line beginning at Lake Ontario and extending along New York Highway 269 to its junction with New York Highway 104, thence along New York Highway 104 to its junction with New York Highway 271, thence along New York Highway 271 to its junction with New York Highway 239, thence along New York Highway 239 to junction with New York Highway 78, thence along New York Highway 78 to junction with New York Highway 98, thence along New York Highway 98 to junction with New York Highway 16, thence along New York Highway 16 to the New York-Pennsylvania State line, to points in Maine, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island, New Jersey, Kentucky, West Virginia, Virginia, Maryland, Delaware, and the District of Columbia. The purpose of this filing is to eliminate the gateway of Erie County, Pa., or Chautauqua County, N.Y. The purpose of this correction is to correct the territorial description in part (e) above. The remainder of the letter-notice remains as previously published.

No. MC-114019 (Sub-No. E446), filed May 22, 1974. Applicant: MIDWEST EMERY FREIGHT SYSTEM, INC., 7000 S. Pulaski Road, Chicago, Ill. 60629. Applicant's representative: Arthur J. Sibik (same as above). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: (a) *Such general merchandise as is dealt in by chain grocery stores, and supplies machinery, fixtures, and equipment*, incidental to the production, warehousing and sale thereof (except commodities in bulk and those requiring special equipment); from points in that part of New York on and west of New York Highway 57 from Oswego to junction U.S. Highway 20, thence on and north of U.S. Highway 20 to Geneva, thence on and east of New York Highway 14 to junction New York Highway 96, and thence on, east and north of New York Highway 96 to Rochester, N.Y., to Detroit and Grand Rapids, Michigan. RESTRICTION: The authority described in (a) above is restricted to the transportation of the commodities described therein when moving from, to, or between warehouses, and other facilities of retail food business houses; (b) Canned goods and agricultural commodities, (except commodities in bulk); from points in that part of New York on and west of New York Highway 57 from Oswego to junction U.S. Highway 20, thence on and north of U.S. Highway 20 to Geneva, thence on and east of New York Highway 14 to junction New York Highway 96, and thence on, east and north of New York Highway 96 to Rochester, N.Y., to points in the Lower Peninsula of Michigan. RESTRICTION: The authority described in (b) above is restricted to the transportation of the commodities described therein when moving from, to, or between warehouses, and wholesale, retail, or chain outlets of food business houses, or when moving from, to, or between food processing plants, or warehouses or other facilities of such plants. The purpose of this filing is to eliminate the gateway of Cleveland, Ohio.

No. MC-115703 (Sub-No. E18), filed February 5, 1975. Applicant: KREITZ MOTOR EXPRESS, INC., P.O. Box 375, Wyomissing, Pa. 19610. Applicant's representative: James A. Vitez (same as above). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: (a) *Machinery*, between Philadelphia, Pa. and Wilmington, Del., on the one hand, and, on the other, points in Connecticut, Delaware, District of Columbia, Maryland, Massachusetts, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Virginia, and West Virginia. The purpose of this filing is to eliminate the gateways of Berks County, Pa. points in New Jersey within 35 miles of Philadelphia, Pa., and Philadelphia, Pa. (for Wilmington, Del.) (b) *Knitting machines, set up, and accessories* therefor when their transportation is incidental to the transportation of knitting machines, between points in Connecticut, Delaware, District of Columbia, Maryland, Massachusetts, New Jersey, New York, North Carolina, Ohio, Rhode Island, Virginia (points in Berks County, Pa.*) and West Virginia (points in Luzerne or York Counties, Pa.*), on the one hand, and, on the other, points in Oregon. The purpose of this filing is to eliminate the gateways indicated by asterisks above.

No. MC 120257 (Sub-No. E2), filed May 12, 1974. Applicant: K. L. BREEDEN & SONS, INC., P.O. Box 5581, Dallas, Tex. 75222. Applicant's representative: K. L. Breeden, Sr. (same address as applicant). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Machinery, materials, supplies and equipment* incidental to, or used in, the construction, development, operation, and maintenance of facilities for the discovery, development, and production of natural gas and petroleum, between points in Oklahoma on and east of a line beginning at the Oklahoma-Kansas State line and extending along U.S. Highway 54/64 to Guymon to junction Oklahoma Highway 136, thence along Oklahoma Highway 136 to the Texas-Oklahoma State line, on the one hand, and, on the other, points in Colorado. The purpose of this filing is to eliminate the gateway of points in Texas.

By the Commission.

GORDON H. HOMME, Jr.,
Acting Secretary.

[FR Doc.76-25575 Filed 8-31-76;8:45 am]

[AB 12 (Sub-No. 25)]

SOUTHERN PACIFIC TRANSPORTATION CO.

Abandonment Between Hazen and Fallon in Churchill County, Nevada

AUGUST 23, 1976.

The Interstate Commerce Commission hereby gives notice that its Environmental Affairs Staff has concluded that the proposed abandonment of the Southern Pacific Transportation Company branch extending 15.8 miles between Hazen and Fallon in Churchill County, Nev., if approved by the Commission, does not constitute a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act of 1969 (NEPA) 42 U.S.C. §§ 4321 *et seq.*, and that preparation of a detailed environmental impact statement will not be required under section 4332(2)(C) of the NEPA.

It was concluded, among other things, that traffic on the line is low and declining and the diversion of traffic to motor carriers upon abandonment would cause a minimal alteration of environmental quality. Although abandonment would limit the types of industries which would locate in the area and therefore not be commensurate with land use and developmental plans in the area, the action should not have a serious impact on community and rural development. Due to a number of circumstances, the success for significant industrial development in the area is doubtful. Several industrial sites are located adjacent to the line, but despite local efforts to attract industry, none are occupied.

Most of the right-of-way is owned in fee by the railroad but no interest exists, at this time, for State or local acquisition for public use.

This conclusion is contained in a staff-prepared environmental threshold assessment survey, which is available on request to the Interstate Commerce Commission, Office of Proceedings, Washington, D.C. 20423; telephone 202-275-7011.

Interested persons may comment on this matter by filing their statements in writing with the Interstate Commerce Commission, Washington, D.C. 20423, on or before October 4, 1976.

It should be emphasized that the environmental threshold assessment survey represents an evaluation of the environmental issues in the proceeding and does not purport to resolve the issue of whether the present or future public convenience and necessity permit discontinuance of the line proposed for abandonment. Consequently, comments on the environmental study should be limited to discussion of the presence or absence of environmental impacts and reasonable alternatives.

ROBERT L. OSWALD,
Secretary.

[FR Doc.76-25572 Filed 8-31-76;8:45 am]

[Ex Parte No. 241; Exemption No. 121; Amdt. No. 2]

BALTIMORE AND OHIO RAILROAD CO., ET AL.

Exemption Under Mandatory Car Service Rules

To: The Baltimore and Ohio Railroad Company, The Chesapeake and Ohio Railway Company, Norfolk and Western Railway Company, Western Maryland Railway Company.

Upon further consideration of Exemption No. 121 issued March 29, 1976.

It is ordered, That, under the authority vested in me by Car Service Rule 19, Exemption No. 121 to the Mandatory Car Service Rules ordered in Ex Parte No. 241, be, and it is hereby amended to expire November 30, 1976.

This amendment shall become effective August 31, 1976.

Issued at Washington, D.C., August 24, 1976.

INTERSTATE COMMERCE COMMISSION,
LEWIS R. TEEPLE,
Agent.

[FR Doc.76-25567 Filed 8-31-76;8:45 am]

[Ex Parte No. 241; Exemption No. 63]

BESSEMER AND LAKE ERIE RAILROAD CO. AND CONSOLIDATED RAIL CORP.

Exemption Under Mandatory Car Service Rules

Upon further consideration of Exemption No. 63 issued February 12, 1974.

It is ordered, That, under authority vested in me by Car Service Rule 19, Exemption No. 63 to the Mandatory Car Service Rules ordered in Ex Parte No. 241 be, and it is hereby, amended to *expire November 30, 1976*.

This amendment shall become effective August 31, 1976.

Issued at Washington, D.C., August 24, 1976.

INTERSTATE COMMERCE COMMISSION,
LEWIS R. TEEPLE,
Agent.

[FR Doc.76-25565 Filed 8-31-76;8:45 am]

[Ex Parte No. 241; Exemption No. 108; Amdt. 3]

CHICAGO & EASTERN ILLINOIS RAILROAD

Exemption Under Mandatory Car Service Rules

To: Chicago & Eastern Illinois Railroad Company, Consolidated Rail Corporation, Missouri-Illinois Railroad Company, Missouri Pacific Railroad Company, The Texas and Pacific Railway Company.

Upon further consideration of Exemption No. 108 issued March 1, 1976.

It is ordered, That, under authority vested in me by Car Service Rule 19, Exemption No. 108 to the Mandatory Car Service Rules ordered in Ex Parte No. 241 be, and it is hereby, amended to *expire November 30, 1976*.

This amendment shall become effective August 31, 1976.

Issued at Washington, D.C., August 24, 1976.

INTERSTATE COMMERCE COMMISSION,
LEWIS R. TEEPLE,
Agent.

[FR Doc.76-25566 Filed 8-31-76;8:45 am]

[Ex Parte No. 241; Exemption No. 55; Amdt. 15]

NORFOLK AND WESTERN RAILWAY CO. AND CONSOLIDATED RAIL CORP.

Exemption Under Mandatory Car Service Rules

Upon further consideration of Exemption No. 55 issued October 31, 1973.

It is ordered, That, under authority vested in me by Car Service Rule 19, Exemption No. 55 to the Mandatory Car Service Rules ordered in Ex Parte No. 241 be, and it is hereby, amended to *expire November 30, 1976*.

This amendment shall become effective August 31, 1976.

Issued at Washington, D.C., August 24, 1976.

INTERSTATE COMMERCE COMMISSION,
LEWIS R. TEEPLE,
Agent.

[FR Doc.76-25564 Filed 8-31-76;8:45 am]

federal register

WEDNESDAY, SEPTEMBER 1, 1976

PART II:

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

■

COLLEGE WORK-STUDY PROGRAM

Issuance of Guidelines

Title 45—Public Welfare

CHAPTER I—OFFICE OF EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

PART 175—COLLEGE WORK-STUDY PROGRAM

The purpose of the College Work-Study Program is to stimulate and promote the part-time employment of students who are in need of earnings to meet their costs of postsecondary education. Under the program grants are provided to eligible institutions of postsecondary education to enable them to create job opportunities for their eligible students. The institution may arrange employment in work for the institution itself (except in the case of proprietary institutions) or in work in the public interest for a public or private nonprofit organization. Up to eighty percent of the student's wages may be paid from the institution's Federal College Work-Study allocation, and the remaining twenty percent, plus any additional employer costs, is paid by the institution or the off-campus employer. The kinds of jobs being performed by College Work-Study students, both on campus and in the community, are vast in number and as varied as the needs of the student, the institution, and the community or area. During Fiscal Year 1976 over 3,200 institutions participated in the program and approximately 973,000 students were employed with earnings averaging $520 per student.

Students interested in applying for employment under the College Work-Study Program should contact the financial aid officer at the institution at which they are enrolled or which they plan to attend. The financial aid officer is responsible for determining student eligibility and arranging job opportunities. He determines the amount a student and his family should be expected to provide to meet the costs the student will incur at his institution. He then subtracts this expected family contribution from the total educational costs to arrive at the student's need. The student's need may be met totally or in part through earnings from College Work-Study employment. Often the earnings will constitute part of a student financial aid "package" in which several other forms of assistance, such as a National Direct Student Loan or a Supplemental Educational Opportunity Grant, may be included. The financial aid officer will attempt whenever possible to assign employment in the student's field of interest. However, since employment opportunities will vary depending on the type and size of institution and the area in which it is located, it may not always be possible for the student to be employed in a career related position. The most important factor is that the job, whatever its nature, provides a source of financial assistance to meet educational expenses.

Notice of proposed rulemaking was published in the FEDERAL REGISTER of October 14, 1975 (40 FR 48266–48277) setting forth regulations for College Work-Study Program, authorized by Title IV, Part C, of the Higher Education Act of 1965, as amended (42 U.S.C. 2751–2756). Pursuant to section 503 of the Education Amendments of 1972 (Pub. L. 92–318), hearings were held in Washington, D.C., Dallas, Texas, and San Francisco, California, and comments were received on the proposed regulation. In addition, interested persons were invited to submit written comments and recommendations to the U.S. Office of Education, Room 2085, Federal Office Building Six, 400 Maryland Avenue, SW., Washington, D.C. 20202, Attention: Chairman, Office of Education Task Force on Section 503. Written comments were received and considered.

A. *Summary of Comments—Office of Education Response.* The following oral and written comments were received by the Office of Education regarding the proposed regulation. In view of the volume of comments received, the Office of Education has summarized as many of the comments as possible under single headings. After a summary of such comments, a response is set forth stating the changes which have been made in the regulation or the reasons why no change is deemed necessary.

SECTION 175.2 DEFINITIONS

"Academic Year." *Comment.* One commenter requested clarification of the verb "complete" as it is used in this definition, questioning whether it implied a specific requirement upon a student to earn credits or to remain enrolled in a course from which he might otherwise choose to withdraw.

Response. The definition of an "academic year" is an attempt to define a period of time in a manner which will provide comparability among institutions using differing units of measurement for organizing instructional periods. Taken in context the verb "complete" clearly is used in a general sense as part of the definition of a unit of measurement: "* * * a period of time * * * in which a full-time student would normally be expected to complete the equivalent of * * *" Student eligibility requirements are included elsewhere in the regulations.

"Area vocational school." *Comment.* Two commenters requested that the reference to junior and community colleges in § 175.2(c)(4) be deleted and that they be specifically included in the definition of an "eligible institution." Another commenter questioned the ramifications for schools meeting the eligibility criteria under both the definitions "area vocational school" and "institution of higher education."

Response. Section 443(b) of the Higher Education Act of 1965, as amended, which sets forth the types of institutions eligible to participate in the Work-Study Program, stipulates that an eligible area vocational school shall meet the definition of section 8(2) of the Vocational Education Act of 1963. Since the language of the definition is mandated by statute, it cannot be changed by regulation. Furthermore, a single division of a junior or community college cannot qualify as both an area vocational school and an institution of higher education since a junior or community college qualifying as an institution of higher education can admit as regular students only persons having a high school diploma or the recognized equivalent, whereas a department or division of a "junior or community college" which qualifies as an area vocational school must admit as regular students both high school graduates and non-high school graduates.

Comment. Two commenters questioned whether a difference in meaning was intended in the use of the verbs "pursuing" in defining a full-time student and "carrying" in defining a half-time student.

Response. No difference was intended. In response to the commenter's suggestion, the term "carrying" will be used uniformly in both definitions.

"Good standing." *Comment.* Several commenters recommended that the definition of the term "good standing" be expanded to include a more precise standard than simply eligibility to continue in attendance in accordance with institutional standards and practices. These commenters noted that some public institutions are required by State law to permit any State resident to continue in attendance as long as he or she wishes, without regard to the student's academic performance.

Response. The commenter's recommendation has been adopted. The definition of "good standing" has been expanded to require that for purposes of student eligibility under the Work-Study Program, a student must be making measurable progress toward the completion of his course of study. Accordingly, a student who fails all of his courses cannot be considered in good standing for purposes of determining his eligibility for continued employment under the College Work-Study Program.

"Half-time student." *Comment.* One commenter suggested that for purposes of consistency the phrase "whether or not for credit" should either be deleted from the definition of a full-time student or added to the definition of a half-time student.

Response. The commenter's point is well taken; the phrase "whether or not for credit" has been deleted from the definition of a full-time student in § 175.2(k) of the final regulation. The definition of a half-time student is more detailed since it is one of the standards by which student eligibility is determined.

Comment. One commenter suggested that the minimum number of semester or quarter hours cited in § 175.2(1)(2)(i) of the proposed regulation as necessary to constitute a half-time academic work load should be increased from six to eight.

Response. The suggestion was not adopted as a requirement for all institutions; however the commenter's institution may use such a higher standard if it chooses to do so. The Office of Education has tried to develop a definition which will accommodate a wide variety of programs and institutions of postsecondary education. The standard for determining half-time student status is to be established by the institution, except that for this program it may not be less than the minimum set by the Office of Education.

Comment. Several commenters noted that institutions frequently have different standards for full-time (and half-time) student status at the graduate level as compared to their standards for undergraduates, often requiring an academic work load of fewer course hours than that required for undergraduates. Therefore, the commenters suggested that the definition of a "half-time student" should be expanded to include a lower minimum number of hours per term for graduate and professional half-time students.

Response. In accordance with the commenter's suggestion, definitions of the terms "graduate student" and "half-time graduate student" have been included in the regulations.

Comment. Two commenters suggested the inclusion in the regulations of a definition of "postsecondary student" to facilitate eligibilty determinations.

Response. The suggestion was not adopted. The Office of Education considers § 175.9 outlining student eligibility criteria to be sufficient to resolve any eligibility questions which may arise.

"Institution of Higher Education." *Comment.* Two commenters objected to the requirement set forth in § 175.2(m)(1) of the proposed regulation defining an institution of higher education as admitting "as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate." One commenter observed that many community colleges regularly enroll students in academic programs without reference to their graduation from high school or other certification. Another commenter noted that some institutions may enroll students who have failed to complete high school and have no recognized equivalent of a diploma, but are considered by the institution to be qualified for admission. One commenter questioned whether an institution following such a practice would be ineligible to participate in the College Work-Study Program and another suggested that the definition be amended to include institutions which admit primarily students with high school diplomas or the equivalent but also others whom the institution deems qualified.

Response. The definition to which the commenters object is set forth in section 1201(a) of the Higher Education Act of 1965, as amended (20 U.S.C. 1141(a)), and cannot be changed by regulation. It should be noted that section 1201(a)(1) of the Higher Education Act and § 175.2(q)(1) of the regulations require that institutions of higher education admit as regular students only persons having a high school diploma or the recognized equivalent. Therefore, any institution which admits as regular students persons who do not have a high school diploma or the recognized equivalent may not qualify as an institution of high education. In order to participate in the College Work-Study Program such an institution must qualify as an area vocational school.

"Proprietary institution of higher education." *Comment.* One commenter suggested that the resolution of eligibility questions could be facilitated if the definition included a definition of a six-month program of training.

Response. The commenter's suggestion has been adopted. A minimum standard for a six-month program of training has been included in the definition of a "Proprietary institution of higher education." Furthermore, a comparable definition has been added to § 175.2(q) with regard to a one-year program of training as well as the definition of a clock hour.

