2022-2023 Foreign Schools Handbook

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.

Introduction

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

The *Foreign Schools Handbook* is a supplement to the *Federal Student Aid (FSA) Handbook* and contains information on FSA program requirements that are applicable only to foreign institutions. Foreign institutions must also comply with the FSA program requirements for participation in the Direct Loan Program that are applicable to all institutions—domestic and foreign. These requirements are addressed in the *Federal Student Aid (FSA) Handbook*, the Department's comprehensive guide to administrative requirements for the FSA programs. The FSA Handbook can be accessed at:

https://fsapartners.ed.gov/knowledge-center/fsa-handbook

Requirement to use the Knowledge Center & other electronic processes

New

DCL GEN-04-08
34 CFR 668.16(o)

As foreign institutions do not participate in FSA programs other than the Direct Loan Program, and because foreign institutions are exempt from some requirements applicable to domestic institutions, not all of the guidance in the *FSA Handbook* will apply. To assist in identifying these areas, we have provided guidance on the major sections of the *FSA Handbook* that do not apply to foreign schools in the *FSA Handbook* Crosswalk at the end of this chapter.

The Foreign School Handbook is updated periodically when requirements change, while the FSA Handbook is updated annually. Throughout the year, the U.S. Department of Education provides updates on FSA program requirements and procedures to institutions in the form of Dear Colleague Letters (DCLs), Electronic Announcements, and Federal Register documents. These and other releases are available in the Knowledge Center at **fsapartners.ed.gov/knowledge-center**.

Knowledge Center Updates

A useful feature in the Knowledge Center is its subscription service, which sends users daily or weekly emails that summarize recent postings to the site. (Go to "Knowledge Center Subscription" on the Knowledge Center website and select "Subscribe.")

Institutions are responsible for knowing about all new statutory, regulatory, and procedural requirements for the FSA programs. As part of demonstrating that they are administratively capable to participate in the FSA programs, all institutions are required to access the Knowledge Center to stay up-to-date on this information. The FSA Partner Connect website also has links to all major FSA websites and services and a "Help Center" link that includes contact information for FSA call centers and customer service offices.

The Knowledge Center also includes a Foreign School Information page **(https://fsapartners.ed.gov/knowledge-center/topics/foreign-school-information)** with information specific to a foreign institution's FSA program participation, including the operational processes for a foreign institution's handling of FSA program funds (see Foreign School Direct Loan Setup and Student Aid Internet Gateway (SAIG) Overview and Foreign School Direct Loan Processing),

as well as updates for foreign institutions, assessments a foreign institution may perform to evaluate its administration of the Direct Loan Program, and training and conference information.

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 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 or 202-377-3168, mailing address:

U.S. Department of Education mailing address*

New

U.S. Department of Education
Federal Student Aid, School Eligibility Channel
Multi-Regional & Foreign Schools Participation Division
Union Center Plaza
830 First Street, NE
7th Floor
Washington, DC 20202-5340

***Since the COVID-19 pandemic, it has become critical that the majority of questions** related to a foreign institution's participation in the Direct Loan Program be directed to the Department's Foreign Schools Team at fsa.foreign.schools.team@ed.gov.

References

Dear Colleague letters (DCLs) provide additional information on the requirements of the FSA programs and are grouped by the year in which they were published. The year of publication is the first number in the Dear Colleague reference. For example, DCL GEN-04-08 was the eighth Dear Colleague Letter published in 2004. Dear Colleague letters can be accessed at **https://fsapartners.ed.gov/knowledge-center/library/resource-type/Dear%20Colleague%20Letters**.

Electronic Announcements contain system updates and technical guidance and are grouped by the year in which they were published. Electronic Announcement references are the date of publication. Electronic Announcements can be accessed at **https://fsapartners.ed.gov/knowledge-center/library/resource-type/Electronic%20Announcements**.

The Foreign School Handbook and the FSA Handbook also reference U.S. laws (the United States Code) and regulations.

One source for the United States Code is **https://uscode.house.gov/**. Most laws specific to the FSA programs are found under Title 20. United States Code citations list the title, USC (for United States Code), and the section number. For example, 20 USC 1094(c) refers to Title 20 of the United States Code, section 1094(c).

One source for the regulations applicable to the FSA programs is the Electronic Code of Federal Regulations at **www.ecfr.gov**. Most regulations specific to the FSA programs are found under Title 34, Parts 600-679 and Parts 680-699. Regulatory citations list the title, CFR (for Code of Federal Regulations), and the section number. For example, 34 CFR 600.51 refers to Title 34 of the Code of Federal Regulations, section 600.51. Links to these parts of the regulations can also be accessed through the Knowledge Center under "Laws and Regulations."

New or amended regulations and notices regarding the FSA programs are published in the Federal Register and are available on the Knowledge Center at **https://fsapartners.ed.gov/knowledge-center/library/resource-type/Federal%20Registers**.

A Notice of Proposed Rulemaking gives notice to the public that the U.S. Department of Education intends to add to or amend regulations and provides the public with an opportunity to comment. Once regulations are published as final regulations, they have the force of law and must be adhered to by institutions, students, and other regulated entities as of the published effective date. Final regulations are added to the Code of Federal Regulations on a regular basis. Citations for Federal Register documents list the volume, FR (for Federal Register), and the page number. For example, 75 FR 67170 refers to Volume 75, page 67170 of the Federal Register. Documents can be found on the Federal Register's website (**https://www.federalregister.gov/**), however, it is easier to use the date of publication to find the document on the Knowledge Center at the link above.

Glossary and acronyms

Terms and acronyms found in the *Foreign Schools Handbook*, the *FSA Handbook*, and other FSA program literature are defined in the *FSA Handbook* glossary at **https://fsapartners.ed.gov/knowledge-center/fsa-handbook/glossary**.

Guidance for interruptions of study related to Coronavirus (COVID-19)

April 3, 2020 Electronic Announcement

Pursuant to section 3510 of the CARES Act, the Secretary permits any part of an otherwise eligible program at a foreign institution to be offered via distance education, if the applicable government authorities in the country in which the foreign institution is located have declared a public health emergency, major disaster or emergency, or national emergency related to COVID-19. Retroactive to March 1, 2020, institutions may use this flexibility for the duration of such emergency or disaster and the following payment period for purposes of title IV of the HEA. The term "foreign schools" are those institutions located outside of the United States that participate in the Title IV Direct Loan program and award their credentials to U.S. students. This term excludes study-abroad programs in which a foreign institution provides instruction to a student who remains a degree-seeking student from the student's domestic U.S. institution. Students in this category have always been permitted to engage in distance learning.

The Secretary also permits foreign institutions to enter into written arrangements with institutions located in the United States that participate in the Federal Direct Loan Program for the purpose of allowing a student of the foreign institution who is a Federal Direct Loan borrower to take courses from the American institution. For the purpose of this provision, foreign public or nonprofit institutions may only enter into written arrangements with public or nonprofit institutions in the United States. Foreign medical, nursing, and veterinary institutions that are for-profit may enter into written arrangements with U.S. public, nonprofit, or for-profit institutions.

The **August 21 electronic announcement** extends the section 3510 provision "for the duration of a national emergency declared by the applicable government authorities in the country in which the foreign institution is located, through the payment period following the payment period or the break between payment periods during which the emergency declaration is lifted." The Department will permit the use of distance education by foreign institutions offering eligible programs for the full period authorized under the CARES Act.

The **Consolidated Appropriations Act of 2022** extended Section 3510 of the CARES act (covering flexibilities for foreign institutions) through the later of the payment period following the end of the qualifying emergency or June 30, 2023.

Guidance applicable to foreign medical schools: Section 600.55(c) requires a foreign graduate medical school having a post-baccalaureate or equivalent medical program that participates in the Federal Direct Loan program to require students accepted for admission who are U.S. citizens, nationals, or permanent residents to have taken the MCAT and to have reported their scores to the foreign graduate medical school.

The Secretary is waiving, for the duration of admissions years in which the COVID-19 national emergency declaration is in effect, the requirement that to participate in the Federal Direct Loan program, a foreign medical school must require students to take the MCAT.

Foreign Schools Handbook Updates for 2022 💡

Introduction

- Updated the FSA Crosswalk to indicate which parts of the FSA Handbook are inapplicable to foreign schools and which parts are supplemented or superseded by information in the Foreign Schools Handbook
- Updated references from IFAP to the Knowledge Center
- Added guidance related to the interruption of studies due to COVID-19

Chapter 1

- Updated the definition of a foreign institution in 34 CFR 600.52. This revised definition allows foreign institutions to enter into written arrangements with eligible institutions or organizations in the United States that provide no more than 25 percent of the courses required by the program.
- Clarified that for purposes of this definition, independent research by a 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 is performed only in a facility in the United States.
- Clarified that if an educational enterprise enrolls students both within the United States and outside the United States, and the number of students who would be eligible to receive title IV, HEA program funds attending locations outside the United States is at least twice the number of students enrolled within the United States, the locations outside the United States must apply to participate as more foreign institutions and must meet all requirements applicable to foreign institutions. For this purpose, an educational enterprise consists of two or more locations offering all or part of an educational program that are directly or indirectly under common ownership.
- Updated the definition of “distance education” in 34 CFR 600.2
- Updated the definition of “correspondence course” in 34 CFR 600.2
- Clarified that notwithstanding the information contained in 34 CFR 668.5, written arrangements between an eligible foreign institution and an ineligible entity are limited to those under which the ineligible entity is an institution that meets the definition of “foreign institution” in 34 CFR 600.52. In addition, the ineligible foreign institution can only provide 25 percent or less of the educational program. Written arrangements do not include affiliation agreements for the provision of clinical training for foreign medical, veterinary, and nursing schools
- Added a chart that explains the different types of written arrangements at foreign schools and the eligibility requirements for each type

Chapter 2

- Provided a reference to the most recently updated Foreign School Audit Guide (updated March 2020)

