

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT****24 CFR Part 570****[Docket No. FR-3902-F-02]****RIN 2528-AA05****Office of the Assistant Secretary for Policy Development and Research; Community Development Work Study Program; Amendments; Final Rule****AGENCY:** Office of the Assistant Secretary for Policy Development and Research, HUD.**ACTION:** Final rule.

**SUMMARY:** On November 6, 1995 (60 FR 56104), HUD published for public comment a rule proposing to revise HUD's regulations governing the Community Development Work Study Program (CDWSP). Under the CDWSP, HUD awards grants to institutions of higher education, either directly or through areawide planning organizations (APOS), or States, for the purpose of providing assistance to economically disadvantaged and minority full-time students who participate in a community development work-study program. The November 6, 1995 rule proposed to make several revisions to the CDWSP so that it would more effectively and efficiently meet its program objectives. This rule finalizes the policies and procedures of the November 6, 1995 proposed rule and considers the public comments submitted on the proposed rule.

**EFFECTIVE DATE:** August 9, 1996.

**FOR FURTHER INFORMATION CONTACT:** John Hartung, Office of University Partnerships, Department of Housing and Urban Development, Room 8130, 425 Seventh Street, SW., Washington, D.C. 20410, telephone (202) 708-1537. (This telephone number is not toll-free.) Hearing- or speech-impaired individuals may access this number via TTY by calling the toll-free Federal Information Relay Service at 1-800-877-8339.

**SUPPLEMENTARY INFORMATION:****I. Paperwork Reduction Act Statement**

The information collection requirements contained in this final rule have been approved by the Office of Management and Budget (OMB) in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520), and assigned OMB control number 2528-0175. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a valid control number.

**II. The November 6, 1995 Proposed Rule**

On November 6, 1995 (60 FR 56104), HUD published for public comment a rule proposing to revise its regulations at 24 CFR 570.415, which govern the Community Development Work Study Program (CDWSP). Section 501(b)(2) of the Housing and Community Development Act of 1987 (Pub.L. 100-242, approved February 5, 1988), added a new section 107(c) to the Housing and Community Development Act of 1974 (42 U.S.C. 5301 *et seq.*) creating the CDWSP. Under the CDWSP, HUD is authorized to award grants to institutions of higher education, either directly, or through areawide planning organizations (APOS) or States, for the purpose of providing assistance to economically disadvantaged and minority students who participate in a community development work study program while enrolled in a full-time community development academic program.

The November 6, 1995 rule proposed to make several revisions to § 570.415 so that it would more effectively and efficiently meet the objectives of the CDWSP. HUD has determined that these changes are necessary as a result of its experience in administering the CDWSP. Among other revisions, the November 6, 1995 rule proposed to: (1) limit the number of students assisted under the CDWSP to five students per participating institution of higher education; (2) limit the CDWSP to graduate level programs; and (3) permit institutions of higher learning to apply individually or through APOS. The November 6, 1995 proposed rule described in detail the amendments to 24 CFR 570.415.

**III. Changes to the November 6, 1995 Proposed Rule**

This rule clarifies the definition of "areawide planning organization (APO)" set forth in the November 6, 1995 proposed rule. Language in the current definition referencing the "nonmetropolitan area" served by an APO is confusing since no specific "nonmetropolitan" areas are delineated for census purposes. The November 6, 1995 rule proposed to establish a revised definition, clarifying the relevant geographic area for purposes of an APO. Upon further consideration, HUD has determined that this proposed definition did not adequately address the ambiguity present in the current definition. This final rule clarifies that in order for an organization operating in a nonmetropolitan area to be considered

an APO, its jurisdiction must cover at least one county.

This final rule also makes one revision to the November 6, 1995 proposed rule as a result of public comment. Specifically, HUD has decided to amend 24 CFR 570.415 by combining the per-student limit on CDWSP tuition assistance with the per-student limit on "additional support." The public comment period on the November 6, 1995 proposed rule expired on January 5, 1996. Ten public comments were received. The following section of the preamble presents a summary of the significant issues raised by the public commenters on the proposed rule, and HUD's responses to these comments.