"Self-supporting or independent student." *Comment.* The proposed definition included a requirement that the student "has not lived or will not live for more than two consecutive weeks in the home of a parent during the calendar year." Most of the commenters felt that two weeks was too restrictive a period and many believed that such a limitation would be particularly harsh for veterans just returning from service, for students who became ill, or for a student recently separated from a spouse. Many commenters offered alternative periods of time for visits, varying from three weeks to four months, while others suggested adding a waiver for exceptional circumstances. One commenter objected to the $600 limitation on the amount of assistance a "self-supporting student" could receive from his or her parent(s), and suggested that it should be raised to a higher level. In addition several commenters were concerned that the definition did not make clear whether one or both parents should be deceased for a student to be declared "self-supporting."

Response. The definition of self-supporting or independent student is an attempt to define in objectively measurable terms the nature of a relationship which is essentially subjective rather than objective. This definition is one which is or will be used by the other programs of student financial aid administered by the Office of Education. It is recognized that the proposed definition is somewhat arbitrary, but for the sake of consistency with other programs it is not being changed. However, to accommodate the concerns which were expressed about this definition, provision was made in 175.12 to give the student financial aid officer at an institution the discretionary authority to determine in any particular case whether the relationship between a student and his parents is of such a nature that it is unreasonable to expect the parents to contribute towards the student's cost of education, regardless of whether that student qualifies as an independent student.

The intent of the provision concerning a deceased parent is simply to state the obvious: A student cannot be considered to be dependent on a deceased person. However, the death of one parent does not automatically make it unreasonable to expect the surviving parent to contribute towards the student's cost of education. Therefore, if there is a surviving parent, the test enumerated in the first part of the definition would have to be met with respect to the relationship between the student and the surviving parent before the student could be considered self-supporing or independent. Again, any hardship resulting from the definition may be rectified by the institution's financial aid officer.

SECTION 175.3 ALLOTMENT OF FEDERAL FUNDS TO STATES

Comment. Several commenters recommended that the method stated in former regulations and in § 175.3(b)(3) of the notice of proposed rulemaking by which the Commissioner exercises his discretion to allocate 10 percent of the College Work-Study appropriation after 2 percent has been withheld for allotment to institutions in Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands, be phased out and that the Commissioner exercise his discretion by allocating this sum in accordance with the statutory formula under which the 90 percent initial allotment to the States is distributed.

Response. The Office of Education agrees that the current method of allocation needs revision and is currently reviewing alternatives, one of which is that suggested by the commenter. However, since any change would have a substantial effect on the amount of funds some institutions would receive, the Office of Education plans to publish any change in the allocation procedure as a notice of proposed rulemaking on which public comment will be invited.

Comment. Several commenters suggested that the formula set forth in § 175.3(b)(1) for computing the initial allotment to States should be amended to include students enrolled on at least a half-time basis in § 175.3(b)(1)(i) rather than only full-time students and others suggested that the family income cut-off level of $3,000 stated in § 175.3(b)(1)(iii) be raised to a higher level to reflect trends in the economy.

Response. These components of the allotment formula are set forth in the authorizing statute (442(b) of the Act, 42 U.S.C. 2752(b)); therefore the regulation may not be changed.

SECTION 175.5 INSTITUTIONAL APPLICATIONS

Comment. Some commenters questioned whether a difference in meaning was intended between the term "average cost of education" in § 175.5(a)(4) and "average cost of attendance" in § 175.5(a)(7).

Response. Section 175.5(a)(7) of the notice of proposed rulemaking was redundant and has been eliminated in the final regulation.

Comment. One commenter questioned the use of the term "annual per student costs" in § 175.5(a)(4) and suggested that the costs to which it refers are intended to cover an academic year rather than a twelve-month period.

Response. The commenter is correct and the phrase has been changed to "per student costs * * * for an academic year" in the final regulation.

Comment. A number of commenters objected to the requirement of a justification of any per student costs for books and supplies in excess of $175 and for personal expenses in excess of $450 since they felt these figures were unrealistically low, inflexible benchmarks. Some suggested raising these amounts while others felt no specific dollar amounts should be stated. Another commenter suggested, as a substitute, a regulation setting guidelines an institution could follow in determining student costs for various budget items.

Response. The proposed regulation was not changed. These amounts are used as an average for all institutions across the nation, and the Office of Education does not consider them unrealistically low. It is recognized that some institutions may vary from the norm and that higher amounts may be justified in some cases. Furthermore, this requirement does not set fixed standard amounts which may not be exceeded, but merely requires that higher amounts be justified.

Comment. One commenter suggested that § 175.5(a)(4) of the regulation should include benchmark amounts for room and board not provided by the institution, and transportation costs as well as for books, supplies, and personal expenses.

Response. The Office of Education is currently planning to conduct a study which will have as its main purpose the establishment of parameters for these educational costs for use in the application review process. At present no fixed amounts have been established to be used as benchmark figures for these educational costs.

Comment. One commenter suggested that § 175.5(a)(5) and (6) should specify that the number of students to be employed is to be an estimated number.

Response. The commenter's suggestion has been adopted. To provide consistency in the listing of items to be included in the application, the adjective "anticipated" has been included in both clauses.

Comment. One commenter recommended that Federally Insured Student Loans made by the institution should not be included in the calculation (cited in § 175.5(a)(10) of the proposed rule) of financial assistance awarded by the institution from its own scholarship and student aid programs for the most recent year for which information is available, since, according to the commenter, these loans are made to fill unmet need caused by inadequate funding of other Federal programs.

Response. No change has been made in response to this comment. The statement made by the commenter could be claimed with respect to any institutional program of student financial aid and is therefore not limited to Guaranteed Loans only.

Comment. One commenter suggested that to provide consistency among program regulations governing the tripartite application, the College Work-Study regulations should include the request for average unmet need per student and justification of any amount in excess of $200 which was included in § 144.5 (a)(12) of the notice of proposed rulemaking for the National Direct Student Loan Program.

Response. This item was inadvertently omitted from the College Work-Study notice of proposed rulemaking and has been included in the final regulation as the commenter suggested.

Comment. A number of commenters suggested that § 175.5 include specific reference to the terms and conditions for submitting the abbreviated application, referred to as the "short form," which institutions have been allowed to submit under certain conditions in requesting funds for FY 1976 and FY 1977.

Response. The suggestion of the commenters has been accepted and a new paragraph specifying terms and conditions for submitting a "short form" has been included in the final regulation.

Comment. One commenter suggested that the deadline for submitting the application be included in the regulation.

Response. The deadline for submitting the annual tripartite application is published each year in the FEDERAL REGISTER. Since various unforeseen factors may arise which could necessitate a change in the time of this deadline date from one year to another the Office of Education feels that annual publication of the date in the FEDERAL REGISTER is preferable to including it in the program regulations.

Comment. Some commenters felt the wording of § 175.5(b)(1) as related to the remainder of that subsection could be construed to mean that all correspondence on financial aid matters would be addressed to the president of the institution.

Response. The wording of this subsection has been revised in the final regulation to respond to the commenters' concerns.

SECTION 175.6 FUNDING CRITERIA

Comment. One commenter requested a definition of the term "reasonableness" as it is used in this section.

Response. No special definition was considered necessary. The term "reasonableness" as applied to the funding criteria in § 175.6 should not be construed as having any special meaning outside the normal usage of the term as defined in any modern dictionary. The Office of Education considers it an appropriate term to be used as an evaluation criterion by a panel of experts.

Comment. One commenter noted that § 144.6(g) of the notice of proposed rulemaking for the National Direct Student Loan Program calls for a review of the adequacy of the justification required in § 144.5 of any costs in excess of $175 for books and supplies and $450 for personal expenses, and of the explanation required for any unmet need per student in excess of $200. The commenter suggested that this criterion should be included for this program.

Response. This criterion was inadvertently omitted from the College Work-Study notice of proposed rulemaking and has been included in the final regulations as the commenter suggested.

SECTION 175.7 APPLICATION REVIEW AND APPROVAL OF REQUEST

Comment. Several commenters suggested that the term "qualified persons" as used in this section of the proposed regulations should be restated to specify experienced individuals who work directly with financial aid programs and also that the regulations should require the inclusion of practicing financial aid officers.

Response. The suggestion was not adopted. The Commissioner feels that the wording of this item in the proposed regulations expresses much of the commenter's intent. The regulation stipulates that the Commissioner shall convene panels of "qualified persons" to evaluate institutional applications; obviously, a person cannot be considered "qualified" unless he is conversant with the administration of student financial aid programs.

Comment. One commenter suggested that the final regulation should require the inclusion of practicing financial aid officers in the regional review process outlined in § 175.7(c) of the proposed regulation.

Response. The regional review procedure outlined in § 175.7(c) does not preclude the use of a panel of practicing financial aid officers if the regional office chooses to employ such a panel. In some instances, however, the issues involved in the review of the original panel's recommendation may be handled more expeditiously by direct negotiation between the regional office and the institution. Therefore, the option to use or not use a panel of practicing financial aid officers at this stage of the review process has been left to each regional office as it deems appropriate. In this context it should be noted that the regulation does stipulate that an institution may request a review of the region's recommendation by a national review panel.

Comment. One commenter felt the proposed regulation prevented the introduction of additional material at any point in the appeal process.

Response. The commenter is incorrect in his assumption. Additional information may be presented to the regional office when a review of the original panel recommendation is requested (45 CFR 175.7(c)). However, no new information may be presented to the national review panel, because the regional office should have been given the opportunity to act on any additional information prior to its presentation to a national review panel.

Comment. One commenter suggested that the regulation should require that the panel review guidelines be supplied to institutions as a guide to assist them in completing the application.

Response. The suggestion was not adopted. The panel review guidelines contain no requirements which are not included in the regulation and are an internal working document intended to assist panel members in the review process.

Comment. One commenter suggested that the time period for submission of a request for national review should be specifically stated in the regulation rather than using the phrase "within such time as may be specified by the Commissioner."

Response. As noted in the earlier comment on the deadline for submitting the application, various unforeseen factors may arise which could necessitate changes in deadline dates or in the time period between the original submission of the application and the convening of the national review panel. Consequently, it is considered inappropriate to include a specific time period in these regulations.

SECTION 175.8 INSTITUTIONAL AGREEMENT

Comment. One commenter suggested that the terms of agreement stated in the regulations should include an assurance by the institution that it will seek worthwhile job opportunities for students who are to be employed under the program.

Response. The Office of Education agrees with the goal expressed in this comment. However, since the institution agrees to administer the program in accordance with the regulations, which include this goal in § 175.1, it is not necessary to repeat it as a condition of the terms of agreement in § 175.8.

SECTION 175.9 ELIGIBILITY AND SELECTION OF STUDENTS

Comment. Some commenters felt that there was a conflict between the requirement stated in the proposed regulation that preference in the selection of students for employment under the College Work-Study Program be given to students with greatest financial need taking into account grant assistance provided from any public or private source, and the requirements for awarding a Supplemental Educational Opportunity Grant.

Response. The regulatory provision to which the commenter refers is identical to 444(a)(3) of the Act. This section appears in a sense to be incongruent with 413C(a)(2)(D) of the Higher Education Act of 1966, as amended, (20 U.S.C. 1070b-2) which stipulates that a Supplemental Grant shall be awarded only to a student who "would not, but for a supplemental grant, be financially able to pursue a course of study at such institution." We agree with the commenter's point that these sections appear to conflict. However, the conflict is caused not by the regulation but by the statute which the regulation merely repeats.

Comment. One commenter questioned whether the requirement of granting preference in the selection for employment under the program would preclude taking into account other factors such as the receipt of a student application by a deadline date, willingness and ability to work, previous aid awards, including total outstanding loan obligations, and academic factors such as grade point average and major.

Response. This statutory requirement need not be construed as preventing the institution from establishing and adhering to an application deadline date, or from meeting the need of a student in the preference category with other forms of aid if the student is in agreement or if College Work-Study employment is deemed inappropriate in considering the student's health, academic progress, schedule of classes, etc. However the other factors cited by the commenter (i.e., outstanding indebtedness, grade point average, and academic major) may be used only in making selections among students who have equal need after taking into consideration any grant aid they have received from any public or private source.

Comment. One commenter questioned whether the statutory preference requirement would permit priority consideration for "renewal" students over others who have a greater financial need.

Response. Priority consideration for students who have previously received aid is not permitted. However, in choosing among students who have an equal ranking in the preference category, an institution can use other factors.

Comment. One commenter questioned whether the regulations would preclude an institution from refusing to award any aid in instances where the institution was unable to meet the student's full need.

Response. If the disparity between the amount the institution can award a student and the amount the student needs is so great that it can easily be predicted that student will be forced to withdraw before the end of the academic period for which the aid is awarded, the institution would have justification for refusing to award the insufficient amount.

Comment. One commenter recommended deleting the requirement for granting preference in selection for employment to students with greatest financial need, taking into account grant assistance provided from any public or private sources. The commenter felt that knowledge of such grants may not be known to the financial aid officer at the time the student's need is assessed, and that this preference criterion would favor independent students at the expense of disadvantaged dependent students, and also favor graduate and professional students at the expense of undergraduates.

Response. As noted in the response to the first comment on this section of the regulations, the provision to which the commenter refers is identical to section 444(a)(3) of the Act and may not be changed in the final regulations. With regard to the commenter's first point, the institution would know at least the amount of the student's Basic Grant entitlement.

Comment. Several commenters objected to the provision contained in § 175.9(e) of the proposed regulation, § 175.9(f) of the final regulation, which requires the institution to make employment under the Work-Study Program or "equivalent employment offered or arranged for by the institution reasonably available (to the extent of available funds) to all eligible students in need thereof." They objected on the basis that such a requirement constituted undue interference in institutional affairs and that it would prevent the awarding of institutional employment on the basis of specific skills or academic ability without regard to need.

Response. The provision to which the commenters refer is identical to section 447(a)(7) of the Act and may not be changed in the final regulations. However, this statutory provision should not be interpreted as an attempt to introduce a needs test into all institutional student employment programs. Rather, this provision is intended to apply to those funds of the institution which it has set aside for the employment of needy students.

Comment. One commenter questioned the omission from the student eligibility criteria in § 175.9 of the requirement included in section 444(a)(3)(B) of the Act that the student show evidence of academic or creative promise. The commenter noted that it appeared among the student eligibility criteria in § 175.8 (Institutional Agreement). Another commenter recommended that this eligibility requirement be deleted entirely from the regulations on the grounds that the measurement of academic and creative promise across the range of participating institutions covers such a variety of skills and talents as to make this requirement unenforcible. Several commenters suggested that a definition of the term "evidence of academic or creative promise" should be included in the regulations.

Response. The omission from § 175.9 of the student eligibility requirement cited by the commenters was an oversight which has been corrected in the final regulations. Since this requirement is included in the Act, it cannot be omitted as the second commenter suggested. However, a definition of the term "evidence of academic or creative promise" has not been included since the Commissioner feels that decisions concerning a student's potential may be made by the institution using its own judgment.

Comment. One commenter recommended the deletion of the requirement of a high school diploma as one of the eligibility criteria for students in area vocational schools.

Response. The provision to which the commenter refers is required by 444(b) of the Act, and may not be changed in the final regulations. A further discussion of this point may be found in the responses to the comments on the definitions in § 175.2 of "area vocational school" and "institution of higher education."

Comment. One commenter suggested the inclusion in this section of the regulations of a statement defining student eligibility when the student is participating in a program of study abroad.

Response. The commenter's suggestion has been adopted. A statement on student eligibility during participation in an eligible program of study outside the United States is included as § 175.9(c) of the final regulations.

Comment. One commenter questioned the term "actual cost of education" as it appeared in § 175.9(c) of the proposed regulation, and suggested that institutions should be permitted to use a set of standard or average costs to facilitate need analysis procedures, especially when large groups of students are involved.

Response. The use of such a set of reasonable standard or average costs in need analysis procedures is not necessarily precluded by the regulation for all types of costs. For those costs which are readily identifiable, such as tuition and fees, on-campus housing, and other amounts paid directly to the institution, actual costs should be used. However, with respect to amounts not paid to the institution, such as room and board off-campus, personal expenses and transportation, the institution may use estimates which approximate the amounts reasonably necessary for such purposes.

Comment. Several commenters objected to the requirement that the student affidavit noted in § 175.9(f) of the proposed regulation be signed in the presence of a notary or other person legally authorized to administer oaths or affirmations. One commenter suggested the regulations should specify that the content of the affidavit form could be integrated into other institutional forms and that other items could be included in the affidavit at the discretion of the institution.

Response. The regulation was not changed. Section 498 of the Higher Education Act of 1965, as amended (20 U.S.C. 1088g), requires the student to sign an "affidavit." An "affidavit" is a written statement made under oath or affirmation before a notary public or other person authorized under State law to administer such an oath or affirmation. With regard to the second comment, the affidavit may be integrated into other forms in a manner of the institution's own choosing, provided that it remains clearly identifiable as a document and is properly sworn.

Section 175.10 Special Sessions

Comment. One commenter felt that the definition of the term "half-time student" should be expanded to reflect the difference in the number of hours necessary to be considered enrolled half-time during a regular period of enrollment and during a special session. Another commenter suggested that § 175.10 (a)(2) should include the requirement of acceptance for enrollment at the next regular session as well as the student's intention to continue, since at many institutions acceptance for enrollment during a summer session does not necessarily constitute acceptance for enrollment at the next regular session.

Response. A student will be eligible to participate in the College Work-Study Program during a summer vacation period or other periods of nonregular enrollment (special session), regardless of his enrollment status during that period, only if (1) he will be enrolled, or has been accepted for enrollment, as at least a half-time student at that institution for the regular session following such special session or (2) he will complete his course of study during such special session and was enrolled at that institution as at least a half-time student in the regulation session preceding the special session.

A student's eligibility to participate in the College Work-Study Program cannot be established solely on the basis of his enrollment status during a special session. The regulation has been clarified in response to the commenters' questions.

Comment. One commenter suggested that the term "other field experience education program" should be added to the several examples of a period of nonregular enrollment included in the first sentence of § 175.10(a) of the proposed regulation.

Response. The recommendation was not adopted. As indicated by the use of the phrase "such as," the several examples cited in the clause to which the commenter refers were not intended to be all-inclusive. There may be a number of different labels which could be attached to a period of non-regular enrollment; the regulations do not attempt to enumerate all of them.

Section 175.11 Cost of Education

Comment. One commenter suggested that an amount equal to 5 percent of the student's College Work-Study award should be added to the cost of education to account for the various costs the student may incur incidental to his College Work-Study employment.

