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Authority: 42 U.S.C. 2751-2756b, unless otherwise noted.

Note: Authority citation amended July 21, 1992, effective September 18, 1992. Heading amended December 21, 1992, effective February 4, 1993.

PART 675--FEDERAL WORK-STUDY PROGRAMS

Subpart A--Federal Work-Study Program

Sec. 675.1 Purpose and identification of common provisions.

(a) The Federal Work-Study (FWS) program provides part-time employment to students attending institutions of higher education who need the earnings to help meet their costs of postsecondary education and encourages students receiving FWS assistance to participate in community service activities.

*(b) Provisions in these regulations that are common to all campus-based programs are identified with an asterisk.

(Authority: 42 U.S.C. 2751-2756b)

Sec. 675.2 Definitions.

(a) The definitions of the following terms used in this part are set forth in subpart A of the Student Assistance General Provisions, 34 CFR 668:

Academic year
Award year
Clock hour
Enrolled
Federal Family Education Loan (FFEL) programs
Federal Pell Grant Program
Federal Perkins Loan Program
Federal PLUS Program
Federal SLS Program
Federal Supplemental Educational Opportunity Grant (FSEOG) Program
Full-time student
HEA
Secretary

(b) The Secretary defines other terms used in this part as follows:

Community services: Services which are identified by an institution of higher education, through formal or informal consultation with local nonprofit, governmental, and community-based organizations, as designed to improve the quality of life for community residents, particularly low-income individuals, or to solve particular problems related to their needs. These services include--

(1) Such fields as health care, child care (including child care services provided on campus that are open and accessible to the community), literacy training, education (including tutorial services), welfare, social services, transportation, housing and neighborhood

improvement, public safety, crime prevention and control, recreation, rural development, and community improvement;

(2) Work in service opportunities or youth corps as defined in section 101 of the National and Community Service Act of 1990, and service in the agencies, institutions and activities designated in section 124(a) of that Act;

(3) Support services to students with disabilities, including students with disabilities who are enrolled at the institution; and

(4) Activities in which a student serves as a mentor for such purposes as--

(i) Tutoring;

(ii) Supporting educational and recreational activities; and

(iii) Counseling, including career counseling.

**Expected family contribution (EFC):* The amount a student and his or her spouse and family are expected to pay toward the student's cost of attendance.

**Financial need:* The difference between a student's cost of attendance and his or her EFC.

Graduate or professional student: A student who--

(1) Is enrolled in a program or course above the baccalaureate level at an institution of higher education or is enrolled in a program leading to a first professional degree;

(2) Has completed the equivalent of at least three years of full-time study at an institution of higher education, either prior to entrance into the program or as part of the program itself; and

(3) Is not receiving Title IV aid as an undergraduate student for the same period of enrollment.

**Institution of higher education (institution):* A public or private nonprofit institution of higher education, a proprietary institution of higher education, or a postsecondary vocational institution.

**Need-based employment:* Employment provided by an institution itself or by another entity to a student who has demonstrated to the institution or the entity (through standards or methods it establishes) a financial need for the earnings from that employment for the purpose of defraying educational costs of attendance for the award year for which the employment is provided.

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Nonprofit organization: An organization owned and operated by one or more nonprofit corporations or associations where no part of the organization's net earnings benefits, or may lawfully benefit, any private shareholder or entity. An organization may show that it is nonprofit by meeting the provisions of Sec. 75.51 of the Education Department General Administrative Regulations (EDGAR), 34 CFR 75.51. (Authority: 20 U.S.C. 1141(c))

Student services: Services that are offered to students that are directly related to the work-study student's training or education and that may include, but are not limited to, financial aid, library, peer guidance counseling, and social, health, and tutorial services.

Undergraduate student: A student enrolled at an institution of higher education who is in an undergraduate course of study which usually does not exceed four academic years, or is enrolled in a four to five academic year program designed to lead to a first degree. A student enrolled in a program of any other length is considered an undergraduate student for only the first four academic years of that program.

(Authority: 20 U.S.C. 1087aa-1087ii)

Note: (b) amended July 21, 1992 and December 21, 1992, effective September 18, 1992 and February 4, 1993, respectively. (b) amended November 30, 1994, effective July 1, 1995. (a) amended by adding the term "Full-time student" and (b) amended by removing "Full-time graduate or professional student" and "Full-time undergraduate student" December 1, 1995, effective July 1, 1996. (a) introductory clause amended and "Payment period" removed from (b) November 29, 1996, effective July 1, 1997. (b), paragraphs (1) and (3) of the definition of "community services," amended October 28, 1999, effective July 1, 2000.

