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# School Requirements

*The Higher Education Act of 1965, as amended, describes the allocation process in detail; the procedures are not repeated in the regulations for the Federal Work-Study (FWS) Program. FWS funds are allocated directly to schools according to the statutory formulas in section 442 of the Act ( see Introduction).*

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## PROGRAM PARTICIPATION AGREEMENT

A school that wants to participate in any Student Financial Assistance (SFA) Program must sign a Program Participation Agreement with the Secretary. (See *Volume 2 - Institutional Eligibility* for more general information about the Program Participation Agreement.)

Under the Program Participation Agreement, schools participating in the Federal Work Study Program must:

- make FWS employment reasonably available, to the extent of available funds, to all eligible students;
- award FWS employment, to the maximum extent practicable, that will complement and reinforce each recipient's educational program or career goals;
- assure that FWS employment may be used to support programs for supportive services to students with disabilities; and
- inform all eligible students of the opportunity to perform community services and consult with local nonprofit, governmental, and community-based organizations to identify those opportunities.

## CASH MANAGEMENT

All federal funds a school receives as part of its FWS allocation must be held in trust for the students who are the intended beneficiaries under the FWS Program with the exception of funds the school receives for the administrative cost allowance (ACA) and for certain activities under the Job Location and Development (JLD) Program. (See chapter 6 of this volume.) The funds may not be used for, or serve as collateral for, any other purpose.

## ALLOCATION AND REALLOCATION

A school may transfer up to 25 percent of its FWS allocation, as well as 25 percent of its Federal Perkins Loan federal capital contribution (FCC) allocation, **to** the Federal Supplemental Educational Opportunity Grant (FSEOG) Program. The FSEOG regulations prohibit the transfer of funds **from** the FSEOG Program to any other program. However, a school that transfers funds from the FWS Program **to** the FSEOG Program during an award year must transfer any unexpended FWS funds **back** to the FWS Program at the end of the award year. For more information, see “Transfer of Funds to the FSEOG Program” in this chapter.

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### Reduction of Allocation Cite

*34 CFR 673.4(d)(3)*

If a school returns more than 10 percent of its FWS allocation for an award year, the school’s allocation for the second succeeding award year will be reduced by the dollar amount returned, unless the Department waives this provision. The Department may do so for a specific school if the Department finds that enforcement would be contrary to the interests of the program. The Department considers enforcement to be contrary to the interest of the program only if the school returned more than 10 percent of its allocation due to circumstances that are beyond the school’s control and are not expected to recur. (See Introduction.)

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### Reallocation Cite

*HEA Section 442(d)*

Beginning with the 2000-2001 award year, unexpended funds returned to the Department will be reallocated to an eligible school that used at least 5 percent of its total FWS allocation to pay students employed as reading tutors or in family literacy projects in the preceeding year. A school must use all the reallocated FWS funds, and the school must have a fair-share shortfall to receive these funds. A school must use all the reallocated funds and must use them only to pay students in designated, eligible jobs.

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### Requesting Reallocated FWS Funds Cite

*Dear Colleague Letter CB-99-17*

A school must use at least 7 percent of its FWS initial and supplemental allocations for an award year to pay the federal share of wages to students employed in community service jobs unless the Department approves a waiver. The school may request a waiver of the 7 percent community service requirement in writing. However, the Department will approve a waiver only if it determines that the school has demonstrated that enforcing the requirement would cause hardship for the students at the school.

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### Waiver Cite

*Dear Colleague Letter CB-00-08, dated May 2000*

To request a waiver for the 2000-2001 award year, a school must send a waiver request and any supporting information or documents to the Department by June 26, 2000. The waiver request must be signed by an appropriate school official and above the signature, the official must include this statement: “I certify that the information the institution provided in this waiver request is true and accurate to the best of my knowledge. I understand that the information is subject to audit and program review by representatives of the Secretary of Education.” If a financial aid administrator has any questions regarding the FWS community service expenditure requirements or waiver procedures, he or she may contact Campus Based Operations at (202) 708-9751.

FWS community service expenditures for the 1999-00 award year will be reported on the *Fiscal Operations Report and Application to Participate* (FISAP) a school receives in July 2000, as that FISAP is the one the school will use to report its 1999-00 program expenditures.

