

# Foreign Schools Handbook

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# Introduction



*This publication is intended for foreign institutions that participate in the U.S. Department of Education's (Department's) William D. Ford Direct Loan (Direct Loan) Program.*

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The *Foreign Schools Handbook* contains information on requirements that are applicable only to foreign institutions. For information on the other requirements for participation in the Direct Loan Program, foreign institutions should refer to the Federal Student Aid (FSA) Handbook, the Department's comprehensive annual guide to regulatory and administrative requirements for the FSA programs.

Additional information specific to a foreign institution's participation, including assessments an institution may perform to evaluate its operations related to administering the Direct Loan Program, can be found on the Foreign School Information page on the IFAP website <http://www.ifap.ed.gov/ForeignSchoolInfo/ForeignSchoolInfo.html>. Institutions are required to access the IFAP website for up to date information on the FSA Programs.

We appreciate any comments that you have on this Handbook. We revise and clarify the text in response to questions and feedback from the financial aid community, so please contact us at [fsaschoolspubs@ed.gov](mailto:fsaschoolspubs@ed.gov) to let us know how to improve the Handbook so that it is always clear and informative.

Questions related to a foreign institution's participation in the Direct Loan Program may be directed to the Department's Foreign Schools Team at [fsa.foreign.schools.team@ed.gov](mailto:fsa.foreign.schools.team@ed.gov) or 202-377-3168, mailing address:

U.S. Department of Education  
Federal Student Aid, School Eligibility Channel  
Foreign Schools Team  
Union Center Plaza  
830 First Street, NE  
Room 73C3  
Washington, DC 20202

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## Additional Resources

The FSA Handbook can be accessed at:  
<http://ifap.ed.gov/ifap/byAwardYear.jsp?type=fsahandbook>.

Dear Colleague letters can be accessed at:  
<http://ifap.ed.gov/ifap/byYear.jsp?type=dpclatters>

Additional information for institutions can be found at [www.ifap.ed.gov](http://www.ifap.ed.gov).

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## Requirement to use IFAP & other electronic processes

DCL GEN-04-08



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# General Eligibility and Participation Requirements

## CHAPTER 1

*This chapter describes the general requirements a foreign institution must meet to be eligible to participate in the Direct Loan Program.*

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### APPLICATION AND CERTIFICATION

Institutions must apply to, and receive approval from, the U.S. Department of Education to be eligible to participate in the Federal Student Aid (FSA) programs before they can be certified for participation. A foreign institution is eligible to apply to participate in the William D. Ford Direct Loan (Direct Loan) Program, the only FSA program in which a foreign institution may participate, if it is comparable to an eligible institution of higher education located in the United States.

The criteria for demonstrating comparability, as well as other criteria required for eligibility, are found in 34 CFR 600, subpart E. A foreign institution must comply with all other FSA program regulations for eligible and participating institutions except as noted. Only public or private nonprofit foreign institutions may participate in the Direct Loan Program, except for freestanding foreign graduate medical schools, foreign veterinary schools, and foreign nursing schools, which may be for-profit institutions.

Institutions must apply to be eligible to participate using the Application for Approval to Participate in the Federal Student Financial Aid Programs. The electronic application, as well as information on the application process, can be found at <http://www.eligcert.ed.gov/>. For foreign institutions that are applying to participate in the Direct Loan Programs for the first time, additional information is available on the Foreign School Information website under the Application Process link in the Eligibility section, and in the Department's New School Guide at <http://ifap.ed.gov/ifap/FSANewSchoolGuide.jsp>

When the Department determines that an institution has met all the requirements for participation in the Direct Loan Program, it will certify the institution to participate through the signing of a Program Participation Agreement (PPA). The PPA is signed by the school's president, chief executive officer, or chancellor and an authorized representative of the Secretary of Education. (See Volume 2, Chapter 1 of the *FSA Handbook*.)

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### Foreign schools regulations

The U.S. federal regulations specific to foreign institutions were last changed with the publication of the final regulations on Nov. 1, 2010 (75 FR 67170).

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### Applying for eligibility to participate

34 CFR 600.51, 600.53

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### Criteria for demonstrating comparability

34 CFR 600, Subpart E

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### Compliance exceptions

34 CFR 600.51(c)(1)

A foreign institution must comply with all other FSA program regulations for eligible and participating institutions except when made inapplicable by law or when the Department, through publication in the Federal Register, identifies specific provisions as inapplicable to foreign institutions.

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### Eligible but non-participating institutions

Some institutions apply only for designation as an eligible institution—they do not seek to actually participate in the Direct Loan Program—so that their students may receive deferments on FSA program loans. The same application is used to apply for both eligibility and certification for participation.

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### Certification Period

34 CFR 600.58(e); and

34 CFR 668.13(b)(1)

*Periods of certification*

The Department will certify a foreign institution to participate for a period of not longer than six years. In the case of a for-profit foreign graduate medical school, for-profit foreign veterinary school or for-profit foreign nursing school, the Department will certify the school for a period of not longer than three years. Based on the application and circumstances of the institution's prior participation, the certification period granted may be significantly less.

When an institution's certification expires, the institution must apply to be recertified. An institution's PPA expires on the date that:

- The institution changes ownership that results in a change in control (see Volume 2, Chapter 5 of the *FSA Handbook*);
- The institution closes or stops offering educational programs for a reason other than a normal vacation period or natural disaster that directly affects it or its students (see closure procedures in Volume 2, Chapter 8 of the *FSA Handbook*);
- The institution ceases to meet the eligibility requirements (see Volume 2, Chapters 1 and 4 of the *FSA Handbook*);
- The institution's period of participation expires;
- The institution's provisional certification is revoked (see Volume 1, Chapters 4, 5, and 8 of the *FSA Handbook*);
- The institution loses eligibility based on excessive cohort default rates under 34 CFR Part 668, Subpart N (see Volume 2, Chapter 4 of the *FSA Handbook*); or
- The Department terminates the institution's participation in proceedings under 34 CFR Part 668, Subpart G.

**Definition of a foreign institution**

34 CFR 600.52

If a foreign institution loses its eligibility, an otherwise eligible student, continuously enrolled at the institution before the loss of eligibility, may receive a Direct Loan Program loan for attendance at that institution through the end of the academic year succeeding the academic year in which that institution lost its eligibility, if the student actually received a Direct Loan Program loan for attendance at the institution for a period during which the institution was eligible.

**Definition of a State**

34 CFR 600.2

For purposes of the Federal Student Aid Programs, a State is a State of the Union, American Samoa, the Commonwealth of Puerto Rico, the District of Columbia, Guam, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau. The latter three are also known as the Freely Associated States.

## DEFINITION OF A FOREIGN INSTITUTION

To be eligible to apply to participate in the Direct Loan Program as a foreign institution, an institution must:

- Not be located in a State;
- Be legally authorized by the education ministry, council, or equivalent agency of the country in which the institution is located to provide an educational program beyond the secondary education level;
- Award degrees, certificates, or other recognized educational credentials, in accordance with the requirement for an eligible program, that are officially recognized by the country in which the institution is located (see *Eligible programs*); and
- Except with respect to clinical training that is part of a medical, veterinary, or nursing program offered by the institution, not offer programs in whole or in part in the United States for Direct Loan Program participation (see *Eligible programs*).

If an educational enterprise enrolls students both within a State and outside a State, and the number of students who would be eligible to receive Federal Student Aid Program funds attending locations outside a State is at least twice the number of students enrolled within a State, the locations outside a State must apply to participate as one or more foreign institutions and must meet all requirements of the definition of a foreign institution, and the other requirements applicable to foreign institutions.

Proof that a foreign institution has the appropriate legal authorization may be provided to the Department by a legal authorization from the appropriate education ministry, council, or equivalent agency:

- For all eligible foreign institutions in the country;
- For all eligible foreign institutions in a jurisdiction within the country; or
- For each separate eligible foreign institution in the country.

### *Definition of a nonprofit foreign institution*

A foreign institution is considered to be a nonprofit institution if 1) the institution is owned and operated by only one or more nonprofit corporations or associations, and 2) if the Department or a recognized tax authority in the foreign institution's home country which is recognized by the Department for this purpose determines that the foreign institution is a non-profit educational institution.

If a recognized tax authority of a foreign institution's home country is recognized by the Department for purposes of making determinations of an institution's nonprofit status for FSA program purposes, the Department automatically accepts that tax authority's determination of nonprofit educational status for any institution located in that country. In making this determination, the Department uses criteria that are similar to those used by the U.S. IRS.

## Educational enterprise definition

34 CFR 600.31

An educational enterprise consists of two or more locations that are directly or indirectly under common ownership and offer all or part of an educational program. Locations are considered to be "indirectly" under common ownership if, at any level, the locations are owned and controlled by the same parties, or family members (i.e., an individual's or an individual's spouse's parent, stepparent, sibling, step-sibling, spouse, child, step-child, grandchild, or step-grandchild, the individual's child's spouse, or the individual's sibling's spouse).

## Foreign branches of U.S. institutions

Requirements for foreign institutions do not apply to foreign branch campuses or foreign additional locations of U.S. institutions (i.e., institutions that are located in a State). Branch campuses and additional locations of a U.S. institution are considered part of the U.S. institution, regardless of their location.

## Proof of legal authorization

34 CFR 600.54(g)

## Nonprofit foreign institution

34 CFR 600.2

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**Eligibility criteria**

34 CFR 600.54

If a recognized tax authority of the institution's home country is not recognized by the Department for purposes of making determinations of an institution's nonprofit status for FSA program purposes, a foreign institution must demonstrate to the satisfaction of the Department that it is a nonprofit educational institution.

