

# The Program Participation Agreement



*A school's Program Participation Agreement (PPA) describes requirements of its participation in the FSA programs. Because several items in the agreement are directly related to a school's fiscal operations, here we offer a review.*

If the Department determines that a school has met the school eligibility requirements, the Department then assesses the school's financial responsibility and administrative capability. These evaluations are used to determine whether the school may be certified for participation in the FSA programs.

If the Department certifies a school to participate in the FSA programs, the school is bound by the requirements of those programs. To begin its participation, a school must enter into a Program Participation Agreement (PPA).

An eligible school must enter into a PPA with the Department to participate in the following programs

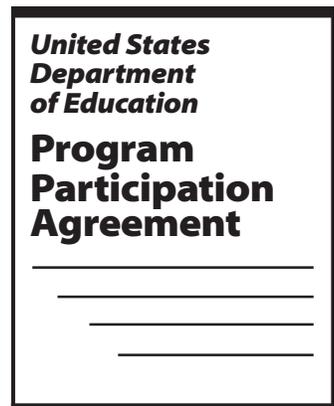
- ◆ Federal Pell Grant,
- ◆ Federal Supplemental Educational Opportunity Grant (FSEOG),
- ◆ Federal Work-Study (FWS),
- ◆ Federal Perkins Loan (Perkins),
- ◆ Federal Direct Loan Program (DL), and
- ◆ Federal Family Education Loan (FFEL).

## **Purpose and scope of the PPA**

Under the PPA, the school agrees to comply with the laws, regulations, and policies governing the FSA programs. After being certified for FSA program participation, the school must administer FSA program funds in a prudent and responsible manner. A PPA contains critical information about a school's participation in the FSA programs. In addition to the effective date of a school's approval, the date by which the school must reapply for participation, and the date on which the approval expires, the PPA lists the FSA programs in which the school is eligible to participate.

### **Program Participation Agreement. cites**

Sec. 487, 34 CFR 668.14



After enumerating the FSA programs in which a school is authorized to participate, a PPA states the General Terms and Conditions for institutional participation. By signing the PPA a school agrees to

1. comply with the program statutes, regulations, and policies governing the FSA programs;
2. establish a drug abuse prevention policy accessible to any officer, employee, or student at the school;
3. comply with
  - a. the Campus Security Policy and Crime Statistics disclosure requirements of the HEA;
  - b. Title VI of the Civil Rights Act of 1964, as amended, barring discrimination on the basis of race, color, or national origin;
  - c. Title IX of the Education Amendments of 1972, barring discrimination on the basis of sex;
  - d. Section 504 of the Rehabilitation Act of 1973, barring discrimination on the basis of physical handicap; and
  - e. The Age Discrimination Act of 1975;
4. acknowledge that the Department, states, and accrediting agencies share responsibility for maintaining the integrity of the FSA programs and that these organizations may share information about the school without limitation; and
5. acknowledge that the school must, prior to any other legal action, submit any dispute involving the final denial, withdrawal, or termination of accreditation to final arbitration.

### PPA Requirements

In addition to the general statement that a school will comply with the program statutes, regulations, and policies governing the FSA programs, a PPA contains references to selected important provisions of the General Provisions Regulations (34 CFR Part 668). Some of the specific requirements in 34 CFR 668 enumerated in a PPA are discussed below. Others are discussed elsewhere in this Handbook. The PPA specifies that –

1. The school will use funds received under any FSA program as well as any interest and other earnings thereon **solely for the purposes specified for that program.**
2. If the school is permitted to request FSA program funds under an advance payment method, the school will **time its requests for funds to meet only the school's immediate FSA program needs** (see *the Federal Student Aid Handbook, Volume 4 – Processing and Managing FSA Funds*).

3. **Schools cannot charge for processing or handling any application or data used to determine a student’s FSA eligibility.** For instance, the school may not charge (or include in the student’s cost of attendance) a fee to certify a loan application, complete a deferment form, process a Pell Grant payment, verify an application, or send or request a financial aid transcript.

A student uses the Free Application for Federal Student Aid (FAFSA) to apply for FSA program funds. However, a school may require additional data that are not provided on the federal form to award school aid. School charges for collecting such data must be reasonable and within marginal costs.

