews or audit reports,
- ◇ meets, and has met for the last five years, the financial responsibility requirements given above, and
- ◇ has not been cited during the last five years for failing to submit audits as required.

A school that does not meet the requirement that persons who exercise substantial control over the school may not owe a liability for an SFA Program violation is still financially responsible if the school

- ◇ notifies the Department that the person repaid to the Department an acceptable portion of the liability, in accordance with the regulations,
- ◇ notifies the Department that the liability is currently being repaid in accordance with a written agreement with the Department, or
- ◇ demonstrates why the person(s) who exercise substantial control should nevertheless be considered to lack that control.

A school must submit an audited financial statement on an annual basis to provide the Department with information necessary to evaluate the school's financial responsibility. Final regulations published November 29, 1996 have made changes to audit submission requirements. (For more information, see Section 6.)

The November 29, 1996 final regulations provide modified financial responsibility requirements for foreign schools. A foreign school must meet the financial responsibility standards for domestic schools unless the school received less than \$500,000 (in United States dollars) in SFA Program funds during its most recently completed fiscal year. A school that received less than \$500,000 will have its financial responsibility determined through the Department's examination of the school's audited financial statement for the school's most recently completed fiscal year, and may have its audited financial statement prepared according to the standards of the school's home country. A foreign school that received \$500,000 or more in SFA Program funds during its most recently completed fiscal year must have its audited financial statement translated and presented for analysis under U.S. Generally Accepted Accounting

**Exceptions
to
substantial
control
standard**

**Audited
financial
statement
required**

**Financial
responsibility
for foreign
schools**



Principles (GAAP) and Generally Accepted Government Auditing Standards (GAGAS).

Fidelity bond coverage

In the past, schools were required to maintain fidelity bond coverage for its employees. This is no longer a federal requirement for schools that participate in the SFA Programs. However, some schools are still required to maintain fidelity bond coverage because state laws require it. Even if it is not required to do so, a school may choose to maintain fidelity bond coverage to protect itself when losses occur resulting from a lack of integrity, honesty, or fidelity on the part of the school's employees or officers.

Changes in control

A school must report any changes of control under which a person acquires the ability to affect substantially the actions of the school. Such changes in control could call into question the school's financial responsibility. (For more information, see Section 9.)

STANDARDS OF ADMINISTRATIVE CAPABILITY

As directed in the law, the Department has developed procedures and requirements concerning the assessment of a school's administrative capability, taking into consideration the school's past SFA-related performance.



Final regulations published November 29, 1996 added a new standard of administrative capability. To be considered administratively capable to participate in an SFA Program, a school must participate in all electronic processes that are required by the Department, if the processes are provided at no substantial charge to the school.

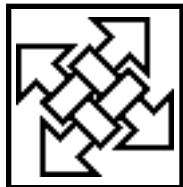
Required electronic processes

The use of electronic processes is integral to achieving the Project EASI goal of an integrated student aid delivery system for students and schools. (For more information on Project EASI, see page 3-41.) The Department believes that widespread use of electronic processes will result in reduced burden on students and schools, provide a higher level of service to students, and result in improved school administration and accountability.

The Department will identify the required electronic processes in future notices published in the *Federal Register*. Notification in the *Federal Register* will furnish schools with the information necessary to make internal preparations for system configurations and adjustments to record layouts. It will include the system requirements for participation in the electronic process. The Department expects to be able to provide notice of electronic processes in which schools are expected to participate before December 1 prior to the award year in which participation must begin.

As electronic processes are announced for implementation, the Department will provide software where needed. A school is not restricted to using software provided by the Department to participate in an electronic process required by the Department. The school may also use software developed by the school or its vendor in accordance with specifications provided by the Department.

The Department will provide training on required electronic processes as needed. Training dates will be announced and made available in all ten of the Department's regions.



Another standard of administrative capability requires that an eligible school designate a capable individual³ to administer the SFA Programs and to coordinate aid from these programs with the school's other federal and nonfederal student aid programs. The school's administration must be coordinated in such a way that all

the information it receives concerning a student's SFA eligibility—from any school office—is communicated to the financial aid administrator. To properly package and most effectively use the various types of student assistance (federal, school, state, private, etc.), a financial aid administrator must be aware of all sources of aid at the school and must be able to coordinate with all financial aid programs a school offers to ensure that a student's aid does not exceed his or her need.

The school must have a system of identifying and resolving discrepancies in the SFA-related information received by various school offices. Such a system would include a review of all financial aid and need analysis documents, federal and state income tax forms, and documents relating to admissions, citizenship, and previous educational experience. For instance, if a student receives veterans benefits through one school office, that office must notify the aid administrator of these benefits to ensure that the amounts are correctly reported on the student's aid application and are counted as a resource for the campus-based programs and estimated financial assistance for the Direct Loan and FFEL programs. As another example, the school's admissions or registrar's office must provide the financial aid office with any information that it has affecting a student's eligibility—the student's enrollment in an ineligible program, for instance, or past educational experience.

