

FOREIGN SCHOOL FREQUENTLY ASKED QUESTIONS

GENERAL – SCHOOLS

MAY 2010

Q1: What is U.S. federal student aid for foreign schools?

A1: The Higher Education Act of 1965, as amended, permits eligible United States (U.S.) students 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 enroll directly in foreign schools for the purpose of obtaining their degree from that institution. Through June 30, 2010, the federal student aid program for which U.S. students attending approved foreign institutions may apply for loans is the Federal Family Education Loan (FFEL) Program. Beginning July 1, 2010, the applicable program is the William D. Ford Federal Direct Loan (Direct Loan) Program.

Q2: My school is interested in participating in U.S. federal student aid. What do I need to do?

A2: To apply to become an approved foreign school under the FFEL Program (or Direct Loan Program), a foreign school must:

- Download, print, and complete a questionnaire to request an Office of Postsecondary Education identification number (OPE ID) available at www.eligcert.ed.gov/ows-doc/initialApp.html;
- Fax the completed questionnaire to Attn: Foreign Schools Team at 202/275-3486;
- Receive notification of its OPE identification number;
- Use the OPE ID to access the *Application for Approval to Participate in the Federal Student Financial Aid Programs* via the E-App Web site located at <http://www.eligcert.ed.gov>;
- Complete and submit the *Application for Approval to Participate in the Federal Student Financial Aid Programs*, which requests information on foreign school officials, locations, programs, degrees, and legal authorization; and
- Submit required supporting documentation to complete the electronic application.

Q3: My school previously participated in the federal student aid programs. Do I use the same application?

A3: Yes. You will complete and submit a new *Application for Approval to Participate in the Federal Student Financial Aid Programs* (E-App).

Q4: Are there particular requirements that the foreign school must meet to be eligible?

A4: Under current regulations, which are undergoing review and will change within the next two years, the foreign school must meet requirements stated in the Code of Federal Regulations under Title 34, Parts 600, 668, 682, and, beginning July 1, 2010, 685, which include having:

- Appropriate legal authorization from the country in which the school is located to provide postsecondary education and to award a degree that is equivalent to a degree awarded in the U.S.
- An eligible education program, which is at least one year in length and leads to a recognized educational credential at the undergraduate level or higher and does not include distance or correspondence education in whole or in part;

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- Proof of public or not-for-profit status (for-profit status permitted only for freestanding foreign medical and veterinary schools, and, beginning July 1, 2012, freestanding foreign nursing schools);
- Financial responsibility and administrative capability to administer the federal loan program;
- For all foreign medical schools, whether freestanding or subsumed within a larger university, appropriate accreditation by a body approved by the National Committee on Foreign Medical Education and Accreditation (NCFMEA); and
- For all foreign medical, veterinary, or, effective July 1, 2012, nursing schools, whether freestanding or subsumed within a larger university, documentation it meets additional institutional eligibility requirements.

Q5: What supporting documents are necessary in the application process?

A5: In addition to the application itself, the documentation a foreign school must submit includes the following:

- Section L of the E-App with the original signature of the school's vice-chancellor, president or chief executive officer;
- Audited financial statements for the two most recently completed fiscal years;
- Student loan default management plan, unless the school elects to adopt the Department's default management plan;
- Most recent catalog, including all sections dealing with degrees and programs provided at the foreign school;
- Legal authorization to provide an education program beyond the secondary school level in the country where the school is located; and
- Legal authorization to award a degree or postsecondary credential that is equivalent to a degree/postsecondary credential awarded in the U.S.

Note: Certified English translations of supporting documents are required if the original documents are not in English.

Q6: What are the responsibilities of a foreign school once it becomes eligible to participate?

A6: Foreign schools approved to participate in the FFEL Program or the Direct Loan Program enter into a binding legal agreement and fiduciary relationship with the Department, and therefore must:

- Ensure that U.S. students applying for loans under the FFEL Program or the Direct Loan Program meet all eligibility requirements;
- Agree to fulfill administrative and fiduciary duties;
- Follow all U.S. regulations covering federal student aid programs;
- Submit required documents timely; and
- Repay loan funds if a student withdraws before finishing the program of study, and reimburse the Department for subsidy costs incurred if the school erred in approving award of the loan.

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Q7: What is deferment only status? How do I apply?