4. The school will comply with the provisions of 34 CFR 668 relating to factors of **financial responsibility and administrative capability** (see *the Federal Student Aid Handbook, Volume 2 – School Eligibility and Operations*, chapters 10 and 11).
5. The school will **provide timely information** on its administrative capability and financial responsibility to the Department and to the appropriate state, guaranty, and accrediting agencies (see *the Federal Student Aid Handbook, Volume 2 – School Eligibility and Operations*, chapters 10 and 11).
6. The school must, in a **timely manner**, complete reports, surveys, and any other data collection effort of the Department including surveys under the Integrated Postsecondary Education Data System (IPEDS).
7. The school will not provide any statement to a student or certification to a lender that qualifies the student for a loan or loans in excess of the annual or aggregate loan limits applicable to that student according to the appropriate regulations.
8. The school will provide information concerning **institutional and financial assistance information** as required to students and prospective students. (See *the Federal Student Aid Handbook, Volume 2 – School Eligibility and Operations*, chapter 6.)
9. If the school advertises **job placement rates** to attract students, it must provide a prospective student with any relevant information on state licensing requirements for the jobs for which the offered training will prepare the student. Also, the school must provide a statement disclosing the most recent available data concerning employment statistics, graduation statistics, and other information to substantiate the truthfulness of the advertisements.

The law does not require a school to verify that a student is enrolled in a GED program or to monitor the student’s progress in the program. A student admitted based on his or her ability to benefit who does not have a high school diploma or its recognized equivalent is not required by law to enroll in a GED program, but the school may choose to make this an admission requirement.

10. If the school participates in the FFEL program, the school will provide borrowers with information about **state grant assistance** from the state in which the school is located, and will inform borrowers from other states of the sources of information about state grant assistance from those states.
11. If the school provides financial assistance to students under the **ability to benefit** provisions, the school will make available to those students a program proven successful in assisting students in obtaining the recognized equivalent of a high school diploma (For additional information, see *the Federal Student Aid Handbook, Volume 2 – School Eligibility and Operations*, chapter 3.).
12. The school cannot deny FSA funds on the grounds that a student is **studying abroad** if the student is studying in an approved-for-credit program (see *the Federal Student Aid Handbook, Volume 2 – School Eligibility and Operations*, chapters 1 and 7).
13. To begin participation in the FFEL programs (or if a school **changes ownership** or changes its status as a parent or subordinate institution), the school must develop a **default management plan** for approval by the Department and must implement the plan for at least two years.

A school is exempt from submitting a default management plan if (a) the parent school and the subordinate school both have a cohort default rate of 10% or less and (b) the new owner of the parent or subordinate school does not own, and has not owned, any other school with a cohort default rate over 10%.

14. The school must **acknowledge the authority of the Department** and other entities to share information regarding fraud, abuse, or the school's eligibility for participation in the FSA programs (see *the Federal Student Aid Handbook, Volume 2 – School Eligibility and Operations*, chapter 12).
15. The school **may not knowingly employ or contract** with any individual, agency, or organization that has been convicted of or pled guilty or nolo contendere to a crime or was judicially determined to have committed fraud involving the acquisition, use, or expenditure of federal, state, or local government funds or has been administratively or judicially determined to have committed fraud or any other material violation involving federal, state, or local government funds.

16. In the case of a school that offers athletically related student aid, it will **disclose the completion and graduation rates of student athletes** and the athletic program participation and financial support pursuant to 34 CFR 668.47 and 34 CFR 668.48 in conformance with the Student Right-to-Know Act (see *the Federal Student Aid Handbook, Volume 2 – School Eligibility and Operations*, chapter 6).
17. The school **cannot penalize** in any way a student who is unable to pay school costs due to compliance with the FSA program requirements or due to a delay in a Title IV loan disbursement caused by the school.
18. The school cannot pay or contract with any entity that pays commissions or other incentives based directly or indirectly on securing enrollment or financial aid (except when recruiting foreign students ineligible for FSA program funds) to persons engaged in recruiting, enrolling, admitting, or financial aid administration. (For additional information, see the section *the Federal Student Aid Handbook, Volume 2 – School Eligibility and Operations*, chapter 2.)
19. The school must comply with the requirements of the Department as well as those of accrediting agencies (see *the Federal Student Aid Handbook, Volume 2 – School Eligibility and Operations*, chapter 1).
20. The school must comply with the requirements for the **Return of Title IV funds** when a student withdraws (See *the Federal Student Aid Handbook, Volume 5 – Overawards, Overpayments, and Withdrawal Calculations*).
21. The **school is liable** for all improperly administered funds received or returned under the FSA programs including any funds administered by a third-party servicer.
22. A school must furnish information to the holders of Stafford or PLUS loans that were made at that school, as needed to carry out program requirements.
23. A school must not certify or originate an FFEL or Direct Loan for an amount that exceeds the annual or aggregate loan limits.
24. If the stated objectives of an educational program offered by the school are preparing students for **gainful employment in a recognized occupation the school will**
  - a. demonstrate a reasonable relationship between the length of the program and entry level requirements for the recognized occupation, and
  - b. establish the need for the training for the student to obtain employment in the recognized occupation for which the program prepares the student.

25. Either the institution or the Department may terminate a PPA.

An institution's PPA no longer covers a location of the institution as of the date that location ceases to be part of the participating institution.

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