



Foreign Schools Final Rules Summary
Dec. 22, 2010

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The following summary highlights regulatory changes in the *Federal Register* dated Nov. 1, 2010, commonly referred to as the Foreign Institutions rules. NELA® encourages schools to carefully examine the new regulations, as most rules are effective July 1, 2011. Other effective dates are noted in the table. Schools are permitted to implement the provisions of these new rules early, except for the changes to §600.55(f)(1)(i)(B), which may not be implemented prior to July 20, 2011.

Topic	Rule Change	Effective Date	Notes
Definitions			
Nonprofit School §600.2	For a foreign school to be designated as a nonprofit school for Title IV purposes, it must be owned or operated by one or more nonprofit entities and determined to be nonprofit by an approved tax authority in the school's home country. If there is no recognized tax authority in the school's home country, the school must demonstrate to the satisfaction of the U.S. Department of Education that it is a nonprofit entity.	July 1, 2011	
Foreign School §600.52 and §600.54(a)(1)	<p>The regulations define a foreign school as one that meets all of the following criteria:</p> <ul style="list-style-type: none"> • Is not located in the United States. • Has no locations in the United States, except for certain clinical training sites. • Has no written arrangements allowing its students to complete a portion of their program from a school located in the United States. • Does not permit its students to enroll in any course offered by a school in the United States, except for limited instances of independent research. • Is legally authorized to provide postsecondary education programs by an appropriate authority in its home country. • Awards degrees, certificates and educational credentials that are officially recognized by its home country. • For any program that prepares its students for a "recognized occupation," provides a credential that meets the requirements of the country in which the school is located for entry into and licensure for that occupation. 	July 1, 2011	Final rules stipulate that a foreign school can have written arrangements or consortium agreements only for student exchange or study abroad with other Title IV eligible schools located outside of the United States. A student may not take any classes in the United States or at an ineligible school, with a single exception. In the case of independent research by an individual student for not more than one year, the student may participate in studies at a U.S. school only if the research is during the

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			<p>dissertation phase of a doctoral program under the guidance of faculty and the research can be performed only in a facility within the United States.</p> <p>Final rules remove the requirement that foreign schools must ensure that students receive credentials both for the home country and the United States for those programs that prepare a student for gainful employment in a recognized occupation.</p>
Foreign Nursing School §600.52	Regulations define foreign nursing school as a foreign school (or, in the case of a foreign school that is a university, a component of that foreign school) that is an associate degree school of nursing, a collegiate school of nursing, or a diploma school of nursing.	July 1, 2011	A collegiate school of nursing is a school that provides primarily or exclusively a minimum two-year program of postsecondary education in professional nursing leading to a degree equivalent to a bachelor of arts, science or nursing in the United States.
Foreign Veterinary School §600.52	A foreign veterinary school is a foreign school (or, in the case of a foreign school that is a university, a component of that foreign school) having as its sole mission the intent to provide an educational program that leads to the degree of doctor of veterinary medicine, or the equivalent.	July 1, 2011	

<p>Educational Enterprise §600.52</p>	<p>An educational enterprise is an operation comprising two or more locations under direct or indirect common control that offer all or any portion of an educational program.</p> <p>A foreign location of an educational enterprise is required to apply to participate as a foreign school and must meet all of the requirements for a foreign school:</p> <ul style="list-style-type: none"> • The enterprise enrolls both U. S. and foreign students. • The number of those U.S. students who are eligible for Title IV aid and who attend a location outside of the United States is at least twice the number of students who are enrolled in a location within the United States. 	<p>July 1, 2011</p>	
<p>Eligibility to Participate in the William D. Ford Federal Direct Loan Program</p>			
<p>Eligible Schools §600.54</p>	<p>To participate in the Direct Loan Program, the school must:</p> <ul style="list-style-type: none"> • Be an otherwise eligible public or private nonprofit school that meets the applicable requirements of §600.4. • Be a freestanding graduate medical school, veterinary school or nursing school. • Be a for-profit medical, veterinary or nursing school, if the school meets the applicable requirements of §600.5 • Admit only students who have a high school diploma or a recognized equivalent of a high school diploma. • Provide an eligible education program that is either: <ul style="list-style-type: none"> ○ At least two years in length, acceptable for credit toward a bachelor's degree awarded in the United States, or for which the school is legally authorized to award a degree equivalent to at least an associate degree in the United States. ○ Equivalent to a one-year training program in the United States and that leads to a certificate, degree or other recognized educational credential and prepares students for gainful employment. 	<p>July 1, 2011</p>	