If the school finds that a student may have engaged in fraud or other criminal misconduct in applying for SFA funds, it must refer this information to the Department's Office of Inspector General (OIG), which

³An individual is "capable" if he or she is certified by the state (in which the school is located), if state certification is required. Other factors include the individual's successful completion of SFA Program training provided or approved by the Department, and previous experience and documented success in SFA Program administration.

***Coordination
of aid***

***Consistency
of student
information***

OIG referrals

will in turn notify other officials as appropriate. (Please note that this requirement does not preclude the school from notifying other law enforcement agencies as necessary.) Some examples of fraudulent information include the use of false identities, forgery of signatures or certifications, and false claims of income, citizenship, or independent student status.

Counseling

The school must provide adequate financial aid counseling to all enrolled and prospective students and their families. Counseling must include, at a minimum, information about the source and amount of each type of aid offered, the method by which aid is determined and disbursed or applied to a student's account, and the rights and responsibilities of the student associated with the student's enrollment and receipt of financial aid. This information should include a description of the school's refund policy, satisfactory progress standards, and any other conditions or factors that may affect the student's aid package. The school must also provide entrance and exit counseling for student borrowers in the Perkins, FFEL, and Direct Loan programs. For a complete discussion of loan counseling requirements, see Chapter 6 (Perkins Loans), Chapter 10 (FFEL), Chapter 11 (Direct Loans) and Direct Loan entrance and exit counseling guides.

Adequate staffing

To manage a school's aid programs effectively, the aid administrator must be supported by an adequate number of professional, paraprofessional, and clerical personnel. An "adequate" staff depends on the number of students aided, the number and types of programs in which the school participates, the number of applicants evaluated and processed, the amount of funds administered, and the type of financial aid delivery system the school uses. What may be adequate at one school may be completely insufficient at another. The Department will determine, on a case-by-case basis, whether a school has an adequate number of qualified persons, based on program reviews, audits, and information provided on the school's application for approval to participate in the SFA Programs.

Separation of function

In addition to having a well-organized financial aid office staffed by qualified personnel, a school must ensure that its administrative procedures for the SFA Programs include an adequate system of internal checks and balances. This system, at a minimum, must separate the functions of *authorizing payment* and *disbursing or delivering funds* so that no one person or office exercises both functions for any student receiving SFA funds. Small schools are not exempt from this requirement even though they may have limited staff. Individuals working in either authorization or disbursement may perform other functions as well, but not both authorization **and** disbursement. If a school performs any aspect of these functions via computer, no one person may have the ability to change data that affect both authorization and disbursement.

Two institutional requirements are directly related to student eligibility: satisfactory academic progress and financial aid history. An eligible school must have a policy to measure the academic progress of its students, according to the elements of a reasonable standard of satisfactory progress as provided in the regulations. In addition, when a student transfers from one school to another, the new school must receive a financial aid history for the previous schools the student has attended before it disburses Federal Pell Grant, Direct Loan, FFEL, or campus-based funds to the student or certifies a PLUS Loan application. See Chapter 2 for an overview of satisfactory progress and financial aid history requirements.

**Satisfactory
progress and
financial aid
history**

A school is not administratively capable when

- ◇ the cohort default rate for Perkins Loans made to students for attendance at the school exceeds 15% (see Chapter 6 for details), or
- ◇ the cohort default rate for Stafford/SLS loans or for Direct Loans made to students for attendance at the school equals or exceeds 25% for one or more of the three most recent fiscal years (see Chapter 10 for details).

**High default
rates**

If a school is not administratively capable *solely* because of a high default rate, the Department will provisionally certify the school.

In addition to affecting a school's administrative capability and limiting the school's participation in the SFA Programs, a high default rate may make a school ineligible to participate in the FFEL or Direct Loan programs or cause the Department to limit, suspend, or terminate a school's participation in the SFA Programs. See Chapters 10 and 11 for detailed information on default requirements.

In the past, a school with a Stafford/SLS default rate of specified percentages was required to implement some or all of the default reduction measures of 34 CFR Part 668, Appendix D of the General Provision regulations. Final regulations published December 1, 1995 that revised several aspects of the Department's default prevention and reduction measures removed these requirements beginning with the 1996-97 award year. However, new schools are still required to develop a default management plan prior to certification. Also, a school that undergoes a change in ownership that results in a change in control, or a school that changes its status as a main campus, branch campus, or additional location must also develop a default management plan.

**Default
management
plan required**

Calculating the withdrawal rate

New schools (schools that seek to participate in an SFA Program for the first time) must have an undergraduate withdrawal rate for regular students of no more than 33% for an award year in order to be considered administratively capable.

When calculating the withdrawal rate, all regular, enrolled students must be included. The definition of “enrolled” does not require either payment of tuition or class attendance; therefore, the withdrawal rate calculation must include enrolled students who have not yet paid tuition or who did not actually begin attending classes. A student is considered to have withdrawn if he or she officially withdraws, unofficially drops out, or is expelled from the school or receives a refund of 100% of his or her tuition and fees (less any permitted administrative fee). A student who withdraws from one or more courses or programs, but does not withdraw entirely from the school, does not meet the definition of “withdrawn.” Note that the 33% withdrawal rate applies to all enrolled, regular students—not just to SFA recipients.