A7: 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 the basic institution eligibility criteria, such as having appropriate legal authorization to provide education at the postsecondary level, offering at least one educational program that qualifies as an eligible program under Department regulations, and being a public or not-for-profit entity (except for foreign medical and foreign veterinary schools). However, a deferment only/eligibility only institution does not enter into a written program participation agreement with the Department that would require it to fulfill all responsibilities of participation in the U.S. federal student aid programs, such as annual audit reporting requirements. A deferment only/eligibility only school may not certify new U.S. federal student loans for U.S. students, but a U.S. student attending such a 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 the deferment only/eligibility only institution at least half-time.

The institution would complete the application process – the Initial Questions and E-app – but would mark “deferment only” on the application.

Q8: Is there a fee to participate in the U.S. federal student aid programs?

A8: The Department does not charge for participation in the federal student aid programs; however, there is an administrative burden associated with participation. For example, universities must recertify on a date determined by the Department (at least every six years, but usually less). Additionally, universities must provide audited financial statements and compliance audits. Schools are financially responsible to the Department for errors made in their administration of the loan programs.

Q9: How often are we responsible for financial statements and compliance audits?

A9: A foreign university that elects to participate in the U.S. federal student aid programs must agree to administer the program according to U.S. federal regulations. For those institutions that elect to participate in the federal student aid programs, there are no exceptions to administering the program according to U.S. laws and regulations.

Federal regulations require foreign schools to submit an audited financial statement (see exception below for federal loans disbursed for less than \$500,000 under Audited Financial Statements) and a compliance audit annually. Depending upon the amount of federal student loan funds that a foreign school disburses for its students’ attendance during the fiscal year, the regulations prescribe how financial statements and compliance engagements are to be presented for foreign schools.

Audited Financial Statements** – Allows the Department to assess the financial condition of the foreign school. There are two categories of such statements:

- ***Federal Loans disbursed for less than \$500,000***

Financial Statements are not required, except for foreign schools seeking initial participation.

- ***Federal Loans disbursed for more than \$500,000***

Submit financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and U.S. Government Auditing Standards (GAS).

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Compliance Audit** -- Allows the Department to evaluate the foreign school's compliance with regulatory requirements. There are two categories of such audits:

- ***Federal Loans disbursed for less than \$500,000***
Submit alternative compliance engagement.
- ***Federal Loans disbursed for more than \$500,000***
Submit standard compliance engagement.

**These reports are prepared in accordance with the *U.S. Foreign School Audit Guide* available at <http://www2.ed.gov/about/offices/list/oig/nonfed/sfa.html>. The documentation is currently item 13 under "Section B. School/School Servicer Audits."

Q10: If we participate, what are our other responsibilities?

A10: In general, a school's administrative responsibilities include:

- Meeting and maintaining loan-program participation requirements.
- Establishing borrower eligibility.
- Certifying/originating loans.
- Disbursing proceeds.
- Reconciling loan originations and disbursements.
- Counseling students.
- Reporting borrower enrollment information to the Department's National Student Loan Data System (NSLDS).
- Returning funds when a borrower a student withdraws before finishing the program of study.
- For most foreign medical schools, whether freestanding or subsumed within a larger university, submitting annually to the Department in accordance with Department requests data regarding the percent of U.S. nationals and permanent residents among the school's enrollment and graduates and regarding the scores achieved by the school's students and graduates on examinations administered by the Educational Commission for Foreign Medical Graduates (ECFMG).

Q11: Does a foreign school that participates in the federal student aid programs have to be accredited by an accrediting agency body in the U.S., or its home country?

A11: We do not require foreign schools to be approved by a U.S. accrediting agency or an accrediting agency in its home country, except in the case of a foreign medical school which must be accredited by the medical accreditor in its home country that is approved by NCFMEA. A foreign medical school located in a country that has not obtained a comparability determination from NCFMEA is not eligible to participate in the federal student aid programs, whether it is a freestanding school or a medical program within a larger university.

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Q12: Can we provide loans for short-term or study abroad programs for U.S. students?

A12: If your institution is approved for participation, you may only certify student loans or deferments for eligible U.S. students enrolled in a program at your institution that is at least one year in length and leads to a certificate or diploma or a full degree program – undergraduate or graduate. You would not be authorized to certify student loans or deferments for U.S. study abroad students who only plan to attend your institution for a semester or for a one-year study abroad experience to earn credits that may transfer into a degree program in the U.S.

Q13: What programs of study are eligible for Title IV funding?

A13: An eligible educational program includes a) degree program, b) a program that is at least two-academic years in length and acceptable toward a degree that is at least equivalent to a U.S. bachelor's degree, or c) a non-degree program that is at least a one-year program leading to a certificate or other recognized credential that prepares a student for a job.

Q14: What about programs of study that are taught by distance education?

