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**OSFA**

**COMMON MANUAL UPDATES**

The *Common Manual* Governing Board approved several policies on November 19, 1998. OSFA will be mailing the updates for your manuals within two to three weeks.

POLICY UPDATE: The following are the policies that the *Common Manual* Governing Board approved November 19, 1998.

- #268 NSLDS Financial Aid History Data. Prior Overpayment Default Discharge or Write-Off. This proposal would add that the school may also rely on NSLDS

financial aid history information when determining whether the borrower has a defaulted Title IV loan.

- #269 Delivery Restrictions. Delivery of Proceeds. This proposal would clarify that, prior to delivering each disbursement of the loan, the school must confirm that the borrower and student have maintained continuous eligibility.
- #271 Economic Hardship Deferment for Peace Corps Service. Economic Hardship Deferment. This proposal incorporates the provisions of Dear Colleague Letter GEN-98-16 (98-L-208/98-G-310) that establishes new economic hardship deferment eligibility guidelines for a borrower serving as a Peace Corps volunteer.
- #272 Capitalization Notices. Due Diligence Schedules and Activities. This proposal would remove redundant language to clearly iterate the notifications necessary when a lender capitalizes interest.
- 273 Delayed Disbursement and Delivery. When Federal Interest Benefits Will Be Paid. This proposal would remove incorrect language regarding when a lender must disburse a loan under the delayed disbursement requirements and revises the definition of delayed disbursement.
- 274 Delayed Delivery Definition. This proposal would clarify the definition to specify that delivery of funds is made by the school.

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POLICY PROPOSALS: The following proposals have been submitted for review and comments which were due November 17, 1998.

- #275 Loss of Eligibility of a Foreign School. This proposal adds new language that instructs schools and lenders on the treatment of disbursements for students attending foreign schools whose eligibility has been terminated by the Department of Education.
- #276 Borrower Title IV Eligibility and Regaining Eligibility. This proposal clarifies borrower eligibility criteria and describes in greater detail what a borrower must do to regain eligibility when the borrower has received funds for which he or she was ineligible.
- #277 Ineligible Loans. This policy proposal would provide guidance for situations when loan funds are released to or on behalf of students who are not enrolled during the payment period for which the loan funds were intended. Information is also provided to determine the party responsible for the ineligibility of a loan
- #278 Consolidation Borrower Eligibility. This proposal clarifies that a borrower must meet eligibility requirements at the time the lender receives the borrower's application for a Consolidation loan.

Should you have questions or concerns, please call the Policy and Customer Service Unit at (850) 921-8948.

#### □ **Florida Council of Student Financial Aid Advisors Meetings & Minutes**

We are very pleased to again provide you with the minutes from the meetings held by the Florida Council of Student Financial Aid Advisors. In this issue you will find the minutes from July and October .July 30 & 31, 1998.

A meeting of the Florida Council of Student Financial Aid Advisors was called to order at the Coolidge Room at Lakeside Inn, in Mt. Dora at 9:15a.m., July 30, 1998.



Council Members Present: Martin Carney, Leonard Gude, Julie Jawor, Cindy Lewis, Martha Metz, Janice Nowak, Don Rhoads, Joe Shepard, Robart Whiting, Mike Wielgus, Kurt Wolf.

Council Members Absent: Gerald Buchert, Peggy Loewy-Wellisch.

#### **Florida Council of Student Aid Advisors**

Guests Present: Theresa Antworth, Connie Grunke, Pat Dallet, Mark Poisel, Denise Wendall

Martin Carney distributed minutes from the Thursday May 14, 1998 meeting. On a motion from Kurt Wolf seconded by Don Rhoads, the minutes were unanimously approved.

Don Rhoads as nominating chair, made a motion that the Council accept the two candidates nominated by the Community College sector, Bill Spiers and Carol Chiavernini, at their sector meeting at the FASFAA Spring Conference. Mike Wielgus seconded the motion. The motion was approved unanimously. Theresa Antworth will share these nominations with the commissioner's office for and ask for a decision.

Council members discussed possible nominations for the post-secondary council position. Names of several candidates were provided to the nomination's chair, Don Rhoads. Don will contact each of these potential candidates. Martha Metz motioned that names of any of the potential candidates willing to serve on the council be forwarded to the commissioner's office. Robart Whiting seconded the motion. The motion was approved unanimously.

Leonard Gude distributed information regarding HB4259 regarding the decentralization of the FSAG program for the 1999-2000 academic year. Discussion ensued regarding components of a formula to determine eligible students and to find a way to determine how many eligible students who did not meet 5/15 deadline did not get FSAG funding in the past.

Council members proposed the following formula:

total number of prior/prior year unduplicated Fall semester FSAG recipients at each school

total number of prior academic year unduplicated Fall semester FSAG recipients at each school

total of current unduplicated Fall semester FSAG eligible applicants

OSFA will determine EFC for FSAG eligibility.

In order to determine if the formula on the preceding page will work, OSFA will ask for the following information from schools:

total of 1996-97 unduplicated Fall semester FSAG recipients

total of 1997-98 unduplicated Fall semester FSAG recipients

total of 1997-98 unduplicated Fall semester eligible FSAG applicants

Mark Poisel, Theresa Antworth, Kurt Wolf, and Martha Metz will draft a letter informing institutions of the proposed formula and asking schools for the information above.

Kurt Wolf will draft the language for the formula for the annual report.

Theresa Antworth provided council members with an update about Bright Futures programs and other State programs.

Award letters for initial Bright Futures applicants will be sent to students this week. Letters are not intended to be a funding or disbursement authorizations although wording in the letter instructs students to bring it with them when they register for Fall semester classes.

The initial Bright Futures applicant electronic file will be available 8/1. The Bright Futures renewal applicant electronic file will be available 8/10. Bright Futures funds will be sent in early August. The other State programs funds will be sent in late August.

OSFA received 2.5 million dollars in funding to develop a financial aid system and is writing a Request for Proposal (RFP) to solicit vendors.

Private schools will have a flat fee award for Bright Futures programs but the amount still has not yet been determined by OSFA. It will however, be based on 30 credit hours for the academic year prorated for 6-8 credit hours, 9-11 credit hours, and 12 or more credit hours per semester.

Council members are recommended to provide ideas for amendments to Bright Futures legislation changes to Theresa Antworth.