A nonprofit foreign institution may not be owned by a for profit entity, directly or indirectly. A foreign institution that does not meet this definition of a nonprofit foreign institution is not eligible to participate in the Direct Loan Program unless it is an otherwise eligible medical, veterinary, or nursing school.

**INSTITUTIONAL ELIGIBILITY CRITERIA**

A foreign institution is considered to be comparable to an eligible institution of higher education in the United States and eligible to apply to participate in the Direct Loan Program if the foreign institution:

- Is a public or private nonprofit institution, except for freestanding foreign graduate medical schools, foreign veterinary schools, and foreign nursing schools, which may be a for-profit institution;
- For a public or private nonprofit institution, meets the requirements for an institution of higher education in 34 CFR 600.4, except those that the Department has determined are inapplicable (see *Inapplicable institutional eligibility requirements*);
- For a for-profit graduate medical school, veterinary school, or nursing school, meets the requirements for a proprietary institution of higher education in 34 CFR 600.5, except those that the Department has determined are inapplicable (see *Inapplicable institutional eligibility requirements*);
- Provides an eligible program (see *Eligible Programs*);
- Admits as regular students only persons who have a secondary school completion credential or have the recognized equivalent of a secondary school completion credential;
- Does not enter into an arrangement with an institution or organization that is ineligible to participate in the FSA programs for that ineligible institution or organization to provide any portion of the eligible foreign institution's programs, except for affiliation agreements for the provision of clinical training for foreign graduate medical, veterinary, and nursing schools (see *Eligible Programs* for more information); and
- The additional locations of the institution separately meet the definition of a foreign institution in 34 CFR 600.52 if 1) the additional location is located outside of the country in which the main campus is located, except as provided for the clinical training portion of a program of a foreign graduate medical school, veterinary school, or nursing school; or 2) is located within the same country as the main campus, but is not covered by the legal authorization of the main campus.

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**Secondary school definition**

34 CFR 600.52

A secondary school is a school that provides secondary education as determined under the laws of the country in which the school is located.

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**Regular student definition**

34 CFR 600.2

A regular student is a person who is enrolled or accepted for enrollment at an institution for the purpose of obtaining a degree, certificate, or other recognized educational credential offered by that institution.

### *Inapplicable institutional eligibility requirements*

The regulations designate the following requirements for an institution of higher education or a proprietary institution of higher education as inapplicable to foreign institutions:

1. The requirement that an institution be in a State (34 CFR 600.4(a)(1), and 600.5(a)(2)) and the conditions under which an institution is considered to be located in a State (34 CFR 600.4(b), and § 600.5(c)) because, by definition, a foreign institution is an institution that is not located in a State;
2. The requirement that an institution be legally authorized by the State in which it is located (34 CFR 600.4 (a)(3), and 600.5(a)(4)) again, because, by definition, a foreign institution is an institution that is not located in a State and the definition of foreign institution instead requires a foreign institution to be legally authorized by the education ministry, council or equivalent agency of the country in which the institution is located;
3. The requirement that an institution admit as regular students only persons who have a high school diploma, have the recognized equivalent of a high school diploma, or are beyond the age of compulsory school attendance in the State in which the institution is physically located (34 CFR 600.4(a)(2) and 600.5(a)(3)) because the foreign school eligibility regulations require students to have a secondary school completion credential or its equivalent, rather than a high school diploma, and because as foreign institutions are not located in a State, the provision allowing the admission of students without a high school diploma or its equivalent if the student is beyond the age of compulsory school attendance in the State in which the institution is physically located is inapplicable;
4. The requirement that an institution may provide a comprehensive transition and postsecondary program for students with intellectual disabilities, as described in 34 CFR part 668, subpart O (34 CFR 600.4(a)(4)(ii) and 600.5(a)(5)(ii)), because under the law these programs are not available to Direct Loan borrowers, and foreign institutions are not eligible for programs other than Direct Loans;
5. The accreditation requirements (34 CFR 600.4(a)(5), and 600.5(a)(6)) and the conditions under which the Department recognizes an institution's accreditation (34 CFR 600.4(c), and 600.5(d)) because the Department does not recognize accrediting agencies for the purpose of accrediting foreign institutions; and
6. For a for-profit foreign institution, 34 CFR 600.5(a)(5)(i)(B) and (e), which allow an institution to meet the definition of a for-profit institution by providing a program leading to a baccalaureate degree in liberal arts, are not applicable because the Department does not recognize accrediting agencies for the purpose of accrediting foreign institutions and, in order to meet this provision, an institution must be accredited by a recognized regional accrediting agency or association, and have continuously held such accreditation since October 1, 2007, or earlier.

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### **Accreditation**

While some foreign institutions are accredited by U.S. accrediting agencies, the Department does not recognize accrediting agencies for the purpose of accrediting foreign institutions.

**Eligible program definition**

34 CFR 600.54(e)

**Definition of an academic year**

34 CFR 668.3

Generally, an academic year is—

- For a program offered in credit hours, a minimum of 30 weeks of instructional time and, for an undergraduate program, an amount of instructional time whereby a full-time student is expected to complete at least 24 semester or trimester credit hours or 36 quarter credit hours; or
- For a program offered in clock hours, a minimum of 26 weeks of instructional time and, for an undergraduate program, an amount of instructional time whereby a full-time student is expected to complete at least 900 clock hours. For complete information, see the *FSA Handbook*, Volume 3, Chapter 1.

**Distance education**

34 CFR 600.2

Distance education means education that uses one or more of the technologies listed below to deliver instruction to students who are separated from the instructor and to support regular and substantive interaction between the students and the instructor, either synchronously or asynchronously. The technologies may include:

- The internet;
- One-way and two-way transmissions through open broadcast, closed circuit, cable, microwave, broadband lines, fiber optics, satellite, or wireless communications devices;
- Audio conferencing; or
- Video cassettes, DVDs, and CD-ROMs, if the cassettes, DVDs, or CD-ROMs are used in a course in conjunction with any of the technologies listed above.

**Ineligible programs**

DCL GEN-14-20

34 CFR 600.51 (d),

34 CFR 600.52, definition of a foreign institution,

34 CFR 600.54(c), 34 CFR 668.10(d)

**ELIGIBLE PROGRAMS**

To be comparable to an eligible institution of higher education in the United States and eligible to apply to participate in the Direct Loan Program, a foreign institution must 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;
- that is at least a two-academic-year program acceptable for full credit toward the equivalent of a baccalaureate degree awarded in the United States; or
- that is equivalent to at least a one-academic-year training program in the United States that leads to a certificate, degree, or other recognized educational credential and prepares students for gainful employment in a recognized occupation within the meaning of the gainful employment provisions.

An institution must demonstrate to the satisfaction of the Department that the amount of academic work required by a program that it believes meets the requirements for at least a one-academic year training program.

The Department makes a comparison to determine whether postsecondary programs offered by a foreign school are properly considered undergraduate or graduate for purposes of the Direct Loan Program. This determination affects the amount of Direct Loan Program funds a student attending an eligible program may borrow.

For complete information, see the *FSA Handbook*, Volume 3, Chapter 1.

***Programs leading to gainful employment***

Programs that lead to gainful employment in a recognized occupation are subject to the Department's regulations. All programs at for-profit foreign medical schools, veterinary schools and nursing schools are considered gainful employment programs. Some programs at public and nonprofit institutions are gainful employment programs (See Volume 2, Chapter 2 of the *FSA Handbook* for more information).

***Ineligible programs***

There are some programs that are never eligible for Direct Loan Program participation when offered by a foreign institution:

- A program offered in whole or in part through telecommunications, otherwise known as distance education,
- A program offered in whole or in part through correspondence,
- A program offered in whole or in part through direct assessment,
- A program for which any portion of the program is provided by an entity that is not eligible to participate in the FSA Programs (except

for affiliation agreements for the provision of clinical training for foreign graduate medical, veterinary, and nursing schools),

- With limited exception, a program offered in whole or in part in the United States (see *Programs offered in the United States*).

In recognition that distance education technologies are frequently used in conjunction with classroom instruction, foreign institutions may use distance education technologies to supplement and support instruction offered in a classroom located in the foreign country where the students and instructor are physically present.

A program that permits Direct Loan recipients to take an ineligible course for credit, regardless of whether the course is optional or required, is considered ineligible for Direct Loan funds. However, it is permissible for a foreign institution to offer two separate versions of a program, one of which does not permit students who are Direct Loan recipients to enroll in the ineligible courses for credit toward completion of the program (i.e., the ineligible course yields credit toward completion of the program or otherwise fulfills a requirement for graduation from that program). In that case, the version of the program that does not permit Direct Loan recipients to enroll in ineligible courses would not contain any ineligible courses, and would, therefore, be an eligible program if the program otherwise met the FSA eligible program requirements.

A foreign institution is ultimately responsible for ensuring that Direct Loan funds are not disbursed to students who enroll in any Direct Loan ineligible courses as a part of their program and should ensure that any students who may be applying for Direct Loan funds are aware of the restrictions on enrollment.

An institution must provide to students information on the academic program of the institution. If a foreign institution chooses to offer a Direct Loan-eligible version of a program for Direct Loan recipients, this information must make clear that a student will not be eligible for Direct Loan funds if the student enrolls in the ineligible version. The institution is required to make this information readily available to enrolled and prospective students through appropriate publications, mailings or electronic media. In addition, a brief description of this information must be included in the notice that an institution must provide to enrolled students listing the categories of information required to be made available to them, together with an explanation of how to obtain the information.