Chapter 3

- Added definitions of professional degree and graduate or professional student in 34 CFR 668.2
- Clarified that the Secretary is waiving, for the duration of admissions years in which the COVID-19 national emergency declaration is in effect, the requirement that to participate in the Federal Direct Loan program, a foreign medical school must require students to take the MCAT
- Clarified that foreign medical schools that participate in the Federal Direct Loan Program are required under 34 CFR §600.55 to meet requirements that involve calculating and submitting students’ scores on the United States Medical Licensing Examination (USMLE). The scores must be disaggregated by step/test and attempt and must represent the scores earned by students and graduates during the preceding calendar year. Traditionally, these scores were the results of students and graduates completing the USMLE steps which included Step 1, Step 2-Clinical Skills (CS) and Step 2-Clinical Knowledge (CK). In May 2020, the Step 2-CS exam was suspended due to the COVID-19 pandemic. **In January 2021, the National Board of Medical Examiners and the Federation of State Medical Boards, the organizations that oversee the USMLE program, announced that the Step 2-CS exam would be cancelled permanently. The cancellation of the Step 2-CS exam impacts paragraphs (d) and (f) of 34 CFR 600.55**
- Updated the USMLE pass rate requirement
- Updated the copy of the Foreign Medical Schools Consumer Information Form which is used to submit data to the Department

Chapter 4

- Updated the link that provides the Department's Guidelines for Requesting an Acceptability Determination for a Foreign Veterinary Accrediting Agency
- Updated the link to the current list of veterinary organizations evaluated by the Department and the Department's decision regarding the acceptability of the organization for purposes of evaluating veterinary programs for participation in the Direct Loan program

Added Appendix A, which describes the requirements for the consumer information that a foreign school must provide to students, the Department, and others. If an exemption or waiver applies for foreign schools, it is highlighted with a notation that the requirement is waived or exempted.

FSA Handbook Crosswalk 💡

Listed below is the table of contents of the *FSA Handbook* annotated to indicate which parts are inapplicable to foreign schools and which parts are supplemented or superseded by information in the *Foreign Schools Handbook*. Sections that are inapplicable are highlighted and marked as "Not Applicable." Sections that are superseded or supplemented by the *Foreign Schools Handbook* are annotated with "Refer to FSA Handbook."

Application and Verification Guide

- Chapter 1 - The Application Process: FAFSA to ISIR
  - Types of applications
  - Processing the FAFSA Form
  - Output documents: the SAR and ISIR
  - Deadlines
- Chapter 2 - Filling Out the FAFSA Form
  - Step one: General student information
  - Steps two and four: Income and assets
  - Step three: Dependency status
  - Step four: Parent's information (dependent students only)
  - Step five: Independent student data
  - Step six: School information
  - Step seven: Signatures
- Chapter 3 - Expected Family Contribution (EFC)
  - General information
  - Simplified formula
  - Automatic Zero EFC
  - Department of Defense match and Iraq and Afghanistan Service Grant
  - Alternate EFCS
  - The EFC Worksheets
  - Formula A-Dependent Students
  - Formula B- Independent student without dependent other than a spouse
  - Formula C-Independent student with dependents other than a spouse
- Chapter 4 – Verification, Updates, and Corrections
  - Required policies and procedures (Not Applicable)
  - Applications and information to be verified (Not Applicable)
  - Documentation (Not Applicable)
  - Interim disbursements (Not Applicable)
  - Updating information
  - Correcting errors
  - Changes in selected applicant's FAFSA (Not Applicable)
  - How to submit corrections and updates
  - Deadlines and failure to submit documentation (Not Applicable)

    - Suggested verification text (Not Applicable)
- Chapter 5 - Special Cases
    - Professional Judgment
    - Dependency Overrides
    - Conflicting Information
    - Referral of Fraud Cases
    - Unaccompanied Homeless Youth

Volume 1 - Student Eligibility

- Chapter 1 - School-Determined Requirements
    - Regular student in an eligible program
    - Elementary or secondary enrollment
    - Academic qualifications
    - Satisfactory Academic Progress (Foreign graduate medical schools: Refer to FS Handbook, Chapter 3, Satisfactory academic progress for further guidance)
    - Enrollment status
    - Students convicted of possession or sale of drugs
    - Incarcerated students (Not Applicable)
    - Conflicting information
    - Change in eligibility Status
    - Defense of Marriage Act
- Chapter 2 - U.S. Citizenship & Eligible Noncitizens
    - U.S. Citizenship and Eligible Categories
    - U.S. Citizenship match with the SSA
    - Citizens of the Freely Associated States
    - Eligible Noncitizen match with the DHS
    - Third Step Verification (Formerly Form G-845)
    - Eligible Noncitizens and documentation
    - Using the SAVE System for Third Step Verification
    - Documenting immigration status in later award years
    - Replacing lost DHS Documents
    - Examples of U.S. Citizenship and Eligible Noncitizen Documents
- Chapter 3 - NSLDS Financial Aid History
    - NSLDS match
    - Checking the financial aid history for transfer students
    - Effect of Bankruptcy or disability discharge
    - Resolving default status
    - NSLDS loan status codes
- Chapter 4 - Social Security Number
    - Social Security Number (SSN) match
    - Death master file
    - Applicants using same SSN
    - Exception for the Freely Associated States: Micronesia, Marshall Islands, and Palau
- Chapter 5 - Selective Service (Note: effective for 2021-2022 award year, Selective Service confirmation is no longer required)
- Chapter 6 - Eligibility for Specific FSA Programs (**only section on Direct Loans is applicable**)

Volume 2 - School Eligibility and Operations

- Chapter 1 - Institutional Eligibility
  - Type and control (Refer to FS Handbook, Chapter 1, Definition of a nonprofit foreign institution for further guidance)
  - Basic criteria for eligible institutions (Refer to FS Handbook, Chapter 1, for further guidance on institutional eligibility requirements for foreign schools. Refer to FS Handbook, Chapter 3 for further guidance on additional institutional eligibility requirements for foreign graduate medical schools. Refer to the FS Handbook, Chapter 4 for further guidance on additional institutional eligibility requirements for foreign veterinary schools and foreign nursing schools.)
  - Legal authorization by a State (Not Applicable. Refer to FS Handbook Chapter 1, Definition of a foreign institution for information on legal authorization requirements for foreign schools.)
  - Accreditation (Not applicable. Refer to the FS Handbook Chapter 3, Accreditation for information on accreditation requirements for foreign graduate medical schools. Refer to the FS Handbook, Chapter 4, Foreign veterinary schools for information on accreditation requirements for foreign veterinary schools.)
  - Admissions Standards (Not Applicable. Refer to FS Handbook, Chapter 1, Institutional Eligibility, for information on admission standards for foreign institutions.)
  - “Two-year” rule for new proprietary or vocational schools
  - Losing eligibility
  - Participating in the TEACH Grant program (Not applicable)
  - Applying as an eligible nonparticipating school
  - Withdrawal rates
  - The Program Participation Agreement
  - Experimental Sites (Not applicable)
- Chapter 2 - Program Eligibility, Written Arrangements, & Distance Education
  - Determining program eligibility
  - Basic types of eligible programs (Not Applicable. Refer to FS Handbook, Chapter 1, Eligible programs for information on eligible program requirements for foreign schools. Refer to the FS Handbook, Chapter 3, General eligibility criteria, for information on additional eligible program requirements for foreign graduate medical schools. Refer to the FS Handbook, Chapter 4, for information on additional eligible program requirements for foreign veterinary schools and foreign nursing schools.)
  - Programs leading to gainful employment
  - Additional eligibility requirements (Not Applicable: Programs for students with intellectual disabilities, Educational programs eligible for TEACH Grants, ESL programs, Competency-based education programs, Flight school programs). Applicable: Apprenticeships, Study-abroad programs (Refer to FS Handbook, Chapter 1, Programs offered in the United States for further guidance)
  - Written arrangements between schools (Refer to FS Handbook, Chapter 1, Written arrangements with U.S. Institutions for further guidance)
  - Distance education and correspondence study (Not Applicable)
  - Determining Program Eligibility and Clock-hour to credit-hour conversions
- Chapter 3 - FSA Administrative & Related Requirements
  - Administrative requirements for the financial aid office
  - Ownership, employees, and contractors
  - Contracts with third party servicers
  - Incentive Compensation Prohibition
  - Required electronic processes
  - Sharing information with NSLDS, Federal loan servicers and guarantors
  - Financial Aid History and Transfer Monitoring
  - Satisfactory Academic Progress (SAP) (Foreign graduate medical schools: Refer to FS Handbook, Chapter 3, Satisfactory academic progress for further guidance)
  - Provisions for U.S. Armed Forces members and families (Not Applicable: In-state tuition for active duty service members and family attending public institutions, Executive Order 13607: Principles of Excellence Applicable: Readmission of service members)

- Chapter 4 - Audits, Standards, Limitations, & Cohort Default Rates
  - FSA audit requirements for schools (Refer to FS Handbook, Chapter 2 for further guidance)
  - Timing of audit submissions (Refer to FS Handbook, Chapter 2 for further guidance)
  - Standards and Guidelines for FSA audits (Refer to FS Handbook, Chapter 2 for further guidance)
  - 90/10 Revenue Test
  - Audits & audit review process
  - Audits for third-party servicers
  - Financial responsibility (Refer to FS Handbook, Chapter 2, Financial responsibility for foreign public institutions for further guidance)
  - Financial Ratios and Composite Scores
  - Refund Reserve Standards
  - Alternatives to the General Financial Standards
  - Past Performance
  - Student and Course Limitations
  - Cohort default rates
- Chapter 5 - Updating Application Information
  - Recertification (All foreign schools: Refer to FS Handbook, Chapter 1, Periods of certification for further guidance. Foreign graduate medical schools: Refer to FS Handbook, Chapter 3, Application Information for further guidance)
  - Change in ownership
  - Changes in ownership interest and 25% threshold
  - Steps to be taken during a change in ownership
  - Temporary approval for continued participation
  - Pre-Acquisition Review
  - Reporting substantive changes
  - Changes to location, branch, or campus
  - Changes to educational programs
  - Changes in accreditation (Not Applicable)
  - Changes to third-party servicers
- Chapter 6 - Consumer Information & School Reporting
  - Availability of Information
  - General student disclosures
  - Completion, graduation, transfer, retention, and placement rates (Foreign schools do not currently report this information because they cannot report to IPEDS. Foreign graduate medical schools: Refer to FS Handbook, Chapter 3, Collection and submission of data for further guidance. Foreign nursing schools: Refer to the FS Handbook, Chapter 4, Foreign nursing schools for further guidance.)
  - Campus Crime and Safety Information (Not Applicable except for Missing persons procedures)
  - Drug and alcohol abuse prevention (Not Applicable)
  - Information about athletics (Applicable if an institution has an intercollegiate athletic program)
  - Textbook information (Not Applicable)
  - Loan counseling
  - Private education loans
  - Misrepresentation
  - Foreign Gifts, Contracts, and Ownership
  - Anti-lobbying provisions
  - First Amendment Violations (Not Applicable)
  - Voter registration (Not Applicable)
  - Exclusions For Foreign Schools
- Chapter 7 - Recordkeeping, Privacy & Electronic Processes
  - Required records