Enrolled— a student enrolls when he or she completes the registration requirements (except payment of tuition and fees) at the school. Correspondence students are enrolled if they have been admitted to the program and have submitted one lesson (that was completed without the assistance of a school representative).

Debarment And Suspension Certification

Debarment of school or its principals

Debarment and suspension requirements are also a part of the administrative capability standards. Debarment and suspension actions are imposed against individuals who the government determines constitute a current risk to federal agencies based on the individual’s actions. The Department gives effect to debarment and suspension actions by other agencies that have been imposed under procedures that provide due process protections equivalent to those afforded by the Department.

Before a school may receive Pell Grant or campus-based funding, a school must certify that neither the school nor its employees have been debarred or suspended by a federal agency. This certification is on the PPA and, for schools participating in the campus-based programs, is included on ED Form 80-0013, which is a part of the FISAP package mailed to schools each summer.

If the school or its principals have been suspended, debarred, or proposed for debarment by one federal agency, the school is no longer eligible to participate in *any* SFA Program. The principals of the school include the owners, the directors, officers, partners, employees, or any other person with primary management or supervisory responsibilities. A principal may also be someone who is not employed by the school, but who has critical influence on or substantive influence over a covered transaction (such as the receipt of Pell Grant or campus-based funds).

If a school discovers that a person employed in a primary management or supervisory capacity has been suspended or debarred by a federal agency, the school must remove that person from such a position or risk losing its SFA eligibility.

Similar debarment and suspension procedures apply to debarments and suspensions of lenders or loan servicers under the FFEL Programs.

To protect itself, a school might ask prospective employees and contractors about previous debarment or suspension, either in person or on a written application. A school may also call the Department to find out if an individual or organization is on the Nonprocurement List. The debarment or suspension of a person who is not a principal of the school and who does not work in the financial aid office will not affect the school's SFA eligibility, so long as that person is not involved in any covered transactions. The regulations list the particular transactions from which a debarred or suspended entity is excluded under the SFA Programs.

A school must not enter into *lower-tier covered transactions* with a debarred or suspended individual or organization. A lower-tier covered transaction is any transaction between a participant in a covered transaction (such as the school) and another individual or organization, if that transaction stems from a covered transaction. Examples of common lower-tier covered transactions are a school's contracts with a financial aid consultant service or with a loan collection or billing agency. A school must obtain a certification from any lower-tier organization if the amount of the lower-tier transaction is \$25,000 or more. (The required certification clause is given on page 25 of "Dear Colleague" letter GEN-89-21.) The lower-tier organization must inform the school in writing if the organization or its principals are debarred or suspended. Therefore, the certification does not need to be renewed from year to year.

PROJECT EASI

Project EASI (Easy Access for Students and Institutions) is an initiative of the Department to pursue a collaborative effort among a diverse group of government, business, and educational leaders to reengineer the postsecondary student aid delivery system to meet the needs of its primary customers, the students and their families. Many of the initiatives of Project EASI, such as a definition of a common payment period for all SFA Programs and the required use of the Department's electronic services by schools, will affect the participation of schools. The reengineered delivery system will meet the needs of students and their families by providing an integrated system to facilitate the ability of students and their families to plan for postsecondary education, choose among postsecondary educational programs and schools, and finance

***Checking
prospective
employees or
contractors***

***"Lower-tier
covered
transactions"***



their choices. This integrated system will be available for all users of the delivery system including students and their families, state agencies, and others. Project EASI will reduce delivery system costs to all participants, reduce burden (including regulatory burden), reduce fraud and system vulnerability, and enhance management capabilities of the Department and other users of the system, including schools and states.

**Key elements
of Project
EASI**

The following key elements will be part of a reengineered student aid delivery system:

- ◇ Every student will have his or her individual student account. The individual student account will contain all the student's data in the system, and all activity in the system concerning the student will be processed through his or her individual student account. Individual student accounts will be the basis for integrating the delivery system.
- ◇ A student will be able to provide current information to, and receive current information from, all system users (for example, his or her school) through his or her individual account.
- ◇ The data in the individual student accounts will reflect standardized data definitions for all system users, and data reported using common reporting records.
- ◇ The delivery system will not be program specific; it could be used to deliver funding under any student assistance program.
- ◇ To the extent practicable, the delivery system will use advanced technology to automate data processing and will be a paperless system.
- ◇ Strict security, such as encryption and controlled access to the data, will be designed as part of the system.

Additional information, including a more detailed description of Project EASI, can be found at <http://easi.ed.gov> on the Project EASI World Wide Web home page.

DEFINITION OF A PAYMENT PERIOD

Final regulations published November 29, 1996 include a new definition of a payment period that is applicable to all SFA Programs, except FWS. A common definition of a payment period provides a foundation for further simplification of the administration of SFA Program funds. For example,



the same final regulations also provide that all SFA Program disbursements be made on a payment period basis (for more information, see Section 3). The Department believes that these disbursement rules will aid students in managing their funds and may reduce overborrowing. Note that FFEL and Direct Loan disbursements must still be made in accordance with the specific disbursement rules for those programs (see Chapter 10 for specific information on FFEL disbursements, and Chapter 11 for specific information on Direct Loan disbursements).