The Department does not restrict an institution's discretion to award credit for courses completed at other institutions, but Direct Loan funds may not be provided for the transferred credits. If a student independently completes a Direct Loan-ineligible course at an unaffiliated institution, those credits may be transferred into the student's program at the eligible foreign institution provided that the student does not receive Direct Loan funds for those credits. However, this guidance does not apply if there is an arrangement between the institutions for transfer of credits. In that circumstance, the limitations of the requirements for written arrangements in

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### Limited attendance limitation

A foreign institution is not authorized to certify student loans or deferments for U.S. study abroad students who only plan to attend the institution for a semester or for a one-year study abroad experience to earn credits that may transfer into a degree program in the United States.

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### Separate version of a program

A Direct-Loan-eligible version of a program must be administratively distinct from any version of the program offered by the institution that contains Direct-Loan-ineligible courses. This means that the program must be identified separately wherever the institution lists its programs online or in publications, and student enrollment and progress in the program must be tracked separately (e.g., through a unique program number or other identifier).

An institution does not need to create duplicate courses for the Direct-Loan-eligible program and the ineligible program. Students from both versions of a program may attend the same Direct-Loan-eligible courses.

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### Definition of a correspondence course

34 CFR 600.2

A correspondence course is a home-study course for which the school provides instructional materials, including examinations on the materials, by mail or electronic transmission, to students who are not physically attending classes at the school. Interaction between the instructor and student is limited, not regular and substantive, and primarily initiated by the student. If a course is part correspondence and part residential training, the course is considered to be a correspondence course. A correspondence course is not distance education.

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### Information for students

34 CFR 668.43(a)(5) and 668.42(b)

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### Offering programs in the United States

34 CFR 600.52, definition of a foreign institution  
DCL GEN-11-18

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### Written arrangements to provide educational programs

34 CFR 668.5  
See Volume 2, Chapter 2 of the *FSA Handbook* for more information.

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### Definition of a direct assessment program

34 CFR 668.10(a)(1)  
A direct assessment program is an instructional program that, in lieu of credit hours or clock hours as a measure of student learning, utilizes direct assessment of student learning, or recognizes the direct assessment of student learning by others. The assessment must be consistent with the accreditation of the institution or the program utilizing the results of the assessment.

34 CFR 668.5 apply, no matter how informal the arrangement may be.

### *Programs offered in the United States*

With a limited exception, programs offered in whole or in part in the United States by a foreign institution—either at a U.S. location of the foreign institution, through an arrangement with a U.S. institution, or otherwise—are not eligible for participation in the Direct Loan Program. Specifically, for the purposes of students who receive Direct Loan Program funds, a foreign institution is an institution that, except with respect to clinical training that is part of a medical, veterinary, or nursing program offered by the institution:

- Has no U.S. location,
- Has no written arrangements, within the meaning of 34 CFR 668.5, with institutions or organizations located in the United States for students enrolling at the foreign institution to take courses from institutions located in the United States, and
- Does not permit students to enroll in any course offered by the foreign institution in the United States, including research, work, internship, externship, or special studies within the United States, except that independent research done by an individual student in the United States for not more than one academic year is permitted if it is conducted during the dissertation phase of a doctoral program under the guidance of faculty, and the research can only be performed in a facility in the United States.

A foreign institution is not prohibited from offering a program in whole or in part in the United States. However, any such program is not recognized for Direct Loan Program purposes. As a result, students attending that program may not receive Direct Loan Program funds for any part of the program.

### *Written arrangements with U.S. institutions*

A U.S. institution that is eligible to participate in the FSA programs may have written arrangements with a foreign institution or organization acting on behalf of a foreign institution whereby the foreign institution provides part of an educational program so that the students enrolled in that program may receive FSA program funds.

However, as a program offered by a foreign institution in whole or in part in the United States is not an FSA eligible program, any arrangement between a U.S. institution and a foreign institution or organization acting on behalf of a foreign institution is always considered to be one between an eligible U.S. institution where the student enrolls, and an ineligible foreign institution, even if the foreign institution is an otherwise eligible to participate in the Direct Loan Program. As a result, in this situation the provisions of 34 CFR 668.5 regarding written arrangements between an eligible institution and an ineligible institution or organization are applicable.

For a program offered through a written arrangement between an eligible institution and an ineligible institution or organization (commonly

referred to as a contractual agreement), the eligible institution is always the “home” institution for FSA program purposes. This means that a student must be continuously enrolled at the eligible institution, in this case, the U.S. institution, as a regular student--i.e., enrolled for purposes of obtaining a degree, certificate, or other recognized educational credential offered by the eligible U.S. institution--and the U.S. institution must perform all the functions related to the delivery of FSA program funds. For example, the U.S. institution must determine the student’s eligibility for FSA program funds, and must calculate and disburse the funds to the student, taking into account all the hours in which the student enrolls at each institution or organization that apply to the student’s degree or certificate when determining the student’s enrollment status and cost of attendance. The U.S. institution is also responsible for maintaining all records necessary to document student eligibility and receipt of FSA program funds.

Upon completion of the program, the student must receive a degree from the U.S. institution, although he or she may receive a degree from the foreign institution as well.

In addition, there is a limit on the portion of the program that can be offered by the ineligible institution or organization through a contractual agreement. If both the eligible and the ineligible institution are owned or controlled by the same individual, partnership, or corporation, the ineligible institution or organization may provide no more than 25 percent of the program. If there is no common ownership or control, the ineligible institution or organization must provide less than 50 percent of the program.

However, in the case of separately owned or controlled institutions, if the ineligible institution or organization provides more than 25 percent of the program, the eligible institution’s accrediting agency or state agency (in the case of a public postsecondary vocational institution) must specifically determine that the institution’s arrangement meets the agency’s standards for the contracting out of educational services. Of course, the program must be otherwise satisfy the FSA program requirements for an eligible program.

The eligible U.S. institution must make information about written arrangements available to students by providing to enrolled and prospective students a description of the written arrangements the institution has entered into, including, but not limited to, information on:

- The portion of the educational program that the institution that grants the degree or certificate is not providing,
- The name and location of the other institutions or organizations that are providing the portion of the educational program that the institution that grants the degree or certificate is not providing,
- The method of delivery of the portion of the educational program that the institution that grants the degree or certificate is not providing, and
- Estimated additional costs students may incur as the result of

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### Eligible program requirements

34 CFR 668.8, *FSA Handbook* Volume 2, Chapter 2

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### Information on written arrangements for students

34 CFR 668.5(e), 34 668.43(a)(12)

enrolling in an educational program that is provided, in part, under the written arrangement.

Other factors may also prevent a foreign institution from providing a portion of a program under a written arrangement with a U.S. institution. A program offered through a contractual agreement is not eligible to participate in the FSA programs if the ineligible institution or organization:

(1) has had its eligibility to participate in the FSA programs terminated by the Department; or

(2) has voluntarily withdrawn from participation in the FSA programs under a termination, show-cause, suspension, or similar proceeding initiated by the institution's State licensing agency, accrediting agency, guarantor, or by the Department.

In addition, a program offered through a contractual agreement is not eligible for FSA program participation if the ineligible institution or organization has had its certification to participate in the FSA programs revoked by the Department, or had its application for certification or recertification to participate in the FSA programs denied by the Department.

#### *Programs including internships and externships*

Internships and externships that are part of a program and are provided by organizations other than the institution are subject to the written arrangement requirements in 34 CFR 668.5.

Internships and externships are usually provided by organizations that are not eligible for participation in the FSA Programs. Because foreign institutions may have written agreements only with other institutions that are eligible to participate in the FSA Programs, foreign institutions are generally precluded from including internships and externships provided by ineligible organizations as part of a Title IV eligible program.

However, a foreign institution may include as part of a program that is eligible for participation in the FSA Programs, internships or externships offered by non-eligible organizations if the internship or externship is governed by explicit standards of an outside oversight entity, such as an accrediting agency or government entity, that require the oversight and supervision of the institution, where the institution is responsible for the internship or externship and students are monitored by qualified institutional personnel.

## EXEMPTION FROM VERIFICATION OF A STUDENT'S FINANCIAL AID APPLICATION INFORMATION

U.S. institutions that participate in the FSA programs are required to verify the information provided by at least some of their students on the application for FSA program assistance, the Free Application for Federal Student Aid. Foreign institutions are exempt from performing verification.

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### Verification exemption

34 CFR 668.51(c)

## STUDENT VISA APPLICATION DOCUMENTATION

Students from the U.S. who attend foreign institutions must provide documentation of the estimated federal student loans they will receive when they submit their student visa applications. While dependent on each country's requirements, a student may need documentation of his or her estimated Direct Loan funding before a foreign institution begins processing Direct Loans via the Department's systems.

The Department has developed a sample letter that institutions may use and adapt per their country's student visa requirements. In addition, the Department has developed a version of the sample letter that has been approved by the UK Border Agency for use with U.S. students who will attend school in the U.K. Both sample letters are included below and can also be found on the Foreign School Information website.

If an institution is unsure how to handle a visa documentation request, it should contact its Direct Loan enrollment team specialist (Point of Contact) or the team at [foreignschoolenrollment\\_fsa@ed.gov](mailto:foreignschoolenrollment_fsa@ed.gov) for assistance.

**Sample Estimated Direct Loan Information Letter  
For Student Visa Applications**

*School Letterhead*

\_\_(Date)\_\_ /

To Whom It May Concern:

\_\_(Name of school/institution)\_\_ participates in the William D. Ford Federal Direct Loan (Direct Loan) Program administered by the United States (U.S.) Department of Education. Eligible students from the U.S. who attend our school may borrow through the Direct Loan Program. Undergraduate students and graduate/professional students may receive Direct Subsidized Loans and Direct Unsubsidized Loans. Graduate/professional students and parents may receive Direct PLUS Loans.

