



Consortium/Contractual Agreements

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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Consortium/Contractual Agreements

Session Agenda

Review key aspects of consortium/contractual agreements, including:

- Purpose and applicability
- Criteria specific to study abroad
- Required and optional elements
- Considerations for construction and execution
- Recent regulatory changes effective 7/1/11
- Q&A/Discussion



What is a Consortium Agreement?

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



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 coursework at the other (**host**) ineligible institution in the U.S. or abroad





Consortium/Contractual Agreements

Definitions—Consortium/Contractual

- Title IV-eligible institution is one that is:
 - *Eligible* to participate in Title IV programs, even if not actually participating or awarding funds at time of consortium/contractual agreement; or
 - Designated as “eligible” solely for purposes of certifying loan deferments
- Regular student:
 - Student enrolled at institution for purpose of earning a degree, certificate, or other recognized credential

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Definitions—Consortium/Contractual

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Consortium/Contractual Agreement

- Formal statement that:
 - Coursework taken at host school is acceptable for credit at home school
 - Student will continue to be considered enrolled as a regular student at home school while taking classes at host school
- Any otherwise eligible student must be considered for Title IV funds

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Consortium/Contractual Agreements

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 eligible institution provides part of student's program on behalf of his or her home institution; and
- Home institution's program otherwise meets all eligible program requirements in 668.8

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Consortium Agreement

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

- Agreement is between eligible institutions owned or controlled by same individual, partnership, or corporation; and
- Home institution provides more than 50% of student's program (does not apply to public or private nonprofit institutions)

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Contractual Agreement

- Agreement between Title IV-eligible institution and an ineligible institution
- Home institution is always eligible institution
- Preserves student's Title IV eligibility even while studying at ineligible host institution

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Contractual Agreement

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

- Ineligible host institution provides part of student's program on behalf of his or her eligible home institution; and
- Home institution's program otherwise meets all eligible program requirements in 668.8

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Contractual Agreement

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

- Both home and ineligible institutions owned or controlled by same individual, partnership, or corporation; and
- Ineligible institution provides no more than 25% of student's program

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Contractual Agreement

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

- Both are separately owned/controlled;
- Ineligible institution provides no more than 50% of student's program; and
- Home institution's accrediting or state agency confirms agreement meets its standards for contracted education services

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Contractual Agreement



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

- Was terminated;
- Withdrew due to administrative action by ED, accrediting or state licensing agency, or guarantor; or
- Denied certification/re-certification for Title IV participation by ED

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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 Agreements

Consortium/Contractual Agreement for:

- Individual student's coursework at host institution
- Entire category or class of students
- All students at the institution
- Several host institutions under a single agreement
- Study abroad or study within the U.S.

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Consortium/Contractual Agreement for:

- Coursework taken at host institution while student is not taking classes at home institution
- Simultaneous enrollment at both home and host institutions
- Group of schools offering entire degree via distance education courses

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Study Abroad

Does not have to be required part of educational program as long as:

- Eligible regular student at home school
- Home school approves program of study abroad for academic credit
- Study abroad credits are accepted towards student's program of study by home school

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Study Abroad

Most common arrangements:

- Home school enters agreement directly with foreign school
- Home school enters agreement with domestic school or organization 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 actually teach coursework
 - Handle financial and logistical arrangements
- Agreement type depends on eligibility of foreign institution

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Domestic Exchange Programs

- Intra-U.S. exchange programs
- Students participate:
 - By allowing student to pay tuition and fees directly to institution he or she is temporarily attending (e.g., out-of-state tuition waiver system); or
 - By paying tuition and fees at home school while taking courses at another school

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Written Agreements: Drawbacks

Issues between multiple entities:

- Managing and tracking student information
- Meeting reporting requirements
- Adjusting the institution's student system to accommodate consortium students
- Manual processing of financial aid, billing, etc.
- Increased communication between multiple offices on multiple campuses
- Potential loss of campus-based funding

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Written Agreement Unnecessary

- Home institution *chooses* not to enter into an agreement
- Student is a regular student at both institutions
- Student is transferring coursework
- Home institution 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 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)
- All institutions involved in written agreement must sign off on agreement