When a school receives reallocated FWS funds, the minimum amount of FWS federal funds the school must expend on community service jobs is the greater of the following two amounts:

- 7 percent of the total FWS allocation
- 100 percent of the amount of the reallocated FWS funds

If a school's FWS allocation is based in part on the financial need of less-than-full-time or independent students, the school must **offer** those students a reasonable proportion of its FWS allocation.

An approved school may use part of its FWS allocation for the purpose of meeting the costs of the new Work-Colleges Program discussed earlier in this volume.

## FEDERAL SHARE LIMITATION

The federal share of FWS wages paid to a student may not exceed 75 percent, with the following exceptions:

- The federal share of FWS wages to a student employed by a **private for-profit** organization may not exceed 50 percent.
- The FWS regulations authorize a 100 percent federal share of FWS wages earned by a student who is employed as a reading tutor for children; the work performed by the student must be for the school itself, for a federal, state or local agency, or for a private nonprofit organization. A school is not required to ask the Department for a waiver of the FWS nonfederal share requirement to receive the 100 percent federal share authorization for an FWS student employed as a tutor. Instead, the school should use 100 percent federal dollars to pay such a student and then show on its FISAP that it did so. All schools are encouraged to place FWS students as reading tutors for children as an important way to meet the FWS community service expenditure requirement. A discussion of employing FWS students as tutors is in chapter 5 of this volume. Beginning with the 2000-2001 award year, the law also includes the authorization of this increased federal share for reading tutors and FWS students working in family literacy programs.
- The Department may authorize a federal share of 100 percent of FWS wages at schools designated as eligible schools under the Strengthening Institutions Program, the Strengthening Historically Black Colleges and Universities Program, or the Strengthening Historically Black Graduate Institutions Program. The school must request the increased federal share for an

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Reading Tutor Federal Share Cite  
*34 CFR 675.26*

award year on the FISAP for that year, and the work performed by the student must be for the school itself, for a federal state or local public agency, or for a private nonprofit organization.

- Effective October 28, 1999, for up to 10 percent of a school's FWS students, the federal share of a student's compensation may exceed the current 75-percent limit. In such a case, the federal share is capped at 90 percent of the student's compensation. A school can take advantage of this higher federal share only in cases where the student is employed at a nonprofit or public organization that:
  - is unable to pay the regular nonfederal share,
  - has no ownership, operation, or control relationship with the school, and
  - is selected by the school on an individual case-by-case basis.

The federal share may be lower than 75 percent if the school chooses to contribute more than the minimum required nonfederal share. For example, if a school has a large demand for FWS jobs from its various departments, it may contribute more than the usual 25 percent to allow for additional employment.

The federal share may **not** be used to provide fringe benefits such as sick leave, vacation pay, or holiday pay or employer's contributions to Social Security, Workers' Compensation, retirement, or any other welfare or insurance program. These restrictions on the federal share apply even when the Department authorizes a federal share of 100 percent of FWS wages.

The federal share limitation does not affect federal agencies that want to enter an off-campus FWS job agreement. They may provide the required share of student compensation normally paid by off-campus agencies plus any other employer costs that they agree to pay.

The federal share of allowable costs in carrying out the JLD Program may not exceed 80 percent of such costs. (See chapter 6 of this volume.)

## NONFEDERAL SHARE

The nonfederal share of a student's FWS wages must be at least 25 percent each award year, except in the cases listed above, when the federal share of FWS wages paid to a student may exceed 75 percent.

If the Department grants an institutional-share waiver, the school to which the waiver is granted has the **option** of providing an institutional share and determining the amount of the share. The school, however, must provide the proper federal and institutional shares for any portion of its FWS allocation that it expends under the

provisions governing student employment provided by a private for-profit organization (50 percent federal-share limitation) or for the administration of the JLD Program (80 percent federal-share limitation). The institutional-share requirement for these two categories of FWS expenditures may not be waived.

A school may use any resource available to pay its share of FWS compensation except federal funds allocated under the FWS Program. The school's share may come from its own funds, from outside funds (such as from an off-campus agency), or from both.

The school also has the option of paying its share of a student's FWS wages in the form of a noncash contribution of services or equipment—for example, tuition and fees, room and board, and books and supplies. If the school's share for the award period is paid by noncash contributions, the share must be paid before the end of the student's final payroll period.