Response. The suggestion was not adopted since no rewording of the proposed regulation was felt necessary to accomplish the purpose sought by the commenter. In satisfying the student's need, net earnings are considered as that portion of his financial aid package derived from Work-Study employment which are to be used to meet the student's cost of education. Costs incidental to employment are those amounts in addition to taxes which are subtracted from the gross earnings to arrive at the net. These costs will include costs of transportation to and from the job, meals during the work period, and other reasonable costs incurred as expenses of employment.

Comment. One commenter recommended that the section be amended to include a statement of allowable costs for students engaged in a program of study by correspondence.

Response. The recommendation was adopted. While correspondence schools may technically comply with the statutory definition of an institution of higher education for purposes of participation in the Work-Study Program, it seems unlikely that such schools could comply with the statutory and regulatory provisions of the program for a number of reasons, including the problem of entering into the appropriate arrangements for employment of students who are geographically dispersed around the country and the problem of exercising institutional responsibilities to oversee such employment. Therefore, while applications to participate will be entertained from correspondence schools, the institution's capabilities to administer such a program will be carefully reviewed in light of the special difficulties presented. Since such schools are potentially eligible, § 175.11 has been amended to include allowable costs relating to programs of study by correspondence. These allowable costs will include tuition and fees and also travel and room and board costs incurred specifically in fulfillment of a required period of residential training.

Comment. A number of commenters objected to the stipulation that transportation costs related to a program of study abroad could not be included as a cost of education.

Response. In response to the commenters' concern this section has been revised to provide that in the case of a student enrolled in an eligible program of study outside the United States his cost of education may not exceed his cost of education at the location of the campus of the institution he normally attends. In this regard institutions should also note the addition of § 175.9(c).

Section 175.12 Expected Family Contribution

Comment. A number of commenters requested clarification of § 175.12(c) and suggested that this subsection be rephrased in more specific terms.

Response. The suggestion of the commenters was not adopted. In the past financial aid officers have frequently complained that the standards prescribed by the Office of Education for determining self-supporting student status did not permit them to exercise professional judgment in cases which seemed to them to warrant special consideration. In response to this frequently voiced complaint § 175.12(c) was written in general terms specifically with the intention of providing the latitude for the financial aid officer to exercise his professional judgment on a case-by-case basis.

Comment. One commenter suggested that the phrase "dependent children attending institutions of higher education" in § 175.12(a)(3) should be restated as "dependent children attending institutions of postsecondary education."

Response. The recommendation was not adopted. "Institution of higher education" is a statutory term with a specific meaning. "Institution of postsecondary education" is not included in the statute.

Comment. One commenter pointed out that § 176.12 of the Supplemental Educational Opportunity Grant regulations specifically includes the requirement that the financial aid officer shall take into consideration tuition incurred by dependent children attending elementary and secondary schools in determining the expected family contribution. The commenter objected to the omission of this item in the College Work-Study regulation as creating a double standard in determining eligibility for assistance under the two programs.

Response. The requirement in the Supplemental Grant regulation to which the commenter refers is set forth in the authorizing statute governing that program (section 413C(a)(2) of the Higher Education Act of 1965, as amended) and therefore must be reflected in the regulations for that program. Since this category of family costs is not specifically addressed in the authorizing statute for the College Work-Study Program, it is not specifically cited in the program regulations. However, such family costs may be one of the factors considered by the financial aid officer in calculating a family's expected contribution pursuant to § 175.12(a)(4).

SECTION 175.13 APPROVED NEED ANALYSIS SYSTEMS

Comment. A number of commenters recommended that the Uniform Methodolgy for Measuring Ability to Pay, developed by the National Task Force on Student Aid Problems, be adopted by the Office of Education as the only acceptable method of need analysis for the College Work-Study Program.

Response. The suggestion was not adopted. The annual review procedures outlined in § 175.13 of the final regulations will accommodate those systems which use the Uniform Methodology. However, the Commissioner does not wish to mandate the use of the Uniform Methodolgy to the exclusion of all other systems.

Comment. Some commenters objected to the inclusion of the Basic Grants and the Income Tax methods of calculating expected family contributions as approved need analysis systems.

Response. The proposed regulation was not changed. The Income Tax method of calculating expected family contributions and the method used by the Basic Grants Program are only two of several such methods or systems of need analysis approved for this purpose. No institution which objects to either method is required to use it.

Comment. One commenter questioned the omission in § 175.13(b) of the College Scholarship Service and American College Testing Program as specifically designated approved need analysis systems.

Response. The Commissioner has the statutory responsibility to provide basic criteria and schedules for the guidance of institutions in making awards to needy students. Prior to 1975, the regulations governing this program had approved certain, specifically named need analysis systems, without specifying any duration for approval, and had provided for the approval of other systems which produced comparable figures for expected parental contributions. The Commissioner has concluded, however, that he should review on an annual basis such need analysis systems as are used for dependent students and should publish each year a list of those systems which he has approved for use by institutions during the subsequent academic year. The proposed rule set forth the procedures and standards for such review and approval. The two systems cited by the commenter will be required to follow the annual review procedure applicable for all need analysis systems except Basic Grants and Income Tax.

Comments. One commenter suggested that the Office of Education should develop benchmarks for approving need analysis systems for independent students in a format similar to that for systems to be used with respect to dependent students. The commenter apparently assumed that any need analysis system developed for use with respect to independent students must follow the methodology of the College Scholarship Service.

Response. The suggestion was not adopted. At the present time the Commissioner does not plan to provide a set of criteria and schedules for the guidance of institutions in making awards to needy independent students. The elements which such a system must take into account are included in § 175.12(b) of the final regulations. To be approved by the Commissioner a proposed need analysis system for independent students must provide results which are comparable to those of currently approved systems. Although the College Scholarship Service System is among those which have received this approval, it is a misinterpretation of the regulation to assume that approval of all future systems is contingent upon their use of CSS methodology.

Comment. One commenter suggested that a family residence of $25,000 or $30,000 should not be included as an asset in computing the expected parental contribution of dependent students, and only the value of the residence in excess of that amount should be taxed as an asset.

Response. The suggestion was not adopted. The regulation governing the methodology for determining an expected parental contribution stipulates that only the net market or cash value of the parent's assets remaining after deduction of related debt and a standard asset reserve of $10,000 shall be considered. Thus in the case of a parent's home, the value of the house minus the mortgage, rather than the total value of the home, would be considered in the computations of the expected parental contribution.

Comment. One commenter suggested that the Commissioner encourage independent research of outside agencies in the area of measuring the ability of families to contribute toward the cost of postsecondary education and incorporate the results of such research into Federal need analysis system guidelines.

Response. The Commissioner does encourage such independent research and would welcome with great interest the results of any such research which may be brought to his attention.

SECTION 175.14 COORDINATION OF STUDENT FINANCIAL AID PROGRAMS, AWARD AMOUNT AND OVER-AWARD

Comment. A number of commenters objected to the inclusion of expected earnings from employment other than that provided under the College Work-Study Program in the listing of resources to be taken into account in determining the student's need. Many commenters felt that since the student may, under certain conditions, borrow under the Guaranteed Student Loan Program to meet this expected parental contribution, he should similarly be able to substitute outside earnings for the amount of his expected parental contribution. Others suggested that considering such earnings as a resource would penalize the ambitious student and stifle initiative when, as a result of obtaining additional employment, he found his aid package reduced.

Response. The proposed regulation was not changed. While many cogent points were put forth in the commenters' objections, the overriding concern with regard to eligibility for employment under the College Work-Study Program is a need for funds to meet educational costs. Since there are seldom, if ever, enough Federal dollars available to meet the needs of all eligible applicants, the Commissioner considers it imperative to assure that no needy student, regardless of which institution he attends, is denied aid while another student, in the same or another institution receives aid in excess of his need. A far greater inequity would result if one student were to be forced to abandon his education because of lack of funds than would result from denying another student an opportunity to exceed his need.

Comment. A number of commenters objected to the requirement that expected earnings from employment other than that provided under the Work-Study Program be considered as a student resource because of the difficulty involved in monitoring all institutional student employment, especially in a large institution.

Response. With regard to the administrative burden caused by this requirement, the statute permits an institution to use a portion of the funds granted to it as a payment in lieu of reimbursement for such administrative expenses. That statutory provision is incorporated in § 175.27(b) of the regulation. In choosing to participate in this program, institutions should be aware that they are accepting an administrative burden. Section 175.14 is an attempt to specify one portion of that burden. It is felt that the requirements stated in § 175.14 in connection with the avoidance of over-awards are basic to the concept of need, which is the central concept on which this program is built. The Office of Education considers institutional employment to be one form of student financial aid. Accordingly, an award of institutional employment which exceeds need is no different than an excess award in grant or loan funds. However in recognition of difficulties involved in administering this program, an institution will not be deemed to have violated this provision unless the overaward exceeds $100.

Comment. One commenter suggested that § 175.14(e) should deal more explicitly with the financial aid officer's responsibility for considering earnings the student may obtain from non-institutional off-campus employment.

Response. As noted in the response to the previous comment, the Office of Education feels it is reasonable to expect the institution to be aware of all opportunities for institutional employment and to consider anticipated earnings from such employment as a resource available to the student in determining eligibility for assistance under the College Work-Study Program. The Office of Education recognizes, however, that the institution cannot be expected to know about non-institutional off-campus employment the student may obtain unless it is informed of such employment by the student. Therefore, the requirement set forth in § 175.14(e) extends only to resources the institution itself makes available or other resources of which it should be aware.

Comment. A number of commenters objected to the limitation on the use of Guaranteed Student Loans to satisfy the expected family contribution, as stated in § 175.14(c)(2) of the proposed regulation, and proposed instead that a student be permitted to substitute a Guaranteed Student Loan for the expected parental contribution in all cases. Another commenter took the opposite viewpoint arguing that a Guaranteed Student Loan should be treated as a resource in all instances.

Response. No change was made in the proposed rule. Under the final regulation any Guaranteed Student Loan, except one for which a needs test is required for interest benefits, may be used as a substitute for the expected parental contribution. This procedure is considered to be consistent with the legislative history of the Guaranteed Student Loan Program, since such loans are considered to be loans of convenience permitting a family to make its expected contribution over a lengthened period of time. If a needs test is required for interest benefits, need is determined by subtracting an expected family contribution plus the sum of all other financial aid from a student's cost of education. Under such a procedure it would not be proper for the Guaranteed Loan to be used as a substitute for the expected family contribution.

Comment. One commenter suggested that the responsibility for determining a student's eligibility for Federal interest benefits on a Guaranteed Student Loan should rest with the financial aid officer rather than the lending agency from which the loan is received.

Response. The commenter's suggestion relates to statutory and regulatory provisions governing the Guaranteed Student Loan Program. Therefore, the change suggested by the commenter would have to be addressed in regulations for that program.

Comment. One commenter suggested that the requirement set forth in § 175.14(a) of the proposed regulation concerning the appointment of an official to be responsible for coordinating the College Work-Study Program with the institution's other student financial aid programs should be put into the form of an agreement to be accepted annually by the chief fiscal officer of the institution and circulated to department chairmen and other institutional officials. The commenter felt that such an agreement would be of value to the coordinator when reductions in financial aid packages were necessary as a result of overawards caused by departmental jobs, scholarships or loans.

Response. The suggestion was not adopted. Section 175.14(a) of the regulations requires that each institution shall appoint an official to be responsible for coordinating the College Work-Study Program with the institution's other student financial aid programs. The Commissioner feels that an institution should have discretion to carry out this requirement as the commenter suggests or in some other appropriate manner.

Comment. One commenter noted that a student could receive financial assistance in an amount greater than his financial need if the institution did not take into account, when awarding his financial aid, the amount of a Basic Grant which that student would be entitled to receive.

Response. The commenter's point is well taken. Therefore, § 175.14(c) has been amended to include as a "resource" the amount of funds a student is entitled to receive under the Basic Educational Opportunity Grants Program regardless of whether the student has applied for such funds. The practical effect of this provision is that an institution shall, when calculating a student's financial aid package, automatically include in that package the amount of the Basic Grant to which that student is entitled regardless of whether he has applied for such a grant. (See also § 175.9(f) of the regulation regarding the treatment of Basic Grant entitlements.)

SECTION 175.15 COORDINATION WITH BUREAU OF INDIAN AFFAIRS GRANTS-IN-AID

A notice of proposed rulemaking pertaining to the coordination of Office of Education sponsored student financial aid programs with Bureau of Indian Affairs grants-in-aid was originally published in the FEDERAL REGISTER of March 7, 1975, 40 FR 10086, as a proposed amendment to the regulations for the Supplemental Educational Opportunity Grant Program. This provision was republished as § 175.15 of the notice of proposed rulemaking for the College Work-Study Program. The final regulation for the Supplemental Educational Opportunity Grant Program was published in the FEDERAL REGISTER of August 27, 1976. The final regulation for the College Work-Study Program has been changed in accordance with the comments received for the Supplemental Educational Opportunity Grant Program. Furthermore, the comments received with regard to § 175.15 are basically the same comments received on the Supplemental Educational Opportunity Grant Program provision, and such comments were discussed in the preamble to the Supplemental Educational Opportunity Grant Program regulation.

SECTION 175.16 PROGRAM ELIGIBILITY

Comment. One commenter objected to the terms set forth in § 175.16(a)(2) (i) and (ii) under which College Work-Study funds may be used to employ students in operations for which an institution has chosen to use a contractor. These terms require that the contract between the institution and the private contractor must provide (i) that the contractor will utilize a specific number of the institution's students in carrying out the contract, and (ii) that the institution will select the students to be employed and determine each student's rate of pay.

Response. No change was made in the proposed regulation. The terms in the regulation cited by the commenter are intended to show that the students so employed are employees of the institution itself to the same degree as if the institution were performing the operation for which it has hired the contractor. Thus, the selection of students, the number to be employed, and the determination of their wage rate are functions which must rest with the institution.

Comment. Two commenters objected to § 175.16(a)(3) of the proposed regulation which prohibits College Work-Study employment in profit making activities engaged in by the institution which are not part of the institution's educational program.

Response. In response to the commenter's concern the final phrase in § 175.16(a)(3) has been expanded to include cultural and athletic programs of the institution as well as educational programs. The intention of this paragraph is to permit College Work-Study employment for the institution itself in any institutional facility being used for an institutional function, but to prohibit employment for the institution in profit making activities not related to the educational, cultural or athletic programs of the institution. The Commissioner deems it inappropriate for the Federal grant to an institution to be used for the employment of students in a profit making enterprise not related to the functions of the institution as an institution of higher education.

Comment. One commenter questioned whether the prohibition (included in § 175.16(b)(3) of the proposed regulations) on employment involving the construction, operation, or maintenance of so much of any facility as is used or is to be used for sectarian instruction or as a place of religious worship would preclude the employment of students under the Work-Study Program in summer camps operated by religious organizations.

Response. If sectarian instruction and/or religious worship are an integral part of a camp program, no students may be employed at such a camp under the College Work-Study Program. This prohibition includes positions not involved in the programmed worship or instruction, such as life guards, recreation aides, etc., because the summer camp itself exists for a religious purpose; therefore no part of its operation is appropriate for inclusion under the College Work-Study Program.

Comment. Several commenters questioned terms in this section relating to off-campus employment, including the terms "public interest," and "reliable organization," and in general requested more specific guidance concerning eligible off-campus employment.

Response. Because of the multiplicity of employment opportunities with public or private nonprofit organizations this section has intentionally been written in general terms to provide latitude for the institution to develop innovative employment opportunities for its students and thereby to further one of the basic purposes of the program stated in § 175.-1(b)(2) of the regulations. It is felt that the wording of this section in its current form will provide sufficient guidance to the institution while still permitting the broadest possible exercise of initiative in job development. Since each potential off-campus employer may pose new questions, institutions are urged to consult the student financial aid program staff in their regional Office of Education whenever guidance is needed.

Comment. One commenter suggested that the institutional responsibility relating to CWS employment for a public or private nonprofit organization implied a high degree of control over the off-campus agency and questioned its feasibility.

Response. The institution has the responsibility to insure that its College Work-Study Program is administered in accordance with the applicable statute and regulations. To the extent that this responsibility requires a review of the procedures of an off-campus agency at which its students are employed, such a review must be considered a part of its general responsibility for program administration. The history of the Work-Study Program over its past ten years of operation indicates that such responsibility is feasible. The Office of Education does not feel that the institutional responsibility for assuring adequate documentation of disbursements and supervision of work could constitute interference in the affairs of an off-campus employer.

Comment. One commenter suggested that the regulations should be amended to permit on-campus employment of Work-Study students by proprietary institutions.

Response. The suggestion was not adopted. Section 444(a)(1) of the Act provides that Work-Study employment may involve work for the institution itself, except in the case of proprietary institutions.

Comment. One commenter suggested that institutions should require each private nonprofit organization wishing to employ students under the College Work-Study Program to include as an addendum to its written agreement with the institution (cited in § 175.16(c)(1)) a copy of the Internal Revenue Service statement of approval of its tax-exempt status. Another commenter suggested that eligibility as a private nonprofit off-campus employer should be contingent upon approval of tax exempt status specifically under section 501(c)(3) of the Internal Revenue Code.

Response. These suggestions were not adopted. Eligible off-campus employers may include nonprofit private organizations that do not qualify for a tax exemption under section 501(c)(3) of the Internal Revenue Code. Furthermore, the Commissioner is not of the view that the type of documentation suggested by the first commenter should be required.

Comment. One commenter questioned whether the prohibition against the displacement of employed workers set forth in § 175.16(b)(1) would be violated if students were employed under the Work-Study Program to substitute for regular employees who are on strike.

Response. Section 444(a)(1)(B) of the program statute (42 U.S.C. 2754(a)(1)(B)) requires that work performed under the College Work-Study Program "will not result in the displacement of employed workers or the impairment of existing contracts for services." The Office of Education views the use of College Work-Study students to fill vacancies created as a result of a strike to be such a displacement and has amended § 175.16(b)(1) to reflect that view.

Comment. One commenter recommended that participating institutions should spend a greater portion of their Federal College Work-Study allocation on off-campus community service oriented jobs. To meet this objective the commenter suggested that 50 percent of all College Work-Study funds in excess of $300,000,000 per fiscal year should be earmarked for community service activities off-campus. The commenter also provided a number of suggestions intended to encourage institutions to expand their off-campus programs in community service areas. Another commenter suggested that institutions should be required to arrange College Work-Study jobs with nonprofit community service organizatons. A third commenter felt that additional emphasis should be included in the regulations on providing a worthwhile job experience for the student.

Response. The Commissioner disagrees with the specific proposal that 50 percent of all College Work-Study funds in excess of $300,000,000 per fiscal year should be earmarked for community service activities off-campus because of the disadvantage such an action would create for those students at institutions which find it difficult to operate off-campus programs. There is also a serious legal question as to whether the Commissioner would have the statutory authority to require that nonproprietary institutions provide any off-campus employment for their students.