\_\_(Name of student and other identification information required by visa office, for example, date of birth and/or address)\_\_ has been accepted in a degree-granting program (or otherwise eligible program) at our school on at least a half-time basis and meets other eligibility requirements to receive one or more Direct Loan Program loans as outline below. Based on an initial determination of the identified student’s Direct Loan eligibility for the loan period \_\_(Start Month/Day/Year - End Month/Day/Year)\_\_, we estimate that the student (or, in some cases, the student’s parent) may receive the following Direct Loan awards:

Loan Type	Estimated Loan Amount
Direct Subsidized Loan	\$
Direct Unsubsidized Loan	\$
Direct PLUS Loan	\$

The recommended disbursement dates are as follows:

- \_\_(Month/Day/Year)\_\_
- \_\_(Month/Day/Year)\_\_

If you have questions about this letter or require additional information, contact us at \_\_(School/institution contact information)\_\_.

Sincerely,

School Official’s Signature

School Official’s First and Last Names

School Official’s Title

Sample Direct Loan Information Letter  
For UK Student Visa Applications

**School Letterhead**

Forename Surname
Address line 1
Address line 2
Address line 3
Address line 4
Postcode/Zipcode

**Notification of Student Loan  
For Academic Year 2010/11**

This is to certify that

Student Name (Forename Surname)	
Date of Birth (dd/mm/yyyy)	
Student/Applicant ID	

has been accepted in a degree-granting program (or otherwise eligible program) at our school.

We participate in the William D. Ford Federal Direct Loan (Direct Loan) Program administered by the United States (U.S.) Department of Education.

Eligible students from the U.S. who attend our school may borrow through the Direct Loan Program.

Undergraduate students and graduate/professional students may receive Direct Subsidized Loans and Direct Unsubsidized Loans.

Graduate/professional students and parents may receive Direct PLUS Loans.

Based on our calculation of the student's financial needs and Direct Loan eligibility for the loan period

Start Date	
End Date	

the student (or, in some cases, the student's parent) will receive the following Direct Loan awards:

Loan Type	Loan Amount
Direct Subsidized Loan	
Direct Unsubsidized Loan	

Direct Unsubsidized Loan	
Direct PLUS Loan	
Total	

The disbursement dates are as follows:

1 <sup>st</sup> date	
2 <sup>nd</sup> date	
3 <sup>rd</sup> date (if you have one)	
4 <sup>th</sup> date (if you have one)	
Total	

This certificate is only valid if printed on school headed paper and signed across the coat of arms by the person whose initials are ringed below

XX      XX  
 XX      XX  
 XX      XX  
 XX

and stamped by the Office stamp.



**Office Stamp**

Date Issued XX Month Year

## COST OF ATTENDANCE AND FLUCTUATING CURRENCY RATES

Unless a foreign institution has entered into an enrollment agreement with a student to provide a program or a portion of a program for a set amount expressed in U.S. dollars, the foreign institution may adjust the cost of attendance to reflect changes in exchange rates. Say, for example, that in June, an institution's yearly cost of attendance of 30,000 British pounds is the equivalent of 45,000 U.S. dollars based on an exchange rate of 1.5 U.S. dollars to 1 British pound. However, when the student arrives in September, the exchange rate is 2 U.S. dollars to 1 British pound for a cost of attendance of 60,000 U.S. dollars. Provided the institution did not enter into an enrollment agreement with the student for \$45,000 U.S. dollars, the institution may use \$60,000 U.S. dollars for the student's cost of attendance.

If recalculations of costs of attendance on this basis are to be performed, the institution should have a policy it applies consistently, resulting in both upward and downward adjustments, with respect to all Direct Loan borrowers.

The recalculation should not include costs incurred in a different payment period. In the recalculation, the general rules as to costs of attendance continue to apply (e.g., costs of attendance for tuition and fees should include only those normally assessed a student carrying the same academic workload as determined by the institution, and can include costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study). These recalculations are not an exercise of professional judgment but instead reflect changes in costs as expressed in U.S. dollars resulting from fluctuations in currency exchange rates.

## DIRECT LOAN DISBURSEMENTS AND RETURNS

Direct Loan Program funds are provided to students by the foreign institution they attend. Volume 4 of the FSA Handbook provides guidance on how an institution requests, disburses, manages and reports on the use of FSA Program funds. For information on the process for a foreign institution to originate, draw down, disburse and return Direct Loan funds, see the Direct Loan Processing section of the Foreign School Information website.

### *Currency used for credit balances*

Whenever an institution disburses Direct Loan Program funds by crediting a student's account and the total amount of all Direct Loan Program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student, or parent for a Parent PLUS Loan, as soon as possible, but no later than:

(1) 14 calendar days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or

(2) 14 calendar days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period.

### **Cost of attendance and fluctuating currency rates**

DCL GEN-10-18, December 2, 2010

### **Foreign Institutions and SAIG**

Foreign School Update FS-2014-01

The Student Aid Internet Gateway (SAIG), allows authorized entities, including foreign schools, to exchange FSA program data electronically with the Department. Previously, foreign institutions had to contact the Department directly to receive SAIG enrollment information. As of 2014, foreign institutions can find SAIG overview and contact information as well as SAIG Enrollment Forms and instructions on the Foreign School Information Web page. The SAIG information is located under the SAIG Overview and Contact Information link in the Direct Loan Setup and SAIG Overview section of the Foreign School Information website.

### **COD School Relations Center**

When contacting the Common Origination and Disbursement (COD) School Relations Center, foreign institutions should use the following number: 1-571-392-3737.

### **Currency used for credit balances**

Dear Colleague Letter GEN-10-18, December 2, 2010

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### **Borrower's request for cancellation**

34 CFR 668.165(a)

An institution must comply with a borrower's request to cancel all or a portion of a loan that was credited to a student's account if the institution receives the cancellation request within certain time frames. For additional information on Title IV loan cancellation requirements, see the FSA Handbook, see Volume 4, Chapter 2.

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### **Returning loan funds**

Dear Colleague Letter GEN-10-18, December 2, 2010.

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### **Return of Title IV Funds requirements**

34 CFR 668.22, FSA Handbook, Volume 5

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### **Consumer information requirements**

34 CFR 668 subpart D, FSA Handbook Volume 2, Chapter 6

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### **Exemption from campus crime reporting**

20 USC 1092(f)(1), (f)(3), (f)(4), (f)(5), (f)(8)(A)

In most cases, foreign institutions pay Direct Loan Program credit balances to students or parents in the local currency. However, a foreign institution may pay a Direct Loan Program credit balance in U.S. dollars if it chooses to do so, either to accommodate a request from a U.S. student or otherwise.

For more information on Title IV credit balances, see Volume 4, Chapter 2 of the *FSA Handbook*.

### *Returning loan funds*

There are times when a foreign institution will be required to return Direct Loan Program funds to the Department, for example, when a return of unearned funds is due under the Return of Title IV Funds requirements, or when a student, or parent, for a Parent PLUS Loan, cancels all or a portion of their loan. When Direct Loan funds are returned to the Department, the institution must return the original U.S. dollar amount of the loan funds, even if the institution incurs additional costs due to fluctuating exchange rates and/or exchange fees.

The way a foreign institution will refund Direct Loan funds will differ depending on whether the institution has a foreign bank account or a U.S. bank account. With a foreign bank account, an institution will begin the process of a refund in G5, and complete a wire form that is generated containing the Department's bank information so that non-US banks can wire the funds to the Department. With a U.S. bank account, an institution can return funds electronically via the Department's G5 website.

For additional information, foreign institutions can refer to Section 7 of the Funding Process Overview in the Direct Loan Processing section of the Foreign School Information website.

## **CONSUMER INFORMATION**

Institutions that participate in the FSA Programs must provide information about their institution, including information about financial aid, its campus, facilities, student athletes, and gainful employment programs, as well as information to promote campus safety and prevent drug and alcohol abuse.

Foreign institutions are required to comply with these requirements, except that a foreign institution is not required to comply with certain campus safety requirements. See The Handbook for Campus Safety and Security Reporting for more information (<http://www2.ed.gov/admins/lead/safety/campus.html>).

There are also consumer information requirements that apply only to foreign graduate medical schools. For more information on these requirements, see the *Collection and submission of data* section in Chapter 3.

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# Audits & Financial Responsibility

*This chapter describes the submission requirements for compliance audits and audited financial statements by foreign institutions, as well as the financial responsibility standards for foreign public institutions.*

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## COMPLIANCE AUDITS AND AUDITED FINANCIAL STATEMENTS

Generally, a school that participates in any Federal Student Aid program must have an independent auditor conduct annually an audit of the school's compliance with the laws and regulations that are applicable to the FSA programs in which the school participates (a compliance audit) and an audit of the school's financial statements (a financial statement audit).

However, by exercising the authority granted to it under the law, the Department has waived the audited financial statements submission requirements for foreign institutions that receive less than \$500,000 in Direct Loan Program funds in the preceding fiscal year, and modified the audited financial statements submission requirements for public and private nonprofit foreign institutions that receive less than \$10,000,000 in Direct Loan Program funds in the preceding fiscal year. Under this same authority, the Department has modified the compliance audit requirements for foreign institutions that receive less than \$500,000 in Direct Loan Program funds in the preceding fiscal year.

For additional information on Audited Financial Statements and Compliance Audits, see Volume 2, Chapter 4 of the *Federal Student Aid Handbook*.

## COMPLIANCE AUDITS

The compliance audit requirements for foreign institutions vary based upon whether the institution received less than \$500,000, or \$500,000 or more in Direct Loan Program funds during the institution's most recently completed fiscal year.

Foreign institutions that receive \$500,000 or more in Direct Loan Program funds during the institution's most recently completed fiscal year must submit annual compliance audits using the standard audit procedures for foreign institutions set out in the audit guide issued by the Department's Office of Inspector General.