**IV. Discussion of Public Comments on the November 6, 1996 Proposed Rule****1. Support for the CDWSP and the Elimination of the Repayment Requirements.**

*Comment.* Several commenters expressed their strong support for the CDWSP. These commenters believe the CDWSP is a valuable resource for providing assistance to qualified minority and disadvantaged students pursuing graduate level studies in the field of community planning. Further, the majority of commenters applauded the proposed rule's elimination of the repayment requirements currently found at 24 CFR 570.415(g)(3)(i) and (k)(3)(ii). As one of the commenters, a university, wrote:

[W]e are delighted with the proposed amendments to 24 CFR 570.415(g) and 24 CFR 570.415(k), which eliminate the program's repayment requirements. The university agrees that this requirement is both unnecessary as an incentive to highly motivated students and onerous to the recipient institution.

**2. CDWSP Should Not be Limited to Graduate Programs**

*Comment.* Four of the commenters opposed the proposed amendment to paragraph (a) of § 570.415, which would have limited the CDWSP to graduate-level programs. These commenters believed the proposed amendment would unfairly restrict CDWSP participation, and deny the community the valuable contributions made by certain undergraduate students. One commenter felt that this would especially be true for "nontraditional" undergraduate students, such as older, working, and minority students. The commenter noted that these students often possess valuable work and life experiences that they bring to their work study assignments, greatly benefiting

the community organizations for whom they work.

**HUD Response.** HUD does not agree with these commenters. While HUD appreciates the value of undergraduate participation in the CDWSP, the program has long emphasized a curriculum that leads directly and immediately to careers in community and economic development or a related field. The masters degree has in recent years become the accepted credential for professional positions in these fields. Moreover, although CDWSP funding addresses a critical need for highly qualified professionals, it is insufficient to fully meet that need in an era when the community and economic development field is increasingly complex. Accordingly, HUD finds it prudent to concentrate the funding in graduate programs, where it can be of the greatest and most immediate overall benefit to communities.

### 3. Five Student Limit Would Adversely Impact Minority Students

Four commenters were concerned about the potential negative impact of proposed 24 CFR 570.415(c)(2), which would have limited CDWSP assistance to five students per participating institution of higher education. These commenters believed that the proposed amendment would discourage the recruitment of minority students. The commenters wrote that the proposed amendment would increase competition for the small pool of minority students. This increased competition might lead many colleges and universities to conclude that the available funding does not warrant the extensive expenditures of time and resources traditionally needed to identify and recruit qualified minority students.

**HUD Response.** HUD disagrees. HUD's practice in recent years has been to fund five or fewer students per college or university, despite the authority to fund up to ten students per institution of higher learning. Although the proposed amendment may reduce HUD's discretion, it is not a divergence from existing practice. Moreover, HUD believes the amendment will improve opportunities for qualifying minorities to participate in the CDWSP. The amendment allows more institutions to participate in the program and thus more interested students to apply.

### 4. Participation Through APOs Should be Encouraged

Proposed 24 CFR 570.415(d)(1)(iii) would have permitted institutions of higher education to apply for participation in the CDWSP independently of an APO. One

commenter wrote that partnerships between universities and APOs are essential to the success of the CDWSP. This commenter noted that APOs have strong ties with many area local governments and nonprofit organizations that serve as excellent placement agencies. These strong relations enable APOs to provide a variety of diverse internship opportunities.

The commenter also believed that it is more cost effective if APOs administer CDWSP participation. The commenter noted that without APO coordination, HUD staff must handle the administrative costs and paperwork for each individual participating college or university. This commenter believed that APO participation in the CDWSP dramatically decreases the administrative burden for HUD staff and assists in preserving limited Federal resources. The commenter suggested that HUD revise the November 6, 1995 proposed rule to include language strongly encouraging work partnerships between APOs and universities, especially in metropolitan areas.