Council members decided to meet at the Orlando Hyatt on Friday, October 23, 1998 for their next meeting.

Council members broke into groups (subcommittees) to review the Long Range Plan for State Financial Aid Programs and to reevaluate the status of each of the goals outlined in the Long Range Plan. Each group will develop a report that will be incorporated into the 1998 annual report.

Martha Metz, Martin Carney, Joe Shepard, Don Rhoads, and Mike Wielgus met to review guarantee agency issues related to Goal One (Evaluate the current Delivery Systems for State Programs and make Recommendations for Improvement) and Goal Two (Evaluate the Organizations and Agencies Responsible for the Delivery of the State programs) in the Long Range Plan. They developed a list of issues and sent Noah Powers a letter asking him to update this sub-committee of the Council addressing the list of issues they compiled so they can incorporate his information into the 1998 annual report. A copy of the letter is attached.

Kurt Wolf, Janice Nowak, Mark Poisel, and Julie Jawor met to discuss programmatic issues related to the FSAG program and Bright Futures programs. This subcommittee developed a draft of the letter to be sent to schools requesting FSAG information needed for eligibility determination. They also acknowledged their approval of the legislation decentralizing the FSAG program. They developed a list of issues related to the administration of the Bright Futures programs that will be addressed in the 1998 annual report. They are as follows:

Cost issues related to program must be addressed - a possible solution is the flat amount for all sectors similar to the one implemented for the private school sector for the 1998-99 academic year.

Should the renewal requirement be changed?

Should the SAT and ACT requirement be revised for initial eligibility?

Should a separate program be established for the Vocational Gold Seal with separate eligibility criteria?

Should Vocational Gold Seal recipients be restricted to community college and Vo-Tech sectors?

Has the intent of the Gold Seal program been compromised as it has been rolled into Bright Futures program?

The definition of a student's cumulative grade point average should be examined.

Accommodations for disabled students should be implemented.

The 3-year deadline policy to initially use a Bright Futures award should be reviewed.

The definition of fees, if the amount of the Bright Futures awards remain tuition driven, should be addressed.

Cindy Lewis, Robart Whiting, Theresa Antworth, and Denise Wendall met to discuss administration and data base issues related to State programs. The list of issues they developed is as follows:

OSFA's request for funding for the 3 year project to develop a financial aid system. (2.5 million FY98, 3.4 million FY99, 3.4 million FY2000) should be approved.

The Division of Public School should invite post-secondary schools to secondary school training programs.

Define computer capabilities for institutions to participate in State programs.

Develop a flexible plan to address changes in technology (i.e. use of web for State application and other administrative requirements) and link to EDE and other appropriate links.

Assure year 2000 compliance.

Allow student access to web for State financial aid information.

Since State legislators want to be inclusive of all financial aid, OSFA's web site will have to be linked and interfaced to federal loan, guaranty agencies, NSLDS, Project EASI etc.

OSFA must develop and implement training and staff development plans.

The meeting adjourned at 11:40A.M. on July 31, 1998 after a motion by Kurt Wolf, which was seconded by Cindy Lewis and unanimously approved by all Council members.

#### October 23, 1998

A meeting of the Florida Council of Student Financial Aid Advisors was called to order at the Coolidge Room at the Orlando Airport Hyatt at 9:50AM, October 23, 1998.

Council Members Present: Martin Carney, Leonard Gude, Martha Metz, Janice Nowak, Robart Whiting, Mike Wielgus, Kurt Wolf.

Council Members Absent: Julie Jawor, Cindy Lewis, Gerald Buchert, Peggy Loewy-Wellisch, Don Rhoads, Joe Shepard.

Guests Present: Jeanine Blomberg, Judy Branch, Pat Dallet, Scott Kittle and Mark Poisal.

Martin Carney distributed minutes from the Thursday and Friday, July 30 and 31, 1998 meeting. On a motion from Martha Metz, seconded by Mike Wielgus, the minutes were unanimously approved.

Since Don Rhoads was not present, Leonard Gude deferred the Nominations Committee report to the next meeting. Leonard asked Don to bring the names of candidates for the community college sector and the post-secondary council positions to the next meeting. He also asked Don to bring names of current council members for consideration for officer positions for the 1999 year to the next meeting in February.

Jeanine Blomberg updated Council members regarding the reorganization of OSFA. She announced the creation of a Bright Futures Department. Theresa Antworth will have overall responsibility and the Division of Public Schools will still be involved with the new department. OSFA has a Request for Proposal (RFP) for contract services and collections currently being reviewed.

Jeanine Blomberg announced that an advisory committee for Bright Futures was developed. Most of the representation on the advisory committee was from the State University System (SUS) schools. She requested that the Council suggest names of members for consideration on the advisory council. Leonard Gude advised that she consider a representative from each of the sectors. Martha Metz and Janice Nowak agreed to attend and represent their sectors. Doug Minter and/or Tom Judge will be asked to attend and represent the private sector if Martin Carney cannot attend.

Scott Kittle distributed spreadsheets outlining analysis of the FSAG decentralization formula information requested in the Florida Department of Education memo dated 8/14/98. A large percentage of schools did not respond. Discussion ensued regarding the data on the spreadsheets and different formula calculations. Council members decided on the following formula: Institutions would receive 90% of prior academic year actual FSAG disbursement. The remaining 10% of the sector pool will be divided in accordance to the formula previously proposed by the Council.

Scott Kittle will redo the spreadsheets he distributed based on the above formula and will email Council members the new spreadsheets.

Council members will discuss the spreadsheet data at various sector meetings they will be attending in early November. Council members were asked to share feedback from these meetings through email to all council members.

Jeanine Blomberg distributed a draft of information requested from OSFA by subcommittee council members Martin Carney, Martha Metz, Don Rhoads, Joe Shepard and Mike Wielgus, to assist them in compiling an analysis of goals and objectives in the Long Range Plan for State Financial Aid Programs for the 1998-99 annual report.

Kurt Wolf reported on administration issues with Bright Futures. Mark Poisal distributed a report addressing issues related to the Bright Futures programs that was developed by a Bright Futures Working Group at a meeting in Tallahassee. Janice Nowak submitted a draft of administration issues developed by subcommittee members Janice Nowak, Julie Jawor, Mark Poisel, and Kurt Wolf. Both, the draft submitted by Janice and the report distributed by Mark addressed most of the same issues relative to the Bright Futures programs. Leonard Gude and Martin Carney discussed the memorandum from Betty Tilton requesting feedback on eight issues regarding Bright Futures.

