Statutory Authority

As provided under section 498 of the Higher Education Act of 1965, as amended (Title IV, HEA programs), the Secretary determines whether foreign institutions choosing to participate or participating in the Title IV, HEA programs meet or continue to meet the institutional eligibility and administrative capability requirements for participation in the Title IV, HEA programs. Federal regulations currently define a foreign institution as an institution that “is not located in a State.”

Participation in the U.S. Department of Education’s (the Department’s) federal student aid programs permits eligible students from the United States (U.S.) to borrow federal student aid to help pay their education expenses while attending an approved institution located outside the U.S. The Secretary also determines whether institutions only seeking designation as an eligible institution (“eligibility only”), rather than Title IV participation, meet or continue to meet the definition of an eligible institution.

Through June 30, 2010, foreign institutions are only permitted to participate in the Federal Family Education Loan (FFEL) Program. However, effective July 1, 2010, origination of new loans under the FFEL Program will end, and foreign schools will be eligible to participate in the William D. Ford Federal Direct Loan (Direct Loan) Program.

Being designated as either a participating or an “eligibility only” institution qualifies an institution or its students to participate in non-federal student aid programs, such as the HOPE and Lifetime Learning Tax Credit programs. In addition, students attending these institutions qualify for in-school deferment of payments on their federal student loans they have previously taken out. However, only institutions certified by the Department to participate in the federal student aid programs are allowed to approve new FFEL or Direct Loan program loans. Institutions certified as “eligible only” are not able to certify new federal student loans.

The implementing regulations for determining institutional eligibility and administrative capability can be found at 34 C.F.R. Part 600 – Institutional Eligibility under the Higher Education Act of 1965, as Amended, and 34 C.F.R. Part 668 – Student Assistance General Provisions. Subpart E of Part 600 is specifically addressed to foreign schools, although the remaining regulations in Parts 600 and 668 apply as well.

Institutional Eligibility

Three types of foreign institutions are recognized by the Secretary – public, private nonprofit, and for-profit. For-profit foreign institutions may only participate if they are either freestanding graduate medical schools, freestanding veterinary schools or, effective July 1, 2010, freestanding nursing schools.

A foreign institution is eligible to apply to participate in the FFEL Program (or, as of July 1, 2010, the Direct Loan Program) if it is comparable to an eligible institution of higher education located in the United States and if it meets the following eligibility criteria (as applicable for the type of institution).
Basic Eligibility Criteria

Under current regulations, which are undergoing review and will change within the next two years, foreign institutions must meet basic eligibility criteria (34 C.F.R. § 600.54). Under the current regulations, an institution must:

- Admit as regular students only persons who
  - Have a secondary school completion credential; or
  - Have the recognized equivalent of a secondary school completion credential;
- Be legally authorized by an appropriate authority to provide an eligible educational program beyond the secondary school level in the country in which the institution is located; and
- Provide an eligible education program
  - For which the institution is legally authorized to award a degree that is equivalent to an associate, baccalaureate, graduate, or professional degree awarded in the United States; or
  - That is at least a two-academic-year program acceptable for full credit toward the equivalent of a baccalaureate degree awarded in the U.S.; or
  - That is equivalent to at least a one-academic-year training program in the U.S. that leads to a certificate, degree, or other recognized educational credential and prepares students for gainful employment in a recognized occupation.
  
  The program is not eligible if it is a distance or correspondence education program in whole or in part.
- Demonstrate that it is financially responsible under the requirements established in 34 C.F.R. §§ 668.15, 668.23 and 34 C.F.R. Part 668, Subpart L.

Additional eligibility criteria apply to foreign graduate medical schools, veterinary schools, and schools which offer nursing programs, as described in subsequent sections of this document.