    - Record retention periods
    - Record maintenance
    - Examination of records
    - Privacy of student information (FERPA)
    - Higher Education Act Data Use Limitations
    - The E-Sign ACT and information security
    - Preventing copyright violations
- Chapter 8 - Program Reviews, Sanctions, & Closeout
    - Program reviews by the Department
    - Corrective actions and sanctions
    - Closeout procedures (when FSA participation ends)

Volume 3 - Calculating Awards & Packaging

- Chapter 1 - Academic Calendar, Payment Periods & Disbursements
    - Academic year requirements
    - Academic calendars and terms
    - Payment periods
    - Timing of disbursements - general rules
    - Timing of FSA Grant & Perkins Loan disbursements (Not Applicable)
    - Retaking coursework in term programs
    - Clock-Hour to Credit Hour Conversion Formula
- Chapter 2 - Cost of Attendance (Budget) (Refer to FS Handbook, Chapter 1, Cost of attendance and fluctuating currency for further guidance)
    - Allowable costs
    - Additional COA considerations (related to Direct Loan eligibility)
    - Costs for periods other than nine months
- Chapter 3 - Calculating Pell and Iraq & Afghanistan Service Grant Awards (Not Applicable)
- Chapter 4 - Calculating TEACH Grants (Not Applicable)
- Chapter 5 - Direct Loan Periods and Amounts
    - Direct Loan origination
    - Direct Subsidized, Unsubsidized, and PLUS Loans
    - Academic Terms, Loan Periods, & Reporting changes to loan information
    - Resources for schools
    - Sequestration
    - Annual loan limits
    - Monitoring Annual loan limit progression
    - Annual Loan Limit increase based on grade level progression
    - Prorating Annual Loan Limits for Direct subsidized/unsubsidized loans (undergraduate only)
    - Annual Loan Limits for students who transfer or change programs within the same academic year
    - Aggregate loan limits
    - Subsidized Loan eligibility time limitation
    - Managing Direct Loan in modules
    - Enrollment status changes and Direct Loans
    - Resolving inadvertent overborrowing & correcting Direct Subsidized Loan/Direct Unsubsidized Loan awarding errors
- Chapter 6 - Awarding Campus-Based Aid (Not Applicable)
- Chapter 7 - Packaging Aid
    - Packaging Overview
    - Direct Loan packaging considerations

- Pell Grants as first source of aid (Not Applicable)
- Packaging Rules (as applicable for Direct Loans)
- Estimated Financial Assistance (EFA)
- Packaging aid for children of Iraq & Afghanistan soldiers
- Packaging when choosing not to borrow subsidized or unsubsidized Direct Loans
- Packaging TEACH Grants (Not Applicable)
- Considering grants and subsidized loans first
- FSEOG & Pell LEU (Not Applicable)
- Substituting for the EFC
- Recalculation
- Crossover periods
- Packaging Veterans Benefits, AmeriCorps, Vocational Rehabilitation funds and BIA Grants
- Treatment of overawards
- Appendix A—Federal education benefits to be excluded from EFA as listed in section 480 (C) of the Higher Education Act

Volume 4 - Processing Aid and Managing Federal Student Aid Funds

- Chapter 1 - Requesting and Managing FSA Funds
  - Purpose of cash management regulations
  - EDCAPS and G5
  - Award periods
  - Drawing down FSA funds
  - Maintaining and Accounting for Funds (Refer to FS Handbook, Chapter 1 Cash management requirements for further guidance)
  - Separate depository account (Refer to FS Handbook, Chapter 1 Cash management requirements for further guidance)
  - Excess cash
  - Administrative Cost Allowance (ACA) (Not Applicable)
  - A school’s fiduciary responsibility
  - Garnishment of FSA funds is prohibited
  - FWS wages (Not Applicable)
  - Escheating of FSA funds is prohibited
- Chapter 2 - Disbursing FSA Funds
  - Notifications
  - Authorizations
  - Institutional charges
  - Paying institutional charges
  - Checking eligibility at the time of disbursement
  - Time frames for paying FSA funds
  - Early disbursements
  - Retroactive payments
  - Late disbursements
  - Disbursing FWS wages (Not Applicable)
  - Method of disbursement
  - Title IV credit balances
  - Paying Title IV credit balances (Refer to FS Handbook, Chapter 1, Cash management requirements and Currency used for credit balances for further guidance)
  - Time frame for returning an unclaimed Title IV credit balance
  - Holding Title IV credit balances

    - Third-party servicers disbursing Credit balances by EFT
    - Tier One and Tier Two Arrangements (Not Applicable)
    - School-issued stored-value cards with no third-party involvement
- Chapter 3 - Overawards and Overpayments
    - Overawards
    - When a student fails to begin attendance
    - Treatment of Overpayments
    - Reporting overpayments to NSLDS
    - Referring overpayments (Not Applicable)
- Chapter 4 - Returning FSA Funds
    - Returning FSA funds (Refer to FS Handbook, Chapter 1, Returning loan funds for further guidance)
    - When funds are considered to have been Returned
    - Returning funds from an audit or program review
    - Downward adjustment of FSA Grant disbursement records and Direct Loan disbursement records required
    - Returning Direct Loan funds
    - Returning Pell Grant and Campus-Based funds (Not Applicable)
    - Returning Perkins Loan Program funds to the Department (Not Applicable)
    - Returning funds through G5 for both open and closed awards
    - Returning funds from FFEL loans purchased/serviced by the Department
- Chapter 5 - Reconciliation in the Pell Grant and Campus-Based Programs (Not Applicable)
- Chapter 6 - Reconciliation in the Direct Loan Program
    - Overview of Direct Loan reconciliation
    - Types of Direct Loan reconciliation
    - The school account statement
    - Working with the SAS
    - Loan disbursement detail
    - Other tools and reports for Direct Loan reconciliation
    - Best practices for reconciliation
    - Summary
    - Appendix A - Accounting Systems
    - Appendix B - A school’s financial management systems

Volume 5 - Withdrawals and the Return of Title IV Funds (Applicable except for section on verification. Refer to FS Handbook, Chapter 1, Returning loan funds for further guidance on returning funds.)

Volume 6 - The Campus-Based Programs (Not Applicable)

Appendices:

- **Appendix A** provides a directory of resources for technical information and specialized assistance with managing the federal student aid programs
- **Appendix B** provides in one place information found in other parts of the Handbook and in previous sub-regulatory communications on how a school should proceed when a currently enrolled recipient of federal student aid dies before completing the period for which the student received aid.
- **Appendix C** is a description of the FSA Assessments. It covers all FSA Assessments currently available including those that might be of interest to fiscal officers.
- **Appendix D** summarizes Internal Revenue Service (IRS) forms that might be of special interest to a fiscal/business office.
- **Appendix E** is a summary of the reporting and disclosure requirements for schools’ eligibility to participate in the Title IV, Higher Education Act (HEA) student assistance programs.

- **Appendix F** is a table of contents for the HEA and a crosswalk between the HEA and the U.S. Code.

Chapter 1

General Eligibility and Participation Requirements

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

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 Federal 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.

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).

Applying for eligibility to participate

34 CFR 600.51, 600.53

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.

To be approved as a “Participant” or “Eligibility Only” institution, a foreign school must satisfy the basic eligibility criteria stated in the Code of Federal Regulations under Title 34, Parts 600, 668, and 685, which includes, but is not limited to providing:

- Appropriate legal authorization and degree recognition from the country in which the school is located;
- Proof of public or non-profit status (for-profit status permitted only for freestanding foreign medical, veterinary, and nursing schools;
- Financial responsibility and administrative capability to administer the Direct Loan program; and
- Appropriate accreditation and additional requirements, if either a medical, veterinary, or nursing school.

Criteria for demonstrating comparability

34 CFR 600, Subpart E

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.

Institutions must apply to be eligible to participate using the Application for Approval to Participate in the Federal Student Financial Aid Programs (E-App). Prior to submitting an E-App, schools must apply for an Office of Postsecondary Education identification number (OPEID) at: https://eligcert.ed.gov/ows-doc/initialApp.html. The E-App, as well as information on the application process, can be found at https://eligcert.ed.gov . Additional information for foreign institutions that are applying to participate in the Direct Loan Programs for the first time, 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.

Designation as an eligible nonparticipating institution

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 for the Direct Loan Program. The same application is used to apply for both eligibility and certification for participation. See Volume 2, Chapter 1, of the *FSA Handbook*.

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*.)

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 institutional 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.

If a foreign institution loses its eligibility, an otherwise eligible student continuously enrolled at the institution before the loss of eligibility may receive a loan under the Direct Loan Program 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 for attendance at the institution for a period during which the institution was eligible.

Information

An institution is required to report changes to certain information on its approved application outside of the recertification process. Some of these changes require the Department's written approval before the school may disburse the FSA program funds; others do not. Volume 2, Chapter 5 of the *FSA Handbook* covers these requirements in detail, including reporting on the application that is unique to foreign institutions.