Robart Whiting made a motion for the Council to disregard the funding issues of Bright Futures in the Council's annual report. Martha Metz seconded, and the Council members approved the motion unanimously.

Judy Branch expressed some concerns that schools have not been participating in either NSLDS or the Clearinghouse. The SSCR process and the addition of accrued interest of the cumulative loan indebtedness are the key issues of recent concern.

Council members suggested for OSFA and/or FELA give schools suggestions for implementation of the new Master Promissory Note.

Council members agreed to meet in Tallahassee on February 11, 1999 for their next meeting. Jeanine Blomberg was asked to locate a site for the meeting.

A conference call will be held, if necessary, to review the annual report.

On a motion by Kurt Wolf, seconded by Martha Metz, the meeting was adjourned at 2:45PM.

This index is to assist participants in easily identifying articles of interest .

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## Federal Updates

### ☞ **Addendum to Loan Consolidation Application and Promissory Note**

The text of this addendum to the Loan Consolidation Application and Promissory Note is to be used for borrowers whose Consolidation Loan applications are received on or after October 1, 1998. It incorporates changes resulting from the expiration of the Emergency Student Loan Consolidation Act of 1997 (Public Law 105-78) and the enactment of the Higher Education Amendments of 1998 (Public Law 105-244).

For lenders who may have previously amended their application materials to include the provisions covered by this addendum, those lenders need only include the items in the addendum that are not otherwise already included in their application materials. No other changes to the text of the addendum are permitted. A copy of this addendum is included as an attachment and can also be downloaded for the Department's web site at: <http://www.ifap.ed.gov>.

### ☐ **Internal Revenue Notices**

The Internal Revenue has issued two notices pertaining to returns relating to interest on education loans and returns relating to Higher Education tuition and related expenses.

Notice 98-54, Returns Relating to Interest on Education Loans. This notice modifies Notice 98-7, 1998-2 I.R.B. 54, which describes the information reporting requirements under §6050S of the Internal Revenue Code for 1998 that apply in the case of payments of interest on qualified education loans. Specifically, this notice provides that no information reporting is required with respect to "mixed use" loans in light of amendments made to §221(e)(1) by the Internal Revenue Service Restructuring and Reform Act of 1998 (RRA 1998), Pub. L. No. 105-206, §6004(b)(1), 112 Stat. 792. This notice also provides that the Internal Revenue Service and the Treasury Department are extending the application of Notice 98-7 to information reporting required under §6050S for 1999.

Notice 98-59, which informs education institutions on filing information returns to report tuition payment. This notice modifies Notice 97-73, 1997-2 C.B. 335, and Notice 98-46, 1998-36 I.R.B. 21, by providing that the Internal Revenue Service will not require an eligible educational institution to file information returns under §6050S of the Internal Revenue Code for 1998 or 1999 with respect to students who are enrolled during the year only in courses for which the student receives no academic credit from the institution. In addition, this notice modifies Notice 97-73 and Notice 98-46 by providing that eligible educational institutions are not required to file information returns for 1998 or 1999 with respect to nonresident alien students, unless requested to do so by the student.

Copies of the notices may be obtain through the Internal Revenue Service Website at: <http://ftp.fedworld.gov/pub/irs>.

### ☞ **Department of Education's Changes to Application Processing is Questioned**

The Committee on Education and the Workforce (Committee) leaders issued a letter to the Secretary of Education, Richard Riley on October 30, 1998, with questions on the changes to the application process.

The Committee had become aware of two significant policy changes. The first concerns graduate student FAFSA renewals. The Department, in an attempt to increase electronic renewals, is not allowing schools and colleges to receive 1999-2000 renewal forms via bulk mail. The second change involves a data match with the

Social Security Administration. The Department plans to match 10 million FAFSA records with SSA data, to determine if the SSA has a date of death on file for students applying for financial aid.

The letter stated that the manner in which the Department is introducing these changes raises broad questions concerning the efficacy of the Department's policy development mechanisms. In particular, in both cases there appears to have been virtually no prior analysis of the need for the changes or the impact on students and institutions and egregiously inadequate notification to the student aid community about the nature and burden of the changes.

The Committee is concerned that the policy changes were poorly analyzed and vaguely reported and that will once again seriously disrupt the application process and create an undue burden on student and institutions. The Committee is asking that the Department postpone these changes until 2000-2001 in order to avoid potentially serious and widespread disruption of the federal student aid application system and that the Department solicit greater input from the student financial aid community in the interim.

A number of question were asked in the letter and a request for a written response to the questions by November 13, 1998. The letter was signed by Rep. William F. Goodling, Howard P. McKeon, and Rep. Pete Hoekstra.

#### □ **1999-2000 Test ISIRS**

Each year, CPS makes available 50 test ISIRs for destination points who want to perform testing of their systems' ISIR print function along with other functions that use ISIR data. The 1999-2000 test ISIR file was available for destination points to request starting November 23, 1998.

For further information or assistance, please contact CPS Customer Service at 1-800-330-5947, option 8, then option 1, or via e-mail at CPS@NCS.COM. If you send e-mail, please type "Certification Testing" in the subject line.

#### **v Changes to the EAC and Renewal FAFSA**

On November 2, 1998, Jeanne Saunders, Director, Applications and Pell Processing Division, Department of Education, issued a letter to members of the financial aid community addressing comments received regarding the changes made to the Electronic Access Code and Renewal FAFSA process for the 1999-2000 application processing cycle.

The letter states that the Department is aware of the importance of communicating to the financial aid community any changes made to the application processing system. The Department has shared this information in conferences and also in detail in Action Letter #1, GEN-98-19 that was issued September 4, 1998.

Recent comments and questions have focused on the Department's decision to automatically send EACs to graduate students (and to certain undergraduate students) instead of sending paper Renewal FAFSAs. The main concern seems to be about the Department's decision not to send printed Renewal FAFSAs to schools that participate in the Renewal Application process under Choice B (CPS prints Renewal FAFSAs and bulk mails them to schools to distribute) for these students, even if the school requested them.