Sec. 675.3 [Removed]

Note: Section removed and reserved November 27, 1996, effective July 1, 1997.

Sec. 675.4 [Removed]

Note: Section removed and reserved November 27, 1996, effective July 1, 1997.

Secs. 675.5-675.7 [Reserved]

Sec. 675.8 Program participation agreement.

To participate in the FWS program, an institution of higher education shall enter into a participation agreement with the Secretary. The agreement provides that, among other things, the institution shall--

(a) Use the funds it receives solely for the purposes specified in this part;

(b) Administer the FWS program in accordance with the HEA, the provisions of this part, and the Student Assistance General Provisions regulations, 34 CFR Part 668;

(c) Make employment under the FWS program reasonably available, to the extent of available funds, to all eligible students;

(d) Award FWS employment, to the maximum extent practicable, that will complement and reinforce each recipient's educational program or career goals;

(e) Assure that employment under this part may be used to support programs for supportive services to students with disabilities; and

(f) Inform all eligible students of the opportunity to perform community services and consult with local nonprofit, governmental, and community-based organizations to identify those opportunities.

(Authority: 20 U.S.C. 1094, 42 U.S.C. 2753)

Note: (f) and (g) added November 30, 1994, effective July 1, 1995. (d) removed and (e), (f), and (g) redesignated as (d), (e), and (f), respectively, October 28, 1999, effective July 1, 2000.

Sec. 675.9 Student eligibility.

A student at an institution of higher education is eligible to receive part-time employment under the FWS program for an award year if the student--

(a) Meets the relevant eligibility requirements contained in 34 CFR 668.32;

(b) Is enrolled or accepted for enrollment as an undergraduate, graduate or professional student at the institution; and

(c) Has financial need as determined in accordance with Part F of Title IV of the HEA. A member of a religious order (an order, community, society, agency, or organization) who is pursuing a course of study at an institution of higher education is considered to have no financial need if that religious order--

(1) Has as its primary objective the promotion of ideals and beliefs regarding a Supreme Being;

(2) Requires its members to forego monetary or other support substantially beyond the support it provides; and

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(3) Directs the member to pursue the course of study or provides subsistence support to its members.

(Authority: 20 U.S.C. 1091; 42 U.S.C. 2752-2753)

Note: (a) revised September 26, 1997, effective October 27, 1997.

Sec. 675.10 Selection of students for FWS employment.

(a) An institution shall make employment under FWS reasonably available, to the extent of available funds, to all eligible students.

(b) An institution shall establish selection procedures and those procedures must be--

(1) Uniformly applied;

(2) In writing; and

(3) Maintained in the institution's files.

(c) *Part-time and independent students.* If an institution's allocation of FWS funds is directly or indirectly based in part on the financial need demonstrated by students attending the institution as less-than-full-time or independent students, a reasonable portion of the allocation must be offered to those students.

(Authority: 20 U.S.C. 1091, 42 U.S.C. 2752-2753)

(Approved by the Office of Management and Budget under control number 1845-0019)

Note: (c) amended November 30, 1994, effective July 1, 1995. (c) and OMB control number amended October 28, 1999, effective July 1, 2000.

Secs. 675.11-675.13 [Reserved]

Sec. 675.14 [Removed]

Note: Section removed and reserved November 27, 1996, effective July 1, 1997.

Sec. 675.15 [Removed]

Note: Section removed and reserved November 27, 1996, effective July 1, 1997.

Sec. 675.16 Payments to students.

(a)(1) An institution must pay a student FWS compensation at least once a month.

(2) Before an institution makes an initial disbursement of Federal Work-Study (FWS) compensation to a student for an award period, the institution must notify the student of the amount of funds the student is authorized to earn, and how and when the FWS compensation will be paid.

(3) An institution must pay FWS compensation to a student by--

(i) Check or similar instrument that the student can cash on his or her own endorsement;

(ii) Initiating an electronic funds transfer (EFT) to a bank account designated by the student after obtaining the authorization described in paragraph (a)(4)(i) of this section;

(iii) Crediting the student's account at the institution after obtaining the authorization described in paragraph (a)(4)(i) of this section. The institution may only credit the student's account at the institution to satisfy current award year charges for--

(A) Tuition and fees;

(B) Board, if the student contracts with the institution for board;

(C) Room, if the student contracts with the institution for room; and

(D) Other institutionally provided educationally related goods and services; or

(iv) Crediting the student's account at the institution to satisfy minor prior award year authorized charges if these charges are less than \$100 or if the payment of these charges does not, and will not, prevent the student from paying his or her current educational costs after obtaining the authorization described in paragraph (a)(4)(i) of this section.