Definition Of A Foreign Institution

Definition of a foreign institution

34 CFR 600.52

For title IV purposes, a foreign institution is one that:

- is not located in the United States;
- Except as provided with respect to clinical training offered as part of a medical, veterinary, or nursing program -
  - A. has no U.S. location;
  - B. has no written arrangements, within the meaning of 34 CFR 668.5, with institutions or organizations located in the United States for those institutions or organizations to provide a portion of an eligible program, as defined under 34 CFR 668.8, except for written arrangements for no more than 25 percent of the courses required by the program to be provided by eligible institutions in the United States;
  - C. does not permit students to complete an eligible program by enrolling in courses offered in the United States, except that it may permit students to complete up to 25 percent of the program by enrolling in the coursework, research, work or special studies offered by an eligible institution in the United States or participating in an internship or externship provided by an ineligible organization as described in 34 CFR 668.5(h)(2)
- is 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; and
- awards 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).

Foreign School additional locations

34 CFR 600.54(d)

An additional location of a foreign institution must separately meet the definition of a foreign institution in § 600.52 if the additional location is -

(1) Located outside of the country in which the main campus is located, except as provided in § 600.55(h)(1), § 600.56(b), § 600.57(a)(2), § 600.55(h)(3), and the definition of foreign institution found in § 600.52; or

(2) Located within the same country as the main campus, but is not covered by the legal authorization of the main campus.

Definition of a State

34 CFR 600.2

For purposes of the FSA 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.

If an educational enterprise enrolls students both within the United States and outside the United States, and the number of students who would be eligible to receive title IV, HEA program funds attending locations outside the United States is at least twice the number of students enrolled within the United States, the locations outside the United States 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. For purposes of this requirement, an educational enterprise consists of two or more locations offering all or part of an educational program that are directly or indirectly under common ownership.

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).

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.

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.

Nonprofit foreign institution

34 CFR 600.2

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 to determine an institution's nonprofit status for FSA program purposes, the Department 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.

If the tax authority is not recognized by the Department to determine an institution's nonprofit status, the foreign institution must demonstrate to the satisfaction of the Department that it is a nonprofit educational institution.

Information

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.

Recognition of foreign tax authority determinations

The Department's recognition of a foreign tax authority's determinations of nonprofit status will not extend to determinations analogous to those made by the U.S. Internal Revenue Service that the Department has

determined do not apply for FSA program purposes.

Eligibility criteria

34 CFR 600.54

Proof of legal authorization

34 CFR 600.54(g)

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 a written arrangement with an institution or organization that is ineligible to participate in the FSA programs for that ineligible institution or organization to provide more than 25 percent of the eligible foreign institution’s programs. Written arrangements do not include 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.

Provides an eligible program

34 CFR 600.54(e)

A foreign institution provides 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 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 Secretary that the amount of academic work required by a program is equivalent to at least the definition of an academic year in 34 CFR 668.3

Not every program at an institution must be FSA-program-eligible for the institution to participate in the FSA programs. Of course, students who attend ineligible programs cannot receive FSA program funds.

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.

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.

34 CFR 600.54(b)

A foreign institution admits as regular students only persons who –

- Have a secondary school completion credential; or
- Have the recognized equivalent of a secondary school completion credential

Inapplicable institutional eligibility requirements

The regulations designate the following provisions 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 instead require students to have a secondary school completion credential or its equivalent, rather than a high school diploma. Because 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 regulatory provision 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.

Accreditation

While some foreign institutions are accredited by U.S. accrediting agencies, foreign schools do not need to be accredited to participate in the FSA programs, with the exception of foreign medical schools, foreign veterinary schools, and foreign nursing schools (see Chapters 3 and 4).

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.

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.

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 is equivalent to at least the FSA program definition of an academic year. For more information on gainful employment programs, see *Programs leading to gainful employment*.

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 funds a student attending an eligible program may borrow.

Information

For complete information, see the *FSA Handbook*, Volume 3, Chapter 1. Note that additional requirements apply to programs offered by foreign graduate medical schools (see Chapter 3), foreign veterinary schools, and foreign nursing schools (see Chapter 4).

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 or instructors and to support regular and substantive interaction between the students and the instructor or instructors, either synchronously or asynchronously. The technologies that may be used to offer distance education 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
- other media used in a course in conjunction with any of the technologies listed above.

As noted below, a program offered in whole or in part through distance education by a foreign institution is not eligible for Direct Loans.

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 (See discussion in the Introduction section that pertains to COVID-19 exemptions for distance education at foreign schools),
- 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 more than 25 percent of the program is provided by an entity that is not eligible to participate in the FSA Programs as long as the ineligible entity meets the definition of "foreign institution" (Note: the 25 percent limit does not apply 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*).

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(b)(2)(vii)

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.

Distance education prohibition is statutory

Clarification The prohibition on offering a program in whole or in part through distance education is U.S. law and cannot be changed through regulation. See 20 U.S.C. 1088(b)(3).

A program that permits Direct Loan borrowers 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.

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.

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.

Definition of a correspondence course

34 CFR 600.2

A correspondence course is a course for which the school provides instructional materials, including examinations on the materials, by mail or electronic transmission, to students who are separated from the instructors. Interaction between the instructors and students 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.

Information for students

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

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

Programs offered in the United States

Besides the exception discussed below, 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 those institutions or organizations to provide a portion of an eligible program, as defined under 34 CFR 668.8, except for written arrangements for no more than 25 percent of the courses required by the program to be provided by eligible institutions in the United States; and
- does not permit students to complete an eligible program by enrolling in courses offered in the United States, except that it may permit students to complete up to 25 percent of the program by enrolling in the coursework, research, work or special studies offered by an eligible institution in the United States or participating in an internship or externship provided by an ineligible organization as described in 34 CFR 668.5(h)(2). Note: As described in 34 CFR 600.52, 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 is performed only in a facility in the United States.

Offering programs in the United States

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

Written arrangements to provide educational programs

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

Written arrangements not required upon student request

Clarification No institution is required to execute a written arrangement with another institution because a student desires to study elsewhere. It is always up to the institution to determine whether it wants to enter into a written arrangement with another institution.

Written arrangements to provide educational programs (between two Direct Loan-eligible foreign institutions)

Written arrangements between *two Direct Loan-eligible foreign institutions* are subject to the regulations under 34 CFR 668.5. There is no limitation on the amount of the program that may be offered by the other eligible foreign institution except that the home institution must provide the degree or recognized credential and offer at least some portion of the program.

As mentioned later in this section, if the host institution meets the requirements of the definition of a foreign institution under 34 CFR 600.52, but is *not* Direct Loan-eligible, the host institution may offer *no more than 25%* of the home institution's eligible program under 34 CFR 600.54(c).

Written arrangements to provide educational programs (Foreign institutions with U.S. institutions)

There are two different sets of requirements for written arrangements between a foreign institution and a U.S institution depending upon where the student enrolls. If a student enrolls in an eligible program offered by a foreign institution and the foreign institution enters into a written arrangement for a portion of the program to be completed at a U.S. institution, the amount of coursework that can be completed at the U.S. institution is capped at 25 percent. On the other hand, if a student enrolls in an eligible program offered by a U.S. institution, and the U.S. institution enters into a written arrangement for a portion of the program to be completed at a foreign institution, the amount of coursework that can be completed at the foreign institution is capped at either 25 percent or less than 50 percent (see 34 CFR 668.5(c)(3)).

Foreign institutions may enter into written arrangements with eligible educational institutions, or in the case of internships or externships ineligible organizations, located in the United States for those institutions or organizations to provide no more than 25 percent of the program's courses. A foreign institution that enters into a written arrangement with a U.S. institution is the one in which the student is enrolled and would be considered the home institution. Students attending are limited to Direct Loan funds and do not qualify for other types of Title IV aid.

However, if any such program offered by the foreign institution exceeds the 25 percent threshold it **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.

U.S. institutions entering into written arrangements with foreign 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, in this case the 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 otherwise eligible to participate in the Direct Loan Program. As a result, the provisions of 34 CFR 668.5 regarding written arrangements between an eligible institution and

an ineligible institution or organization are applicable. The following paragraphs summarize the requirements when a U.S. institution enters into a written arrangement with a foreign institution.

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 eligible U.S. institution, although he or she may receive a credential 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 U.S. institution 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 otherwise satisfy the FSA program requirements for an eligible program.

Written arrangement between an eligible foreign institution and an ineligible entity (34 CFR 600.54(c))

Notwithstanding the information contained in 34 CFR 668.5, written arrangements between an eligible foreign institution and an ineligible entity are limited to those under which the ineligible entity is an institution that meets the definition of “foreign institution” in 34 CFR 600.52. In addition, the ineligible foreign institution can only provide 25 percent or less of the educational program. Written arrangements do not include affiliation agreements for the provision of clinical training for foreign medical, veterinary, and nursing schools.

Eligible program requirements

34 CFR 668.8, FSA Handbook Volume 2, Chapter 2

Information on written arrangements for students

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

An eligible institution must provide 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 enrolling in an educational program that is provided, in part, under the written arrangement.

Other factors may also prevent an ineligible institution from providing a portion of a program under a written arrangement with an eligible 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 (34 CFR 600.52(1)(ii)(C)(2))

Information

Internships and externships that are part of a program (i.e., a student is required to participate in, or is given the option to participate in, the internship or externship) 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. A foreign institution may permit students to complete up to 25 percent of a program by participating in an internship or externship provided by an ineligible organization.

However, the internship or externship portion of the program must be governed by the 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 (and the institution must comply with these standards).

