

FOREIGN SCHOOL ELIGIBILITY AND APPLICATION PROCESS

October 2024

Statutory Authority

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

Participation in the U.S. Department of Education’s (the Department’s) federal student aid programs permits eligible students from the United States (U.S.) to borrow federal student aid to help pay their education expenses while attending an approved institution located outside the U.S. The borrower is obligated to repay the loan at a later date. Grant assistance is not available through the U.S. federal student aid programs for U.S. students who are enrolled in foreign schools.

The Secretary also determines whether institutions only seeking designation as an eligible institution (“eligibility only”), rather than *Title IV* participation, meet or continue to meet the definition of an eligible institution.

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

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

To be eligible, a foreign school can either be public, or nonprofit or a for profit that is freestanding graduate medical school or freestanding veterinary school or freestanding nursing school.

Definition of a foreign institution - 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 –
 - has no U.S. location;
 - has no written arrangements, within the meaning of 34 C.F.R. 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 C.F.R. 668.8, except for written arrangements for no more than 25% of the courses required by the program to be provided by eligible institutions in the United States;
 - 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% 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 C.F.R. 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.

To be designated as eligible to apply to participate in the Direct Loan Program or to continue to be eligible beyond the scheduled expiration of the institution's current period of eligibility, a foreign institution must—

- Apply on the form prescribed by the Secretary; and
- Provide all the information and documentation requested by the Secretary to make a determination of that eligibility.

Note: If seeking eligibility for its MD, Veterinary MD and/or Nursing programs, a foreign institution must provide appropriate programmatic accreditation and meet additional requirements. For information about the additional eligibility criteria for these special programs, refer to the “Foreign School Supporting Documents and Important Resources” guidance on the [Foreign School Information](#) page.

Application Process

Institutions are strongly encouraged to watch the [Training Video: Applying for First-Time Approval to Participate in Title IV FSA Programs](#) and to review the student financial assistance regulations regarding the requirements that must be satisfied before seeking approval to participate in the federal student financial aid programs.

To apply to become an approved foreign school, one must—

- Apply for UEI number at <https://sam.gov/>
 - For more information, see the GSA website on UEI at: <https://www.gsa.gov/about-us/organization/federal-acquisition-service/office-of-systems-management/integrated-award-environment-iae/iae-systems-information-kit/unique-entity-identifier-update>
 - (**GENERAL-23-30**) REMINDER–Annual UEI Registration Renewal with SAM Website
- Complete and submit a Pre-Eligibility Application (Pre-App) (for institutions seeking to be initially certified, to have eligibility reinstated, to become a free standing institution, or to be designated as an eligible non-participating institution). The Pre-App needs to be signed by your authorized signature authority to receive the credentials. The Pre-App is completed at <https://fsapartners.ed.gov/auth/verify/preElig>.
- Complete and submit the *Application to Participate in the Federal Student Financial Aid Program* (E-App) after receiving from FSA your login credentials for the FSA Partner Connect site and additional instructions. The E-App is completed at <https://fsapartners.ed.gov/auth/verify/eApp>.

A Program Participation Agreement (PPA) must be signed by the official at the institution who has the authority to sign on behalf of the institution. That individual is typically the institution's chief executive officer, president, chancellor, or other designated official. In appropriate cases, FSA also requires authorized representatives of owner entities or individuals to sign the PPA. By entering into a PPA, an institution agrees that it will comply with the provisions of 34 C.F.R. 668.15 relating to factors of financial responsibility and that it will comply with the provisions of 34 C.F.R. 668.16 relating to standards of administrative capability. Thus, to ensure financial responsibility, the Department may in certain cases require signatures from corporations or other legal entities that have, or could have, a direct or indirect effect on the institution's financial responsibility. For more information about these signature requirements, review Electronic Announcement (**GENERAL-22-16**) and Electronic Announcement (**GENERAL-23-11**).

- Submit information on foreign school officials, locations, programs, degrees, legal authorization, and other required supporting documentation that must be provided through E-App.

When completing your eligibility application, please ensure that you enter an Alternate E&O for your institution that is not the same person as your designated E&O Administrator. Please see

Knowledge Center for related topics [E-app-and-third-party-servicer](#) and [E&O Admin Role in Partner Connect](#).

A school's Office of Postsecondary Education Identification (OPE ID) number will be issued once approval to participate is granted.