The school must document all amounts claimed as noncash contributions. If a school has assessed a charge against a student who is employed under FWS (such as a parking fine or library fine), the school may not include forgiveness of such a charge as part of the school's noncash contribution for the student.

Any FWS employment agreement a school may have with an off-campus agency should specify what share of student compensation and what other costs the agency will pay. The agreement between the school and a for-profit organization **must** require the employer to pay the nonfederal share of student earnings. The agreement between the school and an employing agency or nonprofit organization **may** require the employer to pay:

- the nonfederal share of student earnings;
- required employer costs, such as the employer's share of Social Security or Workers' Compensation; and
- the school's administrative costs not already paid from its ACA.

If a school receives more money under an employment agreement with an off-campus agency than the sum of (1) required employer costs, (2) the school's nonfederal share, and (3) any share of administrative costs the employer agreed to pay, the school must handle the excess in one of three ways:

- use it to reduce the federal share on a dollar-for-dollar basis;
- hold it in trust for off-campus employment during the next award year; or
- refund it to the off-campus employer.

## Carry Back/Carry Forward Example



Funds from programs sponsored by federal agencies (such as the National Science Foundation or the National Institutes of Health) may be used to pay the nonfederal share, as long as the programs have the authority to pay student wages. A school should contact the appropriate federal agency to see if the program in question does have this authority.

As discussed at the beginning of this section, with certain exceptions, the federal share of FWS wages cannot exceed 75 percent. If the school's noncash contribution is less than the remaining 25 percent, the school must make up the difference in cash.

### CARRY FORWARD/CARRY BACK

A school may spend up to 10 percent of its current year's FWS allocation (initial and supplemental) in the **following** award year (carry forward). If the school carried forward funds to be spent in the following award year, the school must report that amount on the FISAP. Before a school may spend its current year's allocation, it must spend any funds carried forward from the previous year.

A school is also permitted to spend up to 10 percent of its current year's FWS allocation (initial and supplemental) for expenses incurred in the **previous** award year. The official allocation letter for a specific award period is the school's authority to exercise this option.

As stated in chapter 3 of this volume, a school is authorized to make payments to students for services performed on or after May 1 of the previous award year but prior to the beginning of the current award year (that is, for summer employment) from the current award year's allocation. This "carry-back" authority is in addition to the previous authority to carry back 10 percent of the current year's allocation for use at any time during the previous award year.

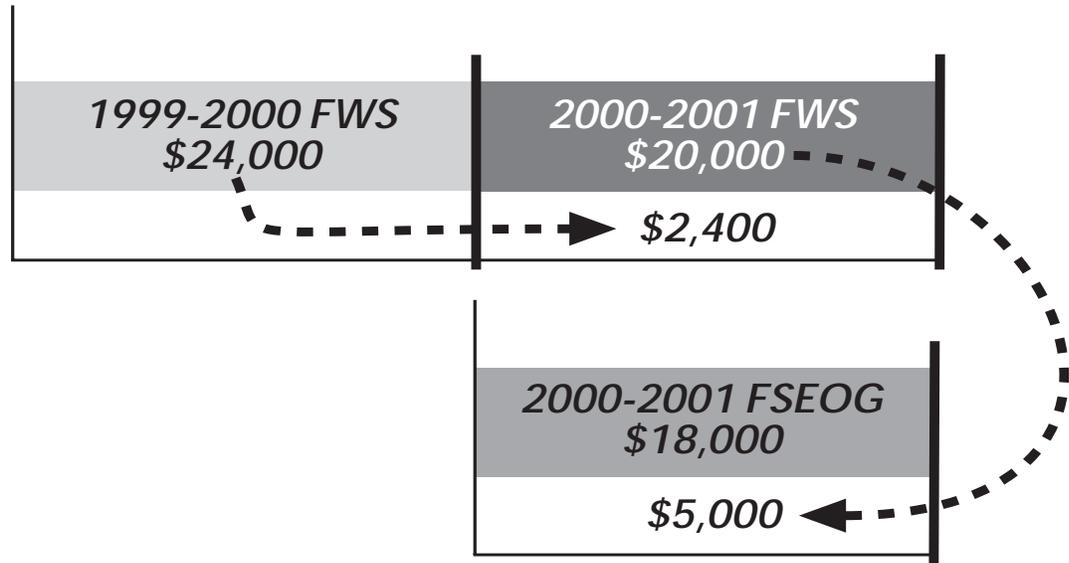
### LIMITATIONS ON USE OF FUNDS CARRIED FORWARD OR BACK

