

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Part 570

[Docket No. FR-4324-F-01]

RIN 2528-AA08

Community Development Work Study Program; Repayment Requirements

AGENCY: Office of the Assistant Secretary for Policy Development and Research, HUD.

ACTION: Final rule.

SUMMARY: On July 10, 1996, HUD published a Final Rule making various amendments to the Community Development Work Study Program (CDWSP), including the removal of requirements that students who are terminated from the CDWSP repay the tuition and additional assistance to the grant recipient, and that the grant recipient repay those funds to HUD. HUD has determined to extend this relief to all open grants, including those entered into before the effective date of the July 10 final rule.

DATES: *Effective date:* July 10, 1998.

FOR FURTHER INFORMATION CONTACT: John M. Hartung, Office of University Partnerships, Department of Housing and Urban Development, Room 8130, 451 Seventh Street, SW, Washington, D.C. 20410, telephone (202) 708-1537. Hearing or speech-impaired individuals may call HUD's TTY number (202) 708-0770, or 1-800-877-8399 (Federal Information Relay Service TTY). (Other than the "800" number, these are not toll-free numbers.)

SUPPLEMENTARY INFORMATION:

I. Background

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.*), authorizing the Community Development Work Study Program (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 graduate or undergraduate Community Development Academic Program.

On June 27, 1989, HUD published a final rule (45 FR 27128) implementing section 107(c) at 24 CFR 570.415. Based

on its experience in administering the CDWSP over many years, HUD made several amendments to 24 CFR 570.415 on July 10, 1996 (61 FR 36456) so that the CDWSP could more effectively and efficiently meet its program objectives. Among other revisions, the July 10, 1996 final rule: (1) Limited the number of students assisted under the CDWSP to five students per participating institution of higher education; (2) limited the CDWSP to graduate level programs; (3) permitted institutions of higher education to apply individually or through APOs; (4) streamlined the selection factors used to select grantees; and (5) eliminated the requirement that students who are terminated from the CDWSP repay tuition and additional assistance and that the grant recipient repay those funds to HUD.

In eliminating the repayment requirement, the Department found, among other considerations, that the requirement was both a disincentive to prospective students and imposed substantial administrative burdens on institutions of higher education. Public comment submitted in response to the proposed rule for removing the repayment requirement strongly favored removal. In addition, HUD is not aware of any adverse consequences following the removal of the repayment requirement. HUD has therefore determined to eliminate the repayment requirement entirely with respect to all open CDWSP grants, including those executed before the effective date of the June 10, 1996 final rule, to the extent that HUD has not received repayment.

This rule amends 24 CFR 570.415(k)(3)(ii) to provide that there is no requirement, with respect to any grant and regardless of date of grant award, for students who are terminated from the CDWSP to repay tuition and additional assistance or for the grant recipient to repay such funds to HUD. Of course, the funds must still be otherwise expended consistent with CDWSP regulations and the grant agreement, or repayment may be required under § 570.415(k)(3)(iii).

II. Findings and Certifications

Justification for Final Rulemaking

In general, the Department publishes a rule for public comment before issuing a rule for effect, in accordance with its own regulations on rulemaking at 24 CFR part 10. However, part 10 does provide for exceptions from that general rule where the agency finds good cause to omit advance notice and public participation. The good cause requirement is satisfied when prior public procedure is "impracticable,

unnecessary, or contrary to the public interest." (24 CFR 10.1) The Department finds that good cause exists to publish this rule for effect without first soliciting public comment. Prior public procedure is unnecessary because public comment on the very issue addressed by this rule, removal of repayment requirements, was solicited in a previous, directly related rulemaking (which resulted in the July 10, 1996 final rule), and was unanimously favorable. This rule only expands the scope of that previous rulemaking to cover any remaining open grants executed before its August 9, 1996 effective date.

Paperwork Reduction Act Statement

The information collection requirements for the Community Development Work Study Program have been approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520), and assigned OMB control number 2528-0175. This rule does not contain additional information collection requirements. 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.

Unfunded Mandates Reform Act

The Secretary has reviewed this rule before publication and by approving it certifies, in accordance with the Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1532), that this rule does not impose a Federal mandate that will result in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of \$100 million or more in any one year.

Regulatory Flexibility Act

The Secretary, in accordance with the Regulatory Flexibility Act (5 U.S.C. 605(b)), has reviewed and approved this 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 only affects applicants and participants in HUD's Community Development Work Study Program, and will not have any meaningful economic impact on any entity.

Environmental Impact

In accordance with 40 CFR 1508.4 of the regulations of the Council on Environmental Quality and 24 CFR 50.19(c)(2) of the HUD regulations, the policies and procedures in this document are not subject to the individual compliance requirements of

the authorities cited in 24 CFR 50.4, and, therefore, are categorically excluded from the requirements of the National Environmental Policy Act of 1969, although this document amends a previous document which as a whole does not fall within the exemption. Accordingly, a Finding of No Significant Impact is not required.

Executive Order 12612, Federalism

The General Counsel, as the Designated Official under section 6(a) of Executive Order 12612, *Federalism*, has determined that this 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.

Executive Order 13045, Protection of Children from Environmental Health Risks and Safety Risks

This rule will not pose an environmental health risk or safety risk to children.

Catalog of Federal Domestic Assistance

The Catalog of Federal Domestic Assistance program number is 14.234.

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.

Accordingly, 24 CFR part 570 is amended as follows:

PART 570—COMMUNITY DEVELOPMENT BLOCK GRANTS

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

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

2. Section 570.415 is amended by revising paragraph (k)(3)(ii) to read as follows:

§ 570.415 Community Development Work Study Program.

* * * * *

(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. With respect to any CDWSP grant, there is no requirement, regardless of the date of grant award, for students who are terminated from the CDWSP to repay tuition and additional assistance or for the grant recipient to repay such funds to HUD. Funds must still be otherwise expended consistent with CDWSP regulations and the grant agreement, or repayment may be required under paragraph (k)(3)(iii) of this section.

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Dated: June 4, 1998.

Paul A. Leonard,

Deputy Assistant, Secretary for Policy Development and Research.

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