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### **Audited financial statements and compliance audits for foreign institutions**

20 USC 1094(c)(1)(A)(i), 34 CFR 668.23(h)

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### **No waiver of audit requirements**

The law does not permit the waiver of audit requirements for foreign institutions that receive \$500,000 or more in Direct Loan funding.

### OIG Foreign School Audit Guide

The OIG Foreign School Audit Guide is available at <http://www2.ed.gov/about/offices/list/oig/nonfed/sfa.html>. The Foreign School Audit Guide has not been updated since 2002 and does not reflect the changes to regulations and guidance that have been made since that time. An independent public accountant performing an audit of a foreign institution must be familiar with the current regulations and guidance applicable for foreign institutions, and must audit the foreign institution for compliance with those current requirements.

Foreign institutions that receive less than \$500,000 in Direct Loan Program funds during the institution's most recently completed fiscal year are allowed to submit compliance audits under an alternative compliance audit performed in accordance with the audit guide from the Department's Office of Inspector General. The institution must submit the compliance audit annually, with one exception. A foreign institution may submit a cumulative compliance audit once every three years instead of annually, if the institution

- Received less than \$500,000 U.S. in Direct Loan Program funds for its most recently completed fiscal year,
- Is fully certified, and
- Has timely submitted and had accepted compliance audits for two consecutive fiscal years, and has had no history of late submissions since then.

An alternative compliance audit is an "agreed-upon procedures attestation engagement" which is limited to specific procedures performed on a particular subject matter, wherein the auditors are not required to express an opinion of the reliability of the institution's assertions concerning its compliance with the requirements. The standard compliance audit, by contrast, is performed as a more extensive "examination-level attestation engagement."

When an institution submits a standard compliance audit because it received more than \$500,000 in Direct Loan Program funds during the institution's most recently completed fiscal year, the institution must also submit any alternative compliance audit or audits for preceding years that were required for any preceding fiscal year or years in which the foreign institution received less than \$500,000 in Direct Loan Program funds.

The Department may require a foreign institution to submit a compliance audit performed at a higher level of engagement, and may require the compliance audit to be submitted annually, by issuing a letter to the foreign institution that identifies problems with its administrative capability or compliance reporting.

A foreign institution's compliance audit must be done on a fiscal year basis, and all Direct Loan Program transactions that have occurred since the period covered by the institution's last compliance audit must be covered. For institutions that are permitted to submit one compliance audit every three years, this requirement ensures that the compliance audit is cumulative.

An institution must submit the compliance audit no later than six months after the last day of the institution's preceding fiscal year.

## Compliance Audit Requirements for Foreign Institutions

Direct Loan funds received during most recent fiscal year	Public and Private Nonprofit Institutions	For-Profit Institutions
\$500,000+	Standard compliance audit, submitted annually	Standard compliance audit, submitted annually
Less than \$500,000	Alternative compliance audit, submitted annually	
	Alternative compliance audit may cover up to 3 fiscal years if: <ul style="list-style-type: none"> <li>• Received less than \$500,000 in most recent fiscal year period</li> <li>• Fully certified</li> <li>• Timely submitted and had accepted 2 most recent audits and no late submissions since</li> <li>• Notified by the Department</li> </ul>	
Note: If the Department identifies problems with a foreign institution's administrative capability or compliance reporting, it may require a foreign institution to submit a compliance audit performed at a higher level of engagement and may require the compliance audit to be submitted annually.		

## AUDITED FINANCIAL STATEMENTS

Generally, an institution's audited financial statements must be submitted to the Department annually, and must be prepared on an accrual basis in accordance with U.S. generally accepted accounting principles (U.S. GAAP), and audited by an independent auditor in accordance with U.S. generally accepted government auditing standards (U.S. GAGAS) and other guidance contained in the Office of Management and Budget Circular A-133 and A-128 regarding audits of States, Local Government and Non-Profit Organizations, or in audit guides developed by, and available from, the Department of Education's Office of Inspector General, whichever is applicable.

However, for a public or nonprofit foreign institution that received less than \$500,000 in Direct Loan Program funds during the institution's most recently completed fiscal year, the audited financial statements submission is waived, unless the institution is in its initial provisional period of participation and received Direct Loan Program funds during that year, in which case the institution must submit, in English, audited financial statements prepared in accordance with the generally accepted accounting principles of the institution's home country.

For a public or nonprofit foreign institution that received at least \$500,000 but less than \$3,000,000 in Direct Loan Program funds during its most recently completed fiscal year, the institution may submit for that year, in English, audited financial statements prepared in accordance with the generally accepted accounting principles of the institution's home country in lieu of financial statements prepared in accordance with U.S. GAAP/U.S. GAGAS.

For a public or nonprofit foreign institution that received at least \$3,000,000 but less than \$10,000,000 in Direct Loan Program funds during its most recently completed fiscal year, the institution must submit, in English, every three years two sets of audited financial statements, one prepared in accordance with U.S. GAAP/U.S. GAGAS, and one prepared in accordance with the institution's home country accounting standards. However, for the two years in between, the institution may submit, in English, audited financial statements prepared in accordance with the generally accepted accounting principles of the institution's home country in lieu of financial statements prepared in accordance with U.S. GAAP/U.S. GAGAS.

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**Audit submission address:**

U.S. Department of Education  
Federal Student Aid  
School Eligibility Channel  
Document Receipt and Control Center  
830 First Street, NE, Room 7111  
Washington, D.C. 20202-5340

Public or nonprofit foreign institutions that receive \$10,000,000 or more in Direct Loan Program funds during the institution's most recently completed fiscal year, and all for-profit foreign institutions must submit, in English, audited financial statements prepared in accordance with the generally accepted accounting principles of both the institution's home country and U.S. GAAP/U.S. GAGAS. The Department may require a foreign institution to submit audited financial statements in the manner it specifies by issuing a letter to the foreign institution that identifies problems with its financial condition or financial reporting.

Audited financial statements must be submitted within six months of the last fiscal year that the audit is required to cover.

### Audited Financial Statements Submission Requirements for Foreign Institutions

Direct Loan funds received during fiscal year	Public and Private Nonprofit Institutions		For-profit institutions
	Home country GAAP	U.S. GAAP & GAGAS	Home country GAAP and U.S. GAAP & GAGAS (both must be fulfilled)
\$10,000,000	Required annually, in English	Required annually, in English	Required annually, in English
\$3,000,000-\$9,999,999	Required annually, in English	Required annually, in English; may omit for 2 consecutive years after U.S. GAAP & GAGAS audit	
\$500,000-\$2,999,999	Required annually, in English	Not required	
Less than \$500,000	Not required, except during initial certification	Not required	

Note: If the Department identifies problems with a foreign institution's financial condition or financial reporting, it may require the institution to submit audited financial statements in a manner specified by the Department.

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**Financial responsibility for foreign public institutions**

34 CFR 668.171(c)(2)

**FINANCIAL RESPONSIBILITY FOR FOREIGN PUBLIC INSTITUTIONS**

All foreign institutions must demonstrate that they are financially responsible in accordance with the requirements in 34 CFR 668 subpart L, or 34 CFR 668.15 for determinations related to changes in ownership. The requirements are the same for foreign institutions as they are for domestic institutions, except that they include a specific provision for foreign public institutions that is comparable to provisions for domestic public institutions.

The Department considers a foreign public institution to be financially responsible if the institution:

- Notifies the Secretary that it is designated as a public institution by the country or other government entity that has the legal authority to make that designation,
- Provides documentation from an official of that country or other government entity confirming that the institution is a public institution and is backed by the full faith and credit of the country or other government entity; and
- Is not in violation of any past performance requirement under 34 CFR 668.174.

If a government entity provides full faith and credit backing, the entity will be held liable for any Direct Loan Program liabilities that are not paid by the institution.

If a foreign public institution does not meet these requirements, financial responsibility is determined under the general financial responsibility standards, including the application of the equity, primary reserve, and net income ratios. For complete information on the financial responsibility requirements, see Volume 2, Chapter 4 of the Federal Student Aid Handbook.

Although the full faith and credit provision provides an alternate way of meeting the financial responsibility standards for foreign public institutions, it does not excuse the institution from the required submission of audited financial statements (see *Audited Financial Statements* above).

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# Foreign Graduate Medical Schools

*In addition to the eligibility requirements discussed in Chapter 1 and Chapter 2, a foreign graduate medical school must comply with additional requirements to be eligible to participate in the Direct Loan Program.*

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## GENERAL ELIGIBILITY CRITERIA

To be eligible to participate in the Direct Loan Program, a foreign graduate medical school must be either a freestanding foreign institution or a component of a foreign university that has as its sole mission the providing of an educational program that leads to a degree of medical doctor, doctor of osteopathic medicine, or the equivalent. Both public and private nonprofit and for-profit foreign graduate medical schools may participate in the Direct Loan Program.