The following chart provides information to assist foreign schools with understanding the requirements for written arrangements:

With what type of entity has the home foreign institution entered into a written arrangement?	**What are the limitations on the amount of the program that the host institution (or entity) may offer?**
An ineligible organization or an ineligible foreign postsecondary institution that does not meet the definition of a foreign institution in 34 CFR 600.52	The host organization may not offer any part of the home institution's

	program.
An ineligible foreign postsecondary institution that meets the definition of a foreign institution in 34 CFR 600.52	The host institution may offer no more than 25% of the home institution's program.
An eligible foreign institution 34 CFR 668.5(a)	There is no limitation on the amount of the program that may be offered by the host institution. However, the home institution must provide the degree or recognized credential and offer at least some portion of the program.
An eligible institution in the United States where the student is enrolling in the coursework, research, work, or special studies offered by that institution, but the student is not conducting dissertation research as part of a doctoral program[1] (34 CFR 600.52 see definition of a Foreign institution – section (1)(ii)(B))	The host institution in the United States may offer up to 25% of the home institution's program.
An ineligible organization that is offering an internship or externship that is governed by the standards of an outside oversight entity, such as an accrediting agency or government entity, that require the oversight and supervision of the home institution, where the home institution is responsible for the internship or externship and students are monitored by qualified institutional personnel (34 CFR 600.52 see definition of a Foreign institution – section 1(ii)(C)(2)	The host organization may offer up to 25% of the home institution's program.

[1]Note that, notwithstanding this restriction, an individual student is permitted to perform independent research in the United States for not more than one academic year if that research is conducted during the dissertation phase of a doctoral program under the guidance of faculty, and the research is performed only in a facility in the United States. The home institution is not required to establish a written arrangement with the host institution in this circumstance.

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 FAFSA. Foreign institutions are exempt from performing verification.

Verification exemption

34 CFR 668.51(c)

Information

While verification is not required, foreign schools must resolve unusual enrollment history (UEH) flags that appear on a student's SAR/ISIR. The UEH flags address possible abuse in the FSA programs. UEH flags are discussed in

Dear Colleague Letter GEN-15-05 and the *FSA Handbook*, in *Volume 1, Chapter 3*, under “Unusual Enrollment History.”

Foreign schools are reminded that, although they are exempt from verification, all schools have a responsibility to resolve conflicting or suspicious information. See *Volume 2, Chapter 3,* of the *FSA Handbook*, under “Consistency of information” and “Conflicting information.”

Student Visa Application Documentation

Students from the U.S. who attend foreign institutions must provide documentation of the estimated direct 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 United Kingdom Border Agency for use with U.S. students who will attend school in the United Kingdom. Both sample letters are included at the end of this chapter 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 foreignschooldlenrollment_fsa@ed.gov for assistance.

Sample Estimated Direct Loan Information Letter For Student Visa Applications

Cost of Attendance (COA) 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.

Cost of attendance and fluctuating currency rates

DCL GEN-10-18, December 2, 2010

Foreign Institutions and SAIG

Foreign School Update FS-2020-03

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. 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. Here is the link: Student Aid Internet Gateway – Overview

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, generally referred to as the “cash management requirements.” 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.

COD School Relations Center

When contacting the Common Origination and Disbursement (COD) School Relations Center, foreign institutions should access the following website: COD Online (ed.gov).

Currency used for credit balances

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

Cash management requirements 💡

With a few differences, foreign schools are subject to the same cash management requirements as domestic schools.

Maintaining and Accounting for Funds

All foreign schools must maintain a depository account into which the Department transfers, or the school deposits, FSA program funds. The depository account must be insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) or by an equivalent agency of the government of the country in which the institution is located. If there is no equivalent agency, the Department may approve a depository account designated by the foreign school. Unlike domestic institutions, the depository account that a foreign school maintains need not be an interest-bearing account. In addition, the foreign school’s depository account does not need to be identified with the phrase “Federal Funds,” nor is the school required to file a UCC-1 Statement associated with the depository account.

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, Volume 4, Chapter 2*.

Student Choice Menu

Foreign schools are not subject to the student choice menu that would require schools to provide students a choice of the way they receive FSA program credit balances.

Tier 1 and Tier 2 Arrangements

The cash management regulations identify two types of agreements between schools and financial service providers—Tier 1 (T1) and Tier 2 (T2) Arrangements. T1 and T2 arrangements do not apply to foreign schools.

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.

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.

Returning loan funds

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

Return of Title IV Funds requirements

34 CFR 668.22, FSA Handbook, Volume 5

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.

See instructions for foreign schools to send refunds via international electronic funds transfers posted under Section 7 – Funding Direct Loans: Refunding Unused Funds located on the Foreign School Information page.

Consumer Information

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

Information

Foreign institutions are required to comply with these requirements, except that a foreign institution is not required to comply with certain consumer information requirements and certain campus safety requirements, including the requirements of the Violence against Women Act (VAWA), and its associated implementing regulations. See The Handbook for Campus Safety and Security Reporting for more information: https://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.

Consumer information requirements

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

Federal Register /Vol. 83, No. 229 /Wednesday, November 28, 2018, "Waiver of Certain Consumer Information Requirements for Foreign Institutions of Higher Education

Exemption from campus crime reporting

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

Title IV Eligible foreign schools and the American Opportunity Tax Credit

Title IV Eligible foreign Schools and the American Opportunity Tax Credit

U.S. federal tax laws require each postsecondary educational institution that is an eligible educational institution to file Form 1098-T reporting payments of qualified tuition and related expenses received from, or on behalf of, the student and furnish a copy to the student. In addition, each postsecondary educational institution must include its EIN on Form 1098-T. 26 U.S.C. § 6050S.

While foreign educational institutions are not required as a matter of Title IV eligibility to obtain an EIN and complete Form 1098-T for U.S. students they enroll, it is a financial benefit to the student for the institution to do so and may provide the student with additional funds to pay for continued enrollment. Please review the August 6, 2018 Electronic Announcement for more information

Chapter 2

Audits and 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.

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).

Audited financial statements and compliance audits for foreign institutions

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

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.

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 institution's 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 institution's 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 institution's preceding fiscal year.

e-Z Audit requirements

New

eZ-Audit became available on August 8, 2020, for use by foreign schools. Find the details about how to register to use it at: Electronic Submission of Financial Statements and Compliance Audits for All Schools and Other Entities

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

For additional information on Audited Financial Statements and Compliance Audits, see Volume 2, Chapter 4 of the

Federal Student Aid Handbook.

Compliance Audits

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.

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.

OIG Foreign School Audit Guide

The Foreign School Audit Guide was updated in March 2020. 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. The OIG Foreign School Audit Guide is available at https://www2.ed.gov/about/offices/list/oig/nonfed/foreign-school-audit-guide.pdf.

An alternative compliance audit is an "agreed-upon procedures engagement" that 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 that were required for any preceding fiscal year 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.

Information

A foreign institution's compliance audit must be done on a fiscal year basis (meaning the institution's fiscal year), 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 Institution's Most Recent Fiscal Year	Public and Private Nonprofit Institutions	For-Profit Institutions
$500,000 or more	Standard compliance audit, submitted annually	Standard compliance audit, submitted annually
Less than $500,000	Alternative compliance audit, submitted annually	Standard compliance audit, submitted annually
	Alternative compliance audit may cover up to 3 fiscal years if: • received less than $500,000 in most recent fiscal year period, • fully certified, • timely submitted and had accepted 2 most recent audits and no late submissions since, or • notified by the Department.	Standard compliance audit, submitted annually

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). They must be audited by an independent auditor in accordance with U.S. Generally Accepted Government Auditing Standards (U.S. GAGAS) and other guidance contained in *2 CFR Part 200 Subpart F* or in audit guides developed by 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. The waiver may also not apply if the Department identifies problems with a foreign institution's administrative capability or compliance reporting and requires the institution to submit annually.

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.

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 for that year 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 Institution's 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	Required annually, in English
$500,000- $2,999,999	Required annually, in English	Not required	Required annually, in English
Less than $500,000	Not required, except during initial certification	Not required	Required annually, in English

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.

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.

Financial responsibility for foreign public institutions

34 CFR 668.171(g)(2)

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).

Chapter 3

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.

Definition of a foreign graduate medical school

34 CFR 600.52, 600.55(a)(1)

General eligibility criteria

34 CFR 600.55(a)

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).

Professional degree definition

34 CFR 668.2

A degree that signifies both completion of the academic requirements for beginning practice in a given profession and a level of professional skill beyond that normally required for a bachelor's degree. Professional licensure is also generally required. Examples of a professional degree include but are not limited to Pharmacy (Pharm.D.), Dentistry (D.D.S. or D.M.D.), Veterinary Medicine (D.V.M.), Chiropractic (D.C. or D.C.M.), Law (L.L.B. or J.D.), Medicine (M.D.), Optometry (O.D.), Osteopathic Medicine (D.O.), Podiatry (D.P.M., D.P., or Pod.D.), and Theology (M.Div., or M.H.L.).

Graduate or professional student definition

34 CFR 668.2

A student who –

1. *Is not receiving title IV aid as an undergraduate student for the same period of enrollment;*
2. *Is enrolled in a program or course above the baccalaureate level or is enrolled in a program leading to a professional degree; and*
3. *Has completed the equivalent of at least three years of full-time study either prior to entrance into the program or as part of the program itself.*

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

    Note: Beginning in 2024, the Education Commission for Foreign Medical Graduates (ECFMG) will only certify international medical graduates (IMG) who graduate from a foreign school that is accredited by a World Federation for Medical Education (WFME) recognized accreditor.
- 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;
- 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.
- 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.

Requirement to notify accrediting body

34 CFR 600.55(e)(2)

Publication of instruction language

34 CFR 600.55(g)(3)

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.

Accreditation

34 CFR 600.55(b)

Definition of NCFMEA

34 CFR 600.52

The NCFMEA is the operational committee of medical experts established by the U.S. Department of Education 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 *https://sites.ed.gov/ncfmea/*.

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 eligible 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*.

Note: The Secretary is waiving, for the duration of admissions years in which the COVID-19 national emergency declaration is in effect, the requirement that to participate in the Federal Direct Loan program, a foreign medical school must require students to take the MCAT.

U.S. citizen, national, or eligible noncitizen

34 CFR 668.33(a)

Clarification 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. Also included are certain individuals who are in the United States for other than a temporary purpose with the intention of becoming a citizen or permanent resident. For more information, see the *FSA Handbook*, Volume 1, Chapter 2.