The new definition is based on the definition used for years for the Pell Grant Program, with minor modifications. There are two sets of requirements: one for term-based credit hour programs, and one for nonterm credit hour programs and all clock hour programs. Unlike the previous Pell Grant Program definition, there is no separate definition for clock hour programs that are offered in terms.

For a program offered in semester, trimester, quarter, or other academic terms and measured in credit hours, the payment period is the term. For example, if a loan period includes all three quarters of an academic year, the loan must be disbursed in three substantially equal payments. This is a change for any quarter-based school that has been disbursing the loan funds for all three quarters in two disbursements.

Term-based credit hour programs

Program offered in...	Payment Period is...
• semester	semester
• trimester	trimester
• quarter	quarter
• other academic term	other academic term

Programs that are offered in modules are not counted as programs measured in terms. The phrase “other academic terms” (also known as nonstandard terms) refers to those structured educational intervals at a school that do not fit into a normally defined semester, trimester, or quarter term. For example, other academic terms could include six five-week terms.

Nonstandard terms

Payment periods for programs measured in credit hours without terms and all clock hour programs vary depending on whether the length of the program is

- ◇ one academic year or less,
- ◇ a multiple of a full academic year,
- ◇ longer than an academic year with a remainder shorter than or equal to one half of an academic year, or
- ◇ longer than an academic year with a remainder shorter than an academic year, but longer than one half of an academic year.

Academic year or less

If the program is an academic year or less in length, the first payment period is the period of time in which the student completes the first half of the program, as measured in credit or clock hours. The second payment period is the period of time in which the student completes the second half of the program as measured in credit or clock hours.

Nonterm credit hour programs and all clock hour programs of one academic year or less

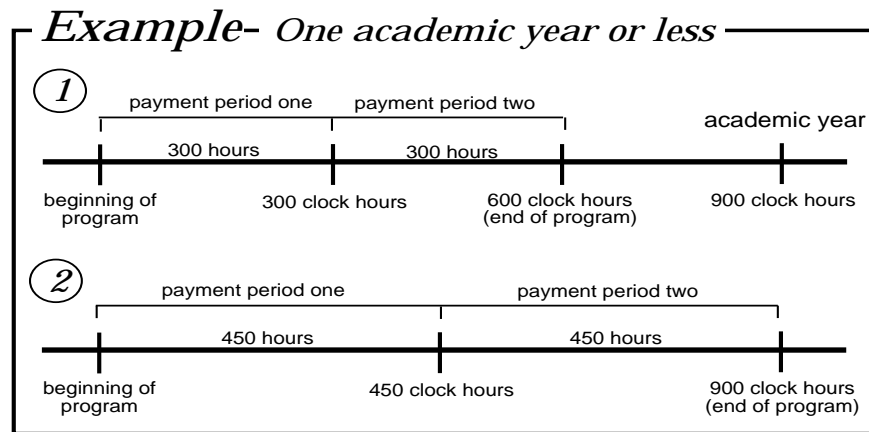
First payment period

- period of time in which student completes first half of the program

Second payment period

- period of time in which student completes remainder of the program

For example, if a program is 600 clock hours and the academic year is defined as 900 clock hours, the first payment period is the period of time needed for the student to complete the first 300 clock hours. The second payment period would be the period of time needed for the student to complete the last 300 clock hours (see example one below). If the program was equal to the academic year (900 clock hours), the first payment period would be the period of time needed for the student to complete the first 450 clock hours. The second payment period would be the period of time needed for the student to complete the second 450 clock hours (see example two below).



Multiples of a full academic year

If the program is equal to two or more complete academic years, for the first academic year and any subsequent academic year, the first payment period is the period of time in which the student completes the first half of the academic year, as measured in credit or clock hours. The second payment period is the period of time in which the student completes the second half of the academic year as measured in credit or clock hours.

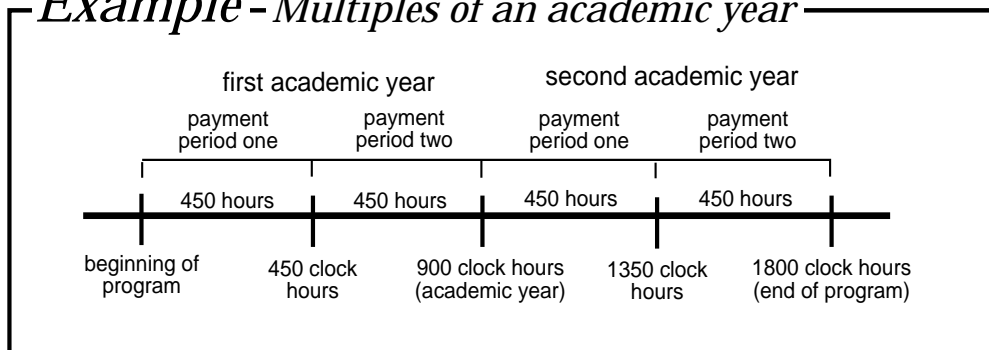
For example, if a program is 1800 clock hours and the academic year is defined as 900 clock hours, the first payment period for both the first and subsequent academic year is the period of time needed for the student to