(4)(i) Except for the noncash contributions allowed under paragraphs (b)(2) and (b)(3) of this section, an institution must obtain a separate written authorization from the student if the student is paid FWS compensation by--

(A) Crediting the student's account at the institution; or (B) Initiating an EFT to a bank account designated by the student.

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(ii) If an institution obtains a written authorization from the student, the institution may hold excess FWS funds under paragraph (a)(8) of this section.

(iii) The institution must obtain and use the written authorization in accordance with the requirements of paragraphs (a)(5) and (a)(6) of this section.

(5) In obtaining the student's written authorization described in paragraph (a)(4) of this section, an institution--

(i) May not require or coerce the student to provide that authorization;

(ii) Must allow the student to cancel or modify that authorization at any time; and

(iii) Must clearly explain to the student how it will carry out that activity.

(6)(i) If a student modifies the written authorization described in paragraph (a)(4) of this section, the modification takes effect on the date the institution receives the modification notice.

(ii) If a student cancels the written authorization described in paragraph (a)(4)(i)(A) of this section, the institution may use the Federal Work-Study (FWS) compensation to pay only those authorized charges incurred by the student before the institution received the notice.

(7) If an institution pays a student FWS compensation by crediting the student's account, and the result is a credit balance, the institution must pay the credit balance directly to the student as soon as possible but no later than 14 days after the balance occurred on the account.

(8) Except if prohibited by the Secretary under the reimbursement payment method, an institution may hold, on behalf of the student, Federal Work-Study (FWS) funds that would otherwise be paid directly to the student under paragraph (a)(7) of this section, if the institution obtains the authorization described in paragraph (a)(4)(ii) of this section. If an institution holds excess FWS funds, the institution must--

(i) Identify the amount of FWS funds the institution holds for each student in a subsidiary ledger account designated for that purpose;

(ii) Maintain, at all times, cash in its bank account in an amount at least equal to the amount of FWS funds the institution holds for the student; and

(iii) Pay any remaining balance by the end of the institution's final FWS payroll period for an award period.

(9) If a student cancels the written authorization as described in paragraph (a)(4)(ii) of this section to hold excess FWS funds, the institution must pay those funds directly to the student as soon as possible but no later than 14 days after the institution receives that cancellation notice.

(10) Regardless of who employs the student, the institution is responsible for ensuring that the student is paid for work performed.

(11) A student's FWS compensation is earned when the student performs the work.

(12) An institution may pay a student after the student's last day of attendance for FWS compensation earned while he or she was in attendance at the institution.

(b)(1) Except for the noncash contributions allowed under paragraph (b)(2) or (b)(3) of this section, an institution must pay the student its share of his or her FWS compensation at the same time it pays the Federal share.

(2) If an institution pays a student its FWS share for an award period in the form of tuition, fees, services, or equipment, it must pay that share before the student's final payroll period.

(3) If an institution pays its FWS share in the form of prepaid tuition, fees, services, or equipment for a forthcoming academic period, it must give the student a statement before the close of his or her final payroll period listing the amount of tuition, fees, services, or equipment earned.

(c) A correspondence student must submit his or her first completed lesson before receiving a payment.

(d) The institution may not obtain a student's power of attorney to authorize any disbursement of funds without prior approval from the Secretary.

(Authority: 20 U.S.C. 1091, 42 U.S.C. 2753)

(Approved by Office of Management and Budget under control number 1845-0019)

Note: (b)(1) and (b)(3) amended July 21, 1992, effective September 18, 1992. (a)(2), (a)(3), and (a)(4) redesignated as (a)(10), (a)(11), and (a)(12), respectively; (a)(1), (a)(11), (a)(12), (b)(1), (b)(2), (b)(3), and OMB control number amended; (a)(2) through (a)(9) added October 28, 1999, effective July 1, 2000.

*Sec. 675.17 [Removed and Reserved]

Note: Section removed and reserved December 1, 1995, effective July 1, 1996.

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Sec. 675.18 Use of funds.

(a) *General.* An institution may use its FWS allocation only for--

- (1) Paying the Federal share of FWS wages;
- (2) Paying administrative expenses as provided for in 34 CFR 673.7;
- (3) Meeting the cost of a Work-Colleges program under subpart C;
- (4) Meeting the cost of a Job Location and Development program under Subpart B; and
- (5) Transferring a portion of its FWS allocation to its FSEOG program described in paragraph (f) of this section.