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 and Step 2-Clinical and Knowledge (Step 2-CK) . Please refer to the information below about the permanent cancellation of the Step 2-CS exam as described in DCL-GEN-22-01.

The USMLE is the two-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, and Step 2-CK assesses knowledge of clinical science principles.

Note: Traditionally, these scores were the results of students and graduates completing the USMLE steps which included Step 1, Step 2-Clinical Skills (CS) and Step 2-Clinical Knowledge (CK). In May 2020, the Step 2-CS exam was suspended due to the COVID-19 pandemic. In January 2021, the National Board of Medical Examiners and the Federation of State Medical Boards, the organizations that oversee the USMLE program, announced that the Step 2-CS exam would be

cancelled permanently. Please review DCL-GEN-22-01 for additional information.

USMLE Pass Rate Requirement

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

Graduates of medical schools located outside of the U.S. and Canada must pass Step 1 and Step 2-CK to obtain certification from the ECFMG. 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 2022 for Step 1 is determined as follows:

> Students from the denominator who passed Step 1
> ÷
> All students at the school in calendar year 2021 and all students who graduated in 2019, 2020, and 2021, who took Step 1 for the first time during calendar year 2021

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 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*.

Passing score

34 CFR 600.52

A passing score is the minimum passing score as defined by the ECFMG or for Canadian schools, the USMLE Management Committee.

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.

Citizenship pass rate requirement

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

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 (FFEL) 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
- 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 2022 are determined as follows:

Full-time student rate:

> 2021 full-time students who did not graduate in 2021 and were neither U.S. citizens, nationals, nor permanent residents
> ÷
> Any student enrolled full time during 2021 who did not graduate in 2021

Graduates rate:

> 2021 graduates who graduated in 2021 and were neither U.S. citizens, nationals, nor permanent residents
> ÷
> Any student who graduated in 2021

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.

Submitting data to the Department

Review the information below for instructions for submitting data to the Department

https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2020-08-14/new-document-center-program-compliance-documents

All documentation must be submitted in electronic format via the secure Partner Eligibility and Oversight Services (PEOS) Document Center at https://cod.ed.gov/.

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. 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 and Step 2-CK 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.

Information

A foreign graduate medical school located outside of Canada may obtain USMLE scores from the ECFMG by submitting Form 173, Institutional Request for an Official USMLE® Transcript, available at *https://www.ecfmg.org/forms/transcripts.html*. A foreign graduate medical school located in Canada may obtain USMLE scores from the National Board of Medical Examiners (NBME).

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.

The Foreign Medical School USMLE pass rates can be reported using the Sample Formats for Submission of USMLE and Citizenship Data, issued by the Secretary and included as Enclosure B, and should be uploaded electronically to the Department's PEOS Document Center (see "**Foreign Schools Participation Division Submission Requirement**") by April 30 of each year, accompanied by a certification on letterhead stationery signed by the President/CEO/Chancellor, in accordance with the certification instructions included in Enclosure B.

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

Foreign graduate medical schools must collect, at their own expense, 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.

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).

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:

- The on-time completion rate for U.S. students completing the medical program in the previous calendar year (e.g., calendar year 2021 for the April 30, 2022, 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 website;

- 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).

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)

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.

The *Foreign Medical School Consumer Information Form* used to submit this information is included at the end of this chapter.

Definition of a private education loan

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

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.

Requirements for clinical training

34 CFR 600.55(e)

A foreign graduate medical school must have either a formal affiliation agreement or other written arrangement with the hospital or clinic at which all or a portion of the school's clinical rotations that are not required are provided. This does not apply to 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 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).

Location of the program

34 CFR 600.55(h)

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.

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 the 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 an on- site evaluation and approved the clinical training site, and
- the clinical instruction must be offered in conjunction with medical educational programs offered to students enrolled in accredited schools located in that approved foreign country.

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.

SAP at foreign graduate medical schools

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

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.

Application information

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

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 of 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;
- 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 Loans to the students at that location, the school must apply and wait for approval from the Department before disbursing Direct Loans, except for those locations that are included in the accreditation of a medical program accredited by the LCME or 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 Loans to the students at that location, the school must notify the Department no later than 10 days after the location is added. This does not apply to locations that are included in the accreditation of a medical program accredited by the LCME or the AOA or to 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.

Instructions for Completing the Foreign Medical School Consumer Information Form

Reporting Requirements and Definition of U.S. Student:

- Reporting. The Foreign Medical School Consumer Information Form, issued by the Secretary and included as Attachment A, should be uploaded electronically to the Department's PEOS Document Center (see "**Foreign Schools Participation Division Submission Requirement**") by April 30 of each year, accompanied by a certification on letterhead stationery signed by the President/CEO/Chancellor, in accordance with the certification instructions included in Attachment A.
- U.S. Student. The definition of U.S. Student for the purposes of this consumer information collection is in 34 CFR 668.33
    - (a)(1) "Be a citizen or national of the United States; or"

- (2) “Provide evidence from the U.S. Immigration and Naturalization Service that he or she – (i) Is a permanent resident of the United States; or
- (ii) Is in the United States for other than a temporary purpose with the intention of becoming a citizen or permanent resident...”.

Information to Report to the U.S. Department of Education

The following is a summary of the information that must be reported by a foreign institution for each of its approved graduate medical programs:

- The on-time completion rate for U.S. students completing the program
- The median and mean Title IV loan debt incurred by U.S. students who completed the program
- The median and mean private loan debt incurred by U.S. students who completed the program
- The median and mean institutional financing debt incurred by U.S. students who completed the program
- The combined median and mean debt incurred by U.S. students who completed the program

Foreign graduate medical institutions are required to report to the Department the consumer information listed above. The Department will publish this information on a Departmental consumer website. The data used for the calculations is that for the cohort of U.S. students that completed all the requirements for the medical degree in the prior calendar year. The reporting data due on April 30, 2022, would include information applicable to U.S. students who completed all the requirements for the medical degree during the calendar year that ended December 31, 2021.

Calculation of Data Elements

Below is some information on each of the data elements included on the reporting form.

1. **Loan Definitions**

   For the purposes of the median and mean Title IV loan debt, all loans provided under the FFEL Program and the Direct Loan Program are to be included in the calculation of Title IV loan debt.

   For the median and mean private educational loan debt, the Truth- in-Lending regulations, at 12 CFR 226.46(b)(5), provide the definition of a private education loan. 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 an FFEL or Direct 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 FFEL and Direct Loan Programs, private education loans, as defined above, and institutional education loan debt, as defined above.

2. **On-Time Completion Rate**

   Normal completion time is defined as the amount of time necessary for a student to complete all requirements for the degree or certificate as provided in the institution’s catalog or other promotional materials. Note that “normal time” is not 150% of the published time.

   To calculate the on-time completion rate, divide the number of U.S. students who completed the program during the most recently completed calendar year within normal time by the total number of U.S. students who completed the program in the most recently completed calendar year and multiply the result by 100.

   Example: During the 2022 calendar year, 100 U.S. students completed the program but only 75 of them completed in normal time. Divide 75 by 100 to get .75. Then multiply .75 times 100 to get 75. Thus for this program, 75% is the “on-time completion rate.”

Leaves of absence are to be included when determining whether a student completed a program within normal time. For example, if the normal time to compete a Medical Program is 2 years and a student took 2.5 years to complete because of a 6 month leave of absence, the student would NOT be one that can be included as having completed the Medical Program within normal time when calculating the Medical Program's completion rate. Thus, students who do not complete the Medical Program in normal time because of a leave of absence (or any other reason) are to be included in the denominator of the completion rate fraction but not in the numerator.

3. **Calculating Median Loan Debt**

The median is the middle value in a distribution of values, above and below which lie an equal number of values. To calculate the median loan debt for a program, an institution would follow these steps. Step 1: Determine which U.S. students completed the Medical Program in the most recently completed calendar year.

Step 2: Arrange each student's debt in ascending order, including students with zero debt. Step 3: Identify the middle value since the median is the middle value in the distribution of all values. If there is an even number of values in the distribution and thus there is no middle value, calculate the mean (average) of the two values at the halfway point. Example A: The following are the loan debt values for nine U.S. students who completed the medical program in the 2022 calendar year listed in ascending order:

1. $0
2. $0
3. $1000
4. $1750
5. $2343
6. $4709
7. $6881
8. $6881
9. $9995

Since this distribution includes an odd number of values, the median loan debt is $2343 because the fifth value is the "middle" number when these debts are ranked in ascending order. Example B: The following are the loan debt values for twelve (12) U.S. students who completed the medical program in the 2022 calendar year listed in ascending order:

1. $0
2. $0
3. $500
4. $1674
5. $2126
6. $3000
7. $4000
8. $4000
9. $6524
10. $8326
11. $8591

12. $10000

Since this distribution includes an even number of values, to determine the median loan debt for these twelve students the institution must calculate the mean of the sixth and seventh values ($3000 + $4000 = $7000; $7000 ÷ 2 = $3500). The median loan debt for this cohort of twelve students is $3500.

When calculating the median Title IV debt and private educational loan debt for a medical program's reporting information, the total amount that each U.S. student received for attendance in the medical program, without regard to how much went to institutional charges, is to be included. For example, a U.S. student may have received a loan totaling $10,000 for attendance in a medical program where $6,000 went to pay institutional charges and $4,000 was provided to the U.S. student to meet other educational expenses (e.g., books and supplies, living expenses). When calculating the median loan debt for the report, this U.S. student would be considered to have $10,000 in loan debt. For debt from institutional financing, the amount to be used in the calculation is the amount the U.S. student has outstanding upon leaving the program.

4. **Calculating Mean Loan Debt**

The mean is the average of a distribution of values. To calculate the mean loan debt for a program, an institution would follow these steps:

Step 1: Determine the number of U.S. students who completed the medical program in the most recently completed calendar year.

Step 2: Add the amount of each U.S. student's Title IV debt, private education loan debt, and institutional loan debt, including students with zero loan debts.

Step 3: Divide the total amount of each type of debt determined in Step 2 by the number of U.S. students determined in Step 1.