Written Arrangements §600.54(c)	A foreign school must not enter into any written arrangement under which an ineligible school or organization will provide one or more of its programs. In this case, a written arrangement would not include any affiliation agreement for clinical training.	July 1, 2011	
Additional Locations §600.54(d)	Any additional location of an eligible foreign school must separately meet the requirements for a foreign school if it is outside the country in which the main campus is located, except for clinical, independent or research locations. An additional location in the same country as the school's main campus also must meet those requirements if it is not covered by the legal authorization of the main campus.	July 1, 2011	
Restriction for For-Profit Foreign Medical, Veterinary and Nursing Schools §600.54(f)	An eligible for-profit foreign graduate medical or veterinary school cannot provide any portion of an eligible program at the equivalent of a U.S. undergraduate level. Title IV funds are prohibited for any joint-degree programs offered at a for-profit foreign graduate medical, veterinary or nursing school.	July 1, 2011	
Certification of Foreign Schools for Title IV Participation			
Period of Participation §668.13(b)(1)	The period of Title IV participation for a private, for-profit foreign school expires three years after certification.	July 1, 2011	
Legal Authorization for Foreign Schools			
Legal Authorization §600.54(g)	A foreign school or a group of foreign schools may prove that the schools are legally authorized to provide postsecondary education in the country where they are located by providing documentation from the education ministry, council or equivalent entity. That documentation may include any one of the following: <ul style="list-style-type: none"> • A single authorization that covers all eligible schools in the country. • A single authorization that covers all eligible schools in a jurisdiction in the country. • A separate authorization for each eligible school in the country. 	July 1, 2011	

Foreign Graduate Medical Schools — §600.55			
New Definitions §600.52	Regulations define: <ul style="list-style-type: none"> • Clinical training. • Foreign graduate medical school. • Post-baccalaureate/equivalent medical program. 	July 1, 2011	
Accreditation §600.55(b)	Any foreign graduate medical school program must meet at least one of the following: <ul style="list-style-type: none"> • Be approved by an approved accrediting body. • Be a public or private nonprofit education organization. 	July 20, 2011	
Accrediting Body §600.55(b)	Accreditation for a foreign graduate medical school must be from an organization that meets both of the following criteria: <ul style="list-style-type: none"> • Is legally authorized to evaluate the quality of such educational programs and facilities in the country in which the school is located. • Has standards of accreditation that are determined by the National Committee on Foreign Medical Education and Accreditation or a successor organization to be comparable to standards of accreditation applied to U.S. domestic medical schools. 	July 20, 2011	
Admissions Criteria §600.55(c)	Admissions criteria must, at a minimum, require each student who is a U.S. citizen, national or aid-eligible permanent resident to supply Medical College Admission Test scores to the school and provide consent for the school to obtain and report data required by the Department.	July 20, 2011	Schools in countries where privacy laws would prohibit sharing this data with ED will not be eligible to certify Title IV funds.
Affiliation Agreement §600.55(e)	Foreign graduate medical schools must have both of the following: <ul style="list-style-type: none"> • A formal affiliation agreement with any hospital or clinic that provides all or a portion of the school's core clinical training or required rotations. • A formal affiliation agreement or other written arrangements with any hospital or clinic that provides all or a portion of its non-mandatory clinical rotations. Locations that are not used regularly but are used only by individual students who take not more than two electives at that location and who attend the location for no more than a total of eight weeks are exempted from the agreement requirement. 	July 20, 2011	

	<p>Agreements must stipulate, at a minimum, how each of the following aspects of the students' enrollment will be addressed at each site:</p> <ul style="list-style-type: none"> • Maintenance of the school's standards. • Appointing faculty. • Curriculum design. • Student supervision. • Liability insurance. • Student evaluations. 		
Data Collection/ Reporting §600.55(d)	<p>By April 30 of each year (unless the Department specifies another date in a <i>Federal Register</i> publication), the school must obtain requisite data and submit the following reports, with respect to each student who is a U.S. citizen, national or eligible noncitizen:</p> <ul style="list-style-type: none"> • To its accrediting body, and, if requested, the Department, the MCAT or successor exam scores for those U.S. citizens, nationals or eligible permanent resident students admitted in the previous year with a statement of how many times each student took the exam. • To its accrediting body, and, if requested, the Department, the percentage of the students, including at least all graduates who are U.S. citizens, nationals, or eligible permanent residents, who graduated in the past year and were placed in an accredited U.S. medical residency program. • To the Department (unless the school receives specific notice that this report is not required) all scores, reported by Step/Test, achieved by students in the preceding award year. This report must include the dates on which the student took each test, including any tests on which the students did not receive passing scores. • To the Department, a statement of its citizenship rate, as defined for the preceding calendar year. 	July 20, 2011	Final rules change the evaluation period from award to calendar year — and the reporting time frame from Sept. 30 to April 30.