Foreign Graduate Medical School Criteria

Under current regulations, which are undergoing review and will change over the next two years, the Secretary considers a foreign graduate medical school to be eligible to apply to participate in the FFEL Program (or, as applicable, the Direct Loan Program) if, in addition to satisfying the criteria above, the school, whether freestanding or subsumed within a university, satisfies all of the following criteria:

- The school provides, and in the normal course requires its students to complete, a program of clinical and classroom medical instruction of not less than 32 months in length, that is supervised closely by members of the school's faculty and that is provided either—
  - Outside the U.S., in facilities adequately equipped and staffed to afford students comprehensive clinical and classroom medical instruction; or
  - In the U.S., through a training program for foreign medical students that has been approved by all medical licensing boards and evaluating bodies whose views are considered relevant by the Secretary.
- The school has graduated classes during each of the two 12-month periods immediately preceding the date the Secretary receives the school's request for an eligibility determination.
The school employs for the program described above only those faculty members whose academic credentials are the equivalent of credentials required of faculty members teaching the same or similar courses at medical schools in the U.S.

The school has been approved by an accrediting body—

- That is legally authorized to evaluate the quality of graduate medical school educational programs and facilities in the country where the school is located; and
- Whose standards of accreditation of graduate medical schools—
  - Have been evaluated by the advisory panel of medical experts established by the Secretary; and
  - Have been determined to be comparable to standards of accreditation applied to medical schools in the U.S.

Either

- During the academic year preceding the year for which any of the school's students seeks a FFEL Program loan, at least 60 percent of those enrolled as full-time regular students in the school and at least 60 percent of the school's most recent graduating class were persons who did not meet the citizenship and residency criteria contained in section 484(a)(5) of the HEA, 20 U.S.C. 1091(a)(5); and for a foreign graduate medical school outside of Canada, at least 60 percent of the school's students and graduates who took any step of the examinations administered by the Educational Commission for Foreign Medical Graduates (ECFMG) (including the ECFMG English test) in the year preceding the year for which any of the school's students seeks a FFEL Program loan received passing scores on the exams (in performing the calculation required in this paragraph, a foreign graduate medical school shall count as a graduate each person who graduated from the school during the three years preceding the year for which the calculation is performed) (Note: Effective July 1, 2010, the 60% pass rate requirement will increase to 75%); or
- The school's clinical training program was approved by a State as of January 1, 1992, and is currently approved by that State. (Note: The Higher Education Opportunity Act of 2008 changed the January 1992 exception's "same state" requirement. It now allows a foreign medical school that was eligible based on having a clinical training program approved by a State as of January 1, 1992 to be eligible as long as it has continuously operated a clinical training program in at least one State that approves the program.)
FOREIGN SCHOOL ELIGIBILITY CRITERIA
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Foreign Veterinary School Criteria

Under current regulations, which are being reviewed and will be changed within the next two years, the Secretary considers a foreign veterinary school to be eligible to apply to participate in the FFEL Program (or, as applicable, the Direct Loan Program) if, in addition to satisfying the basic eligibility criteria above, the school, whether freestanding or subsumed within a university, satisfies all of the following criteria:

- The school provides, and in the normal course requires its students to complete, a program of clinical and classroom veterinary instruction that is supervised closely by members of the school's faculty, and that is provided either—
  - Outside the U.S., in facilities adequately equipped and staffed to afford students comprehensive clinical and classroom veterinary instruction; or
  - In the U.S., through a training program for foreign veterinary students that has been approved by all veterinary licensing boards and evaluating bodies whose views are considered relevant by the Secretary.

- The school has graduated classes during each of the two 12-month periods immediately preceding the date the Secretary receives the school's request for an eligibility determination.

- The school employs for the program described above of this section only those faculty members whose academic credentials are the equivalent of credentials required of faculty members teaching the same or similar courses at veterinary schools in the U.S.

- For a veterinary school that is neither public nor private non-profit, the school's students complete their clinical training at an approved veterinary school located in the U.S.

Foreign Nursing School Criteria

The Higher Education Opportunity Act created additional institutional eligibility criteria for foreign nursing schools that will become effective on July 1, 2010 or on July 1, 2012, depending on the institutional type of the foreign nursing school. Prior to July 1, 2010, a foreign for-profit school could only participate in the Department’s federal student aid programs if it was a foreign medical school or foreign veterinary school. A foreign for-profit nursing school will be eligible to participate as of July 1, 2010 if, in addition to satisfying the basic eligibility criteria above, the school, whether freestanding or subsumed within a university, satisfies all of the following criteria:

- The nursing school has an agreement with a hospital, or accredited school of nursing (as such terms are defined in section 801 of the Public Health Service Act (42 U.S.C. 296)), located in the U.S. that requires the students of the nursing school to complete the students' clinical training at such hospital or accredited school of nursing.