The outcome from Step 3 is the mean loan debt.

An institution must include in its reporting its own calculation of median and mean debt, separately showing Title IV debt and other educational debt as well as the combined debt.

To satisfy the annual consumer information reporting requirement, complete the following information and submit to the Foreign Schools Participation Division following the procedures below:

Foreign Schools Participation Division Submission Requirement

All documentation must be submitted in electronic format via the secure Partner Eligibility and Oversight Services (PEOS) Document Center at https://cod.ed.gov/.

If the original supporting documents are not in English, certified English translations of the documents must be provided.

Protection of Personally Identifiable Information

Personally Identifiable Information (PII) being submitted to the Department must be protected. PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth).

PII being submitted electronically or on media (e.g., CD-ROM, floppy disk, DVD) must be encrypted. The data must be submitted in a .zip file encrypted with Advanced Encryption Standard (AES) encryption (256-bit is preferred). The Department uses WinZip. However, files created with other encryption software are also acceptable, provided that they are compatible with WinZip (Version 9.0) and are encrypted with AES encryption. Zipped files using WinZip must be saved as Legacy compression (Zip 2.0 compatible).

The Department must receive an access password to view the encrypted information. The password must be e-mailed separately from the encrypted data. The password must be 12 characters in length and use three of the following: upper case letter, lower case letter, number, special character. A manifest must be included with the e-mail that lists the types

of files being sent (a copy of the manifest must be retained by the sender).

Hard copy files and media containing PII must be:

- sent via a shipping method that can be tracked with signature required upon delivery
- double packaged in packaging that is approved by the shipping agent (FedEx, DHL, UPS, USPS)
- labeled with both the "To" and "From" addresses on both the inner and outer packages
- identified by a manifest included in the inner package that lists the types of files in the shipment (a copy of the manifest must be retained by the sender).

PII data cannot be sent via fax.

Foreign Graduate Medical School Consumer Information Reporting Form

Certification of Information Required on Institution's Letterhead Stationary

Chapter 4

Foreign Veterinary Schools and 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.

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.

Foreign Veterinary Schools

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

Definition of a foreign veterinary school

34 CFR 600.52, 600.56(a)

Criteria for participation

34 CFR 600.56(a)

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
- effective 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. The Department's Guidelines for Requesting an Acceptability Determination for a Foreign Veterinary Accrediting Agency is available at *https://surveys.ope.ed.gov/erecognition/wwwroot/documents/Foreign_Vet_Agency_Guidelines.pdf*

For-profit foreign veterinary school

34 CFR 600.54(f)

NEW The list of veterinary organizations evaluated by the Department and the Department's decision regarding the acceptability of the organization for purposes of evaluating veterinary programs for participation in the Direct Loan program are available at *https://www.ed.gov/accreditation/search.aspx*.

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 undergraduate/graduate 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.

All participating foreign veterinary schools, regardless of institutional structure (public, private non-profit and for-profit), must provide a listing of all clinical training sites of their educational programs that have been approved by all veterinary licensing boards and evaluating bodies whose views are considered relevant by the Secretary. To be eligible for Direct Loan funds, U.S. students who attend a public or non-profit foreign veterinary school may complete clinical training portion of its program at an approved facility located inside or outside of the country in which its main campus is located, but U.S. students attending for-profit foreign veterinary schools must complete their clinical training at an approved veterinary school located in the United States.

Public or private nonprofit foreign veterinary school

34 CFR 600.56(b)(2)(ii)

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.

Foreign Nursing Schools

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

Definition of a foreign nursing school

34 CFR 600.52, 600.57

Criteria for participation

34 CFR 600.57(a)

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 is an associate degree school of nursing, a collegiate school of nursing, or a diploma school of nursing;
- 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
    - 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;

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.

Passing score

34 CFR 600.52 A passing score is the minimum passing score as defined by the NCLEX-RN.

- 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 undergraduate/graduate joint degree program.

For-profit foreign nursing school

34 CFR 600.54(f)

Location of the program

34 CFR 600.57(d)]

The submission of NCLEX-RN pass rate information

All documentation must be submitted in electronic format via the secure Partner Eligibility and Oversight Services (PEOS) Document Center at https://cod.ed.gov/.

If the original supporting documents are not in English, certified English translations of the documents must be provided.

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.

Protection of Personally Identifiable Information

Personally Identifiable Information (PII) being submitted to the Department must be protected. PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth).

PII being submitted electronically or on media (e.g., CD-ROM, floppy disk, DVD) must be encrypted. The data must be submitted in a .zip file encrypted with Advanced Encryption Standard (AES) encryption (256-bit is preferred). The Department uses WinZip. However, files created with other encryption software are also acceptable, provided that they are compatible with WinZip (Version 9.0) and are encrypted with AES encryption. Zipped files using WinZip must be saved as Legacy compression (Zip 2.0 compatible).

The Department must receive an access password to view the encrypted information. The password must be e-mailed separately from the encrypted data. The password must be 12 characters in length and use three of the following: upper case letter, lower case letter, number, special character. A manifest must be included with the e-mail that lists the types of files being sent (a copy of the manifest must be retained by the sender).

Hard copy files and media containing PII must be:

- sent via a shipping method that can be tracked with signature required upon delivery
- double packaged in packaging that is approved by the shipping agent (FedEx, DHL, UPS, USPS)
- labeled with both the "To" and "From" addresses on both the inner and outer packages
- identified by a manifest included in the inner package that lists the types of files in the shipment (a copy of the manifest must be retained by the sender).

PII data cannot be sent via fax.

Appendix A - Consumer Information Requirements

Consumer Information Requirements

Consumer Information - The information that a school must provide about financial aid and its campus, facilities, student athletes, and gainful employment programs as well as information to promote campus security and fire safety and prevent drug and alcohol abuse, as required under HEA Sec. 485(f) and 34 CFR 668.41–49.

Exemption for foreign schools:

Federal Register Notice 11/28/2018 - Waiver of Certain Consumer Information Requirement for Foreign Institutions of Higher Education.

The following chart describes the requirements for the consumer information that a school must provide to students, the Department, and others. If an exemption or waiver applies for foreign schools, it is highlighted with a notation that the requirement is waived or exempted.

Topic: Institutional and Financial Assistance Information for students

At a minimum, the school must publish and make available to current and prospective students a description of all federal, state, local, private, and institutional need-based and non-need-based student financial assistance programs available to them. A school must annually provide a NOTICE directly (one-on-one distribution) to all enrolled students describing the availability of the required consumer information. The notice must contain a brief description of the various disclosures and how to obtain the full disclosures. If a disclosure is posted to a website, the notice must provide the exact electronic address and provide a statement that paper copies are available.

Requirement	Applicability for Foreign Schools
General requirement – Describe the terms and conditions of the loans students receive under the William D. Ford Federal Direct Student Loan Program; terms and conditions, loan limits.	Required
Application process –The procedures and forms by which students apply for assistance, student eligibility requirements.	Required
Award amount determination – Criteria for determining the amount of a student's award, method by which financial assistance disbursements are made and the frequency of those disbursements.	Required
ED materials – Schools are required to provide information published by the U.S. Department of Education to students any time information regarding loan availability is provided.	Required
Student eligibility requirements – enrolled in eligible program with at least half-time status.	Required
Student rights and responsibilities – terms of any loan received by a student as part of the student's financial assistance package; Criteria for continued student eligibility under each program – what students must do to be making satisfactory academic progress (SAP). The institution must include criteria by which students who have failed to maintain satisfactory progress may re-establish	Required

their eligibility for financial assistance. An institution must provide a student with a link to its Financial Aid Satisfactory Academic Program (SAP) policy.	
Entrance and exit counseling for student loan borrowers. Institutions must ensure that this loan counseling is provided to students and must keep documentation of their compliance with this requirement for each borrower, as required by 34 CFR 685.304.	Required
Student Body Diversity	**Waived**

Topic: Institutional Information

Requirement	Applicability for Foreign Schools
Academic information - The academic programs of the institution, including current degree programs and other educational and training programs; The instructional, laboratory, and other physical facilities which relate to the academic program; The institution's faculty and other instructional personnel; and any plans by the institution for improving the academic programs of the institution.	Required
Accreditation and licensing information - The names of associations, agencies or governmental bodies that accredit, approve, or license the institution and its programs and the procedures by which documents describing that activity may be reviewed by any enrolled or prospective student upon request.	**Waived**
Copyright infringement (including unauthorized peer-to-peer file sharing) policies and penalties – Institution has developed and implemented written plans to effectively combat the unauthorized distribution of copyrighted material by users of the institution's network, without unduly interfering with educational and research use of the network, that include: The use of one or more technology-based deterrents; Mechanisms for educating and informing its community about appropriate versus inappropriate use of copyrighted material; Procedures for handling unauthorized distribution of copyrighted material, including disciplinary procedures; and Procedures for periodically reviewing the effectiveness of the plans to combat the unauthorized distribution of copyrighted materials by users of the institution's network.	**Waived**
School Cost - The cost of attendance, including - (i) Tuition and fees charged to full-time and part-time students; (ii) Estimates of costs for necessary books and supplies; (iii) Estimates of typical charges for room and board; (iv) Estimates of transportation costs for students; and (v) Any additional cost of a program in which a student is enrolled or expresses a specific interest.	Required
Disability-related services and facilities - A description of the services and facilities available to students with disabilities, including students with intellectual disabilities.	Required
Net price calculator	**Exempted**
The Financial Aid Shopping Sheet – All schools that have agreed to adopt the Principles of Excellence for Educational Institutions serving Service Members, Veterans, Spouse, and other family	***Voluntary*** as indicated in