With respect to the suggestion that additional emphasis be included in the regulations on providing worthwhile job experiences for students, it should be kept in mind that one of the program objectives set forth in § 175.1 of the regulations is the broadening of the range of worthwhile job opportunities for qualified students in employment for the institution itself (except in the case of proprietary institutions) and for public and private nonprofit organizations. However, the determination as to what constitutes a "worthwhile job opportunity" in the case of an individual student involves subjective judgments which could only be made by officials of the institution and the student, taking into account the student's goals and the various possibilities for employment under the program.

SECTION 175.17 ELIGIBLE EMPLOYMENT

Comment. A number of commenters objected to § 175.17(b) of the proposed regulation which stipulated that work performed for the institution itself by which the student satisfies a requirement of a degree or certificate shall not be considered eligible employment under the College Work-Study Program. A number of commenters cited examples in which a student could be receiving credit at his institution for a particular job performed for a public or private nonprofit organization off-campus, but the same credit-bearing work on-campus would be ineligible as College Work-Study employment.

Response. The intention of the proposed regulation was to prevent an abuse of the program in which students would receive pay for attending classes. However, the Office of Education recognizes the merit in the points raised by the commenters. In response to their concern, § 175.17(b) has been rewritten to permit employment for the institution itself in *work* which satisfies a requirement of a degree or certificate while still attempting to prevent any potential abuse cited above. However, in no event may students be paid for receiving instruction in a classroom, laboratory, or other academic setting.

Comment. One commenter suggested that the criteria for determining eligible employment set forth in § 175.17(a) of the proposed regulation seemed to conflict with the requirement that employment under the program must not result in the displacement of employed workers or the impairment of existing contracts for services.

Response, The Office of Education does not feel the two clauses cited by the commenter are in conflict and no change was made in the wording of the final regulation. The criterion for determining eligible employment in § 175.17(a) is an attempt, through a test of comparability, to determine whether a particular position can legitimately be considered "work."

SECTION 175.18 ESTABLISHMENT OF WAGE RATES

Comment. A number of comments were received concerning the absence in the proposed regulations of a maximum wage rate for employment under the College Work-Study Program. Some commenters agreed with its omission and felt the determination should be left to the institution. However, a majority objected to its omission and felt a maximum wage rate should be established by the Office of Education and included in the regulations. Another suggested that it should be set annually by the Commissioner.

Response. It has been determined that there is no legal authority for the Office of Education to impose a maximum wage limitation.

Comment. One commenter suggested that the minimum wage rate permitted under the program should be set at $3.00 per hour.

Response. The commenter's suggestion was not adopted. The Commissioner is of the view that the minimum wage rates set out in the regulation which parallel the Federal minimum wage law are more appropriate.

Comment. Several commenters objected to the inclusion in the regulations of a minimum wage rate schedule higher than the subminimum wage which institutions are permitted to pay full-time students under the Fair Labor Standards Amendments of 1974 after receiving permission from the Secretary of Labor. Some commenters added that this requirement would create a situation in which College Work-Study students would receive higher pay for the same work than students in institutional employment programs. Others felt that the requirement that an institution seek approval from the Commissioner of Education in order to employ full-time students at the subminimum wage rate under the College Work-Study Program imposed an unwarranted duplication of effort upon the institution.

Response. In response to the commenters' objections, the final regulation has been changed to provide that if the Secretary of Labor has established a subminimum wage rate under provisions of the Fair Labor Standards Act for any category of students at an institution, such subminimum wage rate shall be the minimum wage rate for that category of students who are employed under the College Work-Study Program at that institution. It should be noted, however, that while the College Work-Study Program permits participation by students enrolled on at least a half-time basis, the subminimum wage provisions of the Fair Labor Standards Amendments of 1974 are addressed to the employment of full-time students only. Since institutions must make jobs under the program reasonably available to all needy students, there is the possibility of a situation in which full-time students and half-time students would receive different rates of pay for the same work.

Comment. One commenter assumed that the minimum wage rates stated in § 175.18(b) of the proposed rule would be required to be paid retroactively to the dates stated, if this section were to appear in the final regulations. With this assumption in mind the commenter suggested that the new minimum not be made effective until the coming academic or fiscal year.

Response. The suggestion was not adopted. Contrary to the commenter's assumption, the minimum wage rates included in § 175.18(b)(1) become applicable as of the effective date of the regulation. The wording of the final regulation has been revised to eliminate citations to dates occurring prior to its publication.

SECTION 175.19 LIMITATION ON THE NUMBER OF HOURS OF EMPLOYMENT

Comment. Many commenters objected to the inclusion in this section of the stipulation that during periods when a student's classes are in session the student may not work more than an average of 20 hours per week averaged over the period of enrollment for which the College Work-Study award was received. (One commenter endorsed the proposed limitation.) A number of commenters who objected felt that although few students would work more than 20 hours per week during periods when they were enrolled in classes, the financial aid officer should have the option to permit a greater number of hours in instances where the student's need, academic schedule, and other factors seemed to warrant it. Others felt that the proposed regulation would limit a student to an average of twenty hours per week if he were to enroll in a class or two during his summer vacation period. Many of the commenters argued that since Congress had, in the Education Amendments of 1972, removed a fifteen-hour average without replacing it with a higher average maximum number of hours, the insertion of a twenty-hour limitation was a violation of Congressional intent.

Response. In response to the concern expressed by the financial aid community at large on this issue, the final regulation has been revised to provide that, in exceptional circumstances, a student may be employed under the program for more than twenty hours per week during periods when his classes are in session. The financial aid officer may determine that such exceptional circumstances exist if, after considering all of the student's resources and all other financial aid the institution can make available to him, his need remains so great that it cannot be met with earnings from a job of twenty hours per week and that such extra work will not have a deleterious effect on his health and academic progress.

SECTION 175.20 EARNINGS ATTRIBUTABLE TO COST OF EDUCATION

Comment. Many commenters objected to the requirement in the proposed regulation that costs incidental to obtaining earnings under the program during summer vacation periods or other such periods when the student is not enrolled in classes may not exceed 20 percent of the student's gross income or $200, whichever is less. A substantial number of commenters argued that such a limitation would eliminate opportunities for summer employment especially for independent students and for those dependent students who lived away from home during periods in which their classes were not in session. Many alternatives were proposed for regulating the amount of maintenance costs which could be permitted from College Work-Study earnings and for differentiating between the amount to be allowed for dependent students living with parents and for independent students and dependent students not living with their parents.

Response. The Office of Education recognizes that a portion of a student's summer College Work-Study earnings will of necessity be required for summer maintenance costs. At the same time, however, it must be kept in mind that the purpose of this program as stated in the authorizing statute is to promote the part-time employment of students who are in need of earnings from such employment to meet their cost of education. If a substantial portion of a student's summer College Work-Study earnings were to be dissipated through summer maintenance expenses, this fundamental purpose for which the program was established would not be achieved. Normally, any dependent student employed under the program during his summer vacation period should be placed in a job which will permit him to live with his parents. In such a situation the limitation on expenditures for maintenance costs included in the proposed regulation is not unrealistic. In some instances, such as in the case of a student from a rural area, no employment opportunities may exist within commuting distance of his parents' home and in such cases a higher allowance for maintenance costs may be warranted.

In the case of an independent student whose need is analyzed on the basis of a twelve-month budget, the costs the student incurs during a summer vacation period are included in the computation of his need, and therefore should not be deducted from the amount he earns for that period.

The limitation on the amount of College Work-Study earnings which may be expended as costs incidental to obtaining employment during summer vacation periods or other periods of non-enrollment has been held at the level stated in the proposed regulation, except that the financial aid officer has been given the option to permit a higher level of such costs under exceptional circumstances. In such instances, as for example where the student is unable to live at home, the student's actual incidental costs may be deducted, except that in no event may such costs exceed 40 percent of gross earnings or $400, whichever is less.

SECTION 175.21 PAYMENTS TO STUDENTS

Comment. One commenter requested clarification of the use of payments in kind to students under the program.

Response. The institution may contribute its share of the compensation of any student employed under the College Work-Study Program in the form of services and equipment provided by the institution to that student employee. Any such payment must be supported by adequate documentation. In no case may any such payment consist of remittal of a charge assessed against the student exclusively because of his employment under the College Work-Study Program. Examples of permissible noncash payments include forbearance in the collecting of tuition or any portion thereof, room and board charges or any portion thereof, fees normally charged to all students, and the provision of books and supplies which are not normally furnished free of charge.

If the amount of the institution's noncash contribution is less than the required institutional share of the student's gross earnings, the institution must contribute in cash the difference between the required share of the student's gross earnings and the actual noncash contribution.

If the institution's noncash contribution to any one student in any one pay period exceeds 20 percent of that student's earnings in that pay period, the balance may be claimed as a noncash contribution toward that student's earnings during any subsequent pay period. For example, the institution may carry as a receivable all of a student's tuition for one semester and claim a noncash contribution equal to its share of that student's gross compensation for each pay period until the total of such shares equals the amount of tuition receivable.

All amounts claimed as noncash contributions must be supported by adequate documentation, such as acknowledgment of receipt signed by the student employee to support an amount credited to his account.

Comment. Two commenters objected to the requirement in § 175.21(c) of the proposed regulation that the institution obtain from the student a written acceptance of the award and the terms under which it is granted. Both commenters felt the requirement imposed an unnecessary administrative burden on the institution. One commenter suggested that, in a community college with an open-door admission policy permitting late enrollment, the requirement would cause an undue postponement in the CWS student's assumption of his duties and result in an inconvenience to the employer, or cause the employer to look elsewhere to fill a postion. Another comment was that since such a statement was not required for regular institutional student employment it resulted in a form of discrimination against needy, low-income students employed under the College Work-Study Program.

Response. The proposed regulation was not changed. The requirement set forth in § 175.21(c) provides the institution with a written acknowledgement that the student is aware of the rights and obligations of his award under the College Work-Study Program. The requirement is similar to one set forth in § 176.17(b) of the Supplemental Grant regulations and in § 144.15 of the proposed National Direct Student Loan regulations and in § 144.15 of the proposed incorporated into the student's general statement of acceptance of the aid package.

SECTION 175.22 LIMITATION ON THE FEDERAL SHARE OF STUDENT COMPENSATION

Comment. One commenter questioned whether § 175.22(c)(1)(iii) authorized the assessement of an administrative fee to off-campus College Work-Study employees.

Response. The commenter's question appears to result from a misreading of this section. As indicated by the term "such organization" in § 175.22(c)(1), the costs of administration in excess of three percent cited in § 175.22(c)(1)(iii) may be recovered from the off-campus public or private nonprofit organization employing the student, if the off-campus organization agrees to pay such costs. No fee, compensation, or gratuity of any kind may be solicited or accepted from any student as a consideration or prerequisite for employment under the College Work-Study Program. This prohibition is set forth in § 175.23(b) of the regulations.

Comment. A number of commenters requested clarification of the meaning of § 175.22(d) and several questioned the statutory authority for including it.

Response. The paragraph questioned by the commenters is intended to prohibit an institution from making a profit on the off-campus portion of its College Work-Study Program. Section 441(a) of the Act states that the purpose of the Work-Study Program is to stimulate and promote the part-time employment of students who are in need of earnings from such employment to pursue courses of study at eligible institutions. It is not a purpose of the program to provide a source of profit for the institution. Section 444(a)(8) authorizes the Commissioner to include in his agreement with each participating institution such other provisions as he deems necessary or appropriate to carry out the purposes of this part. This paragraph of the regulations is intended to provide that any excess funds received from an off-campus agency shall be used either as later payments for students or to reduce the Federal share. The paragraph has been revised to clarify this intent.

Comment. One commenter described a situation in which off-campus agencies employing students would deposit funds at the beginning of the fiscal year with an institution to be held in trust by the institution and used to provide the 20 percent non-Federal matching share plus necessary employer costs. Under the arrangement any funds remaining with the institution at the end of the fiscal year were to be carried over to the next fiscal year and supplemented by an additional contribution from the off-campus agency sufficient to continue to provide a 20 percent non-Federal matching share plus employer costs. The commenter questioned whether § 175.22(d) would prohibit such a carryover arrangement and require that the Federal share of student compensation paid to students employed by off-campus agencies be reduced by the amount of the off-campus agency funds which remained on deposit at the institution at the close of the fiscal year.

Response. The carryover of off-campus agency funds held on deposit by the institution in the arrangement described by the commenter is not prohibited by § 175.22(d), nor is the refunding of any excess contributions to the off-campus agency.

Comment. One commenter, citing § 175.22(e) of the proposed regulation, requested a clarification of the procedures to be followed by an institution for requesting a Federal share in excess of eighty percent as a "developing institution."

Response. No change was made in the proposed regulation. No additional procedures for applying for a Federal share in excess of eighty percent will be required, since such a request will be part of the regular application process.

Comment. One commenter objected to the use of a standard based on parental income in determining institutional eligibility for a Federal share in excess of eighty percent under § 175.22(e)(1)(ii). The commenter felt that a criterion based on parental income would work to the disadvantage of institutions having a large percentage of self-supporting students.

Response. The regulation was not changed. The criterion in § 175.22(e)(1)(ii) stipulates that the Commissioner may approve a Federal share in excess of eighty percent if an institution demonstrates that at least fifty percent of its students enrolled on at least a half-time basis have parents whose annual adjusted gross income does not exceed $7,500 per year. This regulation is intended to provide an opportunity for institutions with a large proportion of students from historical conditions of great financial need to obtain additional Federal funds to meet the needs of those students. This regulation is based on an assumption that institutions with large proportions of such students typically and usually experience greater difficulty in raising funds to provide the institutional share of College Work-Study expenditures than do institutions whose students come from more prosperous families.

SECTION 175.25 MAINTENANCE OF EFFORT

Comment. One commenter questioned whether, in computing maintenance of effort, an increase in a program of State grants directly to students could compensate for a reduction in an institutionally administered grant program at a State supported institution. Another commenter suggested that because of necessary institutional administrative involvement in the administration of State scholarship programs, funds from such programs should be included as institutional funds in maintenance of effort calculations even when the selection of recipients is made by a State agency.

Response. Section 494 of the Act sets forth a maintenance of effort requirement for the institution "in its own scholarship and student aid program." The purpose of this requirement is to insure that financial aid provided under the Work-Study Program will supplement, rather than replace, existing institutional student assistance programs. To be considered as part of its "own scholarship and student aid program" a source of aid must be under the control of the institution. As an index of determining institutional control the Office of Education asks whether the institution has responsibility for selecting the recipients and determining the amount of aid each will receive. Funds from a State scholarship program may be considered as institutional funds and included in maintenance of effort calculations in those instances where the institution chooses the recipients and determines the amount each recipient will receive. A program of State grants directly to students in which the institution did not choose the recipient or determine the amount of the grant would not be included in maintenance of effort calculations and therefore would not compensate for a reduction in amounts awarded from institutional programs.

Comment. One commenter suggested that the regulation should include provision for waiver of the maintenance requirement for public institutions when appropriations supporting such institutions are reduced.

Response. No change was made in the regulation. The intent of the maintenance of effort provision is to prevent Federal funds from being substituted for other funds, including other public funds.

Comment. One commenter suggested that the institutional matching share required for Federal student aid programs should be specifically included as "institutional funds" for maintenance of effort calculations.

Response. No change was made in the regulation. It is felt that the more all-inclusive terminology in § 175.25(d) is sufficient to indicate that the matching amounts cited by the commenter are to be included in maintenance of effort calculations.

Comment. One commenter recommended that Federally Insured Student Loans made by institutions be exempt from inclusion in maintenance of effort calculations if the capital for such loans was acquired from non-institutional sources such as loans from organizations external to the institution.

Response. The suggestion was not adopted. Provision is included in § 175.25(b)(2) of the regulation for the institution to substitute alternate sources of aid in an amount equal to the average annual amount of loans made by the institution as a direct lender under the Guaranteed Student Loan Program during its 3-year base period.

In addition to the above questions, the Commissioner has altered the language in § 175.25(b)(2) concerning a maintenance of effort waiver when the institution no longer participates as a direct lender in the Guaranteed Student Loan Program. This revision is made in order to clarify the point that such a waiver is to be granted by allowing an institution to maintain its three-year average through the inclusion of alternate sources of financing which normally would not be considered as institutional scholarship or student financial aid, rather than by permitting the institution to maintain a level of effort which is lower than its three-year average.

Section 175.26 Transfer of Funds

Comment. One commenter recommended that the 10 percent transfer option cited in § 175.26 be expanded to include the National Direct Student Loan Program, as well as the College Work-Study and Supplemental Grant Programs.

Response. No change was made in the regulation. Section 496 of the Higher Education Act authorizes the transfer of funds only between the Work-Study and Supplemental Educational Opportunity Grant Programs. It does not include the National Direct Student Loan Program.

Comment. Two commenters suggested the inclusion of a regulation permitting a deficit expenditure to be recovered in the next fiscal year or a carryover to the next fiscal year of up to 10 percent of the institution's Federal Work-Study allocation.

Response. The suggestion was not adopted. The Commissioner lacks statutory authority to permit a deficit expenditure of a Federal College Work-Study allocation. If an institution has an unexpended balance in its Federal College Work-Study allocation for a given fiscal year, the unexpended amount will be reallocated to other institutions in the State.

Section 175.27 Use of Funds

Comment. Several commenters objected to the three percent administrative expense allowance as inadequate and recommended that it be increased to five percent. One of the commenters suggested that the funds should be specifically earmarked solely for the administrative use of the institution's financial aid office.

Response. These suggestions were not adopted. Section 493 of the Higher Education Act sets the percentage of the administrative expense allowance, and provides that the funds are a payment in lieu of reimbursement for an institution's administrative expenses in operating the Work-Study Program. Since the amount is a payment for expenses presumed to have already been met by the institution, there is no requirement that the funds be spent for the same purpose for which the original expenses were incurred.

Section 175.28 Fiscal Procedures and Records

Comment. A number of commenters objected to the five-year period of retention of records set forth in § 175.28(c)(2) as excessive. Some commenters questioned whether it would be permissible to dispose of records in a shorter period of time if they had been reviewed in a Federal audit and all audit questions were considered resolved by the Office of Education.

Response. The proposed regulation was not revised. The period of record retention is identical to the record retention requirements in section 434(a) of the General Education Provisions Act (20 U.S.C. 1232c(a)).

Comment. A number of commenters suggested that the requirements set forth in § 175.28(d) that program transactions be audited no less frequently than once every two years should be accompanied by a prescribed audit format and a procedure for reimbursing the institution for the cost of the audit.