(b) *Carry forward funds.* (1) An institution may carry forward and expend in the next award year up to 10 percent of the sum of its initial and supplemental FWS allocations for the current award year.

(2) Before an institution may spend its current year FWS allocation, it shall spend any funds carried forward from the previous year.

(c) *Carry back funds.* An institution may carry back and expend in the previous award year up to 10 percent of the sum of its initial and supplemental FWS allocations for the current award year. The institution's official allocation letter represents the Secretary's approval to carry back funds.

(d) The institution may use the funds carried forward or carried back under paragraphs (c) and (d) of this section, respectively, for activities described in paragraph (a) of this section.

(e) *Transfer funds to FSEOG.* (1) Beginning with the 1993-94 award year, an institution may transfer up to 25 percent of the sum of its initial and supplemental FWS allocations for an award year to its FSEOG program.

(2) An institution shall use transferred funds according to the requirements of the program to which they are transferred.

(3) An institution shall report any transferred funds on the Fiscal Operations Report required under Sec. 675.19(b).

(f) *Carry back funds for summer employment.* An institution may carry back and expend in the previous award year any portion of its initial and supplemental FWS allocations for the current award year to pay student wages earned on or after May 1 of the previous award

year but prior to the beginning of the current award year.

(g) *Community service.* (1) For the 2000-2001 award year and subsequent award years, an institution must use at least seven percent of the sum of its initial and supplemental FWS allocations for an award year to compensate students employed in community service activities. In meeting this community service requirement, an institution must include at least one--

(i) Reading tutoring project that employs one or more FWS students as reading tutors for children who are preschool age or are in elementary school; or

(ii) Family literacy project that employs one or more FWS students in family literacy activities.

(2) The Secretary may waive the requirements in paragraph (g)(1) of this section if the Secretary determines that an institution has demonstrated that enforcing the requirements in paragraph (g)(1) of this section would cause a hardship for students at the institution.

(3) To the extent practicable, in providing reading tutors for children under paragraph (g)(1)(i), an institution must--

(i) Give priority to the employment of students to tutor in reading in schools that are participating in a reading reform project that--

(A) Is designed to train teachers how to teach reading on the basis of scientifically-based research on reading; and

(B) Is funded under the Elementary and Secondary Education Act of 1965; and

(ii) Ensure that any student who is employed in a school participating in a reading reform project described in paragraph (g)(3)(i) of this section receives training from the employing school in the instructional practices used by the school.

(h) *Payment for time spent in training and travel.* (1) For any award year, an institution may pay students for a reasonable amount of time spent for training that is directly related to FWS employment.

(2) Beginning with the 1999-2000 award year, an institution may pay students for a reasonable amount of time spent for travel that is directly related to employment in community service activities (including tutoring in reading and family literacy activities).

(Authority: 20 U.S.C. 1095, 1096; 42 U.S.C. 2753, 2756, 2756b)

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Note: (a)(4) amended July 21, 1992, effective September 18, 1992. (a), (b), and (f) amended and (g) and (h) added November 30, 1994, effective July 1, 1995. (b) removed and (c), (d), (e), (f), (g), and (h) redesignated as (b), (c), (d), (e), (f), and (g), respectively November 27, 1996, effective July 1, 1997. (a)(2), (f), and (g) amended and (h) added October 28, 1999, effective July 1, 2000.

Sec. 675.19 Fiscal procedures and records.

(a) *Fiscal procedures.* (1) In administering its FWS program, an institution shall establish and maintain an internal control system of checks and balances that insures that no office can both authorize payments and disburse funds to students.

(2) If an institution uses a fiscal agent, that agent may perform only ministerial acts.

(3) An institution shall maintain funds received under this part in accordance with the requirements in Sec. 668.163.

(b) *Records and reporting.* (1) An institution shall follow the record retention and examination provisions in this part and in 34 CFR 668.24.

(2) The institution shall also establish and maintain program and fiscal records that--

(i) Include a certification that each student has worked and earned the amount being paid. The student's supervisor, an official of the institution or off-campus agency, shall sign the certification. The certification shall include or be supported by, for students paid on an hourly basis, a time record showing the hours each student worked in clock time sequence, or the total hours worked per day;

(ii) Include a payroll voucher containing sufficient information to support all payroll disbursements;

(iii) Include a noncash contribution record to document any payment of the institution's share of the student's earnings in the form of services and equipment (see Sec. 675.25(a)); and

(iv) Are reconciled at least monthly.

(3) Each year an institution shall submit a Fiscal Operations Report plus other information the Secretary requires. The institution shall insure that the information reported is accurate and shall submit it on the form and at the time specified by the Secretary.