members—**otherwise it is voluntary**	chart
Refund policy - Any refund policy with which the institution is required to comply for the return of unearned tuition and fees or other refundable portions of costs paid to the institution.	Required
Return of funds requirements - A summary of the requirements for the return of title IV loan assistance, Treatment of title IV funds when a student withdraws.	Required
Study Abroad information - A statement that a student's enrollment in a program of study abroad approved for credit by the home institution may be considered enrollment at the home institution for the purpose of applying for assistance under the title IV, HEA programs.	Required
Transfer of credit policies and articulation agreements - A description of the transfer of credit policies established by the institution which must include, at a minimum - (i) Any established criteria the institution uses regarding the transfer of credit earned at another institution; (ii) A list of institutions with which the institution has established an articulation agreement; and (iii) Written criteria used to evaluate and award credit for prior learning experience including, but not limited to, service in the armed forces, paid or unpaid employment, or other demonstrated competency or learning.	**Waived**
Withdrawal procedures (34 CFR 668.22(l)(3)) - The “date of the institution's determination that the student withdrew” for an institution that is not required to take attendance is - (i) For a student who provides notification to the institution of his or her withdrawal, the student's withdrawal date as determined under paragraph (c) of this section or the date of notification of withdrawal, whichever is later; (ii) For a student who did not provide notification of his or her withdrawal to the institution, the date that the institution becomes aware that the student ceased attendance; (iii) For a student who does not return from an approved leave of absence, the earlier of the date of the end of the leave of absence or the date the student notifies the institution that he or she will not be returning to the institution; or (iv) For a student whose rescission is negated under paragraph (c)(2)(i)(B) of this section, the date the institution becomes aware that the student did not, or will not, complete the payment period or period of enrollment. (v) For a student who takes a leave of absence that is not approved in accordance with paragraph (d) of this section, the date that the student begins the leave of absence.	Required
Written arrangements (consortium and contractual agreements) with other institutions - Written arrangements between eligible institutions or with a consortium of eligible institutions, under which the other eligible institution or consortium provides part of the educational program to students enrolled in the first institution or provides part of the educational program of students enrolled in the eligible institution under a study abroad program.	Required

Topic: Drugs & Alcohol Prevention

Requirement	Applicability for Foreign Schools
Annual distribution and biennial review of institution’s drug abuse prevention program	**Waived**

Notice of Federal Student Financial Aid Penalty for Drug Law Violations	**Waived**

Topic: Consumer Information for Student Athletes

Requirement	Applicability for Foreign Schools
Athletic program participation rates and financial support data – Any coeducational institution of higher education that participates in an FSA program and has an intercollegiate athletic program is required to submit an Equity in Athletics Report. It is referred to as the EADA report - Equity in Athletics Disclosure Act.	**Waived**

Topic: Student Right-to-Know Act

Requirement	Applicability for Foreign Schools
Reporting rates to IPEDS (Integrated Postsecondary Educational System)	**Exempted**
Completion or graduation rates Note: your school's graduation rates will not display on the IPEDS College Navigation Site	**Waived**
Job placement rates and related information	**Waived**
Transfer-out rate	**Waived**
Retention rate	**Waived**
Graduate and professional education in which graduates of the institution's four-year degree programs enroll	**Waived**

Topic: Clery/Campus Security Act

Requirement	Applicability for Foreign Schools
The Daily Crime log	**Waived**
Fire Safety Report	**Waived**
Fire Log	**Waived**

Security policies, crime statistics, and report	**Exempted**
Emergency response and evacuation procedures	**Exempted**
Timely warning of crimes and emergency notification	**Exempted**
Security Report - Missing Person Notification Policy	**Waived**
Programs to prevent dating violence, domestic violence, sexual assault, and stalking	**Exempted**
Violence Against Women Act (VAWA)	**Exempted**

Topic: Family Educational Rights and Privacy Act of 1974 (FERPA) – US students only

Requirement	Applicability for Foreign Schools
Each school must annually provide notice to all enrolled students about: • The right to review their educational records, to request amendment of records, to consent to disclosures or personally identifiable information and to file complaint with the U.S. Department of Education. • Procedures for reviewing educational records and requesting amendment of records. • If applicable, information about the school's policy regarding disclosures to school officials with legitimate educational interest in the educational records.	Required

Topic: Safeguarding Customer Information

Requirement	Applicability for Foreign Schools
Schools participating in the FSA programs are subject to the information security requirements established by the FTC for financial institutions. Schools must adopt an information security program and draft detailed policies for handling financial data covered by the law, such as parents' annual income, and take steps to protect the data from falling into the wrong hands. The administrative, technical, or physical safeguards you use to access, collect, distribute, process, protect, store, use, transmit, dispose of, or otherwise handle customer information-PII.	Required

Topic: Fire Safety Reports and Student Housing

Requirement	Applicability for Foreign Schools

Fire safety policies, statistics, and report	**Waived**
Missing student notification	**Waived**

Topic: Misrepresentation

(Defined as a false, incorrect, misleading statement made directly or indirectly to a student, any member of the public, an accrediting agency, a state agency, or the Department. Misrepresentation includes any statement that omits information in such a way as to make the statement false, erroneous, or misleading. A statement may still be misleading even if it is true on its face).

Requirement	Applicability for Foreign Schools
Nature of educational program - This definition applies to statements made by an eligible institution, the school's representatives, or any ineligible institution, organization, or person with whom the eligible institution has an agreement to provide educational programs or those that provide marketing, advertising, recruiting or admission service. Misrepresentation includes the dissemination of a student endorsement or testimonial that a student gives either under duress or because the school required the student to make such an endorsement or testimonial to participate in a program.	Required
Nature of Financial charges – Misrepresentation concerning the nature of an eligible institution's financial charges includes but is not limited to false, erroneous or misleading statements concerning—offers of scholarships to pay all or part of a course charge; whether a particular charge is the customary charge of the course; cost of program and institutional refund policy if the student does not complete the program.	Required
Employability of graduates - A school, one of its representatives, or a related party engages in substantial misrepresentation when it does so about the nature of its education program, its financial charges, or the employability of its graduates; availability or nature of any financial assistance offered to students; and the student's right to reject any particular type of financial aid or other assistance.	Required

Topic: Loan Disclosures

Requirement	Applicability for Foreign Schools
Exit Counseling – Direct loan student borrower who is graduating, leaving school, or dropping below half-time enrollment is required to complete exit counseling. If the student drops out without notifying your school, you must confirm that he has completed online counseling or mail exit counseling material to him at his last known address within 30 days.	Required
Providing borrower information at separation – Personal information collected for exit counseling provided by school must be given to students' loan servicer within 60 days. No permission is needed since students granted authorization when they signed the promissory note.	Required

Private Education Loans – School or affiliated organization that provides information regarding a private education loan from a lender or prospective borrower must inform the prospective borrower that he may qualify for FSA loans and that the terms and conditions of FSA loans may be more favorable than the provisions of private education loans.	Required
Schools as private lender – If a school solicits, makes, or extends private education loans, it is considered to be a private education lender that is subject to the Federal Reserve's regulations on private educational lenders.	Required
Preferred lender list – For any year in which the school has a preferred lender list arrangement, it will at least annually compile, maintain, and make available for students attending the school and the families of such student a list in print or other medium of the specific lenders for private education loans that the school recommends, promotes, or endorses in accordance with such preferred lender arrangement.	Required
Code of conduct concerning loans – Each school must prominently publish on its website a code of conduct that prohibits a conflict of interest with the responsibilities of an agent of the school with respect to private education loans. The code of conduct must prohibit - revenue sharing arrangement with any lender, receiving gifts from a lender, contracting arrangements, directing borrowers to a particular lender, offer of funds for private loans, advisory board compensation.	Required

Topic: Gainful Employment Disclosures

Requirement	Applicability for Foreign Schools
Note: The GE provisions are being renegotiated and more information will be provided once the process is complete.	**Vacated**
Non-degree programs for public and non-profit institutions	**Vacated**
For-profit institutions – Medical, Veterinary and Nursing programs	**Vacated**

Constitution Day

Requirement	Applicability for Foreign Schools
Section 111 of Division J of Pub. L. 108-447, the "Consolidated Appropriations Act, 2005,'' Dec. 8, 2004 Section 111 requires that Constitution Day be held on September 17 of each year, commemorating the September 17, 1787, signing of the Constitution. However, when September 17 falls on a Saturday, Sunday, or holiday, Constitution Day shall be held during the preceding or following week.	**Waived**

Vaccinations Policy

Requirement	Applicability for Foreign Schools
HEOA Section 488(a)(1)(E): amended HEA Section 485(a)(1) *(20 U.S.C. 1092(a)(1))*: added HEA Section 485(a)(1)(V) Schools must make available to current and prospective students information about school policies regarding vaccinations.	**Waived**

Textbook information

Requirement	Applicability for Foreign Schools
20 U.S.C. 1015b Schools must ensure that students have access to affordable course materials by decreasing costs to students and enhancing transparency and disclosure with respect to the selection, purchase, sale, and use of course materials. All involved parties, including faculty, students, administrators, institutions of higher education, bookstores, distributors, and publishers, are encouraged to work together to identify ways to decrease the cost of college textbooks and supplemental materials for students while supporting the academic freedom of faculty members to select high quality course materials for students.	**Waived**

Voter Registration Form

Requirement	Applicability for Foreign Schools
HEOA Section 493(a)(1) amended HEA Section 487(a)(23) *(20 U.S.C. 1094(a)(23))*: added *HEA Section 487(a)(23)(D)* • Make the voter registration form widely available to students at the school. • Request the forms from the state 120 days prior to the deadline for registering to vote within the state. This requirement does not apply to schools in states that do not have a voter registration requirement or that allow voters to register at the time of voting.	**Waived**

Resources:

Statutory Authority – Chapter 28, Higher Education Resources and Student Assistance Subchapter IV- Student Assistance Part G- General Provisions Relating to Student Assistance Programs § 1092 Institutional and Financial assistance information for students (HEA § 485)

Institutions are required to provide a long list of disclosures, statistics and other information, and reports to current and prospective students, their families, and others. This information informs students to aid in their selection of a school and other decisions.

Regulations – 34 CFR 668 Subpart D, Student Consumer Information Services, 34 CFR 668.41 Reporting and disclosure of information

Department of Education References – *FSA Handbook, Vol. 2, Chapter 6* Consumer Information and School Reporting