Payment periods for nonterm credit hour programs and all clock hour programs longer than one academic year

Program length	First and subsequent full academic years		Remainder of program	
	First payment period	Second payment period	First payment period	Second payment period
multiples of a full academic year	period of time in which student completes first half of academic year	period of time in which student completes second half of academic year	N/A	N/A
longer than academic year, remainder shorter than or equal to one half an academic year	period of time in which student completes first half of academic year	period of time in which student completes second half of academic year	period of time in which student completes remainder of program	N/A
longer than academic year, remainder shorter than academic year, but longer than half an academic year	period of time in which student completes first half of academic year	period of time in which student completes second half of academic year	period of time in which student completes first half of remainder of the program	period of time in which student completes second half of remainder of the program

complete the first 450 clock hours. The second payment period would be the period of time needed for the student to complete the next 450 clock hours (see example below).

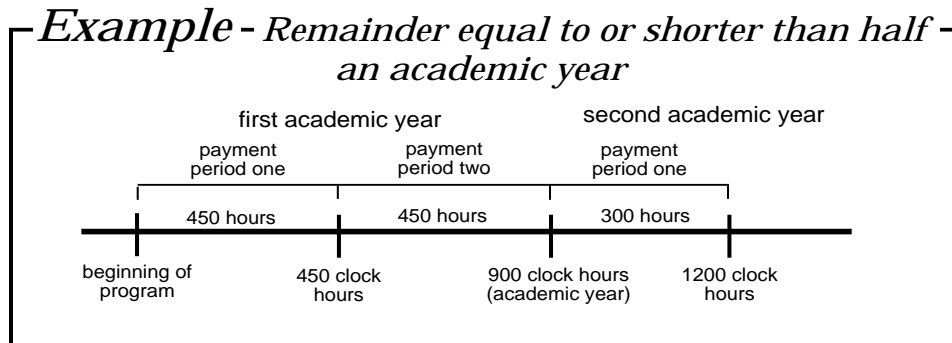
Example - Multiples of an academic year



If the program is longer than an academic year, but has a remaining portion of the program that is not equal to an academic year, for the first academic year and any subsequent full academic year, the first payment period is the period of time in which the student completes the first half of the academic year, as measured in credit or clock hours. The second payment period is the period of time in which the student completes the second half of the academic year as measured in credit or clock hours. For the remaining portion of the program, if the remainder is equal to or shorter than one half of an academic year, the payment period is the remaining portion of the program.

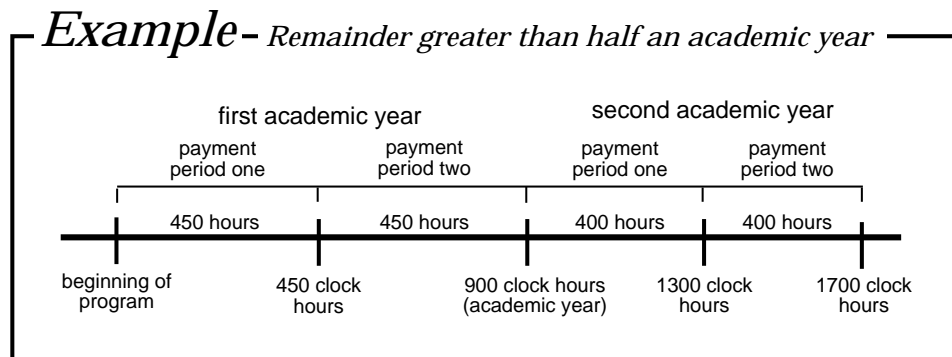
Longer than academic year with remainder

For example, if a program is 1200 clock hours and the academic year is defined as 900 clock hours, the first payment period for the first academic year is the period of time needed for the student to complete the first 450 clock hours. The second payment period would be the period of time needed for the student to complete the next 450 clock hours. The first, and only, payment period for the second academic year is equal to the remaining portion of the program (see example below).



If the remaining portion of the program is more than one half of an academic year, but less than a full academic year, for the remaining portion of the program the first payment period is the period of time in which the student completes the first half of the remaining portion of the program, as measured in credit or clock hours. The second payment period is the period of time in which the student completes the second half of the remaining portion of the program as measured in credit or clock hours.

For example, if a program is 1700 clock hours and the academic year is defined as 900 clock hours, the first payment period for the first academic year is the period of time needed for the student to complete the first 450 clock hours. The second payment period would be the period of time needed for the student to complete the next 450 clock hours. The first payment period for the second academic year would be the period of time needed for the student to complete the next 400 clock hours. The second payment period for the second academic year would be the period of time needed for the student to complete the final 400 clock hours (see example below).



This is a change from the old Pell Grant payment period definition. Under the old definition, the first payment period of the second academic year would be 450 clock hours, and the second payment period would be 350 clock hours. The new definition results in the fourth Pell Grant disbursement being made earlier than under the old definition. Also, under the new definition, the third disbursement of a Pell Grant will be smaller and the fourth disbursement larger than under the old Pell Grant payment period definition. The total Pell Grant award remains the same.

