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WASHINGTON, D.C. 20548

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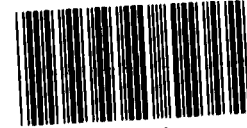
B-197213

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DECEMBER 20, 1979

RELEASED

The Honorable Jim Sasser
Chairman, Subcommittee on the
Legislative Branch
Committee on Appropriations
United States Senate



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Dear Senator Sasser:

Subject: [Citizenship and Residency Requirements for
Government Student Loans] (FGMSD-80-25)

Your letter of December 5, 1979, asked us to answer several questions concerning the possibility that foreign nationals may be improperly receiving direct Government or Government-guaranteed student loans. As your office requested, initially we obtained information on the citizenship and/or residence requirements for the various Government student loan programs.

This letter details information we have developed thus far for the National Direct Student Loan, Health Professions loan, and Nurses Training loan programs. Under these, Government funds are provided to postsecondary educational institutions so they can make loans to needy students. The Department of Health, Education, and Welfare administers the programs and participating schools make, bill, and collect the loans.

Our preliminary work indicates that the laws establishing eligibility for National Direct Student Loan (20 U.S.C. 1087), Health Professions (42 U.S.C. 294) and Nurses Training (42 U.S.C. 297) loans are silent with regard to foreign national students. We are doing additional research to determine whether the Congress has ever addressed the issue of giving Government student loans to foreign national students. Implementing regulations established by the Department of Health, Education, and Welfare, however, do limit eligibility.

The Department of Health, Education, and Welfare considers the three student loan programs as domestic assistance. The Department's implementing guidance for the programs provide that to receive a loan an individual must be:

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- a United States citizen, or
- a permanent resident of the United States, or
- in the United States for other than temporary purposes and intends to become a permanent resident.

As stated in the Department's implementing guidance, individuals are considered to be in the United States for more than a temporary purpose and intending to become a permanent resident only if they have received an official notice from the Immigration and Naturalization Service indicating they have been approved for permanent residence status. Refugees or immigrants admitted to the United States for humanitarian reasons and Southeast Asian refugees admitted to the United States since 1975 are eligible for loans.

Individuals in the United States on student visas are, by definition, here temporarily and therefore not eligible for loans. An Immigration and Naturalization Service official said that foreign nationals in the United States on a student visa may obtain permanent resident status. For instance, a foreign national student with close relatives who are citizens or permanent residents may apply for permanent resident status. If approved for permanent resident status by the Immigration and Naturalization Service, the foreign national would then be eligible for a Government student loan.

In the past, although not focusing on citizenship and residency requirements, we identified weaknesses in the administration and financial management of the Government student loan programs. For example, on June 27, 1977, in a report entitled "The National Direct Student Loan Program Requires More Attention by the Office of Education and Participating Institutions" (HRD-77-109), we found that the Office of Education of the Department of Health, Education, and Welfare, had not provided adequate guidance regarding program requirements and had not effectively monitored participating institutions in administering the program.

The citizenship and residency requirements for federally subsidized student loan programs have not been addressed by GAO in the past. Because the issues are complex, we will require some time to develop the information needed to fully respond to your request. As arranged with your office, we will continue our review of the National Direct Student Loan,

Health Professions, and Nurses Training loan programs and provide you with a report on our findings.

At the request of your office, we did not obtain comments on matters discussed in this letter from the Department of Health, Education, and Welfare. As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this letter until 30 days from its date. At that time we will send copies to interested parties and make copies available to others upon request.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James A. Attest". The signature is written in a cursive style with a large initial "J" and "A".

Comptroller General
of the United States