**HUD Response.** HUD has not adopted the suggestion made by the commenter. HUD agrees that in some circumstances the participation of an APO may lead to a stronger application, but this is not necessarily always the case. HUD believes the matter is best left to the discretion of the institutions of higher education and the APOs. Further HUD believes that institutions of higher education should not be penalized for choosing to submit an individual application. While the administrative burden for either HUD or the institutions of higher education may be less when an APO is involved, this is not necessarily always the case. The comparative advantage of an APO on these matters depends on how effectively it communicates with HUD and monitors the activities of the institutions of higher education involved.

### 5. HUD Should Consolidate Tuition and "Additional Support" Cost Categories

**Comment.** One commenter suggested that HUD combine the per-student limit on CDWSP tuition assistance with the per-student limit on "additional support," a category that includes books and travel. The commenter, director of the CDWSP at a private institution of higher education, indicated that the institution would likely utilize this greater flexibility to provide the entire combined amount to the students as tuition assistance.

**HUD Response.** HUD agrees with the suggestion made by the commenter.

Tuition at private institutions now generally exceeds by far the existing \$3,500 annual per-student limit on CDWSP tuition assistance. The additional flexibility would help economically disadvantaged and minority students better afford to complete their degree. In particular, students may find that they can minimize travel expense by attending locally sponsored conferences, rather than travelling to distant locations, and thus direct additional funds to meeting their tuition obligations. Likewise, some students may be able to purchase books at less than \$500 per year, leaving more funds for meeting tuition requirements.

Although this amendment was not part of the November 6, 1995 proposed rule, it falls squarely within the spirit of that rule. The November 6, 1995 rule proposed an across-the-board streamlining of the CDWSP in order to increase program efficiency, eliminate unnecessary procedures, and clarify the existing regulations. The change suggested by the commenter will increase the flexibility provided to CDWSP participants, thus permitting the program to more effectively meet its objective of assisting qualified minority and disadvantaged students.

Accordingly, this final rule adopts the commenter's recommendation and amends 24 CFR 570.415 to consolidate the per-student limit on tuition assistance with the per-student limit on additional support.

### V. Other Matters

**Environmental Impact.** A Finding of No Significant Impact with respect to the environment was made at the proposed rule stage in accordance with HUD regulations at 24 CFR part 50, which implements section 102(2)(C) of the National Environmental Policy Act of 1969 (NEPA). This Finding of No Significant Impact remains applicable to this final rule and is available for public inspection between 7:30 a.m. and 5:30 p.m. weekdays in the Office of the Rules Docket Clerk, Office of the General Counsel, Department of Housing and Urban Development, Room 10276, 451 Seventh Street, SW., Washington, DC 20410-0500.

**Regulatory Flexibility.** The Secretary, in accordance with the Regulatory Flexibility Act (5 U.S.C. 605(b)), has reviewed and approved this final rule, and in so doing certifies that this final rule will not have a significant economic impact on a substantial number of small entities. This rule makes several streamlining changes to the CDWSP. The amendments made by this rule are designed to clarify the existing regulations, increase program

efficiency, and eliminate unnecessary procedures. This final rule only affects applicants and participants in the CDWSP, and will not have any meaningful economic impact on any entity.

**Federalism Impact.** The General Counsel, as the Designated Official under section 6(a) of Executive Order 12612, Federalism, has determined that the policies contained in this final rule will not have substantial direct effects on States or their political subdivisions, or the relationship between the Federal government and the States, or on the distribution of power and responsibilities among the various levels of government. Specifically, the requirements of this final rule are directed toward applicants and participants in HUD's Community Development Work Study Program (CDWSP). It effects no changes in the current relationships between the Federal government, the States and their political subdivisions in connection with CDWSP.

**Family Impact.** The General Counsel, as the Designated Official under Executive Order 12606, The Family, has determined that this final rule does not have the potential for significant impact on family formation, maintenance and general well-being, and, thus, is not subject to review under the Order. No significant changes in existing HUD policies or programs will result from promulgation of this final rule, as those policies and programs relate to family concerns.