A foreign graduate medical school is eligible to apply to participate in the Direct Loan Program if it:

- Meets the general eligibility and participation requirements for foreign institutions;
- Provides, and in the normal course requires its students to complete, a program of clinical training 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 in facilities adequately equipped and staffed to afford students comprehensive clinical training and classroom medical instruction,
  - ◇ Is approved by all medical licensing boards and evaluating bodies whose views are considered relevant by the Department; and
  - ◇ As part of its clinical training, does not offer more than two electives consisting of no more than eight weeks per student at a site located in a foreign country other than the country in which the main campus is located or in the United States, unless that location is included in the accreditation of a medical program accredited by the Liaison Committee on Medical Education (LCME) or the American Osteopathic Association (AOA) (for more

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## Definition of a foreign graduate medical school

34 CFR 600.52, 600.55(a)(1)

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## General eligibility criteria

34 CFR 600.55(a)

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## Clinical training

34 CFR 600.52

Clinical training refers to the portion of a graduate medical education program that counts as a clinical clerkship for purposes of medical licensure and consists of core clinical training, required clinical rotations (the electives that students are required to take), and not required clinical rotations (the electives that students can choose).

information, see the discussion under *Location of the Program*);

- Appoints for the program 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 United States;

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**Requirement to notify accrediting body**

34 CFR 600.55(e)(2)

- Has graduated classes during each of the two twelve-month periods immediately preceding the date the Department receives the school's request for an eligibility determination;

- For a for-profit foreign graduate medical school:

- ◇ No portion of the program may be at what would be an undergraduate level in the United States; and
- ◇ Direct Loan program eligibility does not extend to any undergraduate/graduate joint degree program.

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**Publication of instruction language**

34 CFR 600.55(g)(3)

- Notifies its accrediting body within one year of any material changes in:

- ◇ The educational programs, including changes in clinical training programs, and
- ◇ The overseeing bodies and in the formal affiliation agreements with hospitals and clinics (for more information, see the discussion under *Requirements for Clinical Training*);

- Publishes all the languages in which instruction is offered.

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**For-profit foreign graduate medical school**

34 CFR 600.54(f)

## ACCREDITATION

A foreign graduate medical school must be 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 National Committee on Foreign Medical Education and Accreditation (NCFMEA) and have been determined to be comparable to standards of accreditation applied to medical schools in the United States.

The NCFMEA is a committee of medical experts established by the Department to determine whether the medical school accrediting standards used in other countries are comparable to those applied to medical schools in the United States for purposes of evaluating the eligibility of accredited foreign graduate medical schools to participate in Direct Loan Program. The NCFMEA does not review or accredit individual foreign graduate medical schools.

The request by a foreign country for review is voluntary.

The countries that have been reviewed by the NCFMEA and found to use standards to accredit their medical schools that are comparable to the standards used to accredit medical schools in the United States, as well as additional information on the NCFMEA, can be found at <http://www2.ed.gov/about/bdscomm/list/ncfmea.html>.

## ADMISSION CRITERIA

A foreign graduate medical school having a post-baccalaureate/ equivalent medical program must require students accepted for admission who are U.S. citizens, nationals, or permanent residents to have taken the Medical College Admission Test (MCAT) and to have reported their scores to the foreign graduate medical school. Foreign graduate medical schools are not required to give weight to a U.S. student's score on the MCAT as part of its admission requirements. Schools are required to submit MCAT scores for U.S. students to its accrediting body, and to the Department upon request (see *Collection and Submission of Data*).

A post-baccalaureate/ equivalent medical program is a program offered by a foreign graduate medical school that requires, as a condition of admission, that its students have already completed their non-medical undergraduate studies and that consists solely of courses and training leading to employment as a doctor of medicine or doctor of osteopathic medicine.

In addition, a foreign graduate medical school must determine and require the necessary consents of all students accepted for admission for whom the school must report certain data in accordance with the collection and submission requirements described under *Collection and Submission of Data*.

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### Accreditation

34 CFR 600.55(b)

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### Definition of NCFMEA

34 CFR 600.52

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### U.S. citizen, national, or permanent resident

A person is a U.S. citizen by birth or by naturalization or by operation of law. Persons (except for the children of foreign diplomatic staff) born in the 50 states, the District of Columbia, and, in most cases, Puerto Rico, the U.S. Virgin Islands, Guam, and the Northern Mariana Islands are U.S. citizens, as are most persons born abroad to parents (or a parent) who are citizens. All U.S. citizens are considered U.S. nationals, but not all nationals are citizens. Persons whose only connection to the United States is through birth on American Samoa, Swains Island, or the U.S. Minor Outlying Islands are not U.S. citizens but are nationals. Permanent residents are noncitizens who are legally permitted to live and work in the U.S. permanently. For more information, see the FSA Handbook, Volume 1, Chapter 2.

**USMLE Pass Rate Requirement**

34 CFR 600.55(f)(1)(ii), (f)(2), (f)(3), and (f)(4)

**USMLE PASS RATE REQUIREMENT**

Unless exempt under the law, all foreign graduate medical schools must have annually at least a 75 percent pass rate on each step/test of the United States Medical Licensing Exam (USMLE) administered by the Educational Commission for Foreign Medical Graduates (ECFMG), including Step 1, Step 2-Clinical Knowledge (Step 2-CK), and Step 2-Clinical Skills (Step 2-CS).

The USMLE is the three-step examination for medical licensure in the U.S. that provides a comprehensive assessment of an individual's medical knowledge and skills. Step 1 assesses knowledge and application of basic science concepts; Step 2-CK tests an individual's ability to examine and interact with patients and colleagues; Step 2-CS assesses knowledge of clinical science principles; and Step 3 provides a final assessment of an individual's ability to assume independent delivery of general medical care.

**Passing score**

34 CFR 600.52

A passing score is the minimum passing score as defined by the ECFMG.

Graduates of medical schools located outside of the U.S. and Canada must pass Step 1, Step 2-CK, and Step 2-CS to obtain certification from the ECFMG. ECFMG certification is required before a graduate of a medical school outside of the U.S. and Canada may apply to take Step 3 of the USMLE. ECFMG certification is also required to enter a medical residency program accredited by the Accreditation Council for Graduate Medical Education and to obtain an unrestricted license to practice medicine in the United States.

Schools meet this requirement if at least 75 percent of the school's students and graduates who took a step/test for the first time in the year preceding the reporting year received a passing score on the step/test. A graduate is a student who graduated from the school during the three years preceding the reporting year. For example, the pass rate that must be submitted to the Department in 2015 for Step 1 is determined as follows:

Students from the denominator who passed Step 1

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All students at the school in calendar year 2014 and all students who graduated in 2012, 2013, and 2014, who took Step 1 for the first time during calendar year 2014

If the result of any step/test pass rate is based on fewer than eight students, a single pass rate is determined for the school based on the performance of students and graduates on Step 1, Step 2- CS and Step 2-CK combined. If that combined pass rate is based on fewer than eight step/test results, the school is considered to have no pass rate for that year, and the results for the year are combined with each subsequent year until a pass rate based on at least eight step/test results can be derived. An otherwise eligible foreign graduate medical school maintains its eligibility for years for which it is considered to have no pass rate.

Pass rate scores must be submitted to the Department by April 30 of each year. For information on the submission of pass rate scores, see *Collection and Submission of Data*.

Schools that lose eligibility on this basis may reapply for participation in the Direct Loan Program after one year, if they can establish compliance with the pass rate requirement.

### *Exemptions*

The law exempts from the USMLE pass rate requirement foreign graduate medical schools located in Canada and foreign graduate medical schools that have a clinical training program that was approved by a State as of January 1, 1992, and that continue to operate a clinical training program in at least one State that approves the program.

## **CITIZENSHIP RATE REQUIREMENT**

The citizenship rate requirement provides that foreign graduate medical schools are not eligible to participate in the Direct Loan Program unless, in the preceding year, at least 60 percent of the school's full-time students and at least 60 percent of the school's most recent graduating class were persons who were neither U.S. citizens, nationals, nor permanent residents.

So, foreign graduate medical schools must compute two citizenship rates: (1) for students who were enrolled, but did not graduate, during the preceding calendar year, and (2) for individuals who did graduate during the preceding calendar year.

For the first rate, the foreign graduate medical school must include in the denominator all students who were enrolled as full-time students in the foreign graduate medical school at any time during the most recently completed calendar year, excluding students who graduated during that year. For the second rate, the foreign graduate medical school should include in the denominator all students who graduated during the most recently completed year. The school must include only those students enrolled in, or graduating from, educational programs intended to result in licensure to practice medicine.

In computing the numerators of both rates, the foreign graduate medical school must include only students or graduates, as applicable, who are neither U.S. citizens, nationals, nor permanent residents. The foreign medical school must exclude from the numerator at least:

- any students or graduates, as applicable, who were included in the denominator but who received Federal Family Education Loan Program loans or Direct Loans at any time during their enrollment;
- any students or graduates, as applicable, included in the denominator who applied for FSA Program funds in connection with their enrollment and were not found ineligible based on FSA Program citizenship requirements;
- any students or graduates, as applicable, included in the denominator who provided documentation to the school, such as a passport or visa, indicating that he or she was a U.S. citizen or national or other eligible non-citizen; and

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### **Citizenship pass rate requirement**

34 CFR 600.55(f)(1)(i)

- any students or graduates, if applicable, included in the denominators if information provided by the student or graduate to the school indicates that he or she was residing in the United States or its territories at the time of application for admission or between terms, absent documentation indicating that the student or graduate is neither a U.S. citizen or national, nor an otherwise eligible (i.e., permanent resident) noncitizen.

For example, the citizenship pass rates that must be submitted to the Department in 2015 are determined as follows:

Full-time student rate:

2014 full-time students who did not graduate in 2014 and were neither  
U.S. citizens, nationals, nor permanent residents

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Any student enrolled full time during 2014 who did not  
graduate in 2014

Graduates rate:

2014 graduates who did not graduate in 2014 and were neither U.S.  
citizens, nationals, nor permanent residents

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Any student who graduated in 2014

Schools that lose eligibility on this basis may reapply for participation in the Direct Loan Program after one year, if they can establish compliance with the citizenship requirement.

Foreign graduate medical schools that have a clinical training program that was approved by a State prior to January 1, 2008 and that continue to operate a clinical program in at least one State that approves the program are exempt from the citizenship rate requirement.