The Department decided to automatically send EACs in lieu of Renewal FAFSAs to graduate students and certain undergraduate students, for several reasons. First, the Department's goal is to increase the number of students filing electronically. Second, reduce the cost of prints and processing paper Renewal FAFSAs. Printing EACs for this group of students means significant cost savings. The third reason is the processing time for students to use Renewal FAFSA on the Web is so fast.

The Department is aware that students are very mobile and that many students do not update their addresses with the CPS and therefore the EACs or mailed to an old address. Students who do not receive EACs because

they have moved and not updated their addresses have the following alternatives for applying for aid for 1999-2000:

- The student may complete other Department electronic applications: FAFSA on the Web, FAFSA Express, or EDEExpress.
- The school may request the student's Renewal Application record in its electronic Renewal Application Data file and print out a Renewal FAFSA for these students.
- Students who requested and obtained an EAC as part of the 1998-99 Renewal Application process can use the same EAC to access their 1999-2000 Renewal FAFSA on the Web.
- The student can complete a paper FAFSA.

#### □ **Introduction of the Master Promissory Note**

The Department issued a Dear Colleague Letter, (GEN-98-25/98-G-315/98-L-211) in November 1998. This letter provides details on the introduction of the Master Promissory Note (MPN) in the Federal Family Education Loan Program. The MPN form, which will first become available for the 1999-2000 academic year, will be the only approved promissory note for FFEL Federal Stafford loans beginning with the 2000-2001 academic year. The new MPN will be used by borrowers to obtain loans for attendance at all schools that participate in the FFEL Program.

The MPN is designed to be used as both a single year and as a multi-year note. Under the MPN process, most borrowers will sign a promissory note once, at the time they first borrow. Borrowers may obtain additional loans, based on that same note, during the same year or in subsequent years. The use of the MPN as a multi-year instrument will initially not be available to borrower at all schools. In general, four-year and graduate/professional schools will be authorized to use the multi-year feature of the MPN. In addition, other schools may be designated by the Department to use the multi-year feature. Borrowers at schools not using the multi-year feature will sign a new MPN for subsequent borrowing. Borrowers who receive subsequent loans under a previously signed MPN must have participated in either a notification or confirmation process as described in the attachments to the Dear Colleague letter.

List of Attachments:

Attachment A: Multi-year Feature of the MPN

Attachment B: Rights and Responsibilities of a Borrower Who Uses the MPN

Attachment C: Examples of Notification and Confirmation

Attachment D: Tests of Alternatives for Notification and Confirmation

Attachment E: Features of the Federal Stafford Loan Master Promissory Note

Attachment F: Borrower's Rights and Responsibilities Form

Attachment G: Paper Federal Stafford Loans School Certification Form

Attachment H: Printing Instructions for Forms

You may access a copy of Dear Colleague Letter GEN-98-25/98-G-315/98-L-211, through the Department's Web site at: <http://www.ifap.gov>.

#### ▣ **Changes and Improvements to the 1999-2000 Application Processing System, FAFSA, SAR, and ISIR.**

The Department of Education has issued a letter which provides information about the changes and enhancements to the 1999-2000 application processing system, Free Application for Federal Student Aid (FAFSA), the Student Aid Report (SAR), and the Institutional Student Information Record (ISIR).

The Department has made the following changes:

- Revised the FAFSA so that it is easier for applicants and families to complete.
- Added a new database match with the Department of Veterans Affairs to confirm a student's claim to be a veteran.
- By May of 1999, implement two new database matches with the Social Security Administration. The Department will perform matches with the SSA's "date of death" field and its prisoner's file when implemented.



- CPS system-generated transactions will be sent to schools in a separate message class so that schools can easily identify them.
- The option for schools to receive 1999-2000 ISIRs on magnetic tape or cartridge has been discontinued.
- Beginning in Spring 1999, The Department will begin transmitting all ISIRs to schools over the Internet instead of through the Title IV Wide Area Network.
- Beginning in mid-February 1999, FAFSA on the Web and Renewal FAFSA on the Web will have an EFC Estimator feature that will estimate an Expected Family Contribution for applicants
- FAFSA on the Web and Renewal FAFSA on the Web will include a new banner ad, or graphic hyperlink, that can be copied and pasted onto other web sites.
- Electronic Access Codes will automatically be mailed to certain eligible Renewal applicants.
- Additional information will be provided on the SAR/ISIR NSLDS Financial Aid History Page.
- Notification will be provided in a SAR/ISIR comment when students are within one annual loan amount of their Federal Family Education Loan or Direct Loan aggregate loan limit or when they appear to have borrowed in excess of their FFEL or Direct Loan aggregate loan limit.

For more information and greater detail, you may access a copy of Dear Colleague Letter GEN-98-26, Action Letter #3 through the Department's Web site at: <http://www.ifap.gov>.

#### **☞ Title IV WAN Authentication Implementation**

Beginning November 2nd, to reset your Title IV WAN password you will now be required to provide the following information for the Destination Point Administrator (formerly called Destination Point Contact): Date of Birth, Social Security Number, and Mother's Maiden Name. If using the voice processing system, you will be prompted to enter the Destination Point Administrator's SSN and DOB. If working with a customer service representative, they will ask for any two of the three pieces of information. For questions, please call Title IV WAN Customer Service at 800-615-1189.

#### **v 1998 High School Counselor Training Participant's Guide**

The Department of Education has published a 124 page guide which provides materials for high school counselors participating in workshops on student financial aid for postsecondary education. This guide includes information about student eligibility requirements for federal financial aid programs and how postsecondary schools package financial aid awards. The guide also includes information on the Federal Financial Aid Delivery System, completing the Free Application for Federal Student Aid, and, how to plan and conduct a financial aid awareness program. The publication is free but must be ordered through FSAIC: 1-800-4-FED-AID. Its Education ID is 80007.

#### **v Year 2000 Satellite Town Meeting**

The Department of Education has announced a Year 2000 Satellite Town Meeting that is to occur on December 7, 1998, from 12:00 to 2:00 p.m. Eastern Standard Time. The Department has scheduled this meeting in hopes to encourage institutions and others to work together to become Year 2000 compliant. Secretary of Education Richard Riley and Chair of the President's Council on Year 2000 Conversion, John Koskinen, will both participate in the satellite town meeting.

