
Written Agreements Between Schools

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

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

Arrangements between institutions cite

34 CFR 668.5

A home school may decline to give credit for courses in which a student earns a grade that is not acceptable at the home school even though the host school has a policy of accepting that grade for its resident students. In addition, even though grades received through consortium or contractual agreements do not have to be included in the calculation of the student’s grade point average (GPA), they must be included when calculating the quantitative component (the percentage of credits earned vs. attempted) of a student’s satisfactory academic progress (SAP).

If not written for an individual student or group of students, agreements between schools can go on indefinitely. These agreements do not have to be renewed unless the terms of the agreement change.

DEFINITIONS

Consortium agreement — a written agreement between two or more eligible schools.

Contractual agreement — a written agreement between an eligible school and an ineligible school.

Home school — the school where the student is enrolled in a degree or certificate program.

Host school — the school where the student is taking part of his or her program requirements through either a consortium or contractual agreement.

Two plus two program — a partnership between a two-year and four-year institution that facilitates a student's completing the last two years of the student's four-year degree.

CONSORTIUM AGREEMENT

Consortium agreement cite

34 CFR 668.5

(previously 600.9 and 690.9)

A consortium agreement can apply to all FSA programs. Under a consortium agreement, students may take courses at a school other than the *home* institution and have those courses count toward the degree or certificate at the home school. **A student can only receive Title IV assistance for courses that are required as part of the student's certificate or degree program.**

A home school must offer some of the coursework applicable toward the student's program, but, there is no minimum percentage of the student's program that must be offered by the home school. If the home school does not offer any of the coursework itself, the school is not considered to be providing the program, and students enrolled in the program are not eligible for Title IV assistance.

Elements of a consortium agreement

A consortium agreement can be a blanket agreement between two or more eligible schools, or it can be written for a specific student. Such an agreement is often used when a student takes related courses at neighboring schools or when a student is enrolled in an exchange program with another eligible school for a term or more. A school could have

- one agreement for each student;
- a separate agreement with each host school; or
- a blanket agreement with a group of schools.

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

- the school that will grant the degree or certificate;
- the student's tuition, fees, and room and board costs at each school;
- the student's enrollment status at each school;

- the school that will be responsible for disbursing aid and monitoring student eligibility; and
- the procedures for calculating awards, disbursing aid, monitoring satisfactory progress and other student eligibility requirements, keeping records, and distributing FSA refunds.

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

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

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

CONTRACTUAL AGREEMENT

Provided the limitations in the following paragraphs are adhered to, an *eligible* institution may enter into a *contractual agreement* with an *ineligible school or organization* under which the ineligible school or organization provides part of the educational program of students enrolled at the eligible school.

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

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

Limitations on contractual agreements

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

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

STUDY ABROAD OR DOMESTIC EXCHANGE PROGRAMS

A study abroad program must be part of a written contractual or consortium agreement between two or more schools. The home school must be located in the United States and courses taken as part of the study abroad program must be accepted for credit by the home institution. **The study abroad program does not have to be a required part of the eligible program at the host school in order for the student to be eligible to receive Title IV funds.**

Study abroad program configurations include:

1. A home school sends students to a study abroad program at an eligible or ineligible foreign (host) school.

The home school must have a consortium or contractual agreement with the foreign school.

2. A home school allows a student to complete a portion of the student's program at an eligible host school in the United States and that host school offers a study abroad program in conjunction with either an eligible or ineligible foreign institution.
 - The home and host schools in the United States must have a consortium agreement.
 - The host school in the United States must have a consortium or contractual agreement with the foreign school.

3. A home school has a written arrangement with a study abroad organization that represents one or more foreign institutions instead of a separate agreement directly with each foreign institution that its students are attending.

Arrangements with a study-abroad organization cite

34 CFR 668.5

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

A variant of the study abroad program occurs when a home school send faculty and students to a foreign site. This does not represent a consortium or contractual study abroad program. Rather, the foreign site is considered *an additional location* under 34 CFR 600.32.

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

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

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