(Authority: 42 U.S.C. 2753 and 20 U.S.C. 1094 and 1232f)

(Approved by OMB under control number 1840-0535)

Note: (b)(2)(v) through (b)(2)(vii), (b)(4), (b)(5), and (c) removed; (b)(2)(iii), (b)(2)(iv), and (b)(1) amended November 27, 1996, effective July 1, 1997. (a)(3) revised September 26, 1997, effective October 27, 1997.

Sec. 675.20 Eligible employers and general conditions and limitation on employment.

(a) *Eligible FWS employers.* A student may be employed under the FWS program by--

(1) The institution in which the student is enrolled;

(2) A Federal, State, or local public agency;

(3) A private nonprofit organization; or

(4) A private for-profit organization.

(b) *Agreement between institution and organization.* (1) If an institution wishes to have its students employed under this part by a Federal, State or local public agency, or a private nonprofit or for-profit organization, it shall enter into a written agreement with that agency or organization. The agreement must set forth the FWS work conditions. The agreement must indicate whether the institution or the agency or organization shall pay the students employed, except that the agreement between an institution and a for-profit organization must require the employer to pay the non-Federal share of the student earnings.

(2) The institution may enter into an agreement with an agency or organization that has professional direction and staff.

(3) The institution is responsible for ensuring that--

(i) Payment for work performed under each agreement is properly documented; and

(ii) Each student's work is properly supervised.

(4) The agreement between the institution and the employing agency or nonprofit organization may require the employer to pay--

(i) The non-Federal share of the student earnings; and

(ii) Required employer costs such as the employer's share of social security or workers' compensation.

(c) *FWS general employment conditions and limitation.* (1) Regardless of the student's employer, the student's work must be governed by employment

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conditions, including pay, that are appropriate and reasonable in terms of--

- (i) Type of work;
- (ii) Geographical region;
- (iii) Employee proficiency; and
- (iv) Any applicable Federal, State, or local law.

(2) FWS employment may not--

- (i) Impair existing service contracts;
- (ii) Displace employees;
- (iii) Fill jobs that are vacant because the employer's regular employees are on strike;
- (iv) Involve the construction, operation, or maintenance of any part of a facility used or to be used for religious worship or sectarian instruction; or

(v) Include employment for the U.S. Department of Education.

(d) *Academic credit and work-study.* (1) A student may be employed under the FWS program and also receive academic credit for the work performed. Those jobs include, but are not limited to, work performed when the student is--

- (i) Enrolled in an internship;
- (ii) Enrolled in a practicum; or
- (iii) Employed in a research, teaching, or other assistantship.

(2) A student employed in an FWS job and receiving academic credit for that job may not be--

- (i) Paid less than he or she would be if no academic credit were received;
- (ii) Paid for receiving instruction in a classroom, laboratory, or other academic setting; and
- (iii) Paid unless the employer would normally pay the person for the same position.

(Authority: 42 U.S.C. 2753)

(Approved by the Office of Management and Budget under control number 1845-0019)

Note: (b) revised September 26, 1997, effective October 27, 1997. (d) added and OMB control number amended October 28, 1999, effective July 1, 2000.

Sec. 675.21 Institutional employment.

(a) An institution, other than a proprietary institution, may employ a student to work for the institution itself, including those operations, such as food service, cleaning, maintenance, or security, for which the institution contracts, if the contract specifies--

(1) The number of students to be employed; and

(2) That the institution selects the students to be employed and determines each student's pay rate.

(b) A proprietary institution may employ a student to work for the institution, but only in jobs that--

(1) Are in community services as defined in 675.2; or

(2) Are on campus and that--

(i) Involve the provision of student services as defined in 675.2

(ii) To the maximum extent possible, complement and reinforce the educational program or vocational goals of the student; and

(iii) Do not involve the solicitation of potential students to enroll at the proprietary institution.

(Authority: 42 U.S.C. 2753)

Note: (b) amended November 30, 1994, effective July 1, 1995.

Sec. 675.22 Employment provided by a Federal, State, or local public agency, or a private nonprofit organization.

(a) If a student is employed by a Federal, State, or local public agency, or a private nonprofit organization, the work that the student performs must be in the public interest.