For further information and registration, you may access the Department's Year 2000 web site at [www.ed.gov/y2k](http://www.ed.gov/y2k).

#### **v Ordering 1999-2000 Renewal Application Instruction Booklets**

The Department of Education has announced the 1999-2000 Renewal Application Instruction booklets can be ordered by institutions through the Title IV WAN voice processing system beginning November 16.

To submit your booklet order, complete the following directions:

1. Call 1-800-615-1189. Press option 1 if you have a touch-tone phone or stay on the line if you have a rotary phone.
2. Type in the last five digits of your Title IV WAN ID

3. Press 8 for the Renewal Application Instruction Booklet request. Press 1 to confirm.
4. Enter the quantity of booklets you want to receive followed by a # sign.
5. Press 1 to verify the quantity of booklets you want to receive. This verification completes the request.  
You can also press 2 to return to step #4 above.

If you have any questions regarding this ordering procedure, please contact Title IV WAN Customer Service at 1-800-615-1189 or via e-mail at T4WAN@NCS.COM.

#### **v Year 2000 Statement from Acting Deputy Secretary of Education**

This is a statement issued by Marshall Smith on October 8 on the progress of Y2K.

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to update the Subcommittee on the Department of Education's progress toward achieving full Year 2000 compliance.

#### Mission-Critical Systems

I am pleased to report today that we completed renovation for 12 of our 14 mission-critical systems by September 30, including the Federal Family Education Loan (FFEL) Program System and the Multiple Data Entry (MDE) System. We also completed validation of our Direct Loan Central Database system and our Direct Loan Servicing System, as well as full implementation of the Impact Aid Payment System.

The schedule I provided on September 17 slipped for one critical system -- the National Student Loan Data System (NSLDS). Some testing remains to be completed for NSLDS to ensure compliance. In addition, as part of the continuing modernization of our systems, over the next two weeks we will re-generate the compliant code on a new computer-assisted software engineering (CASE) tool, and we will continue to test this and all subsequent modernization changes for Year 2000 compliance. We remain on schedule for implementation of a compliant NSLDS by the end of October. (See chart for the up-to-date status of all mission-critical systems. As a point of clarification, the validation section shown on this chart includes the IV&V assessment.)

#### Non-Critical Systems

With regard to our non-critical systems, we did not hit the ambitious target that I gave at the last hearing of completing work on all but 5 systems.

Of the Department's 168 non-critical systems, 156 are either Year 2000-compliant and fully implemented, or retired. This leaves 12 systems. We are completing work as expeditiously as possible on the 5 remaining non-critical systems under our control, and we are monitoring progress on the 7 non-compliant systems operated by other Federal agencies.

Our biggest concern in this area continues to be systems operated by other Federal agencies. On September 17, I indicated that we were monitoring progress on three such systems. Since that hearing we have learned that four additional systems operated by other Federal agencies cannot yet be confirmed as Year 2000 compliant. We have been told that these agencies plan to complete work within the OMB milestones, but we will not be in a position to provide any assurances to the Subcommittee until we receive documentation certifying compliance.

Within the Department, we have fallen behind on some components of two systems operated by the Office of Educational Research and Improvement. We are still waiting for contractor validation documentation for the web-access subsystem of the mission-important Education Resources Information Centers. In addition, the Major Data Collections system administered by the Educational Testing Service lacks validation for some of its servers.

We also have changed our plans for one non-critical system. We have decided to add the Federal Student Aid Information Center (also known as the PIC, for Public Inquiry Contractor) to our inventory as a Mission Important System. This is why we are now reporting 168 non-critical systems instead of the 167 I discussed at

the last hearing. A competition is currently under way for a new, Year 2000-compliant center expected to be operational by the end of March, 1999. We had planned to add this facility to our inventory when the new contract was signed. We now believe that it is advisable to renovate the existing center, so that we can be sure of meeting the March 31 OMB deadline even if the new center is delayed. The Department is currently assessing the work to be done on the PIC, including costs and a schedule for completing work by the end of the year.

#### Accountability

Ensuring timely and successful Year 2000 compliance demands more than the usual level of accountability from everyone involved. As the Chairman and others have noted, the arrival of the new millennium cannot be postponed. The Year 2000 tracking processes set up by OMB and the Congress are part of this accountability.

Within the Department, we are emphasizing accountability for everyone involved in our Year 2000 project. Agency program officers, staff, and contractors all must understand that commitments to complete Year 2000 tasks by assigned deadlines cannot be breached lightly. One way to get this point across is by including Year 2000-related performance standards in individual employee performance agreements. Last spring I asked all Department senior officers to add a specific standard related to Year 2000 compliance to the performance agreements of those managers with Year 2000 responsibilities.

It is also important to verify that systems declared compliant are actually compliant. For our mission-critical systems, we are providing this assurance through the IV&V process, under which independent, experienced contractors confirm Year 2000 compliance. IV&V is part of our validation process and timeline. It is expensive and requires additional time, but we believe it is the best way to make sure the job is done right for those systems most essential to the Department's mission.

In addition, all of our systems -- critical and non-critical -- must go through a two-part close-out process. First, we conduct a system close-out once the Year 2000-compliant version of a system is implemented. The system manager, principal office coordinator, Year 2000 Project Management Team liaison, and an outside consultant meet to verify that all compliance activities have been completed, and that documentation supporting compliance is on file. A Year 2000 System Close-out Form must be signed by all key personnel.

Second, once all Year 2000-compliant systems in a principal office are implemented, and after contingency plans have been developed, the responsible senior officer must provide the Year 2000 Project Director with a signed letter of certification that all systems have successfully completed the Year 2000 compliance process. Since September 30 we have been engaged in a review of the documentation prepared by principal offices as part of the close-out process for individual systems. Last week the General Accounting Office (GAO) visited the Department in middle of this review to conduct its own examination of our system documentation. GAO provided a thorough and useful review, and we are following up vigorously in those areas in which GAO auditors indicated that documentation should be augmented.

#### Conclusion

While the Department did not fully meet the aggressive deadlines I provided at the September 17 hearing, we did make solid progress toward full compliance for all of our systems. We understand that much remains to be done to complete renovation of our own systems, to coordinate testing across systems, and to carry out contingency planning for core business processes. We agree with GAO that the latter must be a high priority over the coming months.