In addition, if a student is enrolled in a program measured in credit hours without terms and the school does not award credits until the entire program is complete, the second payment period begins on the later of

- ◇ the calendar midpoint between the first and last scheduled days of class of the program or academic year, or
- ◇ the date, as determined by the school, that the student has completed half of the academic coursework.

The term academic coursework does not necessarily refer to credits. It may refer to the lessons or other measures of learning within a course. For instance, for a course made up of 40 equal lessons, the student reaches the halfway point in the coursework after completing 20 lessons.

- ◇ If the student completes the first 20 lessons before the calendar midpoint of the academic year, the second payment period does not begin until the calendar midpoint.
- ◇ If the student completes the first 20 lessons after the calendar midpoint of the academic year, the second payment period does not begin until the student completes the first 20 lessons.

For a program measured in credit hours without terms and any clock hour program, a school may choose to have more than two payment periods per academic year. If so, the length of the payment periods must be substantially equal throughout the academic year. For example, if a school chooses to have three payment periods in an academic year, each payment period must correspond to one-third of the academic year. Each subsequent payment period cannot begin until the student completes the clock or credit hours in the previous payment period.

Definition of coursework

More than two payment periods

ACADEMIC YEAR REQUIREMENTS

30-week minimum of instructional time

Every eligible program, including graduate programs, must have a defined academic year that contains a minimum of 30 weeks of instructional time. In addition, for undergraduate programs, over the minimum of 30 weeks of instructional time, a full-time student must be expected to complete at least 24 semester or trimester hours, 36 quarter hours, or 900 clock hours as appropriate. A school may determine the amount of work a full-time graduate or professional student is expected to complete over an academic year.

Determining academic year length

A school may have different academic years for different programs, but must use the same academic year definition (1) for calculating all SFA awards for students enrolled in a particular program and (2) for all other SFA Program purposes, such as the certification of loan deferments. To determine the number of weeks of instructional time, a school must count the period that begins on the first day of classes and ends on the last day of classes or examinations.

Definition of a week

For all programs except those measured in credit hours without standard terms, a “week of instructional time” is any seven day period in which at least one day of regularly scheduled instruction, examination, or preparation for examinations occurs. (Instructional time does not include periods of orientation, counseling, vacation, or other activity not related to class preparation or examination.) The requirements for a “week of instructional time” are similar to those for a “week of instruction” for the eligible program definitions (see page 3-13).

For educational programs measured in credit hours without standard terms (semesters, trimesters, or quarters), a week of instruction must include at least 12 hours of instruction, examinations, or preparation for examinations within a consecutive seven-day period.

30 calendar-week year assumes class meets 12 hours per week

A school wishing to set its academic year to be only 30 calendar weeks long (for this purpose a calendar week is seven consecutive days) would have to meet an average of 12 hours per week for the 30 calendar-week period. A school with a program that meets less frequently than 12 hours a week would have to meet enough calendar weeks to provide 360 hours of instruction, examinations, or preparation for examinations (30 calendar weeks x 12 hours per week) in order to have a program offered over a full academic year (equivalent to 30 weeks of instructional time).

For example, if a school wants to establish an academic year of 30 weeks of instructional time for a credit-hour, nonterm program that meets 10 hours a week, the school would need to have approximately 36 calendar weeks (36 calendar weeks x 10 hours per week = 360 hours of instruction, examinations, or preparation for examinations) in order to have the equivalent of 30 weeks of instructional time for a full academic year. Therefore, in this example, a student enrolled in this program would not be eligible to take out another Stafford Loan until he or she had completed the required amount of work and 36 calendar weeks had elapsed. A school must also use this calculation to determine when one-third and two-thirds of an academic year have occurred.

When calculating awards under the Pell Grant Program, a school must always use weeks of instructional time (see Chapter 4). However, the length of the academic year in calendar weeks will probably exceed the number of weeks of instructional time.

Because the 12-hour rule does not require a school to offer instruction, examinations, or preparation for examinations on specific days, a school may not include a holiday as a day of instruction unless regularly scheduled instruction, examinations, or preparation for examinations occurs on that day.

For more information on the effects of the 12-hour rule on a particular SFA Program, see the relevant program chapter in this Handbook.

The law permits schools that provide two-year or four-year associate or baccalaureate degree programs to apply to the Department if they want to establish a full academic year of less than 30 weeks of instructional time. The Department is permitted to grant a reduction in the length of an academic year to no less than 26 weeks of instructional time. If a reduction is approved, a school is permitted to have an academic year of less than 30 weeks of instructional time (but no less than 26 weeks of instructional time) without any reduction in the amount of SFA funds that a student enrolled in an eligible program is eligible to receive for an entire academic year.

A long-term reduction is available to schools that want to begin or continue to operate with a reduced academic year on a long-term basis. This reduction must be renewed each time a school is required to apply for recertification.

When evaluating a school's application for a reduction, the Department will consider factors such as

- ◇ the school's compliance with awarding and disbursement procedures based on the academic year requirements of the Higher Education Amendments of 1992,

Pell calculations

Holidays

Reductions in academic year length

Long-term reductions

- ◇ the approval of the academic year by the school’s accrediting agency or state agency,
- ◇ the hours of attendance and other coursework that a full-time student is required to complete in the academic year, and
- ◇ any unique circumstances the justify granting the request.