<p>Establishing or Re-Establishing Eligibility §600.20(a) and (b)</p>	<p>A freestanding foreign graduate medical school, or a foreign school that includes a graduate medical school, must include all of the following in its initial application or application to re-establish eligibility to participate in any Higher Education Act program:</p> <ul style="list-style-type: none"> • A list of all educational sites and where each is located. This includes all sites where students receive regular clinical training. • The type of clinical training students will receive at each of the sites. • The types of programs that the school offers (post-baccalaureate/equivalent medical programs, other programs that lead to employment as a doctor of medicine or osteopathy, or both). • Copies of formal affiliation agreements with hospitals and clinics that provide all or a portion of the clinical aspects for students' training. <p>The school also must provide standard application materials.</p>	<p>July 20, 2011</p>	
<p>Exam Performance §600.55(f)(1)(ii)</p>	<p>For foreign schools located outside Canada, at least 75 percent of a school's students and graduates who take the USMLE Step tests must achieve a passing score and must be taking the test for the first time.</p>	<p>July 20, 2011 Note: May not be implemented early.</p>	
<p>Location of a Program §600.55(h)</p>	<p>An eligible graduate medical program may be located only in a country where the medical school accrediting standards are comparable to standards used in the United States, except for clinical training sites that are offered in the United States. Except for clinical training, no portion of an eligible program can be offered outside the country in which the main campus of the foreign graduate medical school is located.</p> <p>Some students are eligible for Title IV aid even if performing their clinical training in countries other than where the school's main campus is located or in the United States. The site's eligibility is based on the actual location, the medical accrediting agency's review of the site, and the structure under which the site offers the training to the students.</p>	<p>July 20, 2011</p>	

SAP §600.55(g)	Foreign graduate medical schools must establish and publish standards of satisfactory academic progress. Each school must document the educational remediation that it provides to assist students in making satisfactory academic progress and must disclose to students and prospective students all of the languages in which it offers instruction.	July 20, 2011	The regulation cites an incorrect reference to the requirements of §668.16(e)(2)(ii)(B), (C) and (D). Final rules strike this citation, and SAP rules now are published under 668.34.
Foreign Veterinary Schools — §600.56			
Accreditation §600.56(a)(4)	Foreign veterinary schools must be accredited or provisionally accredited by an organization acceptable to the Department.	July 1, 2015	
Clinical Training §600.56(b)(2)	<p>If a foreign veterinary school is not a public or private nonprofit school, students must perform any clinical training in an approved U.S. veterinary school.</p> <p>If the school is a public or private nonprofit school, its students may perform necessary clinical work at an approved school located:</p> <ul style="list-style-type: none"> • In the United States. • In the country in which the foreign school is located. • In another foreign country if no student takes more than two electives at the institution, and the combined length of the electives is no more than eight weeks. • Outside the home country if it's within the school's accreditation from the American Veterinary Medical Association. 	July 1, 2011	
Location §600.56(b)(1)	A school may not offer any portion of the core veterinary educational program at a site that is outside of the country in which the main campus of the school is located.	July 1, 2011	
Foreign Nursing Schools — §600.57			
New Definitions	<p>Regulations define:</p> <ul style="list-style-type: none"> • Associate degree school of nursing. • Collegiate school of nursing. • Diploma school of nursing. <p>The type of degree offered serves as the primary distinction between these schools.</p>	July 1, 2011	