I remain confident that we will achieve full Year 2000 compliance and implementation of all of our systems by the OMB deadline of March 31, 1999. One benefit of the deadlines in our Year 2000 project plan is that they help us focus on problem areas and make appropriate changes to get the job done. This includes not just completion and implementation of our systems, but also an aggressive effort to work with our customers to assure that services are not disrupted.

Thank you and I will be happy to answer any questions you may have.

**v Importing FISAP Edit Report - Tip**

On November 15, the FISAP processor will finish sending edit files to the Title IV WAN mailboxes of those institutions that submitted FISAP data. These files will need to be drawn down using EDConnect and imported into your FISAP for Windows Version 1.0 software.

If you have any questions, please contact CPS Customer Service at 1-800-330-5947 or e-mail at CPS@NCS.COM.



## **Federal Regulations & Letters**

### **v Dear Financial Aid Administrator, CB-98-16, 1999-2000 FISAP Edit/Verification Process, November 1998.**

The editing of your institution's Fiscal Operations Report for 1997-1998 and Application to Participate for 1999-2000 (FISAP) for the Federal Perkins Loan, Federal Supplemental Educational Opportunity Grant and/or Federal Work-Study Programs have been completed. The edit verification file (FISA00OP) will be placed in your mailbox by November 15, 1998. You must use the 1999-2000 FISAP for Windows software to update your data, and return the corrected FISAP data via EDConnect by December 15, 1998.

### **v Dear Guaranty Agency Director, 98-G-314, Revised Guaranty Agency Quarterly/Annual Report, Instructions, Due Dates, and Extension of the Guaranty Monthly Claims and Collections Report, November 1998.**

The Office of Management and Budget has approved the revised Guaranty Agency Quarterly/Annual Report (ED Form 1130) until September 30, 1999. Enclosed is the revised form with the new expiration date. This form must be used for submissions received at the Student Loan processing Center (SLPC) on or after December 1, 1998. Any submission received on or after December 1, 1998 must be on this form regardless of the time period of activity.

Also, the Office of Management and Budget has approved an extension for the Guaranty Agency Monthly Claims and Collections Report (ED Form 1189) until September 30, 1999. Enclosed is that form with the new expiration date. The January 1995 edition of the ED Form 1189 Instructions is to be used in completing the form. Any submission received on or after December 1, 1998, must be on this form, regardless of the time period of activity.

### **X Dear Colleague, DLB-98-41: Correction to DLB-98-36, November 1998.**

The Department has learned of an error in the Direct Loan Bulletin 98-36, Direct Loan PLUS Credit Decisions. One of the values in the Full Loan Origination Status Flag field was incorrect. The last value "R" for a rejected originator should be a value "B". Please make note of this corrections.

### **X Dear Colleague, DLB-98-40: Change in Endorser Form Instructions, October 1998.**

The subject of this letter is the change in instructions to complete the "Addendum to Federal Direct PLUS Loan Promissory Note ENDORSER".

### **v Dear Colleague, DLB-98-42: Lower Interest Rates for Some Direct Consolidation Loans, October, 1998.**

This letter addresses the opportunity for some student loan borrowers to be eligible for lower interest rates for some Direct Consolidation loans. Under the new Higher Education Amendments of 1998, borrowers who apply for a consolidation loan from the Direct Loan Program before February 1, 1999, will receive an interest rate that is based on the 91-day Treasury bill rate plus 2.3 percentage points. For borrowers who apply now, the interest rate will be 7.46 percent. The interest rate is variable and re-computed annually on July 1.

### **v Dear Guaranty Agency Director, Disaster Letter 98-117: Flooding and Storm Damage in Kansas, November 9, 1998.**

On November 5, President Clinton issued a major disaster declaration to assist the victims of flooding and storm damage in Kansas. Based on the President's declaration, the Federal Emergency Management Agency designated Butler, Cowley, and Sedgwick counties to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of flooding and storm damage beginning October 30. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of those counties.

**v Dear Colleague, ANN-98-14: Teleconference on Year 2000 Computer Problem, November 1998.**

This letter from the Secretary of Education, Richard Riley, highlights the urgency of resolving the potential computer problems associated with the Year 2000, and to invite you to participate in a live teleconference which the Department is sponsoring to address the Y2K issue. The teleconference, "Meeting the Year 2000 Computer Challenge: Schools, Colleges, & the Millennium Bug," will be held on December 7, 1998, from 12:00 noon to 2:00 p.m. Eastern time.

Your school can register to receive the teleconference by satellite using the registration form enclosed in this letter. For further information concerning the Y2K teleconference, future opportunities to perform testing of data exchanges with the Department, or for other Y2K resources please see the Department's Y2K web site at [www.ed.gov/y2k](http://www.ed.gov/y2k) or email at [y2k@ed.gov](mailto:y2k@ed.gov).

**□ Dear Guaranty Agency Director, Disaster Letter 98-118: Flooding in Missouri, November 10, 1998.**

The Department has learned that the Federal Emergency Management Agency recently added two more counties to the list of counties in Missouri that qualify for federal assistance under FEMA's "Individual Assistance" program because of storm damage and flooding beginning October 4. The most recent notice about the flooding and storm damage in Missouri was "Disaster Letter 98-109," dated October 16. [Please note that "Disaster letter 98-114," dated October 21, also dealt with flooding and storm damage in Missouri, but that letter applied to a different disaster declaration for a different series of storms.] Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of the following counties (new counties in bold): Carroll, Clay, Jackson, **Platte**, and **Ray**.

**v Dear Guaranty Agency Director, Disaster Letter 98-119: Tropical Storm Mitch in Florida, November 10, 1998.**

On November 9, President Clinton issued a major disaster declaration to assist the victims of storm damage caused by Tropical Storm Mitch in Florida. Based on the President's declaration, the Federal Emergency Management Agency designated Monroe county to be a disaster area that qualifies for federal assistance under FEMA's "Individual Assistance" program because of storm damage beginning November 4. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of Monroe county.