Response. In response to the commenters' concern § 175.28 has been revised to require that the audit format prescribed by the DHEW Audit Agency shall be used in official audits of the institution's College Work-Study Program. Copies of this format may be obtained from the DHEW regional office serving the institution. While the Office of Education recognizes the validity of institutional complaints concerning the cost of a program audit, the authorizing statute does not permit the recovery of such costs in excess of the three percent payment in lieu of reimbursement for administrative expenses cited in § 175.27 of the regulation.

Comment. Several commenters questioned whether the regulations would apply retroactively and expressed concern about institutional liability for procedures not required by statute and which had not been included in previous regulations.

Response. The procedures for establishing the effective date of these regulations are set forth below. Prior to the effective date the institution remains responsible for administering the program in accordance with the terms of the statute and the relevant previously published regulations.

B. *Adoption of regulation.* After consideration of all comments, the Commissioner hereby adopts the proposed regulation which was published in the Federal Register on October 14, 1975 with the changes noted above. This regulation is set forth below.

C. *Effective date.* Pursuant to section 431(d) of the General Education Provisions Act, as amended (20 U.S.C. 1232(d)), this regulation has been transmitted to the Congress concurrently with its publication in the Federal Register. That section provides that regulations subject thereto shall become effective on the forty-fifth day following the date of such transmission, subject to the provisions therein concerning Congressional action and adjournment.

(Catalog of Federal Domestic Assistance No. 13.463 Higher Education Work-Study (College Work-Study Program))

Dated: May 24, 1976.

T. H. BELL,
U.S. Commissioner of Education.

Approved: August 13, 1976.

MARJORIE LYNCH,
Acting Secretary of Health, Education, and Welfare.

Part 175 of Title 45 of Code of Federal Regulations is amended to read as follows:

AUTHORITY: Sec. 441-446 of Pub. L. 89-329, Title IV, 79 Stat. 1219, as amended (42 U.S.C. 2751-2756), unless otherwise noted.

§ 175.1 Purpose and objectives.

(a) The purpose of the College Work-Study Program is to stimulate and promote the part-time employment of students, particularly those with great financial need, who are in need of the earnings from such employment in order to pursue courses of study at eligible institutions.

(b) This purpose will be promoted through the development of student employment programs designed to meet the following objectives:

(1) Provide financial aid for eligible students through combining the earnings from part-time employment with other forms of financial assistance to enable students to meet their educational expenses without the necessity of incurring an unduly heavy burden of indebtedness; and

(2) Broaden the range of worthwhile job opportunities for qualified students in employment for the institution itself (except in the case of proprietary institutions of higher education) or for public or private nonprofit organizations.

(42 U.S.C. 2751-2756)

§ 175.2 Definitions.

For the purposes of this part:

(a) "Academic year" means a period of time generally of not less than 8 months in which a full-time student would normally be expected to complete the equivalent of two semesters, two trimesters, three quarters, or 900 clock hours of instruction.

(b) "Act" means Title IV, Part C of the Higher Education Act of 1965, as amended.

(42 U.S.C. 2751-2756)

(c) "Area vocational school" means—

(1) A specialized high school used exclusively or principally for the provision of vocational education to persons who are available for full-time study in preparation for entering the labor market, or

(2) The department of a high school exclusively or principally used for providing vocational education in no less than five different occupational fields to persons who are available for full-time study in preparation for entering the labor market, or

(3) A technical or vocational school used exclusively or principally for the provision of vocational education to persons who have completed or left high school and who are available for full-time study in preparation for entering the labor market, or

(4) The department or division of a junior college or community college or university which provides vocational education in no less than five different occupational fields, under the supervision of the State Board, leading to immediate employment but not necessarily leading to a baccalaureate degree—if such a school is available to all residents of the State or an area of the State designated and approved by the State Board, and if, in the case of a school, department, or division described in subparagraph (3) or (4) of this paragraph, it admits as regular students both persons who have completed high school and persons who have left high school. The term "State Board" as used in this definition means a State Board for vocational education designated or created by State law as the sole State agency responsible for the administration of vocational education, or for supervision of the administration thereof by local educational agencies in the State.

(42 U.S.C. 2753; 20 U.S.C. 1248)

(d) "Basic Educational Opportunity Grants Program" means the program authorized by Title IV-A, Subpart 1 of the Higher Education Act of 1965, as amended.

(20 U.S.C. 1070a)

(e) "Clock hour" means a period of time which is the equivalent of (1) a 50 to 60 minute class, lecture, or recitation, or (2) a 50 to 60 minute faculty supervised laboratory, shop training, or internship.

(f) "Dependent student" means a student who does not qualify as a "self-supporting or independent student" as defined in paragraph (w) of this section.

(42 U.S.C. 2751-2756)

(g) "Eligible institution" or "institution" means an institution of higher education, an area vocational school, or a proprietary institution of higher education.

(42 U.S.C. 2753(b))

(h) "Expected family contribution of a dependent student" means the sum of the amounts which reasonably may be expected from the student and his spouse to meet the student's cost of education as described in § 175.11 and the amount which reasonably may be expected to be made available to him by his parents for such purpose.

(i) "Expected family contribution of an independent or self-supporting student" means the amount which reasonably may be expected from the student and his spouse to meet the student's cost of education as described in § 175.11.

(j) "Financial need" means the difference between a student's cost of education and his expected family contribution.

(k) "Full-time student" means a student who is carrying any combination of courses, research, or special studies which, according to the standards and practices of the institution in which the student is enrolled, is considered full-time study.

(l) "Good standing" means, with regard to a student, that the institution in which the student is enrolled has determined that (1) the student is eligible, in accordance with its own standards and practices, to continue in attendance at the institution, and (2) the student is making measurable progress toward the completion of his course of study.

(m) "Graduate or professional student" means, in general, a student who is enrolled in an academic program of instruction above the college level which is provided at an institution of higher education. The term includes (1) that portion of any program involving a period of study beyond four years of study at the college level, or (2) any portion of a program leading to (i) a degree beyond the bachelor's or first professional degree, or (ii) a first professional degree, when at least three years of study at the college level are required for entrance into a program leading to such degree.

(42 U.S.C. 2751-2756)

(n) "Guaranteed Student Loan Program" means the student loan program authorized by Title IV, Part B of the Higher Education Act of 1965.

(20 U.S.C. 1071–1087–2)

(o) "Half-time graduate student" means a graduate or professional student who is carrying any combination of courses, research, or special studies which, according to the standards and practices of the institution in which the student is enrolled, is considered half-time graduate study.

(p) "Half-time undergraduate student" means an undergraduate student who is carrying a half-time undergraduate academic work load measured in terms of (1) the tuition and fees customarily charged for such half-time study by the institution and (2) the course work or other required activities as determined by the institution in which the student is enrolled; *Provided, however*, That such source work and activities amount to the equivalent of a minimum of (i) 6 semester hours or 6 quarter hours per academic term for institutions utilizing semester, trimester, or quarter hour systems; (ii) 12 semester hours or 18 quarter hours per academic year for institutions which measure progress in terms of credit hours but which do not utilize semester, trimester, or quarter systems; or (iii) 12 clock-hours per week for institutions which utilize clock hours to measure progress.

(20 U.S.C. 1088(c) (2))

(q) "Institution of higher education" means an educational institution in any State which (1) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate, (2) is legally authorized within such State to provide a program of education beyond secondary education, (3) provides an educational program for which it awards a bachelor's degree or provides not less than a two-year program which is acceptable for full credit toward such a degree, (4) is a public or other nonprofit institution, and (5) (i) is accredited by a nationally recognized accrediting agency or association, or (ii) in the case of a public institution offering postsecondary vocational education, is approved by a State approval agency recognized by the Commissioner as a reliable authority as to the quality of public postsecondary vocational education in that State, or (iii) is an institution with respect to which the Commissioner has determined that there is satisfactory assurance, considering the resources available to the institution, the period of time, if any, during which it has operated, the effort it is making to meet accreditation standards, and the purpose for which this determination is being made, that the institution will meet the accreditation standards of such an agency or association within a reasonable time, or (iv) is an institution whose credits are accepted, on transfer, by not less than three institutions which are so accredited, for credit on the same basis as if transferred from an institution so accredited.

The term "institution of higher education" also includes any school which provides not less than a one-year program of training to prepare students for gainful employment in a recognized occupation and which meets the provisions of subparagraphs (1), (2), (4), and (5) of this paragraph. For purposes of this part a one-year program of training means a program of study in which a student will receive supervised training totaling at least 900 clock hours of instruction. The term "institution of higher education" also includes any proprietary institution of higher education, as defined in paragraph (v) of this section which has an agreement with the Commissioner containing such terms and conditions as the Commissioner determines to be necessary to insure that the availability of assistance to students at the school under this part has not resulted, and will not result, in an increase in the tuition, fees or other charges to such students.

(20 U.S.C. 1087–1(b), 1088(b) and 1141(a))

(r) "National Direct Student Loan Program" means the student loan program authorized by Title IV, Part E of the Higher Education Act of 1965.

(20 U.S.C. (1087 aa–ff))

(s) "National of the United States" means (1) a citizen of the United States, or (2) a person who, though not a citizen of the United States, owes permanent allegiance to the United States.

(8 U.S.C. 1101(a) (22))

(t) "Nonprofit" as applied to a school, agency, organization, or institution, means a school, agency, organization, or institution owned and operated by one or more nonprofit corporations or associations no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

(20 U.S.C. 1141(c))

(u) "Parent" means the mother or father of the student, unless any other person, except the student's spouse, provides more than one-half of the student's support and claims or is eligible to claim the student as an exemption for Federal income tax purposes, in which case such person shall be considered a parent.

(42 U.S.C. 2751–2756)

(v) "Proprietary institution of higher education" means a school which (1) provides not less than a six-month program of training to prepare students for gainful employment in a recognized occupation, (2) admits as regular students only persons having a certificate of graduation from a school providing secondary education or the recognized equivalent of such a certificate, (3) is legally authorized by the State in which it is located to provide a program of education beyond secondary education, (4) is accredited by a nationally recognized accrediting agency or association approved by the Commissioner for this purpose, (5) is not a public or other nonprofit institution, and (6) has been in existence for at least two years. For purposes of this part a six-month program of training means a program of study, which does not include such study by correspondence, in which a student will receive supervised training totaling at least 600 clock hours of instruction, or, i the case of a program offered by correspondence, a program of study requiring at least 600 hours of preparation.

(20 U.S.C. 1088(b) (3))

(w) "Self-supporting or Independent Student" means a student who:

(1) Has not and will not be claimed as an exemption for Federal income tax purposes by any person except his or her spouse for the calendar year(s) in which aid is received and the calendar year prior to the academic year for which aid is requested;

(2) Has not received and will not receive financial assistance of more than $600 from his or her parent(s) in the calendar year(s) in which aid is received and the calendar year prior to the academic year for which aid is requested; and

(3) Has not lived or will not live for more than 2 consecutive weeks in the home of a parent during the calendar year in which aid is received and the calendar year prior to the academic year for which aid is requested.

For purposes of this paragraph, a student will not be considered to have been claimed as an exemption by a parent, or to have received $600 from a parent, or to have lived with a parent if that parent has died prior to the student's submission of an application for employment under the College Work-Study Program.

(42 U.S.C. 2751–2756)

(x) "State" means, in addition to the several States of the Union, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands.

(20 U.S.C. 1141(b); 20 U.S.C. 1088(a))

(y) "Supplemental Educational Opportunity Grant Program" is the grant program authorized by Title IV, Part A, Subpart 2 of the Higher Education Act of 1965.

(20 U.S.C. 1070b)
(42 U.S.C. 2751–2756, unless otherwise noted)

§ 175.3 Allotment of Federal funds to States.

(a) *Initial allotments.* From sums appropriated to carry out this part for a fiscal year, not to exceed 2 percent will be allotted by the Commissioner among Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands, according to their respective needs for assistance under this part. In addition to such sum, an amount will be reserved to provide Work-Study assistance to students who reside in, but attend eligible institutions outside of, American Samoa or the Trust Territory of the Pacific Islands. The amount so reserved will be allotted to eligible institutions and shall be available only for the purpose of providing Work-Study assistance to such students. The remainder of the sums will be allotted among the States as provided in paragraph (b) of this section. For the purpose of computing this allotment, the Commissioner will use information for the most recent year for which satisfactory data are available to him.

(42 U.S.C. 2752)

(b) (1) *Initial allotment to States.* Ninety percent of the sums remaining after the allotment of funds under paragraph (a) of this section will be allotted as follows:

(i) One-third will be allotted by the Commissioner among the States so that the allotment to each State under this clause will be an amount which bears the same ratio to such one-third as the number of persons enrolled on a full-time basis in institutions of higher education in such State bears to the total number of persons enrolled on a full-time basis in institutions of higher education in all the States;

(ii) One-third will be allotted by the Commissioner among the States so that the allotment to each State under this clause will be an amount which bears the same ratio to such one-third as the number of high school graduates (as defined in section 702(f) of the Higher Education Act of 1965—formerly section 103 (d)(3) of the Higher-Education Facilities Act of 1963) of such State bears to the total number of such high school graduates in all the States; and

(iii) One-third will be allotted by the Commissioner among the States so that the allotment to each State under this clause will be an amount which bears the same ratio to such one-third as the number of related children under 18 years of age living in families with annual incomes of less than $3,000 in such State bears to the number of related children under 18 years of age living in families with annual incomes of less than $3,000 in all the States.

(2) If the amount allotted to any State under subparagraph (1) of this paragraph is less than its allotment under section 442(b) of Title IV, Part C, of the Higher Education Act of 1965 for fiscal year 1972, additional sums will be allotted to each such State from the sums remaining to make its allotment for such year equal to its allotment for fiscal year 1972 under section 442(b). (See Appendix A for the amounts allotted to each State under such section 442(b) for the fiscal year ending June 30, 1972.) In the event that the funds available are insufficient to meet that level, the Commissioner will instead allot the remaining sums so that no State will receive less than a uniform minimum percentage of its fiscal year 1972 allotment under section 442(b).

(3) The Commissioner will allot the sums remaining, if any, after the allotment of funds under paragraph (a) of this section and subparagraphs (1) and (2) of this paragraph, to those State(s) which received the lowest percentage of approved requests for funds as a result of the allotment under subparagraphs (1) and (2) of this paragraph so that no State will receive less than a uniform minimum percentage of its total approved requests for funds.

(c) *Reallotment.* The amount of any State's allotment which has not been granted to any institution at the end of the fiscal year for which appropriated will be reallotted by the Commissioner to those remaining States which received the lowest percentage of approved requests for funds under paragraph (b) of this section in such a manner that no State will receive less than a uniform minimum percentage of its total approved requests for funds.

(d) For purposes of paragraphs (b) and (c) of this section, the term "State" does not include Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands.

(42 U.S.C. 2752)

§ 175.4 Allocation, reallocation, and payment of funds to institutions.

(a) *Allocation of funds to institutions.* When funds available for distribution among the institutions within a State are not sufficient to honor all approved requests of institutions within such State, such sums as are available will be distributed on a pro rata basis among all institutional applicants in the State in the same ratio that the total funds available for the State, including any reapportionments, bears to the total approved requests for that State.

(b) *Reallocation of funds.* Funds allocated to an institution which the institution anticipates will not be used by the end of the period for which such funds were made available may be reallocated on an equitable basis to other institutions in that State.

(c) *Payment of funds.* Funds will be made available for a specific period of time as determined by the Commissioner and may be payable in advance or by way of reimbursement on the basis of substantiated need and periodic fiscal reports submitted by the institution.

(42 U.S.C. 2756)

§ 175.5 Institutional applications.

(a) An institution that wishes to participate in the College Work-Study Program shall file an application with the Commissioner before the closing date for such applications established annually by the Commissioner. Such application shall contain the following information and shall be in such form and contain such other information as the Commissioner may from time to time prescribe:

(1) The institution's requests for Federal student financial aid funds under this part, the Supplemental Educational Opportunity Grant Program, the National Direct Student Loan Program, and its anticipated disbursements under the Basic Educational Opportunity Grants Program;

(2) The institution's anticipated enrollment for the forthcoming academic year;

(3) The anticipated number of enrolled students eligible for employment under the College Work-Study Program;

(4) The institution's average cost of education, including a justification of per student costs in excess of $175 for books or $450 for personal expenses for an academic year;

(5) The anticipated number of students to be employed by the institution;

(6) The anticipated number of students to be employed by public and private nonprofit organizations other than the institution;

(7) An estimate of the average amount which reasonably may be expected to be made available by the parents of students at the institution who are expected to be eligible for employment under this part;

(8) The anticipated amount of student need to be met through employment under this part;

(9) The amount of financial assistance awarded by the institution from its own scholarship and student aid programs for the most recent academic year for which information is available;

(10) The anticipated amount of other financial assistance available to students with financial need at the institution, such as State scholarships, Veteran's Benefits, and off-campus employment;

(11) The average unmet need per student; if the average amount of unmet need exceeds $200, the explanation for this situation; and

(12) The qualifications of the professional personnel who will be administering the College Work-Study Program.

(b) The application shall be signed by the official authorized to submit the application and by the institution's Director of Student Financial Aid, and shall contain the name of the individual or official who shall be responsible for the receipt, custody, and disbursement of Federal funds.

(c) Notwithstanding the requirements of paragraph (a) of this section, an institution may file an application omitting the information required by subparagraphs (4) (7), (10), and (11) of paragraph (a) of this section if (i) it has received an allocation under this part for at least the two academic years prior to the academic year for which assistance is requested, (ii) it is requesting not more than 110 percent of its approved request for the previous academic year, and (iii) it has filed an application containing the information required by paragraphs (a) (4), (7), (10), and (11) of this section for one of the three preceding academic years.

(42 U.S.C. 2756)

§ 175.6 Funding criteria.

Institutional applications for funds under this part will be reviewed in accordance with the following criteria:

(a) The reasonableness of the institution's request for Federal student financial aid funds under this part (1) in light of its requests under the Supplemental Educational Opportunity Grant Program and the National Direct

Student Loan Program, and (2) in relation to the institution's anticipated enrollment, its average cost of education, and the average expected family contribution of its students eligible under this part;

(b) The reasonableness of the institution's projections of its anticipated enrollment and of its average cost of education and the average expected family contribution of its students eligible under this part;

(c) The reasonableness of the anticipated number of students eligible for employment under the College Work-Study Program in view of the institution's anticipated enrollment;

(d) The reasonableness of the amount of the average compensation anticipated in relation to the average need per student at the institution, after taking into account other available student financial aid resources;

(e) The extent to which the institution has effectively utilized Federal financial aid funds allocated in previous years;

(f) The adequacy of the reasons provided by the institution pursuant to § 175.5(a) (4) and (11); and

(g) The extent to which the institution has effectively administered or made provision for the effective administration of the program, including effective coordination with institutional and other programs of student financial aid. In making this evaluation, consideration will be given to the adequacy of the qualifications and experience of the personnel designated by the institution to administer the program.