#### List of Subjects in 24 CFR Part 570

Administrative practice and procedure, American Samoa, Community development block grants, Grant programs—education, Grant programs—housing and community development, Guam, Indians, Lead poisoning, Loan programs—housing and community development, Low and moderate income housing, New communities, Northern Mariana Islands, Pacific Islands Trust Territory, Pockets of poverty, Puerto Rico, Reporting and recordkeeping requirements, Small cities, Student aid, Virgin Islands.

(The catalog of Federal domestic assistance program number is 14.234)

Accordingly, 24 CFR part 570 is amended as follows:

### PART 570—COMMUNITY DEVELOPMENT BLOCK GRANTS

1. The authority citation for 24 CFR part 570 continues to read as follows:

Authority: 42 U.S.C. 3535(d) and 5300–5320.

#### Subpart E—Special Purpose Grants

2. Section 570.415 is amended by:
  - a. Revising paragraph (a);
  - b. Revising paragraph (b);
  - c. Revising paragraphs (c)(1)(i) (A) and (B);
  - d. Removing paragraph (c)(1)(i)(C);
  - e. Revising paragraph (c)(2);
  - f. Revising paragraphs (d)(1)(i) (A) and (B), (d)(1)(ii), and (d)(1)(iii);
  - g. Revising paragraph (d)(2)(i)(A);
  - h. Removing paragraph (d)(2)(i)(D) and redesignating paragraphs (d)(2)(i) (E) through (I) as paragraphs (d)(2)(i) (D) through (H), respectively;
  - i. Revising newly designated (d)(2)(i)(E);
  - j. Revising paragraphs (f)(1) and (f)(2)(i);
  - k. Revising paragraphs (g)(1) (ii) and (iii), (g)(2)(ii), and (g)(3) (i) and (ii);
  - l. Revising paragraphs (i)(1)(iii) and (i)(2);
  - m. Revising paragraph (k)(3)(ii); and
  - n. Removing paragraph (k)(3)(iii) and redesignating paragraph (k)(3)(iv) as paragraph (k)(3)(iii), to read as follows:

#### § 570.415 Community Development Work Study Program.

(a) *Applicability and objectives.* HUD makes grants under CDWSP to institutions of higher education, either directly or through areawide planning organizations or States, for the purpose of providing assistance to economically disadvantaged and minority students who participate in a work study program while enrolled in full-time graduate programs in community and economic development, community planning, and community management. The primary objectives of the program are to attract economically disadvantaged and minority students to careers in community and economic development, community planning, and community management, and to provide a cadre of well-qualified professionals to plan, implement and administer local community development programs.

(b) *Definitions.* The following definitions apply to CDWSP:

*Applicant* means an institution of higher education, a State, or an areawide planning organization that submits an application for assistance under CDWSP.

*Areawide planning organization (APO)* means an organization authorized by law or by interlocal agreement to undertake planning and other activities for a metropolitan or nonmetropolitan area. For an organization operating in a nonmetropolitan area to be considered an APO, its jurisdiction must cover at least one county.

*CDWSP* means the Community Development Work Study Program.

*Community building* means community and economic development, community planning, community management, land use and housing activities.

*Community building academic program or academic program* means a graduate degree program whose purpose and focus is to educate students in community building. "Community building academic program" or "academic program" includes but is not limited to graduate degree programs in community and economic development, community planning, community management, public administration, public policy, urban economics, urban management, and urban planning. "Community building academic program" or "academic program" excludes social and humanistic fields such as law, economics (except for urban economics), education and history. "Community building academic program" or "academic program" excludes joint degree programs except where both joint degree fields have the purpose and focus of educating students in community building.

*Economically disadvantaged and minority students* means students who satisfy all applicable guidelines established at the participating institution of higher education to measure financial need for academic scholarship or loan assistance, including, but not limited to, students who are Black, American Indian/Alaskan Native, Hispanic, or Asian/Pacific Island, and including students with disabilities.

*Institution of higher education* means a public or private educational institution that offers a community building academic program and that is accredited by an accrediting agency or association recognized by the Secretary of Education under 34 CFR part 602.

*Recipient* means an approved applicant that executes a grant agreement with HUD.

*Student* means a student enrolled in an eligible full-time academic program. He/she must be a first-year student in a two-year graduate program. Students enrolled in Ph.D. programs are ineligible.