(b) *FWS employment in the public interest.* The Secretary considers work in the public interest to be work performed for the national or community welfare rather than work performed to benefit a particular interest or group. Work is not in the public interest if--

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(1) It primarily benefits the members of a limited membership organization such as a credit union, a fraternal or religious order, or a cooperative;

(2) It is for an elected official who is not responsible for the regular administration of Federal, State, or local government;

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(i) The student is employed at a private nonprofit organization or a Federal, State, or local public agency that--

(A) Is not a part of, and is not owned, operated, or controlled by, or under common ownership, operation, or control with, the institution;

(B) Is selected by the institution on an individual case-by-case basis;

(C) Would otherwise be unable to afford the costs of this employment; and

(ii) The number of students compensated under paragraph (a)(2)(i) of this section is not more than 10 percent of the total number of students paid under the FWS Program at the institution.

(3) The Federal share of the compensation paid to a student employed by a private for-profit organization may not exceed 50 percent.

(4) An institution may not use FWS funds to pay a student after he or she has, in addition to other resources, earned \$300 or more over his or her financial need.

(b) The institution may not include the following when determining the Federal share:

(1) Fringe benefits such as paid sick days, paid vacations, or paid holidays.

(2) The employer's share of social security, workers' compensation, retirement, or any other welfare or insurance program that the employer must pay on account of the student employee.

(c) If an institution receives more money under an employment agreement from an off-campus employer than required employer costs, its non-Federal share, and any share of administrative costs that the employer agreed to pay, the excess funds must be--

(1) Used to reduce the Federal share on a dollar-for-dollar basis;

(2) Held in trust for off-campus student employment next year; or

(3) Refunded to the off-campus employer.

(d) For each award year, the Secretary authorizes a Federal share of 100 percent of the compensation earned by a student under this part if--

(1) The work performed by the student is for the institution itself, for a Federal, State, or local public agency, or for a private nonprofit organization; and

(2)(i) The institution in which the student is enrolled--

(A) Is designated as an eligible institution under the Strengthening Institutions Program (34 CFR part 607), the Strengthening Historically Black Colleges and Universities Program (34 CFR part 608), or the Strengthening Historically Black Graduate Institutions Program (34 CFR part 609); and

(B) Requests that increased Federal share as part of its regular FWS funding application for that year;

(ii) The student is employed as a reading tutor for preschool age children or children who are in elementary school;

(iii) The student is performing family literacy activities in a family literacy project that provides services to families with preschool age children or children who are in elementary school; or

(iv) The student is employed as a mathematics tutor for children who are in elementary school through the ninth grade.

(Authority: 20 U.S.C. 1069a, 42 U.S.C. 2753)

Note: (a) amended November 30, 1994, effective July 1, 1995. (d) revised November 27, 1996, effective July 1, 1997. (d) revised November 28, 1997, effective July 1, 1998. (d) amended October 1, 1998, effective July 1, 1999. (a)(1) and (d)(2)(iii) amended; (a)(2) and (a)(3) redesignated as (a)(3) and (a)(4), respectively; and new (a)(2) added October 28, 1999, effective July 1, 2000.

Sec. 675.27 Nature and source of institutional share.

(a)(1) An institution may use any resource available to it, except funds allocated under the FWS program, to pay the institutional share of FWS compensation to its students. The institutional share may be paid in the form of services and equipment, e.g., tuition, room, board, and books.

(2) The institution shall document all amounts claimed as non-cash contributions.

(3) Non-cash compensation may not include forgiveness of a charge assessed solely because of a student's employment under the FWS program.

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(b) An institution may not solicit or accept fees, commissions, contributions, or gifts as a condition for FWS employment, nor permit any organization with which it has an employment agreement to do so.

(Authority: 42 U.S.C. 2754)

(Approved by OMB under control number 1840-0535)

Authority citation revised September 26, 1997, effective October 27, 1997.

Sec. 675.28 [Removed]

Note: Removed November 30, 1994, effective July 1, 1995.

Subpart B--Job Location and Development Program

Sec. 675.31 Purpose.

The purpose of the Job Location and Development program is to expand off-campus job opportunities for students who are enrolled in eligible institutions of higher education and want jobs, regardless of their financial need, and to encourage students to participate in community service activities.

(Authority: 42 U.S.C. 2756)

Note: Amended November 30, 1994, effective July 1, 1995.

Sec. 675.32 Program description.

An institution may expend up to the lesser of \$50,000 or 10 percent of its FWS allocation and reallocation for an award year to establish or expand a program under which the institution, separately or in combination with other eligible institutions, locates and develops jobs, including community service jobs, for currently enrolled students.

(Authority: 42 U.S.C. 2756)

Note: Amended November 30, 1994, effective July 1, 1995.

Sec. 675.33 Allowable costs.