For further details on the information required for submission of a request for a reduction, see 34 CFR 668.3.

If a school is ineligible for a reduction in the length of an academic year because of noncompliance with awarding and disbursement procedures, that school may be eligible if the school makes arrangements with the Department to recalculate awards as necessary and repay any resulting liabilities.

CONTRACTS WITH THIRD-PARTY SERVICERS

Section 668.25 of the General Provisions regulations published April 29, 1994, added requirements for all participating institutions that contract with third-party servicers. These requirements were effective July 1, 1994. As defined by regulation, a third-party servicer is an individual or organization that enters into a contract (written or otherwise) with a school to administer any aspect of the institution’s SFA participation.

Examples of functions that are covered by this definition include

- ◇ processing student financial aid applications, performing need analysis, and determining student eligibility or related activities;
- ◇ certifying loan applications, servicing loans, or collecting loans;
- ◇ processing output documents for payment to students, and receiving, disbursing, or delivering SFA funds;
- ◇ conducting required student consumer information services;
- ◇ preparing and certifying requests for advance or reimbursement funding, preparing and submitting notices and applications required of eligible and participating schools, or preparing the Fiscal Operations Report and Application to Participate (FISAP); and
- ◇ processing enrollment verification for deferment forms or Student Status Confirmation Reports.

Activities included in “servicer” definition

Examples of functions that are not covered by this definition include

- ◇ performing lock-box processing of loan payments,
- ◇ performing normal electronic fund transfers (EFTs),
- ◇ publishing ability-to-benefit tests,
- ◇ performing functions as a Multiple Data Entry Processor (MDE),
- ◇ financial and compliance auditing,
- ◇ mailing documents prepared by the institution, or warehousing institutional records, and
- ◇ providing computer services or software.

An employee of a school is *not* a third-party servicer. For this purpose, an **employee** is one who

- ◇ works on a full-time, part-time, or temporary basis,
- ◇ performs all duties on site at the school under the supervision of the school,
- ◇ is paid directly by the school,
- ◇ is not employed by or associated with a third-party servicer, and
- ◇ is not a third-party servicer for any other school.

A school may only contract with an eligible third-party servicer, as defined by specific regulatory criteria. Under such a contract, the servicer agrees to comply with all applicable requirements, to refer any suspicion of fraudulent or criminal conduct in relation to SFA Program administration to the Department’s Inspector General, and, if the servicer disburses funds, to confirm student eligibility and make required refunds.

If the contract is terminated, or the servicer ceases to perform any functions prescribed under the contract, the servicer must return all applicable SFA funds and related records to the school.

Although an eligible servicer must meet all these and other requirements, the school remains liable for any and all SFA-related actions taken by the servicer on its behalf, under the terms of the contract.

Excluded activities

Definition of “employee”

Eligible servicer; applicable requirements

School is liable

Must report contracts

Schools should already have notified the Department of all existing third-party servicer contracts. If a school has not notified the Department, the school must do so by providing the Department with the following information for each third-party servicer with which the school contracts: name, address, employer identification number, telephone number, fax number, and Internet address.

If a school has submitted information regarding its third-party servicers as part of an application for certification or recertification, no additional submission is required. A school is not required to notify the Department if it does not contract with any third-party servicers.

Schools are also required to notify the Department if the school enters into a new contract with a third-party servicer; the school significantly modifies a contract with an existing third-party servicer; the school or one of its third-party servicers terminates a contract, or a third-party servicer ceases to provide contracted services, goes out of business, or files for bankruptcy. Notification to the Department (which must include the name and address of the servicer and the nature of the change or action) must be made within ten days of the date of the change or action.

Schools are not required to provide copies of the actual contracts with third-party servicers unless the Department specifically requests the school to submit the contracts.

When submitting information on third-party servicers to the Department, a school must display its OPEID (the institutional identifier found on the eligibility or approval letter establishing its HEA eligibility) on the upper right side of the transmittal.

The information must be provided to the Department at one of the following addresses (submissions should be marked "Third-Party Servicer Report"):

By regular mail

U.S. Department of Education
Institutional Participation and Oversight Service
P.O. Box 44805
L'Enfant Plaza Station
Washington, DC 20026-4805

By overnight mail or courier delivery

U.S. Department of Education
Institutional Participation and Oversight Service
7th and D Streets, SW
GSA Building, Room 3522
Washington, DC 20407

By Internet

IPOS@ed.gov

ANTI-DRUG ABUSE REQUIREMENTS

The HEA requires a school to certify to the Department that it operates a drug abuse prevention program that is accessible to its students, employees, and officers. Two other laws added related requirements for postsecondary schools that receive SFA funds.

The Drug-Free Workplace Act of 1988 (Public Law 101-690) requires a *federal grant recipient* to certify that it provides a drug-free workplace. Because a school applies for and receives its campus-based allocation directly from the Department, the school is considered to be a grantee for purposes of the Act. Therefore, to receive campus-based funds, a school must complete the certification on ED Form 80-0013, which is part of the FISAP package (the application for campus-based funds). This certification must be signed by the school's CEO or other official with authority to sign the certification on behalf of the entire institution.