- The nursing school has an agreement with an accredited school of nursing located in the U.S. providing that the students graduating from the nursing school located outside of the U.S. also receive a degree from the accredited school of nursing located in the U.S.

- The nursing school certifies only Federal Stafford Loans, unsubsidized Federal Stafford Loans, or Federal PLUS loans for students attending the institution (as of July 1, 2010, only Direct Subsidized Loans, Direct Unsubsidized Loans, or Direct PLUS Loans). The nursing school reimburses the Secretary for the cost of any loan defaults for current and former students included in the calculation of the institution's cohort default rate during the previous fiscal year.
FOREIGN SCHOOL ELIGIBILITY CRITERIA

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- Not less than 75 percent of the individuals who were students or graduates of the nursing school, and who took the National Council Licensure Examination for Registered Nurses in the year preceding the year for which the institution is certifying a Federal Stafford Loan, an unsubsidized Federal Stafford Loan, or a Federal PLUS loan (as of July 1, 2010, a Direct Subsidized Loan, a Direct Unsubsidized Loan, or a Direct PLUS Loan), received a passing score on such examination.

*Note:* As the result of technical amendments to the Higher Education Opportunity Act, the new nursing school eligibility criteria described above will not apply to foreign public nursing schools and foreign non-profit nursing schools until July 1, 2012, provided the foreign public or for-profit nursing schools was eligible to participate in the FFEL program on August 13, 2008, the day before the enactment of the Higher Education Opportunity Act.

**Administrative Capability Criteria**

Institutions must also meet the administrative capability standards set forth in 34 C.F.R. §668.16, which include, but are not limited to, requirements that the institution—

- Appoint a capable individual responsible for administering the federal loan programs;
- Have a system of internal checks and balances for administering federal student financial aid;
- Have a division of functions among personnel determining student awards and those disbursing funds that result from those award decisions;
- Establish and maintain records required under program regulations;
- Perform frequent, periodic reconciliation of fiscal office and financial aid office award data;
- Maintain a system to identify and resolve discrepancies in information the institution receives from various sources about a student's application for financial aid;
- Establish a satisfactory academic progress policy for recipients of federal student financial aid;
- Establish a policy for refunding tuition when a student withdraws from classes;
- Establish a process to ensure that the institution submits the required annual financial statements on time;
- Establish a process to ensure that the institution submits the required annual compliance audit on time;
- Establish a process to notify the Department within 10 days of any important changes at the institution; and
- Participate in the electronic processes that the Department provides at no substantial charge to the institution.
FOREIGN SCHOOL ELIGIBILITY CRITERIA
MAY 2010

To be in compliance with the administrative capability requirement that a school participate in the Department’s electronic processes, the school must:

- Use the electronic application (E-App) to submit and update the school’s eligibility information;
- Enroll in the Student Aid Internet Gateway (SAIG). For information about the SAIG enrollment process, refer to the Foreign School SAIG and System Connectivity area on the Foreign School Information page;
- Use FAA Access or its SAIG mailbox to exchange student or applicant data on the Free Application for Federal Student Aid (FAFSA) or Institutional Student Information Record (ISIR) with the Department’s Central Processing System (CPS);
- Use the COD Web site or its SAIG mailbox to exchange award and disbursement data for Direct Loans;
- Submit to the National Student Loan Data System (NSLDS) student enrollment records, federal student aid program overpayments, and NSLDS Transfer Student Monitoring records;
- Use its SAIG mailbox to receive its draft and official cohort default rate information electronically;
- Use the Information for Financial Aid Professionals (IFAP) Web site to review Foreign School Updates, Electronic Announcements, Dear Colleague Letters, Federal Register publications, and other important information.