

Issue Paper 3

Program Integrity and Improvement Issues

Issue: State authorization of foreign locations of domestic institutions

Statutory cites: §§101(a)(2); 102(a)(1); 102(b)(1)(B); 102(c)(1)(B) of the HEA

Regulatory cites: 34 CFR §§600.4(a)(3); 600.5(a)(4); 600.6(a)(3); 600.9

Summary of Change: The HEA requires an educational institution to be legally authorized in a State to provide a program of education beyond secondary education in order to participate in the Title IV student financial aid programs, unless the institution meets the definition of a foreign institution. Domestic institutions of higher education often maintain branch campuses or additional locations outside of the United States. The HEA and implementing regulations do not specifically address authorization for these locations or campuses.

The proposed change would establish authorization requirements for foreign locations by requiring (1) authorization from the foreign country unless the branch campus or additional location is located on a U.S. military base and is exempt from such authorization, (2) approval by the institution's recognized accrediting agency, and (3) a process for student complaints in the State in which the main campus of the institution is located.

Change:

600.9 State authorization.

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(d) Foreign locations. If an institution that is located in a State has a branch campus or additional location that is located in a foreign country, i.e. not in a State--

(1)(i) The branch campus or additional location must be legally authorized to operate by an appropriate authority in the country where the branch campus or additional location is physically located, unless the branch campus or additional location is located on a U.S. military base and is exempt from obtaining such authorization from the foreign country; and

(ii) The institution must provide documentation of the approval or license to the Secretary upon request. The documentation must demonstrate that the government authority is aware that the branch campus or additional location is to be used for providing postsecondary education and that it has consented to those activities.

(2) The branch campus or additional location must be approved by the institution's recognized accrediting agency.

(3) The State in which the main campus of the institution is located must have, at a minimum, processes under which--

(i) The institution reports the existence of or plans to operate the foreign branch campus or additional location to the State, providing the State with an opportunity to deny authorization for the foreign branch campus or additional location; and

(ii) The State reviews and appropriately acts in a timely manner on complaints concerning the foreign branch campus or additional location, including enforcing applicable State law, and has the final authority to resolve complaints.

(4) The institution must inform current and prospective students in writing and by prominently posting on the institution's website that they may use the complaint process of the State in which the main campus of the institution is located for any complaints regarding the foreign branch campus or additional location.

(5) The branch campus or additional location must be authorized under the State process described in paragraph (d)(3)(i).