(42 U.S.C. 2756)

§ 175.7 Application review and approval of request.

(a)(1) The Commissioner will convene panels of qualified persons in each of the regions served by regional offices of the Office of Education to review applications submitted under this part by institutions situated in those regions. The review panel shall evaluate each institution's request for funds in accordance with the criteria set forth in § 175.6 and shall recommend an amount which it deems appropriate.

(2) No panelist shall participate in the consideration of any application from his own institution or any application from any other institution which he has prepared or assisted in preparing or in which he has any personal or financial interest.

(b) Institutions which file applications for funding under this part will be notified of the amount recommended by the review panel pursuant to paragraph (a) of this section. If the amount recommended is less than the institution's request, the reasons for such a reduction will be forwarded to the institution. The institution shall notify the regional office of the Office of Education serving the area in which the institution is located of any arithmetic or other technical errors with regard to the panel recommendations. The regional office will adjust the recommendation to correct such errors.

(c) If an institution wishes to request a review of the panel's recommendation for other than arithmetic and technical errors it shall submit a written request for such review to the regional office of the Office of Education serving the area in which the institution is located within such time as may be specified by the Commissioner. The request for review may include additional information relevant to the recommendation. The regional office will review such requests and will notify the institution in writing of its recommendation and the reasons therefor.

(d)(1) If an institution wishes a review of the regional office recommendation made pursuant to paragraph (c) of this section, it may request a review by a national review panel. Such a national review panel shall consist of institutional student financial aid officers from each of the regions served by the Office of Education and personnel of the Office of Education.

(2) A request for national review shall be submitted in writing by the institution to the regional office of the Office of Education serving the area in which the institution is located within such time as may be specified by the Commissioner. However, no additional information beyond that given to the regional office by the institution pursuant to paragraph (c) of this section will be considered.

(3) The national review panel will review such requests and notify the institution and the Commissioner of its recommendation and the reasons therefor.

(e) The Commissioner will establish an approved level of funding (approved request) for each applicant institution taking into consideration the recommendation of the relevant panel or regional office.

(42 U.S.C. 2756)

§ 175.8 Institutional agreement.

(a) An institution of higher education which desires to participate in the College Work-Study Program shall enter into an agreement with the Commissioner for that purpose. Such agreement shall:

(1) Provide for the operation by the institution of a program for the part-time employment of its students in work for the institution itself (except in the case of a proprietary institution of higher education) or work in the public interest for a public or private nonprofit organization under an arrangement between the institution and such organization, and such work:

(i) Will not result in the displacement of employed workers or impair existing contracts for services;

(ii) Will be governed by such conditions of employment as will be appropriate and reasonable in light of such factors as type of work performed, geographical region, and proficiency of the employee; and

(iii) Does not involve the construction, operation, or maintenance of so much of any facility as is used or is to be used for sectarian instruction or as a place for religious worship;

(2) Provide that funds received by the institution under this part will be used solely for the purposes specified in, and in accordance with, the provisions of this part;

(3) Provide that in the selection of students for employment under the College Work-Study Program preference shall be given to students with the greatest financial need taking into account grant assistance provided such student from any public or private sources;

(4) Provide that employment under the College Work-Study Program shall be furnished only to a student who—

(i) Is in need of the earnings from such employment in order to pursue a course of study at such institution (taking into consideration the actual cost of attendance at such institution);

(ii) Shows evidence of academic or creative promise and capability of maintaining good standing in such course of study while employed under the program covered by the agreement; and

(iii) Has been accepted for enrollment at the institution as at least a half-time student or, in the case of a student already enrolled in and attending the institution, is in good standing and in attendance there as at least a half-time student on an undergraduate, graduate, or professional level;

(5) Include provisions which specify that the institution will comply with the provisions of this part contained in § 175.25 relating to maintenance of effort and § 175.27 relating to costs of administration;

(6) Provide that the Federal share of compensation of students employed in the College Work-Study Program in accordance with the agreement will not exceed 80 percent of such compensation; except that, the Federal share may exceed 80 percent of such compensation if the Commissioner determines pursuant to § 175.22 that a Federal share in excess of 80 percent is required in furtherance of the purposes of this part;

(7) Include provisions designed to make employment under the College Work-Study Program, or equivalent employment offered or arranged for by the institution, reasonably available (to the extent of available funds) to all eligible students in the institution in need thereof; and

(8) Include such other provisions as the Commissioner shall deem necessary or appropriate to carry out the purposes of this part.

(b) An agreement entered into pursuant to this part with an area vocational school shall contain, in addition to the provisions described in paragraph (a) of this section, a provision that a student in such a school shall be eligible to participate in a program under this part only if the student—

(1) Has a certificate of graduation from a school providing secondary education or the recognized equivalent of such a certificate; and

(2) Is pursuing a program of education or training which requires at least six months to complete and is designed to prepare the student for gainful employment in a recognized occupation.

(20 U.S.C. 2754)

§ 175.9 Eligibility and selection of students.

(a) *Eligibility.* A student enrolled in an institution of higher education is eligible for part-time employment under this part if such student—

(1) Is a national of the United States, is in the United States for other than a temporary purpose and intends to become a permanent resident thereof, or is a permanent resident of the Trust Territory of the Pacific Islands;

(2) Has been accepted for enrollment as at least a half-time student at the institution or, in the case of a student already attending the institution, is enrolled as at least a half-time student and is in good standing as an undergraduate, graduate, or professional student.

(3) Shows evidence of academic or creative promise and is capable, in the opinion of the institution, of maintaining good standing in such course of study while employed under this program; and

(4) Is in need of the earnings from such employment in order to pursue a course of study at the institution.

(b) *Eligibility of area vocational school students.* A student enrolled in an area vocational school is eligible for part-time employment under this part if, in addition to the conditions described in paragraphs (a)(1) through (4) of this section, such student—

(1) Has a certificate of graduation from a school providing secondary education or the recognized equivalent of such a certificate; and

(2) Is pursuing a program of education or training which requires at least 6 months to complete and which is designed to prepare the student for gainful employment in a recognized occupation.

(c) *Programs of study abroad.* A student participating in a program of study abroad will be considered to be enrolled in his "home" institution if (1) the program of study abroad is arranged or approved in advance by the home institution and (2) the student's academic performance during the program of study abroad becomes a part of his permanent academic record at the home institution in the same manner as if performed at that institution.

(d) *Need.* (1) In determining whether a student is in need as described in paragraph (a)(4) of this section, the institution shall take into account the student's actual cost of education at such institution as described in § 175.11 and his expected family contribution as determined pursuant to § 175.12.

(2) A member of a religious community, society, or order who by direction of his or her community, society, or order is pursuing a course of study in an institution or who receives support and maintenance from the community, society, or order shall be deemed not to have financial need.

(e) *Institutional responsibility.* Each institution participating in the College Work-Study Program shall be responsible for determining the eligibility of the students participating in its program regardless of whether the students will be engaged in work for the institution itself or for a public or private nonprofit organization.

(f) *Selection.* An eligible institution shall make employment under the Work-Study Program, or equivalent employment offered or arranged for by the institution, reasonably available (to the extent of available funds) to all eligible students in the institution in need thereof. In the event that requests for employment exceed available funds, the institution shall give preference in the awarding of employment to those of its students with the greatest financial need. In determining such need the institution shall take into account grant assistance provided such student from any public or private source including grant funds which the student is entitled to receive under the Basic Educational Opportunity Grants Program, whether or not he has applied for such funds. The institution's selection procedures shall be uniformly applied, set forth in writing, and maintained in the files of the institution's office which selects student aid recipients. All applications for employment under this part shall be maintained on file by the institution as specified in § 175.28(c)(2).

(42 U.S.C. 2754)

(g) *Affidavit.* No employment may be made available under this part unless the student to whom it is made available has filed with the institution of higher education which he intends to attend, or is attending, an affidavit on a form approved by the Commissioner stating that the money attributable to such employment will be used solely for expenses related to attendance or continued attendance at such institution. The student must sign the affidavit in the presence of a notary or other person who is legally authorized to administer oaths or affirmations and who does not take part in the recruiting of students for enrollment at such institution. The notary or other person must enter his signature and, as applicable, his seal or stamp on the affidavit form.

(42 U.S.C. 2754; 20 U.S.C. 1088g)

§ 175.10 Special sessions.

(a) During a period of nonregular enrollment (special session), such as a summer or equivalent vacation period or the full time work period of a cooperative education program, a student will be eligible for employment under the College Work-Study Program if he meets the eligibility requirements of § 175.9 and (1) was enrolled and was in attendance as at least a half-time student at the institution during the preceding period of regular enrollment (regular session at that institution and will complete his course of study during such special session or (2) will be enrolled, or has been accepted for enrollment, at the institution as at least a half-time student for the regular session following such special session.

(b) The institution may provide employment under this part to a student during a special session preceding a regular session during which the student will be studying at an eligible program of study abroad if the student otherwise meets the requirements of paragraph (a) of this section.

(c) If the institution provides employment under this part to a student during a special session in which he is not enrolled as at least a half-time student at that institution, it shall maintain a written record demonstrating that it accepted the student for enrollment as at least a half-time student during the following regular session and that the student accepted such offer; *Provided, however,* That the institution shall refrain from furnishing such employment to a student if it has evidence that he does not intend to honor his acceptance of such offer and shall immediately terminate such employment if it becomes aware of such evidence after the employment has begun.

(42 U.S.C. 2754)

§ 175.11 Cost of education.

(a) The amount required to enable a student to pursue his education at an institution of higher education includes amounts charged for tuition and fees, the amounts charged by the institution or the expenses reasonably incurred for room and board, books, supplies, transportation, and miscellaneous personal expenses, and expenses related to maintenance of a student's dependents.

(b) In the case of a student engaged in a program of study by correspondence, only his costs of tuition and fees shall be recognized as a cost of education for the purpose of this part: *Provided however,* That travel and room and board costs incurred specifically in fulfillment of a required period of residential training may be considered a cost of education for such a student.

(c) If a student is enrolled in a program of study outside the United States which has been determined to be an eligible program pursuant to § 175.9(c), his cost of education may not exceed his cost of education at his home campus.

(42 U.S.C. 2754)

§ 175.12 Expected family contribution.

(a) *Dependent students.* In determining the amount of income and net assets that should reasonably be made available by the dependent student, the student's spouse, and the student's parents to meet that student's cost of education, the student financial aid officer shall take into consideration:

(1) Any serious illness in the family (family members include the student, the student's spouse, the student's parents, and persons for whom the parent may claim an exemption under section 151 of the Internal Revenue Code);

(2) The number of dependent children of the student's parents;

(3) The number of such dependent children attending institutions of higher education; and

(4) Such other circumstances as may affect the ability of the student, the student's spouse, and the student's parents to contribute toward the student's cost of education.

(b) *Independent students.* In determining the amount of income and net assets that should reasonably be made available by a self-supporting or independent student and that student's spouse to meet such student's cost of education, the student financial aid officer shall take into consideration:

(1) Any serious illness in the family (family members include the student, the student's spouse, and persons for whom the student or spouse may claim an exemption under section 151 of the Internal Revenue Code);

(2) The number of dependent children of the student;

(3) The number of such dependent children attending institutions of higher education; and

(4) Such other circumstances as may affect the ability of the student or the student's spouse to contribute toward the student's cost of education.

(c) Upon the request of a student who does not live with his parents, who visits his parents for periods of time no longer than those which are typical for adults visiting their parents, and who does not receive from his parents gifts which exceed in value the amounts typically given by parents as incidental gifts to their adult, nondependent offspring, the student financial aid officer shall make a determination as to whether the relationship between that student and his parents is of such a nature that it is unreasonable to expect the parents to contribute toward his cost of education, regardless of their ability to do so. The student financial aid officer shall make the reasons for such determination part of the institution's written records. In any event, before making such a finding, the student financial aid officer shall make such efforts as he deems appropriate to ascertain whether the student's parents are in fact willing to contribute toward the student's cost of education.

(42 U.S.C. 2754)

§ 175.13 Approved need analysis systems.

(a) In order to comply with the requirements of § 175.12 of this part, an institution shall utilize a need analysis system or method of calculation approved by the Commissioner for that purpose pursuant to this section.

(b) *Dependent students.* (1) The Commissioner has approved the following systems for the purpose of § 175.12 (a), with respect to dependent students:

(i) The method of calculating an expected family contribution used in the Basic Educational Opportunity Grants Program (45 CFR Part 190); and

(ii) The Income Tax System, if adjusted to reflect the number of the parents' dependent children who are attending institutions of higher education. For purposes of this section, the expected family contribution calculated according to the Income Tax System shall be an amount equal to the amount of Federal income tax paid by the parents of a student, plus 5 percent of such parents' net assets in excess of $12,500 if such assets do not include farm or business assets and $25,000 if such assets do include farm and business assets, except that no more than $12,500 may be deducted from non-farm and non-business assets, and any amount the student is reasonably able to contribute.

(2) The Commissioner will approve any other need analysis system for the purpose of § 175.12(a), for use with respect to dependent students, which is submitted in accordance with the procedures set forth in paragraph (d) of this section and which meets the following criteria:

(i) The system must produce, as its standard output, expected parents' contribution figures for dependent students which: (A) Increase in reasonably smooth increments as the parents' financial strength, measured in real terms, increases; and (B) are equal for families of equal measured financial strength; and

(ii) The system must produce expected parents' contribution figures which, for at least 75 percent of a set of sample cases developed and made available by the Commissioner, deviate by less than $50 from the figures produced for such sample cases by the following calculations:

(A) From the sum of the adjusted gross income and non-taxable income of the parents, there will be deducted the amount of Federal income taxes and Social Security taxes, an allowance of 8 percent of total income for state and local taxes, and an amount required to maintain the family (exclusive of the student's maintenance during the academic year) at the Bureau of Labor Statistics consumption cost estimates at a low standard of living;

(B) To the remainder obtained in subparagraph (A) will be added 12 percent of the net market or cash value of the parents' assets remaining after deduction of related debt and a standard asset reserve of $10,000; and

(C) The following rate schedule of expected contributions will then be applied to the sum obtained in subparagraph (B):

If the sum is— At least—	If the sum is— But less than—	The expected contribution is—
$0	$4,000	22 percent of the amount over $0.
$4,000	5,000	$880+25 percent of the amount over $4,000.
$5,000	6,000	$1,130+29 percent of the amount over $5,000.
$6,000	7,000	$1,420+34 percent of the amount over $6,000.
$7,000	8,000	$1,760+40 percent of the amount over $7,000.
$8,000		$2,160+47 percent of the amount over $8,000.

(iii) In developing the sample cases for the purposes of this paragraph, the Commissioner shall select only cases in which the age of the main wage earner is 45 years and in which the elements set forth in subparagraph (2)(ii) of this paragraph are generally present. Accordingly, cases will not be selected which involve medical and dental expenses, casualty and theft losses, housekeeping allowances, farm or business assets, more than one family member attending post-secondary institutions, Social Security or Veteran's benefits or any unusual family circumstance.

(iv) In comparing the output of a system submitted for approval under these regulations with the figures for the standard sample cases, an expected parental contribution of less than zero shall be treated as zero.

(v) The figures for the set of sample cases used for purposes of this paragraph shall be revised annually for inflation by adjusting the deductions for family maintenance, the $10,000 standard deduction from assets and the rates of contribution from income and assets as necessary in such a manner that the revised standard expected contributions, expressed in constant dollars, remain constant for families with equal income and asset positions measured in constant dollars.

(c) *Independent students.* (1) The Commissioner has approved the following systems for the purpose of § 175.12 (b), with respect to independent students:

(i) The method of calculating an expected family contribution used in the Basic Educational Opportunity Grants Program (45 CFR Part 190);

(ii) The system of need analysis published by the American College Testing Program;

(iii) The system of need analysis published by the College Scholarship Service;

(iv) The system of need analysis published by the Graduate and Professional Student Financial Aid Service; and

(v) The system of need analysis published by Financial Analysis Service, Inc., a division of Donley, Richardson & Associates.

(2) The Commissioner will approve any other need analysis system for the purpose of § 175.12(b), for use with respect to independent students, which is submitted in accordance with the procedures set forth in paragraph (d) of this section and which meets the following criteria:

(i) The system must produce, as its standard output, expected family contribution figures for independent students which: (*a*) Increase in reasonably smooth increments as the family financial strength, measured in real terms, increases; and (*b*) are equal for families of equal measured financial strength; and

(ii) The system must produce expected family contribution figures which are comparable to those produced by one of the systems specified in subparagraph (1) of this paragraph.

(d) *Application procedures for system approval.* Any person or institution seeking to have a need analysis system approved by the Commissioner pursuant to paragraph (b)(2) of this section shall submit such system to the Commissioner prior to June 30 of each year. Such submissions shall consist of sufficient information to enable the Commissioner to determine that the system meets the criteria set forth in that subparagraph, including the expected family contribution figures produced by the system for the sample cases developed and made available by the Commissioner. Any person or institution seeking to have a need analysis system approved by the Commissioner pursuant to paragraph (c)(2) of this section shall, prior to June 30 of any year, submit to the Commissioner sufficient information to enable him to determine that the system meets the criteria set forth in that subparagraph. On or before September 1 of each year, the Commissioner will publish in the FEDERAL REGISTER a list of all need analysis systems or methods of calculation which have been approved for use in the succeeding academic year.

(e) *Duration of approval.* Need analysis systems approved pursuant to paragraphs (b)(1) and (c)(1) of this section are approved without a specified expiration date. A need analysis system approved pursuant to paragraph (b)(2) of this section, and included on the list published by the Commissioner on or before September 1 of one year, may be used by an institution (1) in preparing its application for funds under this part which is to be submitted on or before the published closing date next following that September 1; and (2) in determining the eligibility of students for employment under this part and in calculating the amount of such employment to be made available to a student during any academic year commencing not earlier than 9 months and not later than 22 months following that September 1. A need analysis system approved pursuant to paragraph (c)(2) of this section shall be approved for an indefinite period of time, but the Commissioner may request periodic confirmation that the system remains in compliance with the criteria set forth in that paragraph.