**X Dear Guaranty Agency Director, Disaster Letter 98-120: Flooding and Storm Damage in Kansas, November 10, 1998.**

On November 9, the Federal Emergency Management Agency designated eight more counties in Kansas as disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of flooding and storm damage beginning October 30. The most recent letter about this disaster was "Disaster Letter 98-117," dated November 9. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of the following counties (new counties in bold): Butler, **Chase**, **Coffey**, Cowley, **Franklin**, **Harvey**, **Lyon**, **Neosho**, Sedgwick, **Sumner**, and **Wilson**.

**v Dear Colleague, GEN-98-24, Action Letter #4, New Procedures for Enrolling and Updating Enrollment Information for Title IV WAN.**

This letter describes the new procedures for enrolling and updating enrollment information for the Title IV Wide Area Network (Title IV WAN) that will be implemented during November 1998. These procedures are to be used by postsecondary institutions, third-party servicers, software providers, lenders, guaranty agencies, and state scholarship programs that use the Title IV WAN to transmit and receive data. The new enrollment document can be used immediately and should be used to enroll for the first time or update enrollment information that has not been previously submitted.

**v Dear Colleague, GEN-98-25/98-G-315/98-L-211, Detailed Information Regarding The Introduction of a Master Promissory Note, November 1998.**

This letter and its attachments provide details on the introduction of the Master Promissory Note (MPN) in the Federal Family Educational Loan (FFEL) Program as announced in ANN-98-10 dated September 1998. The MPN form, which will first become available for the 1999-2000 academic year, will be the only approved promissory note for FFEL Federal Stafford loans beginning with the 2000-2001 academic year. The new MPN will be used by borrowers to obtain loans for attendance at all schools that participate in the FFEL Program.

**☞ Dear Colleague, ANN-98-15, Automated Application Status Checks, November 1998.**

The Department has added an automated system to their toll-free line that will allow callers to check the processing status of their student aid applications or corrections. Applicants can also use this automated system to request duplicate copies of the Student Aid Report. The application database requires the first two letters of the student's last name as identifiers. The system instructs callers how to enter these letters using their telephone keypad. The caller must have a touch-tone phone and dial 1-800-4 FED AID (1-800-433-3243) and press #1 to select this feature. The student should then follow the instructions to enter his/her Social Security Number and other identifiers.

**X Dear Guaranty Agency Director, Disaster Letter 98-121: Flooding and Storm Damage in Kansas, November 18, 1998.**

The Federal Emergency Management Agency has added Douglas county to the list of counties in Kansas that qualify for federal assistance under FEMA's "Individual Assistance" program because of flooding and storm damage beginning October 30. The most recent letter about this disaster was "Disaster Letter 98-120," dated November 10. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrower who are residents of the following counties: Butler, Chase, Coffey, Cowley, Douglas, Franklin, Harvey, Lyon, Neosho, Sedgwick, Sumner, and Wilson

**X Dear Guaranty Agency Director, Disaster Letter 98-122: Flooding and Storm Damage in Texas, November 19, 1998.**

The Federal Emergency Management Agency designated seven more counties in Texas as disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of flooding and storm damage beginning October 18. The most recent letter about this disaster was "Disaster Letter 98-116," dated October 27. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of the following counties (new counties in bold): **Atascoa**, Austin, Bastrop, Bexar, **Brazoria**, Burelson, Caldwell, Calhoun, Colorado, Comal, DeWitt, Fayette, Ft. Bend, **Galveston**, Goliad, Gonzales, Guadalupe, Harris, Hays, Jackson, Karnes, **Liberty**, **Matagorda**, Montgomery, **Nueces**, Refugio, **San Jacinto**, Travis, Victoria, Waller, Wharton, and Wilson.

**X Dear Guaranty Colleague, GEN-98-26, Action Letter #3, Changes and Enhancements to 1999-2000 Application Processing System, November 1998.**

This action letter describes changes and improvements to the 1999-2000 processing system, the FAFSA, FAFSA on the Web, Renewal FAFSA, Renewal on the Web, FAFSA Express, the SAR and ISIR, and EDExpress. Major changes and enhancements are highlighted in this letter and are discussed in detail in Enclosure A. Information on other 1999-2000 changes and improvements are also provided in the additional enclosures.

**X Dear Colleague, GEN-98-27, Letter from Secretary of Education on HEA, GEAR UP, Teacher Preparation Partnership, and LLAP, November 18, 1998.**

This letter is from Richard W. Riley, Secretary of Education on recent issues within the education community. Mr. Riley addresses the low interest rate formula on new student loans extended for five more years. The HEA launch of a new national effort to help disadvantaged student prepare for college called GEAR UP and the Teacher Preparation Partnership. The Secretary also addresses the two Clinton Administrations proposals that recognize the growing importance of technology in delivering postsecondary education across distances and to non-traditional students.

**v Internal Revenue Service Notice 98-59, November 1998.**

This notice modifies Notice 97-13, 1997-2 C.B. 335, and Notice 98-46, 1998-36 I.R.B. 21, by providing that the Internal Revenue Service will not require an eligible educational institution to file information returns under section 6050S of the Internal Revenue Code for 1998 or 1999 with respect to students who are enrolled during the year only in courses for which the student receives no academic credit from the institution. In addition, this notice modifies Notice 97-73 and Notice 98-46 by providing that eligible educational institutions are not required to file information returns for 1998 or 1999 with respect to nonresident alien students, unless requested to do so by the student.

**X Dear Guaranty Agency Director, Disaster Letter 98-123: Tropical Storm Mitch in Florida, November 19, 1998.**

On November 16, the Federal Emergency Management Agency designated Palm Beach county in Florida to be a disaster area that qualifies for federal assistance under FEMA's "Individual Assistance" program because of storm damage caused by Tropical Storm Mitch beginning November 4. The most recent letter about this disaster was "Disaster Letter 98-119," dated November 10, which notified you that Monroe county had been declared a disaster area because of storm damage caused by Tropical Storm Mitch. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of Monroe or Palm Beach counties.

**v Federal Register, Department of Education, Correction Notice, November 6, 1998.**

On October 26, 1998, a notice inviting comment from the public was published on page 57108 for the Federal Stafford Loan (Subsidized and Unsubsidized) Program Master Promissory Note. This notice corrects the title form "Federal Stafford Loan (Subsidized and Unsubsidized) Program Master Promissory Note" to "Federal Stafford Loan (Subsidized and Unsubsidized) Program Promissory Note".