The certification lists a number of steps that the school must take to provide a drug-free workplace, including

- ◇ establishing a drug-free awareness program to provide information to employees,
- ◇ distributing a notice to its employees of prohibited unlawful activities and the school's planned actions against an employee who violates these prohibitions, and
- ◇ notifying the Department and taking appropriate action when it learns of an employee's conviction under any criminal drug statute.

A school's Administrative Cost Allowance (ACA) may be used to help defray related expenses, such as the cost of printing informational materials given to employees. For more information on ACAs, see Section 3.

***Requirements
for a drug-
free
workplace***

Scope of drug-free workplace

The drug-free workplace requirements apply to all offices and departments of a school that receives campus-based funds. Organizations that contract with the school are considered subgrantees; however, only grantees are subject to the requirements of the Drug-Free Workplace Act.

The Drug-Free Schools and Communities Act (P.L. 101-226) requires a school to certify that it has adopted and implemented a program to prevent drug and alcohol abuse by its students. Unlike the annual drug-free workplace certification, a school usually will only submit this new certification to the Department once. (An exception would be a school that changes ownership.)

Information to be distributed to students

The drug prevention program adopted by the school must include annual distribution to all students and employees of information concerning drug and alcohol abuse as described above, except that these steps must be taken by schools that receive *any federal funding* and must include the school's *students* as well as its employees. The information that must be distributed is more specifically described in Section 8.

Developing a drug prevention program

A school must review its drug prevention program once every two years to determine its effectiveness and to ensure that its sanctions are being enforced. The development of a drug prevention program, although it is a condition for SFA funds, is usually an enterprise that is undertaken by the school administration at large, not by the financial aid office. The regulations originally published on this topic (August 16, 1990) were mailed to participating schools at the time; they offer a number of suggestions for developing a drug prevention program. Also, several organizations that can serve as resources are listed on the next page.

The effectiveness of a school's drug prevention program may be measured by tracking

Measuring the effectiveness of the program

- ◇ The number of drug- and alcohol-related disciplinary actions,
- ◇ The number of drug- and alcohol-related treatment referrals,
- ◇ The number of drug- and alcohol-related incidents recorded by campus police or other law enforcement officials,
- ◇ The number of drug- and alcohol-related incidents of vandalism,
- ◇ The number of students or employees attending self-help or other counseling groups related to alcohol or drug abuse, and
- ◇ Student, faculty, and employee attitudes and perceptions about the drug and alcohol problem on campus.

A school that does not certify that it has a drug prevention program, or that fails to carry out a drug prevention program, may lose its approval to participate in the SFA Programs. (See the regulations for details on Department sanctions and appeals procedures available to the school.)

Additional Sources of Information

The following resources are available for schools that are developing drug prevention programs.

☞ *The Center for Substance Abuse Treatment and Referral Hotline.*

Information and referral line that directs callers to treatment centers in the local community. (1-800-662-HELP)

☞ *The Center for Substance Abuse Prevention Helpline.*

A line that provides information only to private entities about workplace programs and drug testing. Proprietary and private nonprofit but not public postsecondary schools may use this line. (1-800-967-5752)

☞ *The National Clearinghouse for Alcohol and Drug Information.*

Information and referral line that distributes U.S. Department of Education publications about drug and alcohol prevention programs as well as material from other federal agencies. (1-301-468-2600)

ANTI-LOBBYING CERTIFICATION AND DISCLOSURE

In accordance with P.L. 101-121 (and regulations published December 20, 1989), any school receiving more than \$100,000 for campus-based Programs must provide the following to the Department for each award year:

- ◇ ***Certification Form*** (Combined with Debarment and Drug-Free Workplace certifications, ED-80-0013) The school will not use federal funds to pay a person for lobbying activities in connection with federal grants or cooperative agreements. This certification must be renewed each year for your school to be able to draw down campus-based funds.
- ◇ ***Disclosure Form*** (Standard Form LLL) If the school has used *nonfederal* funds to pay a noninstitutional employee for lobbying activities, the school must disclose these lobbying activities to

***Forms
required for
schools with
campus-
based
allocation
over
\$100,000***

the Department. The school must update this disclosure at least quarterly, when changes occur.

Both of these forms are sent to schools with the campus-based fiscal report/application (FISAP) each summer. The certification form and the disclosure form must be signed by the CEO or other individual who has the authority to sign on behalf of the entire institution. A school is advised to retain a copy in its files.

This certification primarily covers the use of the campus-based Administrative Cost Allowance (ACA). Schools may not use the ACA to pay for their membership in professional associations (such as NASFAA, NATTS, AICS, or NACUBO), regardless of whether the association engages in lobbying activities. Association membership is not a legitimate administrative cost of the SFA Programs.

ACA may not be used for membership fees

The school is also responsible for payments made *on its behalf*, and must include the certification in award documents for any subgrantees or contractors (such as need analysis servicers, financial aid consultants, or other third parties paid from the ACA). See Section 3 for more information on the ACA.