(f) *Adjustments.* The institution may, in an individual case, further adjust the expected family contribution calculated according to one of the need analysis systems approved pursuant to this section if the student financial aid officer of the institution has reason to believe that such expected family contribution does not realistically reflect the ability of the student and his parents to contribute towards the student's cost of education. Such adjustments shall be documented in writing, with an accompanying explanation, and made a part of the institution's records with respect to this part.

(42 U.S.C. 2754)

§ 175.14 Coordination of student financial aid programs, award amount, and over-award.

(a) *Coordinating official.* The institution shall appoint an official who shall have the responsibility of coordinating the program covered by this part with the institution's other Federal and non-Federal programs of student financial aid.

(b) *Total award.* The institution shall not award assistance under this part to a student in an amount which, when combined with all of the resources made available to the student from Federal and non-Federal sources, would exceed the difference between the student's cost of education and his expected family contribution, as determined in accordance with one of the need analysis systems or methods of calculation approved by the Commissioner pursuant to § 175.13; *Provided, however,* That in no event may the total amount of aid received from all Federal and non-Federal sources exceed the student's cost of education.

(c) *Resources.* For purposes of paragraph (b) of this section, the term "resources made available to the student from Federal and non-Federal sources" includes, but is not limited to, the amount of funds a student is entitled to receive under the Basic Educational Opportunity Grants Program, regardless of whether the student has applied for such funds, any waiver of tuition and fees, any scholarship or grant including Supplemental Educational Opportunity Grants and athletic scholarships, any fellowship or assistantship, any loan made under the Guaranteed Student Loan Program (Title IV–B of the Higher Education Act) except in cases in which paragraph (d) of this section applies, any long-term loan made by the institution other than under the Guaranteed Student Loan Program, including any loan made under the National Direct Student Loan Program, and any expected net earnings from employment during periods for which the student receives assistance under this part. For purposes of this section, "net earnings" means gross earnings minus required withholdings and any costs incidental to obtaining such earnings.

(d) *Treatment of Guaranteed Loans.* (1) Except as provided in paragraph (d)(2) of this section, loans made under the Guaranteed Student Loan Program shall not be considered to be a student resource and may be used to satisfy the expected family contribution of the borrower calculated in accordance with § 175.13. If the amount of such a loan exceeds the borrower's expected family contribution, only such excess shall be considered a student resource.

(2) Loans for which interest benefits are payable under section 428 of Title IV–B of the Higher Education Act (20 U.S.C. 1078) shall be considered a student resource and may not be used to satisfy a student's expected family contribution if (i) the borrower has an adjusted family income of more than $15,000, as determined in accordance with applicable Guaranteed Student Loan Program Regulations (45 CFR Part 177), or (ii) the amount of the loan would cause the total amount of the borrower's loan insured by the Commissioner, or by a State or nonprofit private institution having an agreement with the Commissioner under section 428(b) of the Higher Education Act (20 U.S.C. 1078(b)), to exceed $2,000 for the academic year.

(e) *Administrative responsibility.* The institution's responsibility under paragraph (b) of this section shall extend only to those resources which the institution itself makes available to the student, or about which it knows or has reason to know, or can reasonably anticipate at the time that the assistance under this part is disbursed to the student. The amount of net earnings from any employment provided by the institution for any academic year and/or special session during which the student is receiving assistance under this part shall be deemed to have been known by the institution at the time of disbursement of such assistance. However, an institution will not be deemed to have violated the requirements of this section if the sum of all the resources made available to the student, including assistance under this part, exceeded that student's need by not more than $100.

(42 U.S.C. 2754)

§ 175.15 Coordination with Bureau of Indian Affairs grants-in-aid.

(a) In determining the amount, if any, of College Work-Study compensation to be awarded to a student who is eligible for such employment and, in addition, is eligible for an educational grant-in-aid under a program administered by the Bureau of Indian Affairs (BIA), the institution shall observe the following practice:

(1) A "package" of student assistance will be prepared in accordance with § 175.14 for each such student from resources other than BIA grants-in-aid. In preparing such a package, the institution shall not take into consideration any BIA grant-in-aid which the student has received or is expected to receive and such package shall be consistent, as to the types and amounts of the respective awards included therein, with packages prepared for students who are not eligible for BIA grants-in-aid, who have similar levels of financial need and who are similar with respect to any other general characteristics used by the institution in preparing such packages.

(2) The amount of any BIA grant-in-aid, whether received by the student prior to the preparation of the package described in paragraph (a)(1) of this section or subsequent thereto, shall be supplementary to the package of aid from other resources, and no adjustment shall be made to such package so long as the total of such package and the BIA grant-in-aid does not exceed the institution's determination of the student's need (i.e., the difference between the student's cost of education at the institution and his expected family contribution).

(3) If the total amount of the BIA grant-in-aid, when combined with the package of other assistance prepared in accordance with paragraph (a)(1) of this section exceeds the institution's determination of the student's need, the amount of such excess only shall be deducted from the package of other assist-

ance. Except as provided for in subparagraph (4) of this paragraph, such deduction shall be done in sequence, so that such excess is first deducted from any awards, or proposed awards, in the form of loans; if an excess still remains after all such loan awards have been adjusted, deductions shall next be made from any awards, or proposed awards, in the form of work-study; if an excess still remains after all such work-study awards have been adjusted, deductions shall be made from any award, or proposed award, in the form of a grant, other than a grant under the Basic Educational Opportunity Grants Program.

(4) If requested by an eligible recipient, the sequence of deductions provided in subparagraph (3) of this paragraph may be altered if such an alteration more adequately meets the need of that student.

(b) In determining the amount of financial need of students eligible for BIA grants-in-aid, the institution's student financial aid officer is encouraged to consult with BIA area officials who are responsible for administering BIA postsecondary financial assistance programs and are familiar with the individual financial circumstances of such students.

(42 U.S.C. 2754)

§ 175.16 Program eligibility.

(a) (1) *General eligibility of employment.* Work-Study programs conducted under this part may, except in the case of a proprietary institution of higher education, involve work for the institution itself, or work in the public interest for a public or nonprofit private organization. In the case of a proprietary institution of higher education the employment provided may involve only work performed in the public interest for a public or nonprofit private organization. For purposes of this paragraph a proprietary institution of higher education also includes any nonprofit organization owned or controlled by the proprietary institution or by the corporation, association, partnership or individual which owns or controls the proprietary institution.

(2) Work for the institution itself may include work performed in those institutional operations which are typically performed by the institution for its students but which the institution chooses to contract for, such as food service, cleaning, maintenance and security, if the contract between the institution and the private contractor supplying that service provides (i) that the contractor will utilize a specific number of the institution's students in carrying out the contract and (ii) that the institution will select the students to be employed and determine each student's rate of pay.

(3) If an institution is engaged in profitmaking activities such as the operation or rental of athletic fields, auditoriums, theaters, and parking lots and the performance of administrative functions in connection therewith, employment in connection with such activities shall not be considered work for the institution or work in the public interest except to the extent that such employment is connected with events conducted as part of the educational, cultural, or athletic programs of that institution.

(4) *Work in the public interest.* Work in the public interest means work that is devoted to the national or community welfare rather than that of a particular interest or group. In no event shall work be considered to be work in the public interest if (i) it is primarily for the benefit of the members of a limited membership organization (such as a credit union, a fraternal or religious order, or a cooperative), rather than for the public at large, (ii) it is to be performed for an elected official other than as part of the regular administration of Federal, State, or local government or, (iii) it is work for which the political support or affiliation of the student is a prerequisite or consideration for employment.

(b) *General limitations on employment.* Employment provided under this part—

(1) May not result in the displacement of employed workers, the impairment of existing contracts for services, nor the filling of positions that are vacant because the employer's regular employees are on strike.

(2) May not involve the construction, operation, or maintenance of so much of any facility as is used or is to be used for sectarian instruction or as a place of religious worship;

(3) May not involve any partisan or nonpartisan political activity associated with a candidate or with a contending faction or group in an election for public or party office;

(4) May not involve any lobbying on the Federal level; and

(5) Shall be governed by such conditions of employment, including compensation, as will be appropriate and reasonable in light of such factors as type of work performed, geographical region, proficiency of the employee, and any applicable Federal, State, or local legislation.

(c) (1) *Agreement.* Work for a public or private nonprofit organization, other than work for the institution itself, must be evidenced by a written agreement between the institution and the employing organization containing the conditions of such work. (See Appendix B for a sample agreement.) The institution may enter into such an agreement only with a reliable organization with professional direction and staff.

(2) The institution will be responsible for ensuring (i) that any disbursements for work performed under such an agreement will be properly documented and (ii) that the work performed by each student will be properly supervised and in accordance with the requirements of this part.

(42 U.S.C. 2754)

§ 175.17 Eligible employment.

(a) *General.* In order for a position to be considered eligible employment under this part, the position must be one for which the employer normally has compensated other persons not employed under this part. If no other person has held or is holding that position for that employer, such a position is one for which most other employers would normally compensate persons holding that position.

(b) *Work for academic credit.* Work which is otherwise eligible employment is not made ineligible solely because it satisfies a requirement of a degree or a certificate pursued by the student.

(42 U.S.C. 2754)

§ 175.18 Establishment of wage rates.

(a) *Wage rates.* Compensation under this part shall be computed on an hourly wage rate basis for actual time on the job. Fringe benefits may not be included as part of such wage rate. Students may not be compensated on a salary, commission, or fee arrangement.

(b) (1) *Minimum rate.* Except as provided for in subparagraphs (2) and (3) of this paragraph, the minimum rate for a student employed under the Work-Study Program shall be $2.20 an hour until December 31, 1976, and $2.30 an hour after December 31, 1976, or such higher minimum wage as may be required under any applicable Federal, State, or local legislation.

(2) The Commission may approve a rate of compensation lower than that established under subparagraph (1) of this paragraph if exceptional circumstances warrant a lower rate and the approval of a lower rate is not precluded by law and is consistent with and promotive of the purposes of this part.

(3) If the Secretary of Labor has established a subminimum wage rate under provisions of the Fair Labor Standards Act for any category of students at an institution, such subminimum wage rate shall be the minimum wage rate under this part for those students.

(c) The wage rate established for each Work-Study position must meet the requirements of § 175.16(b)(5).

(42 U.S.C. 2754)

§ 175.19 Limitations on the number of hours of employment.

(a) Except as provided in paragraph (b)(2) of this section, Work-Study funds may not be used to pay a student for work of more than an average of 20 hours per week, averaged over the period of enrollment for which the student has received an award under this part during periods when classes in which the student is enrolled are in session, or for more than 40 hours per week during periods when such classes are not in session. Work during periods when such classes are not in session shall not be included in determining the 20 hour per week limitation.

(b) (1) An institution shall determine the number of hours which an eligible student may be employed under this program in accordance with its own standards and practices after considering (i) the extent of the student's financial need, and (ii) the potential harm of a particular combination of hours of work and hours of study on a given student's health or academic progress.

(2) Work-Study funds may be used to pay a student for work in excess of an average of 20 hours per week, but not more than 40 hours per week, if the institution determines that, in spite of the financial assistance made available to the student, the student's financial need remains so great that it cannot be met from earnings from a job of 20 hours per week, and that such extra work will not impair the student's health or academic progress.

(c) An institution may utilize its own funds to employ students in excess of the limitations set forth in paragraphs (a) and (b) of this section and a public or private nonprofit organization participating in the Work-Study program may similarly utilize its own or the institution's funds to employ students in excess of such hours. However, in neither case may any portion of a students' earnings for hours in excess of such limitations be charged to funds received under this part. Any such payments shall be taken into account in determining, pursuant to § 175.14(c), the resources available to the student.

(42 U.S.C. 2754)

§ 175.20 Earnings attributable to cost of education.

(a) The amount of compensation earned by a student under this part to be applied against the student's cost of education shall be the difference between the student's gross earnings and any required withholding of taxes and any costs incident to obtaining such earnings.

(b) (1) Except as provided in subparagraph (2) of this paragraph, for a summer vacation period or other such period during which the student is not enrolled in any classes, costs incident to employment shall be deemed to be the lesser of 20 percent of the student's gross earnings or $200.

(2) If a student is only able to obtain a job where his actual cost incident to employment exceeds $200 or 20 percent of the student's gross earnings, then such student's reasonable actual costs incident to employment may be deducted from gross earnings up to a limit of $400 or 40 percent of gross earnings whichever is less.

(c) Costs incident to employment include commuting costs between the student's home and his place of employment, the cost of meals at work, and, if the student does not live with his parents, any necessary rent and food payments.

(d) Net earnings, that is, gross earnings minus taxes and incidental expenses, shall be applied against the student's cost of education for his next period of regular enrollment at that institution.

(42 U.S.C. 2754)

§ 175.21 Payments to students.

(a) Payments to students shall be made at least once a month. The Federal share of each payroll disbursement must be made by check or similar instrument which may be cashed by the student on his own endorsement without further restriction. Accounting devices or procedures which result in the direct transfer of the Federal share of student compensation to expenses or bills are not permissible. The institution is responsible for ensuring that each payroll disbursement to any student represents the net amount of wages earned under the program during the previous payroll period whether the work is for the institution itself or for a public or private nonprofit organization. Funds for personal services shall be considered to have been obligated as of the time such services were rendered.

(b) If the institution's share of a student's compensation is paid by check, it shall be disbursed to the student in conjunction with the Federal share of such compensation. If the institution's share is paid in the form of tuition, fees, services or equipment for an academic period during which the student is employed, that share shall be contributed prior to the close of the student's final pay period. If such share is in the form of prepaid tuition, fees, services or equipment for a forthcoming academic period, the institution shall, prior to the close of the student's last pay period, give the student a statement indicating the amount of such tuition, fees, services, and equipment earned.

(c) Before making employment available under this part for any year to a student, the institution shall obtain from that student a written acceptance of the employment and a signed statement indicating that the student received notice of the amount of his College Work-Study award, of the nature and source of the other student financial aid made available to him through the institution, and of the fact that continued employment under the College Work-Study Program is conditional on the recipient's maintaining good standing in the course of study he is pursuing according to the regularly prescribed standards and practices of the institution which awarded the employment and on the recipient's carrying an academic workload sufficient to qualify him as at least a half-time student during the academic year.

(42 U.S.C. 2754)

§ 175.22 Limitations on the Federal share of student compensation.

(a) Except as otherwise provided for under paragraph (e) of this section, the Federal share of the compensation paid to students employed under this part from funds allocated to the institution pursuant to § 175.4 shall not exceed 80 percent.

(b) The Federal share of compensation for employment under this part shall be calculated on the basis of the hourly rate paid a student for actual time on the job. The following may not be included in determining the Federal share:

(1) Compensation which results from working more than 40 hours per week;

(2) Fringe benefits such as paid sick leave, vacation pay and holiday pay; or

(3) The employer's contribution to Social Security, workmen's compensation, retirement, or any other welfare or insurance programs which must be paid by the employer on account of a student employed under this part.

(c) If the institution arranges employment for its students with a public or private nonprofit organization, the agreement under which such employment is arranged pursuant to § 175.16(c) (1) may provide for the institution to recover from such organization (i) the non-Federal share of student compensation, (ii) any required employer contributory costs such as the employer's share of Social Security or workmen's compensation insurance to the extent that such costs are paid by the institution on account of the employment of its students by the organization under such agreement, and (iii) any costs of administration incurred by the institution in administering such agreement, either directly or through an agent, to the extent that such costs exceed 3 percent of the compensation paid to students under the agreement.

(d) Any funds an institution receives for a fiscal year under agreements with various employer organizations which exceed the cost the institution incurs in paying the non-Federal share of the compensation paid to its students and in administering the Work-Study Program (after taking into account the payment it receives for administrative expenses pursuant to § 175.27(b)) shall (1) be used to reduce on a dollar for dollar basis the Federal share of compensation paid to its students, (2) be held in trust for off-campus student employment in the subsequent fiscal year, or (3) be refunded to the off-campus organization which paid those funds to the institution.

(e) (1) The Commissioner may approve for an institution, pursuant to an application filed in accordance with § 175.5, a Federal share of up to 100 percent of the compensation paid to its students employed under this part if such institution (i) is designated as a "developing institution of higher education" in accordance with the provisions of Part 169 of this title (45 CFR Part 169), or (ii) demonstrates that at least 50 percent of its students who are enrolled as at least half-time students have parents whose annual adjusted gross income does not exceed $7,500 per year.

(2) A Federal share of 100 percent shall be applicable only to such compensation as is paid to students which is in excess of (i) the amount of compensation paid to students under this part during the twelve months ending on June 30, 1976, or (ii) for institutions not participating in the College Work-Study Program during the twelve months ending on June 30, 1976, such amount as may be specified by the Commissioner.

(42 U.S.C. 2754)

§ 175.23 Nature and source of institutional share of student compensation.

(a) An institution may use any source available to it to pay its share of the compensation paid to any students employed under this part. Such share may be paid to the student in the form of services and equipment (including tuition, room, board, and books) furnished by the institution. All amounts claimed as non-cash contributions shall be supported by adequate documentation, such as a receipt signed by the student employee. In no case may any such payment consist of remittal of a charge assessed against the student exclusively because of his employment under the Work-Study Program.

(b) No institution shall solicit or accept, or permit any public or private nonprofit organization with which it has an agreement pursuant to § 175.16(c) (1) to solicit or accept, from a student or a student's parents or spouse, any fee, commission, or compensation of any kind, or the granting of a gift or gratuity of any kind, as a consideration or a prerequisite for the employment of a particular student under the program.

(42 U.S.C. 2754)

§ 175.24 Federal interest in allocated funds.

Funds received by an institution pursuant to this part, excluding funds authorized for administrative expenses, are to be held in trust for the intended student beneficiary. Such funds may be used only for the purposes for which they were allocated and may not be pledged or hypothecated for any other purpose.

(42 U.S.C. 2751-56)

§ 175.25 Maintenance of effort.

(a) For each fiscal year for which it receives an allocation of funds under this part, the institution shall continue to expend, in its own scholarship and student aid programs, an amount which is not less than the average expenditure per year made for that purpose during the three fiscal years preceding the latest of the following dates or fiscal years: (1) The effective date of any agreement required by section 443 of the College Work-Study Program (42 U.S.C. 2753) or section 407 of the Educational Opportunity Grants Program (20 U.S.C. 1067) which was in effect on June 30, 1973, (2) the fiscal year for which the institution receives or received its first allocation of funds under the College Work-Study Program, (3) the fiscal year for which the institution received its first allocation of funds under the Educational Opportunity Grants Program (20 U.S.C. 1061-1067, 1069), or (4) the fiscal year for which the institution receives or received its first allocation of funds under the Supplemental Educational Opportunity Grants Program (20 U.S.C. 1070b-1070b-3 if the institution did not participate in the Educational Opportunity Grants Program in the fiscal year immediately preceding that fiscal year.