**□ Federal Register, 34 CFR Ch. VI, Request for Advice and Recommendations on Regulatory Issues Under Title IV of the Higher Education Amendments of 1998, Proposed Rules, November 6, 1998.**

The Secretary of Education solicits advice and recommendations from the public prior to publishing proposed regulations to implement student assistance programs under Title IV of the Higher Education Act of 1965, as recently amended by the Higher Education Amendments of 1998. The Department requests that you send written comments by December 15, 1998. You may also submit comments at regional hearings to be held on December 4-12, 1998. Dates, times and locations of regional hearing may also be found in this notice.

**v Federal Register, 38 CFR Part 21, Eligibility Criteria for the Montgomery GI Bill-Active Duty and other Miscellaneous Issue, Proposed Rule, November 12, 1998.**

This document proposes to amend the educational assistance and educational benefit regulations of the Department of Veterans Affairs (VA). The proposed amendments reflect statutory changes which set forth new eligibility criteria that will allow additional individuals to establish eligibility for educational assistance under the Montgomery GI Bill--Active Duty (MGIB); and also reflect statutory provisions concerning the approval of courses leading to alternative teacher certification. This document also would make changes for the purpose of clarification. Comments must be received on or before January 11, 1999.

**Ⓜ Federal Register, Notice, Submission for OMB Review, November 16, 1998.**

The Leader, Information Management Group, Office of the Chief Financial and Chief Information Officer, invites comments on the submission for OMB review as required by the Paperwork Reduction Act of 1995. This form is the means by which an endorser for a Federal Direct PLUS Loan borrower with an adverse credit history applies for and promises to repay the Federal Direct PLUS Loan if the borrower does not repay it. Interested persons are invited to submit comments on or before December 16, 1998.

**v Federal Register, High School Equivalency Program; College Assistance Migrant Program, Notice, November 18, 1998.**

The is a notice inviting applications for new awards for fiscal year (FY) 1999 for the High School Equivalency Program (HEP) and the College Assistance Migrant Program (CAMP). The purpose of the HEP and CAMP programs is to provide grants to institutions of higher education (IHEs), or to private non-profit agencies working in cooperation with IHEs, to help migrant and seasonal farmworkers complete high school and succeed in postsecondary education. Deadline for transmittal of applications is January 25, 1999.

**Ⓜ Federal Register, Notice, Submission for OMB Review, November 20, 1998.**

The Leader, Information Management Group, Office of the Chief Financial and Chief Information Officer, invites comments on the submission for OMB review as required by the Paperwork Reduction Act of 1995. Title: "Federal Family Education Loan Program and William D. Ford Federal Direct Loan Program, Loan Discharge Applications" and Title: "Federal Direct Consolidation Loan program Application Documents." Interested persons are invited to submit comments on or before December 21, 1998.

## ENCLOSURES

- ✍ Disaster Letter 98-117: Flooding and Storm Damage in Kansas
- ✍ Disaster Letter 98-118: Flooding in Missouri
- ✍ Disaster Letter 98-119: Tropical Storm Mitch in Florida
- ✍ Disaster Letter 98-120: Flooding and Storm Damage in Kansas
- ✍ Disaster Letter 98-121: Flooding and Storm Damage in Kansas
- ✍ Disaster Letter 98-122: Flooding and Storm Damage in Texas
- ✍ Disaster Letter 98-123: Tropical Storm Mitch in Florida

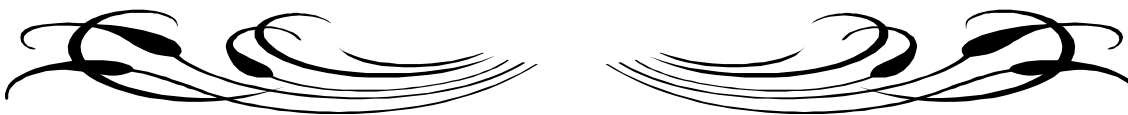
Enclosed copies of the Disaster Letters have been printed from the Department of Education web site, Information For Financial Professionals (IFAP)

- Loan Consolidation Application and Promissory Note Addendum



# QUESTIONS AND ANSWERS

## OSFA's Q&A



**Question:** What is an consortium agreement?

**Answer:**

***Federal Regulations 34 CFR 600.9, Written agreement between an eligible institution and another institution or organization.***

(a) Without losing its eligibility under this part, an eligible institution may enter into a written agreement with another eligible institution under which the latter institution provides all or a part of the educational program of students enrolled in the former institution if the former institution gives credit to students enrolled in that contracted program on the same basis as if it provided that program itself.

(b) Without losing its eligibility under this part, an eligible institution may enter into a written agreement with an institution or organization that is not an eligible institution under which the latter institution or organization provides a part of the educational program of students enrolled in the eligible institution if--

(1) The eligible institution gives credit to student enrolled in that contracted program on the same basis as if it provided that program itself;

(2) The eligible institution or organization--

(i) Has not been terminated from participation in the title-IV, HEA programs; or

(ii) Has not withdrawn from participation in the title IV, HEA programs under a termination, show-cause, suspension, or similar type proceeding initiated by the institution's State licensing agency, accrediting agency, guarantor, or SPRE, or by the Secretary; and

(3) The ineligible institution or organization provides--

(i) Not more than 25 percent of the educational program of a student enrolled in the eligible institution; or

(ii) More than 25 percent but not more than 50 percent of the educational program of a student enrolled in the eligible institution so long as--

(A) The eligible institution and the ineligible institution or organization are not owned or controlled by the same individual, partnership, or corporation; and

(B) The eligible institution's accrediting agency or, if the eligible institution is a public postsecondary vocational educational institution, the relevant State agency listed in the Federal Register in accordance with 34 CFR part 603, specifically determines that the institution's agreement meets the agency's standards for the contracting out of education services.

**Federal Student Financial Aid Handbook, Chapter 3, Section 5, page 133.**

Two or more institutions may enter into a consortium or contractual agreement so that a student can continue to receive SFA funds while studying at a school or organization other than his or her "home" institution. (The home school is the one that will grant the student's degree or certificate.)

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

A consortium agreement, which can exist between eligible schools only, can apply to all the SFA Programs. Under such a written agreement, students may take courses at a school other than the "home" institution (the school where the student expects to receive a degree or certificate) and have those courses count toward the degree or certificate at the home school.