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Approving Student Participation

- School should designate individual or office to approve student participation
- If multiple schools must approve, space should be provided
- Can be blanket agreement covering group or class of students
- Can be student-specific covering only one student

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Awarding Title IV Aid

All participating (eligible) schools in consortium agreement 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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Consortium/Contractual Agreements

Awarding Title IV Aid

If multiple schools award student under consortium agreement, schools must:

- Coordinate closely
- Use same expected family contribution (EFC) and cost of attendance (COA) for campus-based, and Federal Direct Student Loan (Direct Loan) programs to prevent double-counting

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Awarding Title IV Aid

- School cannot:
 - Reduce or deny funding to otherwise eligible student attending under consortium/contractual agreement
- School can:
 - Limit its own *nonfederal* institutional funds to students studying at own school

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Federal Pell Grants and TEACH Grants

- Only one of participating schools may award and disburse Federal Pell Grant and Teacher Education Assistance for College and Higher Education (TEACH) Grants
- Awarding/disbursing school must maintain all records relating to eligibility and disbursement

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Federal Work-Study

- Exception to campus-based awarding rules
- Circumstances wherein student employment is very limited or not allowed, primarily abroad
- School may *choose* to replace Federal Work-Study with other campus-based, loan, or institutional funds

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Granting Degree/Certificate/Credential

- Consortium agreement must indicate 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 as regular student at home school
- Home school must document audit trail, such as *dummy courses*
- Properly executed agreement *may* be acceptable enrollment documentation; this decision left to school

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Exchanging Enrollment Data

- Prompt exchange of enrollment data imperative 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
- 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:

- Policies for accepting coursework
- Information regarding official(s) 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 for required courses

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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:

- Which school's SAP policy applies
- 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 institution should report *combined* enrollment data
- Home school ultimately responsible for reporting combined (or aggregate) enrollment data
- Third-party servicer (e.g., Clearinghouse) may be used

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Establishing Cost of Attendance

Consortium agreement should include provisions:

- For evaluation of COA components
- For exchange of COA component data
- To ensure that same COA is used by each school if multiple schools awarding aid

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Disbursing Title IV Aid

Any of the participating (eligible) 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 prior to disbursement

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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 indicate:

- Which school will establish withdrawal date
- That the school awarding aid must calculate the return, return funds and address overpayments
- Which school will process post-withdrawal disbursements
- Which school will notify student of return of Title IV funds student consumer information requirements

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Return of Title IV Funds

- If multiple schools disburse Title IV aid, then multiple schools calculate return using same withdrawal date
- Due to required time frames, prompt exchange of withdrawal data is imperative
- Same return of Title IV funds requirements apply as if student were not studying under a consortium agreement

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Institutional Refunds and Repayments

- Not related to federal return of Title IV funds requirements
- Written agreement should indicate:
 - Which school's refund policy applies
 - Which school will perform calculations
 - Which school will notify student of requirements

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Student Consumer Information

Written agreement should indicate which school will be responsible for student consumer information requirements in:

- All areas previously discussed
- Any other areas required under Subpart D of the General Provision regulations
- Any other program-specific requirements

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Student Consumer Information

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



- Portion of program not being offered by the degree/certificate granting school
- Name and location of other school/organization

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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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Student Records

Consortium agreement should indicate which school will be responsible for maintaining student records in:

- 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 stipulate format
- Agreements address various situations at various schools
- Schools allowed flexibility to 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 host institution (e.g., eligible or ineligible, foreign or domestic)
- Type of curriculum offered by host institution (e.g., liberal arts, specialized)

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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 involved in agreement (e.g., one student, several students, a large population of students)
- Other institution's 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 consortium agreements
- Identify the responsibilities of individuals in various offices for reporting and requesting information about students studying under consortium agreements
- Develop 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:

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

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Additional Information



For more on 7/1/11 regulatory changes, see also:

- 34 CFR 668.5
- *Federal Register*, 10/29/10, pages 66869 to 66873 – All Title IV programs; Final Rule
- *Federal Register*, 6/18/10, pages 34814 to 34816 – All Title IV programs; NPRM

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Contact



Questions?
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