(b)(1) The Commissioner may waive the requirements set forth in paragraph (a) of this section for a fiscal year under special and unusual circumstances, such as, where the institution's inability to expend the amount required thereunder is attributable to (i) a withdrawal of funds from outside sources (for public institutions, public appropriations are not considered an outside source), or (ii) a decline in enrollment where the institution continued to expend in its own scholarship and student aid program on a per-enrolled-student basis an amount at least equal to the average amount expended per enrolled student during the three year base period.

(2) Where an institution has failed to meet the requirements set forth in paragraph (a) of this section for a particular fiscal year because it withdrew as a direct lender under the Guaranteed Student Loan Program, the Commissioner may waive that portion of the failure that is equivalent to the average amount of loans made by the institution as a direct lender under the Guaranteed Student Loan Program during the 3 year base period if (i) the institution provides financial assistance to its students in an amount equivalent to the amount it is required to maintain pursuant to paragraph (a) of this section through its own scholarship and student financial aid expenditures and by arranging alternative sources of such assistance, and (ii) the amount of alternative sources that is included does not exceed the amount that the Commissioner may waive.

(3) Where an institution has failed to meet the requirements set forth in paragraph (a) of this section for a particular fiscal year because its authority to participate as a direct lender under the Guaranteed Student Loan Program was withdrawn by the Commissioner prior to July 1, 1976, the Commissioner may waive that portion of the failure for each such fiscal year prior to July 1, 1976 that is equivalent to the average amount of loans made by the institution as a direct lender under the Guaranteed Student Loan Program during the 3 year base period.

(4) Where an institution has failed to meet the requirements set forth in paragraph (a) of this section because its authority to participate as a direct lender under the Guaranteed Student Loan Program was withdrawn by the Commissioner after June 30, 1976, the Commissioner may waive for that fiscal year that portion of the failure that is equivalent to the average amount of loans made by the institution as a direct lender under the Guaranteed Student Loan Program during the 3 year base period. The Commissioner may also waive that amount for future fiscal years if (i) the institution provides financial assistance to its students in an amount equivalent to the amount it is required to maintain pursuant to paragraph (a) through its own scholarship and student financial aid expenditures and by arranging alternative sources of such assistance, and (ii) the amount of alternative sources that is included does not exceed the amount that the Commissioner may waive.

(5) For purposes of this paragraph the Commissioner will consider that the institution has arranged alternate sources of assistance for its students if such assistance is provided to the institution's students pursuant to a written agreement between the institution and the funding source.

(6) For purposes of this section "fiscal year" means a period beginning on July 1 and ending on the following June 30. (A fiscal year is designated in accordance with the calendar year in which the ending date of the fiscal year occurs.)

(c) In order to obtain a waiver of the maintenance of effort requirement set forth in paragraph (a) of this section for a particular fiscal year, an institution shall submit to the Commissioner a request for such a waiver and a description of the circumstances justifying such a waiver.

(d) An institution's "own scholarship and student financial aid program" includes any expenditure of institutional funds for scholarships, grants, loans, tuition and fee waivers or remissions, and employment given to students enrolled at the institution at both the graduate and undergraduate level, whether or not such students are eligible to participate in the College Work-Study or Supplemental Grant programs. Funds given to the institution from an outside source to be used for scholarships or other forms of student financial aid, but with respect to which the institution has the authority to choose the recipients and the amount such recipients will receive, shall be deemed to be institutional funds. However, funds received from Federal sources to be used for student financial aid may not, in any event, be considered as part of an institution's own scholarship and student financial aid program for purposes of paragraph (a) of this section.

(e)(1) An institution may, in accordance with its stated practice, consider scholarships and other student financial assistance given to students who are dependents of faculty members or other employees of the institution as either student financial aid or employee benefits.

(2) An institution shall include fellowships and assistantships as part of its program of student financial assistance unless it is the stated practice of the institution to consider such holders of fellowships and assistantships as members of the institution's faculty. In such a case payments under such fellowships and assistantships need not be considered financial aid.

(3) An election of treatment under subparagraphs (1) and (2) of this paragraph shall apply to both the base year period and current year expenditures. A change of treatment will be permitted only with the express written approval of the Commissioner.

(20 U.S.C. 1088c)

§ 175.26 Transfer of funds.

(a) An institution may transfer up to 10 percent of its allocation for a fiscal year under the College Work-Study Program to its allocation of funds for that fiscal year under the Supplemental Grants Program to be used in accordance with the provisions of that latter program. Such transferred funds may be allocated by the institution between its allocations for initial and continuing grants as the institution sees fit. Similarly, an institution may transfer up to 10 percent of its allocation for a fiscal year under the Supplemental Grants Program to its allocation of funds for that fiscal year under the College Work-Study Program to be used in accordance with the provisions of this part.

(b) Any amount transferred pursuant to paragraph (a) of this section shall be reported on the annual Institutional Fiscal-Operations Report required by § 175.28(b)(2).

(20 U.S.C. 1088e)

§ 175.27 Use of funds.

(a) Federal funds allocated to an institution under this part may be used by the institution (1) to pay the Federal share of compensation for the services rendered by its eligible students employed in its eligible Work-Study Program, (2) as payments in lieu of reimbursement for its expenses in administering the program during the fiscal year, and (3) to transfer to the Supplemental Educational Opportunity Grant Program pursuant to § 175.26.

(b) An institution of higher education shall be entitled to use as payment in lieu of reimbursement for its administrative expenses for each fiscal year for which it receives an allocation under § 175.4 an amount equal to not more than three percent of the compensation earned by students, including the Federal share from its allocation for that fiscal year and the institutional share for both on and off-campus programs. However the aggregate amount paid to an institution in lieu of expenses for administration under this part and the Supplemental Educational Opportunity Grants Program plus the amount withdrawn for such purposes from the institution's National Direct Student Loan fund may not in the aggregate exceed $125,000 for any fiscal year.

(42 U.S.C. 2754; 20 U.S.C. 1088b)

§ 175.28 Fiscal procedures and records.

(a) *Fiscal procedures.* (1) The institution shall administer the College Work-Study Program in such a manner as to provide for an adequate system of internal controls. The various administrative procedures shall be divided so as to provide for a system of checks and balances under which no person will be responsible for all aspects of the program. The functions of authorizing payment and disbursing funds shall be divided in such a fashion that no office has responsibility for both functions with respect to any particular student aided under the program.

(2) If a fiscal agent is utilized by the institution, its function must be limited solely to the performance of ministerial acts.

(3) Physical segregation of cash depositories for Federal funds which are provided to an institution is not required. However, institutions shall give notice to any bank in which they deposit Federal funds of all accounts in that bank in which such funds are deposited. This notice can be accomplished in either of the following ways:

(i) Include in the name of the account the fact that Federal funds are deposited therein; or,

(ii) Send a letter to the bank listing the accounts in which Federal funds will be deposited. A copy of this letter must be retained in the institution's files.

(b) *Records and reporting.* (1) Each institution shall establish and maintain on a current basis, adequate records which reflect all transactions with respect to the program and shall establish and maintain such general ledger control accounts and related subsidiary accounts as are necessary to identify separately all transactions relating to the program. Such records shall:

(i) Be maintained in such a manner as to identify all program transactions separately from other institutional funds and activities;

(ii) Be reconciled no less frequently than monthly;

(iii) Include a weekly (or monthly) time record showing hours worked per day for each student. This form must contain a certification by an official of the institution (or off-campus agency) who is the student's supervisor stating that the student has worked the number of hours listed and whether the work has been performed in a satisfactory manner;

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

(v) Include a noncash contribution record to support by adequate documentation any payment or partial payment of the institution's share of the student's earnings which has been made in the form of services and equipment as permitted by § 175.23;

(vi) Afford ready identification of each student's account and the status thereof;

(vii) Be adequate to demonstrate the eligibility of every student aided under the program;

(viii) Indicate the amount of need determined for each student and the way that need has been met; and

(ix) Identify the institutional officer who made the determination of such need.

(2) An institution shall submit an annual Institutional Fiscal-Operations Report and such other reports and information in such form and at such times as the Commissioner may require in connection with the administration of this part and shall comply with such requirements as the Commissioner may find necessary to insure the correctness of such reports.

(c) *Retention of records.* (1) *Records.* Each institution shall keep intact and accessible records relating to the receipt and expenditure of Federal funds in accordance with section 434(a) of the General Education Provisions Act (20 U.S.C. 1232c), including all accounting records and related original and supporting documents that substantiate costs charged to the award and such records required by § 175.9(e).

(2) *Period of retention.* Except as provided in subparagraph (4) of this paragraph, the records specified in subparagraph (1) of this paragraph shall be retained for 5 years after the date of the submission of the annual Institutional Fiscal-Operations Report.

(3) *Microfilm copies.* An institution may substitute microfilm copies in lieu of original records in meeting the requirements of this section.

(4) *Audit questions.* The records involved in any claim or expenditure which has been questioned by Federal audit shall be further retained until resolution of any such audit questions; *provided,* however, that records need not be retained if they relate to a grant with respect to which actions by the United States to recover for diversion of Federal funds are barred by the statute of limitation in 28 U.S.C. 2415 (b).

(5) *Audit and examination.* The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access, for the purpose of audit and examination, to the records specified in subparagraph (1) of this paragraph and to any other pertinent books, documents, papers, and records of the recipient.

(d) *Audits—non-Federal.* All of an institution's transactions involving its Work-Study Program funds shall be audited by the institution or at the institutions' direction to determine, at a minimum, the fiscal integrity of financial transactions and reports, and whether such transactions are in compliance with applicable laws and regulations. Such audits shall be performed in accordance with the Department of Health, Education, and Welfare "Audit Guide" for student financial aid programs, and shall be scheduled with reasonable frequency, usually annually, but not less frequently than once every two years, considering the size and the complexity of the activity of the program.

(e) Such audit reports shall be submitted to the regional office of the Department of Health, Education, and Welfare Audit Agency serving the region in which the institution is located for its review. The Audit Agency and the Commissioner shall also be given access to records or other documents as may be necessary to review the results of such audits.

(42 U.S.C. 2754; 20 U.S.C. 1232c)

§ 175.29 Termination and suspension.

(a) *General.* If the Commissioner finds that any of the assurances or representations made by an institution in connection with the administration and operation of the College Work-Study Program is incomplete or inaccurate in any material respect or that there has been a failure to comply with any of the provisions of this part, he may, after giving the institution notice and an opportunity for a hearing, terminate the agreement entered into pursuant to § 175.8 or take such other actions as may be necessary and appropriate to protect the interest of the United States. The termination of the institution's participation in the program shall not affect the obligations previously incurred by either party under that agreement or this part. An obligation shall be considered to have been incurred as of the date a student worked, as specified in § 175.21(a).

(b) *Notice of termination.* Proceedings with respect to the termination of the program shall be initiated by the mailing of a notice to the institution setting forth the basis of the proposed termination and the procedures available to the recipient under this section.

(c) *Suspension of assistance.* Subject to paragraph (e) of this section, assistance may be suspended during the pendency of a termination proceeding initiated pursuant to this section.

(d) *Notice of suspension.* If the Commissioner determines that suspension of assistance during the pendency of a termination proceeding is necessary, notice of the suspension shall be mailed to the recipient (which may be included in the notice of termination). The notice of suspension shall: (1) Inform the recipient of that determination, (2) advise the recipient of the effective date of the suspension, and (3) offer the recipient an opportunity to show cause why such action should not be taken.

(e) *Opportunity to show cause.* If the recipient requests an opportunity to show cause why a suspension of assistance should not be continued or imposed, the Commissioner will, within 7 days after receiving such request, hold an informal meeting for that purpose.

(42 U.S.C. 2754)

APPENDIX A

ALLOTMENT OF FUNDS TO STATES FOR FISCAL YEAR 1972

Alabama	$5,802,379
Alaska	222,401
Arizona	2,163,160
Arkansas	3,357,696
California	19,625,311
Colorado	2,643,202
Connecticut	2,537,476
Delaware	520,542
District of Columbia	1,110,472
Florida	6,830,771
Georgia	6,390,308
Hawaii	796,559
Idaho	899,577
Illinois	10,371,320
Indiana	5,396,896
Iowa	3,925,939
Kansas	2,844,022
Kentucky	4,770,515
Louisiana	5,759,805
Maine	1,156,396
Maryland	3,549,625
Massachusetts	5,863,354
Michigan	9,157,777
Minnesota	4,773,195
Mississippi	4,885,174
Missouri	5,420,293
Montana	933,670
Nebraska	2,015,607
Nevada	335,527
New Hampshire	767,114
New Jersey	5,111,397
New Mexico	1,548,112
New York	16,923,121
North Carolina	8,181,440
North Dakota	1,067,895
Ohio	10,424,770
Oklahoma	3,522,127
Oregon	2,401,584
Pennsylvania	12,087,462
Rhode Island	995,991
South Carolina	4,483,023
South Dakota	1,185,126
Tennessee	5,964,544
Texas	14,171,730
Utah	1,532,910
Vermont	613,709
Virginia	$5,605,999
Washington	3,641,590
West Virginia	2,934,188
Wisconsin	5,012,671
Wyoming	416,528
Outlying areas [1]	4,748,000
Total	$237,400,000

[1] Outlying areas include Puerto Rico, Virgin Islands, Guam, American Samoa, and Trust Territory of the Pacific Islands.

APPENDIX B

MODEL OFF-CAMPUS AGREEMENT

(The paragraphs below are suggested as models for the development of a written agreement between an institution of higher education and a public or private non-profit organization which provides for employment of college students participating in the College Work-Study Program. Institutions and organizations may devise additional or substitute paragraphs which are not inconsistent with the statute or regulations.)

This agreement is entered into between ___ ____________________, hereinafter known as the "Institution," and ________________, hereinafter known as the "Organization," a (*public organization*), (*private nonprofit organization*), (strike one), for the purpose of providing work to students eligible to participate in the College Work-Study Program.

Schedules to be attached to this agreement from time to time, bearing the signature of an authorized official of the Institution and of the Organization, will set forth brief descriptions of the work to be performed by students under this agreement, the total number of students to be employed, the hourly rates of pay, and the average number of hours per week each student will be utilized. These schedules will also state the total length of time the project is expected to run, the total percent, if any, of student compensation that the Organization will pay to the Institution, and the total percent, if any, of the cost of employers' payroll contribution to be borne by the Organization. The Institution will inform the Organization of the maximum number of hours per week a student may work.

Students will be made available to the Organization by the Institution for performance of specific work assignments. Students may be removed from work on a particular assignment or from the Organization by the Institution, either on its own initiative or at the request of the Organization. The Organization agrees that no student will be denied work or subjected to different treatment under this agreement on the grounds of race, color, national origin, or sex, and that it will comply with the provisions of the Civil Rights Act of 1964 (P.L. 88-352; 78 Stat. 252) and Title IX of the Education Amendments of 1972 (P.L. 92-318) and the Regulations of the Department of Health, Education, and Welfare which implement those Acts.

(Where appropriate any of the following 3 paragraphs or other provision may be included.)

(1) Transportation for students to and from their work assignments will be provided by the Organization at its own expense and in a manner acceptable to the Institution.

(2) Transportation for the students to and from their work assignments will be provided by the Institution at its own expense.

(3) Transportation for students to and from their work assignments will not be provided by either the Institution or the Organization.

(Whether the Institution or the Organization will be considered the employer of the students covered under the agreement depends upon the specific arrangement as to the type of supervision exercised by the Organization. It is advisable to include some provision to indicate the intent of the parties as to who shall be considered the employer. As appropriate, one of the following two paragraphs may be included.) [1]

(1) The Institution shall be deemed the employer for purposes of this agreement. It has the ultimate right to control and direct the services of the student for the Organization. It shall also determine that the students meet the eligibility requirements for employment under the College Work-Study Program, assign students to work for the Organization, and determine that the students do perform their work in fact. The Organization's right shall be limited to direction of the details and means by which the result is to be accomplished.

(2) The Organization shall be deemed the employer for purposes of this agreement. It has the right to control and direct the services of the student, not only as to the result to be accomplished, but also as to the means by which the result is to be accomplished. The Institution shall be limited to determining that the students meet the eligibility requirements for employment under the College Work-Study Program, to assigning students to work for the Organization, and to determining that the students do perform their work in fact.

(Wording of the following nature may be included, as appropriate, to locate responsibility for payroll disbursements and payment of employers' payroll contributions.) Compensation of students for work performed on a project under this agreement will be disbursed—and all payments due as an employer's contribution under State or local workmen's compensation laws, under Federal or State social security laws, or under other applicable laws, will be made—by the (Organization), (Institution), (strike one).

(Where appropriate any of the following paragraphs may be included.)

(1) At such times as are agreed upon in writing, the Organization will pay to the Institution an amount calculated to cover the Organization's share of the compensation of students employed under this agreement.

(2) In addition to the payment specified in paragraph (1) above, at such times as are agreed upon in writing, the Organization will pay, by way of reimbursement to the Institution, or in advance, an amount equal to any and all payments required to be made by the Institution under State or local workmen's compensation laws, or under Federal or State social security laws, or under any other applicable laws, on account of students participating in projects under this agreement.

(3) At such times as are agreed upon in writing, the Institution will pay to the Organization an amount calculated to cover the

[1] (It should be noted that although the following paragraphs attempt to fix the identity of the employer, they will not necessarily be determinative if the actual facts indicate otherwise. Additional wording which specifies the employer's responsibility in case of injury on the job may also be advisable, since Federal funds are not available to pay for hospital expenses or claims in case of injury on the job. In this connection it may be of interest that one or more insurance firms in at least one State have in the past been willing to write a workmen's compensation insurance policy which covers a student's injury on the job regardless of whether it is the Institution or the Organization which is ultimately determined to have been the student's employer when he was injured.)

Federal share of the compensation of students employed under this agreement and paid by the Organization. Under such an arrangement the Organization will furnish to the Institution for each payroll period the following records for review and retention:

(a) Time reports indicating the total hours worked each week and containing the supervisor's certification as to the accuracy of the hours reported and of satisfactory performance on the part of the students;

(b) A payroll form identifying the period of work, the name of each student, his rate per hour, the number of hours worked, his gross pay, all deductions and net earnings, and the total Federal share applicable to each payroll; [2] and

(c) Documentary evidence that students received payment for their work, such as photographic copies of cancelled checks.

[FR Doc.76-25046 Filed 8-31-76;8:45 am]

---

[2] (These forms, when accepted, must be countersigned by the Institution as to hours worked and satisfactory performance, as well as to the accuracy of the total Federal share which is to be reimbursed to the off-campus organization.)