## COLLECTION AND SUBMISSION OF DATA

Foreign graduate medical schools are required to report on various aspects of their programs to improve the information available to students, and to inform future discussions regarding improvements that can be made to the law governing the participation of foreign graduate medical schools in the Direct Loan Program.

A foreign graduate medical school must obtain at its own expense and submit data to the Department on:

- Pass rates on the USMLE,
- Citizenship rates,
- Completion rates, and
- Median and mean student debt level.

A foreign graduate medical school must obtain at its own expense and submit data to its accrediting body, and to the Department upon request, on:

- MCAT scores, and
- Placements in U.S. residency medical programs.

Foreign graduate medical schools must submit this information by April 30 following the end of each calendar year.

The Department publishes the USMLE pass rates, completion rates, and median and mean student debt level information for participating foreign graduate medical schools at <https://studentaid.ed.gov/prepare-for-college/choosing-schools/types/international>. To protect the privacy of students, the Department does not publish information about a foreign graduate medical school if the number of students used in the relevant calculation is fewer than eight.

### *USMLE pass rates and citizenship rates*

All foreign graduate medical schools, even those that are exempt from the USMLE pass rate requirement (discussed previously in this chapter), must submit to the Department all USMLE scores, disaggregated by step/test and attempt, earned during the preceding calendar year by each student and graduate, on Step 1, Step 2-CK, and Step 2-CS of the USMLE, together with the dates the student took each test, including any failed tests.

In addition, all foreign graduate medical schools that must meet the citizenship pass rate requirement (see *Citizenship Pass Rate Requirement*) must submit to the Department a statement of its citizenship rate for the preceding calendar year.

A school may obtain USMLE scores from the ECFMG by submitting Form 173, Institutional Request for an Official USMLE® Transcript, available at <http://www.ecfm.org/forms/transcripts.html>

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### Address for submitting citizenship rates

U.S. Department of Education, FSA  
Foreign Schools Participation Division  
830 First Street, NE, Room 73C3  
Washington, DC 20202-5402

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### Alternate means of submission

Although the regulations provide for the submission of USMLE pass rates directly from the ECFMG to the Department under some circumstances, this option is not currently available. 34 CFR 600.55(d)(2).

USMLE exam results must be accompanied by a transmittal letter on the institution's letterhead that is signed by the official responsible for signing the Program Participation Agreement for the foreign graduate medical school's participation in the Direct Loan Program. The transmittal letter should contain the school's computation of its USMLE pass rates. For information on how to calculate USMLE pass rates, see *USMLE Pass Rate Requirement*.

Likewise, citizenship rates are to be provided to the Department by the foreign graduate medical school in writing on the institution's letterhead and signed by the official responsible for signing the Program Participation Agreement for the foreign graduate medical school's participation in the Direct Loan Program. The transmittal letter should describe the computation of the two citizenship rates (see sidebar for address).

### *MCAT scores and placement in U.S. residency medical programs*

Foreign graduate medical schools must collect and submit to their accrediting bodies, and to the Department upon request, MCAT scores, including the number of times a student took the examination, for all students admitted during the preceding calendar year who are U.S. citizens, nationals or eligible permanent residents. A foreign graduate medical school is required to have U.S. students report only one MCAT score; they are not required to collect scores for each time a student took the MCAT.

Foreign graduate medical schools are also required to collect and submit to their accrediting bodies, and to the Department upon request, placements in U.S. residency medical programs for students graduating during the preceding calendar year, including at least all graduates who are U.S. citizens, nationals or eligible permanent residents.

### *Completion rates and median and mean student debt level*

Foreign graduate medical schools must report completion rates and median and mean student debt levels for students. Foreign graduate medical schools must submit, on an educational program by program basis, the data described below, to the Department by the April 30 following the end of each calendar year, starting with April 30, 2013:

- The on-time completion rate for U.S. students completing the medical program in the previous calendar year (e.g., calendar year 2014 for the April 30, 2015, submittal), where a student will be considered to have completed the medical program "on-time" if the student completes all requirements for the degree within the time specified in the institution's catalog or on its web site;
- The median and mean FSA loan program debt, the median and mean private educational loan debt, the median and mean institutional education loan debt, and the median and mean combined educational loan debt incurred by U.S. students who completed the program in the previous calendar year. These medians and means should include only the debt incurred by the students for attendance in the medical program.

For the purposes of the median and mean FSA loan program debt reporting requirements, all loans provided under the Direct Loan Program and the Federal Family Education Loan (FFEL) Program are to be included

in the calculation of loan debt.

For the private educational loan median and mean loan debt, a private education loan means an extension of credit that:

- Is not made, insured, or guaranteed under title IV of the Higher Education Act of 1965;
- Is extended to a consumer expressly, in whole or in part, for postsecondary educational expenses, regardless of whether the loan is provided by the educational institution that the student attends;
- Does not include open-end credit or any loan that is secured by real property or a dwelling; and
- Does not include an extension of credit in which the covered educational institution is the creditor if the term of the extension of credit is 90 days or less, or an interest rate will not be applied to the credit balance and the term of the extension of credit is one year or less (even if the credit is payable in more than four installments).

Examples of private education loans include, but are not limited to, loans made expressly for educational expenses by financial institutions, credit unions, institutions of higher education or their affiliates, and States and localities.

For the median and mean institutional education loan debt, institutions must include any loan (other than a Direct Loan, FFEL program loan, or a loan that would be considered a private education loan), extension of credit, payment plan, or other financing mechanism that results in a debt obligation that a student must pay to an institution after completing the program and that is outstanding at the time that the student completes the program.

For the median and mean combined education loan debt, the combined education loan debt includes all loans provided under the Direct Loan and FFEL Programs, private education loans, as defined above, and institutional education loan debt, as defined above.

## REQUIREMENTS FOR CLINICAL TRAINING

A foreign graduate medical school must have a formal affiliation agreement with any hospital or clinic at which all or a portion of the school's core clinical training or required clinical rotations are provided.

For any hospital or clinic at which all or a portion of its clinical rotations that are not required are provided, a foreign graduate medical school must have either a formal affiliation agreement or other written arrangements with the hospital or clinic, except for those locations that are not used regularly, but instead are chosen by individual students who take no more than two electives at the location for no more than a total of eight weeks.

To ensure continuity of the eligible program from the main campus to remote locations, the formal affiliation agreements and written arrangements

### Completion rates and median and mean student debt level

Dear Colleague Letter GEN-12-20, November 7, 2012

### Authority for collection

Institutions that participate in the FSA programs must submit reports to the Department containing such information as the Department may reasonably require to carry out the purposes of the FSA programs. 34 CFR 668.14(b)(7)

### Requirements for clinical training

34 CFR 600.55(e)

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### Definition of a private education loan

The Truth-in-Lending regulations, 12 CFR 226.46(b)(5)

must state how the following will be addressed at each site:

- Maintenance of the school’s standards,
- Appointment of faculty to the medical school staff,
- Design of the curriculum,
- Supervision of students,
- Evaluation of student performance, and
- Provision of liability insurance.

As mentioned previously, a foreign graduate medical school must notify its accrediting body within one year of any material changes in the educational programs, including changes in clinical training programs, in the overseeing bodies, and in the formal affiliation agreements with hospitals and clinics.

### LOCATION OF THE PROGRAM

A foreign graduate medical program offered to U.S. students—

- Must be located in the country in which the main campus of the school is located, except for the clinical training portion of the program, and
- Must be in a country whose medical school accrediting standards are comparable to U.S. standards as determined by the NCFMEA, except for exempt clinical training sites (see box), or clinical sites located in the U.S. (which, of course, are subject to U.S. standards).

Unless a clinical training site is an exempt clinical training site, for students to be eligible to receive Direct Loan funds at any part of the clinical training portion of the program located in a foreign country other than country where the main campus of the foreign graduate medical school is located or in the U.S.:

- The school’s medical accrediting agency must have conducted on-site evaluation and approved the clinical training site, and
- The clinical instruction must be offered in conjunction with programs offered to students enrolled in accredited schools located in that approved foreign country.

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### Location of the program

34 CFR 600.55(h)

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### Clinical training

34 CFR 600.52

The portion of a graduate medical education program that counts as a clinical clerkship for purposes of medical licensure comprising core, required clinical rotation, and not required clinical rotation.

### Exempt Clinical Training Sites

- The location of the clinical training site is included in the accreditation of a medical program accredited by the Liaison Committee on Medical Education (LCME) or the American Osteopathic Association (AOA), **OR**
- No individual student takes more than two electives at the location and the combined length of the electives does not exceed eight weeks.

## SATISFACTORY ACADEMIC PROGRESS

To be eligible for FSA program funds, a student must make satisfactory academic progress, and institutions must have a reasonable policy for monitoring that progress. The Department considers an institution's satisfactory academic progress policy to be reasonable if it meets both the qualitative and quantitative criteria required by FSA program regulations.

An institution's satisfactory academic progress policy must specify the quantitative standard (pace) at which students must progress through their program to ensure that they will graduate within the maximum timeframe, and each academic progress check must measure this.

While for most graduate programs the institution defines the maximum timeframe for completion of the program, at a foreign graduate medical school, the maximum timeframe in which a student must complete his or her educational program must be no longer than 150 percent of the published length of the educational program measured in academic years, terms, credit hours attempted, clock hours completed, etc., as appropriate.

For additional information on satisfactory academic progress, including qualitative criteria, how an institution calculates the pace at which the student is progressing, how often an institution must evaluate a student's progress, and the treatment of course incompletes, withdrawals, repetitions, or transfers of credit from other institutions see the *FSA Handbook*, Volume 1, Chapter 1.

A foreign graduate medical school must document the educational remediation it provides to assist students in making satisfactory academic progress.