Basic Eligibility Criteria (All Schools)

To be approved as "Participant" or "Eligibility Only", the foreign school must satisfy the basic eligibility criteria stated in the Code of Federal Regulations (C.F.R.) under Title 34, Parts 600, 668 and 685, which include having met all basic eligibility criteria:

- Having a legal authorization to offer and award postsecondary degrees that are recognized in the country in which the school is located for which their main campus is located.
 - Federal regulation requires that a foreign institution be legally authorized by the appropriate authority to provide an eligible educational program beyond the secondary level in the country in which the institution is located.
 - In addition, a foreign institution must be legally authorized to award a degree that is equivalent to an associate, baccalaureate, graduate, or professional degree that is awarded in the United States.
 - An additional location of a foreign institution must separately meet the definition of a foreign institution in § 600.52 if the additional location is—
 - 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
 - Located within the same country as the main campus, but is not covered by the legal authorization of the main campus;
- Provides an eligible education program—
 - A foreign institution provides an eligible education program 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 C.F.R. 668.3;
 - A program offered by a foreign institution may not include any use of a telecommunication course (distance education), correspondence course, or direct assessment, except that distance education technologies may be used to supplement and support instruction in a

classroom located in the foreign country where the students and instructor are physically present;

- A program with internship or externship component is eligible if the internship or externship is governed by accrediting agency standards, or, in the case of an eligible foreign institution, 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;
- 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.
- Provide proof of public or nonprofit status from the appropriate government entity within their country—
 - Foreign public institution – A foreign public institution is considered foreign private nonprofit for *Title IV* purposes unless they provide the following:
 - 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; and
 - 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 subject to a condition of past performance under [§ 668.174](#).
 - Foreign private nonprofit – A foreign institution is considered to be a nonprofit institution if
 - the institution is owned and operated by only one or more nonprofit corporations or associations, and
 - 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.

Note: Foreign schools that are for-profit can only seek eligibility if they are freestanding graduate Medical schools or freestanding Veterinary schools or freestanding Nursing schools.

- Submit audited financial statements prepared in accordance with the accounting principles of the country or US GAAP/GAGAS—
 - A foreign institution seeking approval as initial certification in *Title IV* programs needs to demonstrate that it is financially responsible under the requirements established in 34 C.F.R. §§ 668.15, 668.23 and 34 C.F.R. Part 668, Subpart L. Initial applicants must register

in eZ-Audit system and submit audited financial statements for its two most-recently completed fiscal years that are prepared in accordance with the accounting principles of the country where the university is located. Financial statement submissions must include the following components in the audited financial statements:

- An independent auditor’s report.
 - A related party disclosure that describes all related party transactions, regardless of materiality, as described in 34 C.F.R. §668.23(d).
 - A Financial Responsibility Supplemental Schedule that is audited by the same auditor as the financial statements, as described in Appendix A and B to Subpart L of Part 668 Section 2, final regulations published on Sept. 23, 2019 (<https://fsapartners.ed.gov/knowledge-center/library/federal-registers/2019-09-23/final-regulation-borrower-defense-repayment>) and in [GEN-21-07](#).
- Foreign public institutions that wish to be designated as foreign public for Title IV purposes need to meet the regulatory requirements of § [668.171\(g\)\(2\)](#) and submit an acceptable letter of public status. An institution with an accepted, compliant letter of public status does not need to provide a Financial Responsibility Supplemental Schedule with its financial statement submissions.
- For technical questions related to resolving issues with eZ-Audit submissions and requirements described in incomplete letters, schools should work directly with eZ-Audit customer service team. See also <https://ezaudit.ed.gov/docs/registration.pdf>.

Additional Agreements (“Participant” Schools)

Schools approved as “Participant” in the William D. Ford Federal Direct Loan (Direct Loan) Program enter into a binding legal agreement and fiduciary relationship with the Department, and therefore must:

- Ensure that U.S. students are eligible to borrow under the Direct Loan Program;
- Agree to fulfill administrative and fiduciary duties;
- Financial responsibility and administrative capability to administer the Direct Loan Program;
- Observe all U.S. regulations covering federal student aid programs;
- Submit required documents annually; and
- Repay loan funds to Direct Loan Program lenders using the Return to Title IV calculation if a student withdraws before finishing a term of study.

Administrative Capability Criteria (“Participant” Schools)

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

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

Deferment Only (Eligibility Only) Institutions

We make an important distinction between the institutions that “participate” in the U.S. federal student aid programs and the institutions that are recognized as “deferment only” or “eligibility only” institutions.

An eligible institution satisfies all basic institution eligibility criteria, however, it does not enter into a written program participation agreement with the U.S. Department of Education to fulfill all responsibilities of participation in the U.S. federal student aid programs, such as annual audit reporting requirements. A deferment only school may not certify new U.S. Federal student loans for U.S. students, but a U.S. student attending a deferment only school who has pre-existing U.S. Federal student loans may qualify for a temporary suspension of the student loan repayment obligation (an “in-school deferment”) while attending an eligible institution at least half-time.

If an institution is unable or unwilling to meet the standards for participation, it may apply for a designation as a deferment only institution. Being designated as either a participating or an “eligibility only” institution qualifies an institution or its students to participate in non-federal student aid programs, such as the HOPE and Lifetime Learning Tax Credit programs. In addition, students attending these institutions qualify for in-school deferment of payments on their federal student loans they have previously taken out.