(a)(1) *Allowable and unallowable costs.* Except as provided in paragraph (a)(2) of this section, costs reasonably related to carrying out the programs described in Sec. 675.32 are allowable.

(2) Costs related to the purchase, construction, or alteration of physical facilities or indirect administrative costs are not allowable.

(b) *Federal share of allowable costs.* An institution may use FWS funds, as provided in Sec. 675.32, to pay up to 80 percent of allowable costs.

(c) *Institutional share of allowable costs.* An institution's share of allowable costs may be in cash or in the form of services. The institution shall keep records documenting the amount and source of its share.

(Authority: 42 U.S.C. 2756)

675.34 Multi-institutional job location and development programs.

(a) An institution participating in the FWS program may enter into a written agreement to establish and operate job location programs for its students with other participating institutions.

(b) The agreement described in paragraph (a) of this section must--

(1) Designate the administrator of the program; and

(2) Specify the terms, conditions, and performance standards of the program.

(c) Each institution shall retain responsibility for the proper disbursement of the Federal funds it contributes under an agreement with other eligible institutions.

(Authority: 42 U.S.C. 2756)

(Approved by the Office of Management and Budget under control number 1840-0535)

Note: (a) and (c) amended November 30, 1994, effective July 1, 1995.

Sec. 675.35 Agreement.

(a) A FWS participating institution, to establish or expand these programs, shall enter into an agreement with the Secretary.

(b) The agreement must provide--

(1) That the institution will administer the programs in accordance with the HEA and the provisions of this part;

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(2) That the institution will submit to the Secretary an annual report on the use of the funds and an evaluation of the effectiveness of the programs in benefiting the institution's students; and

(3) Satisfactory assurances that--

(i) The institution will not use program funds to locate and develop jobs at an eligible institution;

(ii) The institution will use program funds to locate and develop jobs for students during and between periods of attendance at the institution, not upon graduation;

(iii) The program will not displace employees or impair existing service contracts;

(iv) Program funds can realistically be expected to generate total student wages exceeding the total amount of the Federal funds spent under this subpart; and

(v) If the institution uses Federal funds to contract with another institution, suitable performance standards will be part of that contract.

(Authority: 42 U.S.C. 2756)

(Approved by the Office of Management and Budget under control number 1840-0535)

Note: (b)(1), (b)(3)(i), and (b)(3)(v) amended November 30, 1994, effective July 1, 1995.

Sec. 675.36 Procedures and records.

Procedures and records concerning the administration of a JLD project established and operated under this subpart are governed by applicable provisions of Sec. 675.19.

(Authority: 42 U.S.C. 2756a)

Sec. 675.37 Termination and suspension.

(a) If the Secretary terminates or suspends an institution's eligibility to participate in the FWS program, the action also applies to the institution's job location and development programs.

(b) The Secretary pays an institution's financial obligations incurred and allowable before the termination but not incurred--

(1) During a suspension; or

(2) In anticipation of a suspension.

(c) However, the institution must cancel as many outstanding obligations as possible.

(Authority: 42 U.S.C. 2756a)

Subpart C--Work-Colleges Program

Note: Added November 30, 1994, effective July 1, 1995.

675.41 Special definitions.

The following definitions apply to this subpart:

(a) *Work-college*: The term "work-college" means an eligible institution that--

(1) Is a public or private nonprofit institution with a commitment to community service;

(2) Has operated a comprehensive work-learning program for at least two years;

(3) Requires--

(i) All resident students who reside on campus to participate in a comprehensive work-learning program; and

(ii) The provision of services as an integral part of the institution's educational program and as part of the institution's educational philosophy; and

(4) Provides students participating in the comprehensive work-learning program with the opportunity to contribute to their education and to the welfare of the community as a whole.

(b) *Comprehensive student work-learning program*: A student work/service program that--

(1) Is an integral and stated part of the institution's educational philosophy and program;

(2) Requires participation of all resident students for enrollment, participation, and graduation;

(3) Includes learning objectives, evaluation, and a record of work performance as part of the student's college record;

(4) Provides programmatic leadership by college personnel at levels comparable to traditional academic programs;

(5) Recognizes the educational role of work-learning supervisors; and

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(6) Includes consequences for nonperformance or failure in the work-learning program similar to the consequences for failure in the regular academic program.

(Authority: 42 U.S.C. 2756b)

675.42 Allocation and reallocation.

The Secretary allocates and reallocates funds based on each institution's approved request for Federal funds for the Work-Colleges program as a percent of the total of such approved requests for all applicant institutions.