*Student with disabilities* means a student who meets the definition of "person with disabilities" in the Americans with Disabilities Act of 1990.

(c) \* \* \*

(1) \* \* \*

(i) \* \* \*

(A) *Student stipend.* The amount of the student stipend is based upon the prevailing hourly rate for initial entry positions in community building and the number of hours worked by the student at the work placement assignment, except that the hourly rate used should be sufficiently high to allow a student to earn the full stipend without working over 20 hours per week

during the school year and 40 hours per week during the summer. The amount of the stipend the student receives may not exceed the actual amount earned, up to \$9,000 per year.

(B) *Tuition support and additional support.* The amount of support for tuition, fees, books, and travel related to the academic program, workplace assignment or conferences may not exceed actual costs incurred or \$5,000 per year, whichever is higher. The conferences are limited to those dealing with community building, sponsored by professional organizations.

(2) *Number of students assisted.* The minimum number of students that may be assisted is three students per participating institution of higher education. If an APO or State receives assistance for a program that is conducted by two or more institutions of higher education, each participating institution must have a minimum of three students in the program. The maximum number of students that may be assisted under CDWSP is five students per participating institution of higher education.

(d) \* \* \*

(1) \* \* \*

(i) \* \* \*

(A) *Institutions of higher education.* Institutions of higher education offering a community building academic program are eligible for assistance under CDWSP.

(B) *Areawide planning organizations and States.* An APO or a State may apply for assistance for a program to be conducted by two or more institutions of higher education. Institutions participating in an APO program must be located within the particular area that is served by the APO and is identified by the State law or interlocal agreement creating the APO. Institutions of higher education participating in a State program must be located within the State.

(ii) To be eligible in future funding competitions for CDWSP, recipients are required to maintain a 50-percent rate of graduation from a CDWSP-funded academic program.

(iii) If an institution of higher education that submits an individual application is also included in the application of an APO or State, then the separate individual application of the institution of higher education will be disregarded. Additionally, if an institution of higher education is included in the application of both an APO and a State, then the references to the institution in the application of the State will be stricken. The State's

application will then be ineligible if fewer than two institutions of higher education remain as participants in the State's application.

(2) \* \* \*

(i) \* \* \*

(A) Recruit and select students for participation in CDWSP. The recipient shall establish recruitment procedures that identify economically disadvantaged and minority students pursuing careers in community building, and make such students aware of the availability of assistance opportunities. Students must be selected before the beginning of the semester for which funding has been provided.

(E) Encourage participating students to obtain employment for a minimum of two years after graduation with a unit of State or local government, Indian tribe or nonprofit organization engaged in community building.

(f) *Work placement agencies eligibility and responsibilities.* (1) *Eligibility.* To be eligible to participate in the CDWSP, the work placement agencies must be involved in community building and must be an agency of a State or unit of local government, an APO, an Indian tribe, or a nonprofit organization.

(2) \* \* \*

(i) Provide practical experience and training in community building.

\* \* \* \* \*

(g) \* \* \*

(1) \* \* \*

(ii) Must be a full-time student enrolled in the first year of graduate study in a community building academic program at the participating institution of higher education. Individuals enrolled in doctoral programs are ineligible.

(iii) Must demonstrate an ability to maintain a satisfactory level of performance in the community building academic program and in work placement assignments, and to comply with the professional standards set by the recipient and the work placement agencies.

\* \* \* \* \*

(2) \* \* \*

(ii) An interest in, and commitment to, a professional career in community building.

\* \* \* \* \*

(3) \* \* \*

(i) Enroll in a two-year program. A student's academic and work placement responsibilities include: Full-time enrollment in an approved academic program; maintenance of a satisfactory level of performance in the community

building academic program and in work placement assignments; and compliance with the professional conduct standards set by the recipient and the work placement agency. A satisfactory level of academic performance consists of maintaining a B average. A student's participation in CDWSP shall be terminated for failure to meet these responsibilities and standards. If a student's participation is terminated, the student is ineligible for further CDWSP assistance.