## APPLICATION INFORMATION

A foreign graduate medical school (again, meaning a freestanding foreign graduate medical school or a foreign institution that includes a graduate medical school) that applies or reapplies to participate in the Direct Loan Program must provide certain information in addition to the information required of all institutions.

For initial certification or for recertification, a foreign graduate medical school is required to:

- Indicate whether it offers only post-baccalaureate/equivalent medical programs, other types of programs that lead to employment as a doctor of osteopathic medicine, doctor or medicine, or both, so that the Department may track and enforce provisions specific to post-baccalaureate/equivalent medical programs,
- List on the application all educational sites and where they are located, except for those locations that are not used regularly, but instead are chosen by individual students who take no more than two electives at the location for no more than a total of eight weeks,

### SAP at foreign graduate medical schools

34 CFR 600.55(g)(1) and (2)

### Application information

34 CFR 600.20(a)(3), 600.20 (b)(3), 600.20 (c)(5) and 600.21(a)(10)

- For each clinical site, identify the type of clinical training (core, required clinical rotation, not required clinical rotation) offered at that site, and
- Provide copies of the affiliation agreements with hospitals and clinics that it is required to have to participate in the Direct Loan Program (see *Requirements for Clinical Training*).

When a foreign graduate medical school adds a location that offers all or a portion of the school's core clinical training or required clinical rotations and wishes to provide Direct Loan Program funds to the students at that location, the school must apply and wait for approval from the Department before disbursing Direct Loan Program funds, except for those locations that are included in the accreditation of a medical program accredited by the LCME and the AOA.

When a foreign graduate medical school adds a location that offers all or a portion of the school's clinical rotations that are not required, and wishes to provide Direct Loan Program funds to the students at that location, the school must notify the Department no later than 10 days after the location is added, except for those locations that are included in the accreditation of a medical program accredited by the LCME, the AOA, or those locations that are not used regularly, but instead are chosen by individual students who take no more than two electives at the location for no more than a combined total of eight weeks.

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# Foreign Veterinary Schools & Nursing Schools

*In addition to the eligibility requirements discussed in Chapter 1 and Chapter 2, foreign veterinary schools and foreign nursing schools must comply with additional requirements to be eligible to participate in the Direct Loan Program.*

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## FOREIGN VETERINARY SCHOOLS

To be eligible to participate in the Direct Loan Program, a foreign veterinary school must be either a freestanding foreign institution or a component of a foreign university that has as its sole mission the providing of an educational program that leads to the degree of doctor of veterinary medicine, or the equivalent. Both nonprofit and for-profit foreign veterinary schools may participate in the Direct Loan Program.

A foreign veterinary school is eligible to apply to participate in the Direct Loan Program if, in addition to satisfying the general eligibility criteria applicable to all foreign schools, it:

- 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 provided in facilities adequately equipped and staffed, to afford students comprehensive clinical and classroom veterinary instruction through a training program for foreign veterinary students, and
  - ◇ approved by all veterinary licensing boards and evaluating bodies whose views are considered relevant by the Department;
- Has graduated classes during each of the two twelve-month periods immediately preceding the date the Department receives the school's request for an eligibility determination;
- Employs for the program 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 United States; and

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### Foreign Veterinary Schools

20 U.S.C. 1002(a)(2)(A), 34 CFR 600.56

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### Definition of a foreign veterinary school

34 CFR 600.52, 600.56(a)

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### Criteria for participation

34 CFR 600.56(a)

- Beginning July 1, 2015, foreign veterinary schools must be accredited or provisionally accredited by an organization acceptable to the Department for the purpose of evaluating veterinary programs to participate in the Direct Loan program.

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**For-profit foreign veterinary school**

34 CFR 600.54(f)

For a for-profit foreign veterinary school:

- No portion of the program may be at what would be an undergraduate level in the United States; and
- Direct Loan program eligibility does not extend to any joint degree program.

**LOCATION OF THE PROGRAM**

No portion of the foreign veterinary educational program offered to U.S. students, other than the clinical training portion of the program, may be located outside of the country in which the main campus of the foreign veterinary school is located.

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**Location of the program**

34 CFR 600.56(b)

To be eligible for Direct Loan funds, U.S. students who attend a for-profit foreign veterinary school must complete their clinical training at an approved veterinary school located in the United States.

U.S. students who attend a non-profit foreign veterinary school may complete their clinical training at an approved veterinary school located:

- In the United States;
- In the home country (i.e., the country in which the main campus of the foreign veterinary school is located); or
- Outside of the United States or the home country, if:
  - ◇ The location is included in the accreditation of a veterinary program accredited by the American Veterinary Medical Association (AVMA), or
  - ◇ No individual student takes more than two electives at the location and the combined length of the elective does not exceed eight weeks.

## FOREIGN NURSING SCHOOLS

Both public and private nonprofit and for-profit foreign nursing schools may participate in the Direct Loan Program. To be eligible to participate in the Direct Loan Program, a foreign nursing school must be either a freestanding foreign institution or a component of a foreign university, that is an associate degree school of nursing, a collegiate school of nursing, or a diploma school of nursing. These terms are defined as follows:

**Associate degree school of nursing:** A school that provides primarily or exclusively a two-year program of postsecondary education in professional nursing leading to a degree equivalent to an associate degree in the United States.

**Collegiate school of nursing:** A school that provides primarily or exclusively a minimum of a two-year program of postsecondary education in professional nursing leading to a degree equivalent to a bachelor of arts, bachelor of science, or bachelor of nursing in the United States, or to a degree equivalent to a graduate degree in nursing in the United States, and including advanced training related to the program of education provided by the school.

**Diploma school of nursing:** A school affiliated with a hospital or university, or an independent school, which provides primarily or exclusively a two-year program of postsecondary education in professional nursing leading to the equivalent of a diploma in the United States or to equivalent indicia that the program has been satisfactorily completed.

A foreign nursing school is eligible to apply to participate in the Direct Loan Program if, in addition to satisfying the general eligibility criteria applicable to all foreign schools:

- The nursing school has an agreement with a hospital located in the United States or an accredited school of nursing located in the United States that requires students of the nursing school to complete the student's clinical training at the hospital or accredited school of nursing;
- The nursing school has an agreement with an accredited school of nursing located in the United States providing that students graduating from the nursing school located outside of the United States also receive a degree from the accredited school of nursing located in the United States;
- The school provides (including under the agreements required for clinical training and the receipt of a degree from a U.S. nursing school) and in the normal course requires its students to complete, a program of clinical and classroom nursing instruction that is:
  - ◇ supervised closely by members of the school's faculty, and provided in facilities adequately equipped and staffed to afford students comprehensive clinical and classroom nursing instruction, through a training program for foreign nursing students; and

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### Foreign Nursing Schools

20 U.S.C. 1002(a)(2)(A), 34 CFR 600.57(a)

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### Definition of a foreign nursing school

34 CFR 600.52, 600.57

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### Criteria for participation

34 CFR 600.57(a)

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### Cost of a loan default

34 CFR 600.57(b) and (c)

The cost of a loan default is the estimated future cost of collections on the defaulted loan. The Department continues to collect on the Direct Loan after a school reimburses the Department until the loan is paid in full or otherwise satisfied, or the loan account is closed out.

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### Passing score

34 CFR 600.52

A passing score is the minimum passing score as defined by the NCLEX-RN.

- ◇ approved by all nurse licensing boards and evaluating bodies whose views are considered relevant by the Department;
- The nursing school certifies only Federal Direct Stafford Loan program loans or Federal Direct PLUS program loans for students attending the nursing school;
- The nursing school reimburses the Department 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;
- The nursing school annually either:
  - ◇ Obtains, at its own expense, all results achieved by students and graduates who are U.S. citizens, nationals, or eligible permanent residents on the National Council Licensure Examination for Registered Nurses (NCLEX-RN), together with the dates the student has taken the examination, including any failed examinations, and provides such results to the Department; or
  - ◇ Obtains a report or reports from the National Council of State Boards of Nursing (NCSB), or an NCSB affiliate or NCSB contractor, reflecting the percentage of the school's students and graduates taking the NCLEX-RN in the preceding year who received a passing score on the examination, or the data from which the percentage could be derived, and provides the report to the Department;
- The nursing school determines the consent requirements for and requires the necessary consents of all students accepted for admission who are U.S. citizens, nationals, or eligible permanent residents to enable the school to comply with the collection and submission requirements for NCLEX-RN data;
- Not less than 75 percent of the school's students and graduates who are U.S. citizens, nationals, or eligible permanent residents who took the NCLEX-RN in the year preceding the year for which the institution is certifying a Federal Direct Stafford Loan or a Federal Direct PLUS Loan, passed the examination;
- The school has graduated classes during each of the two twelve-month periods immediately preceding the date the Department receives the school's request for an eligibility determination; and
- The school employs only those faculty members whose academic credentials are the equivalent of credentials required of faculty members teaching the same or similar courses at nursing schools in the United States.

For a for-profit foreign nursing school:

- No portion of the program may be at what would be an undergraduate level in the United States; and
- Direct Loan program eligibility does not extend to any joint degree program.

The mailing address for the submission of NCLEX-RN pass rate information is:

**U.S. Department of Education  
Federal Student Aid  
Multi-Regional and Foreign Schools Participation Division  
Foreign Nursing Schools NCLEX-RN Information  
830 First Street, NE  
Union Center Plaza, 7th Floor, 73A1  
Washington DC 20002-5340**

*Location of the program*

No portion of the foreign nursing program offered to U.S. students may be located outside of the country in which the main campus of the foreign nursing school is located, except for clinical sites located in the United States.

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**For-profit foreign nursing school**  
34 CFR 600.54(f)

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**Location of the program**  
34 CFR 600.57(d)]