(Authority: 42 U.S.C. 2756b)

675.43 Purpose.

The purpose of the Work-Colleges program is to recognize, encourage, and promote the use of comprehensive work-learning programs as a valuable educational approach when it is an integral part of the institution's educational program and a part of a financial plan that decreases reliance on grants and loans and to encourage students to participate in community service activities.

(Authority: 42 U.S.C. 2756b)

675.44 Program description.

(a) An institution that satisfies the definition of "work-college" in 675.41(a) and wishes to participate in the Work-Colleges program must apply to the Secretary at the time and in the manner prescribed by the Secretary.

(b) An institution may expend funds separately, or in combination with other eligible institutions, to provide work-learning opportunities for currently enrolled students.

(c) For any given award year, Federal funds allocated and reallocated for that award year under sections 442 and 462 of the HEA may be transferred for the purpose of carrying out the Work-Colleges program to provide flexibility in strengthening the self-help-through-work element in financial aid packaging.

(Authority: 42 U.S.C. 2756b)

675.45 Allowable costs, Federal share, and institutional share.

(a) *Allowable costs.* An institution participating in the Work-Colleges program may use its allocated and reallocated program funds to carry out the following activities:

(1) Support the educational costs of qualified students through self-help payments or credits provided under the work-learning program within the limits of part F of title IV of the HEA.

(2) Promote the work-learning-service experience as a tool of postsecondary education, financial self-help, and community service-learning opportunities.

(3) Carry out activities in sections 443 or 446 of the HEA.

(4) Administer, develop, and assess comprehensive work-learning programs including--

(i) Community-based work-learning alternatives that expand opportunities for community service and career-related work; and

(ii) Alternatives that develop sound citizenship, encourage student persistence, and make optimum use of assistance under the Work-Colleges program in education and student development.

(5) Coordinate and carry out joint projects and activities to promote work service learning.

(6) Carry out a comprehensive, longitudinal study of student academic progress and academic and career outcomes, relative to student self-sufficiency in financing their higher education, repayment of student loans, continued community service, kind and quality of service performed, and career choice and community service selected after graduation.

(b) *Federal share of allowable costs.* An institution, in addition to the funds allocated and reallocated for this program, may use transferred funds provided under its Federal Perkins Loan or its FWS program to pay allowable costs.

(c) *Institutional share of allowable costs.* An institution must match Federal funds made available for this program on a dollar-for-dollar basis from non-Federal sources. The institution shall keep records documenting the amount and source of its share.

(Authority: 42 U.S.C. 2756b)

Note: (a)(5) and (a)(6) added October 28, 1999, effective July 1, 2000.

675.46 Unallowable costs.

An institution participating in the Work-Colleges program may not use its allocated and reallocated program funds and transferred funds provided under its Federal Perkins Loan or its FWS program to pay costs related to the

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purchase, construction, or alteration of physical facilities or indirect administrative costs.

(Authority: 42 U.S.C. 2756b)

675.47 Multi-institutional work-colleges arrangements.

(a) An institution participating in the Work-Colleges program may enter into a written agreement with another participating institution to promote the work-learning-service experience.

(b) The agreement described in paragraph (a) of this section must--

(1) Designate the administrator of the program; and

(2) Specify the terms, conditions, and performance standards of the program.

(c) Each institution shall retain responsibility for the proper disbursement of the Federal funds it contributes under an agreement with other eligible institutions.

(Authority: 42 U.S.C. 2756b)

(Approved by the Office of Management and Budget under control number 1840-0535)

675.48 Agreement.

To participate in the Work-Colleges program, an institution shall enter into an agreement with the Secretary. The agreement provides that, among other things, the institution shall--

(a) Assure that it will comply with all the appropriate provisions of the HEA and the appropriate provisions of the regulations;

(b) Assure that it satisfies the definition of "work-college" in 675.41(a);

(c) Assure that it will match the Federal funds according to the requirements in 675.45(c); and

(d) Assure that it will use funds only to carry out the activities in 675.45(a).

(Authority: 42 U.S.C. 2756b)

(Approved by the Office of Management and Budget under control number 1840-0535)

675.49 Procedures and records.

In administering a Work-Colleges program under this subpart, an institution shall comply with the applicable provisions of 34 CFR part 673 and this part 675.

Note: Section amended November 27, 1996, effective July 1, 1997.

(Authority: 42 U.S.C. 2756b)

675.50 Termination and suspension.

Procedures for termination and suspension under this subpart are governed by applicable provisions found in 34 CFR part 668, subpart G of the Student Assistance General Provisions regulations.

(Authority: 42 U.S.C. 2756b)

Appendix A--[Reserved]