(ii) Agree to make a good-faith effort to obtain employment in community building with a unit of State or local government, an Indian tribe, or a nonprofit organization. The term of employment should be for at least two consecutive years following graduation from the academic program. If the student does not obtain such employment, the student is not required to repay the assistance received.

\* \* \* \* \*

(i) \* \* \*

(1) \* \* \*

(iii) The applicant must demonstrate that each institution of higher education participating in the program as a recipient has the required academic programs and faculty to carry out its activities under CDWSP. Each work placement agency must have the required staff and community building work study program to carry out its activities under CDWSP.

(2) *Rating.* All applications that meet the threshold requirements for applicant eligibility will be rated based on the following selection criteria:

(i) *Quality of academic program.* The quality of the academic program offered by the institution of higher education, including without limitation the:

(A) Quality of course offerings;

(B) Appropriateness of course offerings for preparing students for careers in community building; and

(C) Qualifications of faculty and percentage of their time devoted to teaching and research in community building.

(ii) *Rates of graduation.* The rates of graduation of students previously enrolled in a community building academic program at the institution of higher education, specifically including (where applicable) graduation rates from any previously funded CDWSP academic programs or similar programs.

(iii) *Extent of financial commitment.* The commitment and ability of the institution of higher education to assure that CDWSP students will receive sufficient financial assistance (including loans, where necessary) above and beyond the CDWSP funding to complete

their academic program in a timely manner and without working in excess of 20 hours per week during the school year.

(iv) *Quality of work placement assignments.* The extent to which the participating students will receive a sufficient number and variety of work placement assignments, the assignments will provide practical and useful experience to students participating in the program, and the assignments will further the participating students' preparation for professional careers in community building.

(v) *Likelihood of fostering students' permanent employment in community building.* The extent to which the proposed program will lead participating students directly and immediately to permanent employment in community building, as indicated by, without limitation:

(A) The past success of the institution of higher education in placing its graduates (particularly CDWSP-funded and similar program graduates where applicable) in permanent employment in community building; and

(B) The amount of faculty and staff time and institutional resources devoted to assisting students (particularly students in CDWSP-funded and similar programs where applicable) in finding permanent employment in community building.

(vi) *Effectiveness of program administration.* The degree to which an

applicant will be able effectively to coordinate and administer the program. HUD will allocate the maximum points available under this criterion equally among the following considerations set forth in paragraphs (i)(2)(vi) (A), (B), and (C) of this section, except that the maximum points available under this criterion will be allocated equally between the considerations set forth in paragraphs (i)(2)(vi) (A) and (B) of this section only where the applicant has not previously administered a CDWSP-funded program.

(A) The strength and clarity of the applicant's plan for placing CDWSP students on rotating work placement assignments and monitoring CDWSP students' progress both academically and in their work placement assignments;

(B) The degree to which the individual who will coordinate and administer the program has clear responsibility, ample available time, and sufficient authority to do so; and

(C) The effectiveness of the applicant's prior coordination and administration of a CDWSP-funded program, where applicable (including the timeliness and completeness of the applicant's compliance with CDWSP reporting requirements).

(vii) *Commitment to meeting economically disadvantaged and minority students' needs.* The applicant's commitment to meeting the needs of economically disadvantaged

and minority students as demonstrated by policies and plans regarding, and past effort and success in, recruiting, enrolling and financially assisting economically disadvantaged and minority students. If the applicant is an APO or State, then HUD will consider the demonstrated commitment of each institution of higher education on whose behalf the APO or State is applying; HUD will then also consider the demonstrated commitment of the APO or State to recruit and hire economically disadvantaged and minority students.

\* \* \* \* \*

(k) \* \* \*

(3) \* \* \*

(ii) If a student's participation in CDWSP is terminated before the completion of the two-year term of the student's program, the recipient may substitute another student to complete the two-year term of a student whose participation has terminated. The substituted student must have a sufficient number of academic credits to complete the degree program within the remaining portion of the terminated student's two-year term.

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Dated: June 28, 1996.  
Michael A. Stegman,  
Assistant Secretary for Policy Development  
and Research.

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