Schools are not permitted to add funds that are carried forward or back to the total FWS allocation for an award year when determining the maximum percentage of available funds that may be used in that award year for any of the purposes listed below:

#### Carrying Forward Example

*McCall Trucking School carried forward 10 percent of its FWS 1998-99 allocation to be spent in 1999-2000; therefore, the school must report this amount on the October 1999 FISAP, in Part V of the Fiscal Operations Report for 1998-99.*

## Transferring FWS Funds to FSEOG Example



- the transferring of FWS funds to FSEOG,
- providing the federal share of wages in private for-profit sector jobs, or
- the JLD Program.

For example, for the 1999-2000 award year, a school may not add to the 1999-2000 total FWS allocation any FWS funds carried forward into 1999-2000 from 1998-99 or carried back into 1999-2000 from 2000-2001 when determining the maximum percentage of available funds that may be used in 1999-2000 for the purposes listed above. The maximum amount usable for each of the three purposes listed in the previous paragraph is the appropriate percentage of a school's total 1999-2000 original FWS allocation plus any supplemental 1999-2000 FWS allocation.

### TRANSFER OF FUNDS TO THE FSEOG PROGRAM

A school may transfer up to 25 percent of its total FWS allocation (initial and supplemental) to the FSEOG Program. The Department's permission is not required. Note that this total FWS allocation for an award year does not include FWS funds carried forward or carried back into the award year from other award years (see the chart above). The school must report any transfer of FWS funds to FSEOG as an expenditure on its FWS *Fiscal Operations Report*. However, a school that transfers funds to the FSEOG Program from the FWS Program during an award year must transfer any unexpended FWS funds **back** to the FWS Program at the end of the award year.

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Transfer of Funds to FSEOG Cite  
*34 CFR 675.18(e)*

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25% Maximum to FSEOG Cite  
*34 CFR 675.18(e)*

**Administrative Costs Cite**  
*34 CFR 673.7(f)*

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## **ADMINISTRATIVE COST ALLOWANCE (ACA)**

A school participating in the FWS Program is entitled to an ACA if it provides FWS employment to its student in that award year. The allowance may be used to help offset administrative costs such as salaries, furniture, travel, supplies, and equipment.

A school may use up to 10 percent of the ACA attributable to the school's FWS Program expenditures to pay administrative costs of conducting its community service program. These costs may include the costs of:

- developing mechanisms to ensure the academic quality of a student's experience;
- ensuring student access to educational resources, expertise, and supervision necessary to achieve community service objectives; and
- collaborating with public and private nonprofit agencies and programs assisted under the National and Community Service Act of 1990, in the planning, development, and administration of these programs.

The ACA is discussed in further detail in chapter 5.

## **FISCAL PROCEDURES AND RECORDS**

The cash management requirements that apply in general to SFA programs (those in the General Provisions) are discussed in volume 2. The cash management requirements specific to the Federal Work Study Program are discussed in chapter 4 of this volume.

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**Recordkeeping Requirements Cite**  
*34 CFR 668.24*  
*34 CFR 675.19*

A school must follow the recordkeeping requirements in the General Provisions and those in the FWS regulations. The recordkeeping requirements that apply in general to SFA programs (those outlined in 34 CFR - Student Assistance General Provisions) are discussed in volume 2. Information on FWS payroll records is provided in chapter 4 of this volume.

In addition to following the fiscal procedures and records requirements mentioned in volume 2, and in chapter 4 of this volume, a school must meet the following requirements, which are included in the FWS regulations:

- The school must establish and maintain an internal control system of checks and balances that insures that no office can both authorize FWS payments and disburse FWS funds to students.
- If the school uses a fiscal agent for FWS funds, that agent may perform only ministerial acts.

- Each year the school must submit a *Fiscal Operations Report* and other information the Department requires. The information must be accurate and must be provided on the form and at the time the Department specifies.