A14: A program of education that is offered in whole or in part by telecommunications is not an eligible program, except that telecommunication technologies may be used to supplement and support instruction that is offered in a classroom located in a foreign country where the students and instructor are physically present.

Q15: What are “regular” students?

A15: 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 credential offered by that institution.” If they were enrolled merely for the pleasure of learning, but not to obtain a degree or other credential, they would not be considered regular students.

Q16: How does the Department define postsecondary schools?

A16: In the U.S., a postsecondary school provides instruction beyond that which is provided at the high school (secondary) level. Instruction in a high school continues through the 12th academic grade. Postsecondary education encompasses study at a university or college or vocational school by students who have a high school diploma or other secondary education credential. Foreign schools may use different terminology, but only institutions and programs that are comparable to undergraduate institutions and programs in the U.S. are eligible. We also make a comparison to determine whether postsecondary programs offered by a foreign school were properly considered undergraduate or graduate for purposes of federal student aid. This determination affects the amount of federal student aid money the student was eligible to borrow.

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Q17: Where do I find more information about U.S. federal student aid for foreign schools?

A17: Resources include:

- The *Foreign School Audit Guide (and its amendments)* describes the annual requirements for compliance audit reporting and audited financial statement reporting. This resource, and its amendments, are available at <http://www2.ed.gov/about/offices/list/oig/nonfed/sfa.html>. The documentation is currently item 13 under “Section B. School/School Servicer Audits.”

- **Dear Colleague Letters**

The Department publishes public letter guidance concerning the administration of the Title IV, HEA programs to participating institutions on the Information for Financial Aid Professionals (IFAP) Web site at <http://ifap.ed.gov>. These letters are known as Dear Colleague letters. The following Dear Colleague Letters are of particular relevance to foreign institutions:

- <http://ifap.ed.gov/dpcletters/GEN0310.html>
- <http://ifap.ed.gov/dpcletters/GEN0611.html>
- <http://ifap.ed.gov/dpcletters/G03348.html>
- <http://ifap.ed.gov/dpcletters/GEN0611.html>

Q18: Who do we contact for assistance with eligibility questions?

A18: You may contact the Department’s Foreign Schools Team as follows:

Address:

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

Telephone: 202/377-3168

Fax: 202/275-3486

E-mail: fsa.foreign.schools.team@ed.gov

Q19: I cannot log in to the E-APP. How do I get assistance?

A19: Please e-mail fsa.foreign.schools.team@ed.gov for assistance with your user name and password.

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Q20: I am able to log in to the E-App, but am unable to make any changes.

A20: Your application may be locked. Contact the Foreign Schools Team and request that they “unlock” your application.

Q21: Do you have any guidelines about the person who should be designated for Question 70, which asks: “Provide the following information for any additional contacts such as the application agent, your Destination Point Administrator, or your FFEL contact.”

A21: The following information should assist you.

- **Destination Point Administrator (DPA) (Required):** All foreign schools are now electronically connected to the Department’s electronic systems; this provides foreign schools with easier access to student information and filing of various reports. The DPA is the person at your school who is tasked with receiving this information electronically.
- **FFEL Contact: (Required):** The FFEL Contact is the person at your institution who has the authority to sign the loan certifications for U.S. students (you may include more than one person if necessary).

Please note: In some cases, the DPA and the FFEL Contact are the same person, and there is no difference in contact information. However, the E-APP requires that you re-enter the information for both titles in order for the E-APP to be materially complete. If one person will serve in both capacities, you must select the button labeled “Add an additional contact” to add the FFEL contact information.

Effective July 1, 2010, the FFEL Program will end and the requirement to identify a FFEL contact will no longer apply.

- **Application Agent** (if applicable) - A person outside your school who will complete the E-APP and, in addition, will answer any questions about the E-APP. If the institution has a person that performs these responsibilities on behalf of the institution, please add their name and title to Question 70 and provide their contact information.

Q22: My institution has new officials and would like to report the changes in staffing.

A22: Please submit an electronic application to report the personnel changes online at this URL: <http://www.eligcert.ed.gov>. Your username and password will be the same as before. Choose the “Update Information” application purpose and select “Officials/Directors of the Institution” as the detailed purpose for the application. Submit the application electronically and send any required supporting documents/signature pages. If you have any other changes or updates to report, this would be a good opportunity to do so.

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Q23: How can I get my foreign degree evaluated/assessed?

A23: The Department does not perform credential evaluation, but we do have information to provide you on that topic. The Department's International Affairs Office has an information center called the U.S. Network for Education Information (USNEI) which has a drop-down link to the subject on its Web site at <http://www.ed.gov/about/offices/list/ous/international/usnei/international/edlite-index.html>.