<p>Direct Loan Program Eligibility Criteria §600.57(a)</p>	<p>A foreign nursing school may apply to participate in the Federal Direct Loan Program if the school meets all eligibility criteria in part 600, and all of the following:</p> <ul style="list-style-type: none"> • Meets the definition of an associate degree school of nursing, a collegiate school of nursing, or a diploma school of nursing. • Has an agreement with either a hospital or accredited school of nursing located in the United States that fulfills specific criteria. • Has an agreement with an accredited school of nursing located in the United States in which the foreign school's graduates receive a degree from the U.S. school. • Originates only Stafford or PLUS loans for its students. • Reimburses the Department for the cost of any defaulted loans for current and former students included in the school's prior fiscal year cohort default rate calculation. • Requires necessary consent from students accepted for admission who are U.S. citizens, nationals or eligible permanent residents, allowing the school to comply with the collection and submission of NCLEX-RN or pass rates, and obtain annually, at its own expense, results of NCLEX-RN achieved by those students, and provide that information to the Department. As an alternative to this requirement, the school could obtain one or more reports from the National Council of State Boards of Nursing, or its affiliate or contractor, that reflect the percentage of the school's students and graduates who passed the exam. • Demonstrates at least a 75 percent pass rate for students who took the NCLEX-RN in the year prior to the year for which the school is certifying Stafford and PLUS loans. • Provides a clinical and classroom nursing instruction program closely supervised by faculty. • Has classes that graduated during each of the two 12-month periods prior to the date on which the Department receives the school's request for determination of eligibility. • Employs only faculty with credentials equivalent to faculty teaching the same or similar courses in the United States. 	<p>July 1, 2011</p>	<p>The Department defines the cost of a defaulted loan for these purposes as the future cost of collections on the defaulted loan. The Department will continue to collect the defaulted loans.</p>
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<p>Program Location §600.57(d)</p>	<p>No portion of a program offered to U.S. students by a foreign nursing school may be offered from a location that is outside of the country in which the main campus is located, except for clinical training sites in the United States.</p>	<p>July 1, 2011 For nursing schools participating in Title IV programs as of Aug. 13, 2008, the effective date is July 1, 2012.</p>	
<p>Audited Financial Statements</p>			
<p>Financial Audit Requirements §668.23(h)(1)</p>	<p>A public or nonprofit foreign school that received less than \$500,000 in Title IV aid for the most recent fiscal year is not required to submit its audited financial statements, unless the school is in its initial provisional period and received Title IV funds for that year. In that case the school must provide the statements in English and prepare the statements in accordance with its home country's generally accepted accounting principles.</p> <p>A foreign institution that received \$500,000 or more in Title IV funds in a single fiscal year must submit — in English and in addition to other required audits — audited financial statements for each most recently completed fiscal year. The school must prepare the statements according to the generally accepted accounting principles of the school's home country. Alternatively, a public or nonprofit foreign school that received at least \$500,000 but less than \$3 million in Title IV aid for the most recent fiscal year could submit audited financial statements, in English, prepared in accordance with generally accepted accounting principles of the school's home country, and may omit the additional required audits from §668.23(d).</p> <p>A public or nonprofit foreign school that received at least \$3 million but less than \$10 million in Title IV aid for the most recent fiscal year is required, once every three years, to submit audited financial statements prepared in accordance with generally</p>	<p>July 1, 2011</p>	

	<p>accepted accounting principles of both the United States and the school's home country. For the two-year period between these submissions, the school can provide, in English, audited statements prepared in accordance with generally accepted accounting principles of the school's home country.</p> <p>If the Department determines that a foreign school has problems with its financial condition or reporting, it could require specific submission requirements for the foreign school's audited financial statements.</p>		
Compliance Audits			
Compliance Audit Requirements §668.23(h)(2)	<p>The Department establishes two separate sets of compliance audit requirements:</p> <ul style="list-style-type: none"> • One for schools that received less than \$500,000 in Title IV funds during the most recent fiscal year. • One for schools that received \$500,000 or more in Title IV funds during the most recent fiscal year. 	July 1, 2011	
Foreign Schools Receiving Less Than \$500,000 §668.23(h)(2)	<p>Foreign schools that receive less than \$500,000 in Title IV funds each year must submit annual compliance audits under an alternative audit performed in accordance with the Office of Inspector General's audit guide. Under certain conditions the school could be permitted to submit annual reports for two consecutive years and, after approval by the Department, submit cumulative audits every three years. To be eligible for this alternative submission, the school would be required to be fully certified and have submitted in a timely manner compliance audits that are accepted for two consecutive fiscal years and have no history of late submission since that time.</p>	July 1, 2011	
Foreign Schools Receiving \$500,000 or More §668.23(h)(2)(i) and (3)(ii)	<p>Foreign schools that receive \$500,000 or more in Title IV funds per year still are required to submit annual compliance audits in accordance with the Office of Inspector General's audit guide. If the Department notifies the foreign school of problems with its administrative capability or compliance reporting, the Department may require the school's audit to be performed at a higher level of engagement.</p>	July 1, 2011	