

**DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT**

**Office of the Assistant Secretary for
Policy Development and Research**

24 CFR Part 570

[Docket No. FR-3902-P-01]

RIN 2528-AA05

**Community Development Work Study
Program; Proposed Amendments**

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

ACTION: Proposed rule.

SUMMARY: This proposed rule would 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 students who participate in a community development work study program while enrolled in a full-time graduate or undergraduate Community Development Academic Program. This rule proposes to make several revisions to the CDWSP so that it can more effectively and efficiently meet its program objectives. Among other changes, this proposed rule would limit the number of students assisted under CDWSP to 5 students per participating institution of higher education, limit the CDWSP to graduate-level programs, and permit institutions of higher learning to apply individually or through APOs.

DATES: Comments Due Date: January 5, 1996.

ADDRESSES: Interested persons are invited to submit comments regarding this proposed rule to the Office of the General Counsel, Rules Docket Clerk, Room 10276, Department of Housing and Urban Development, 451 Seventh Street SW., Washington, D.C. 20410-0500. Communications should refer to the above docket number and title and to the specific sections of the regulation. Facsimile (FAX) comments are not acceptable. A copy of each communication submitted will be available for public inspection and copying during regular business hours at the above address.

FOR FURTHER INFORMATION CONTACT: John 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 TDD number (202) 708-0770, or 1-800-877-8399 (Federal Information Relay Service TDD). (Other than the "800" number, these are not toll-free numbers.)

SUPPLEMENTARY INFORMATION:

I. Paperwork Reduction Act Statement

The information collection requirements contained in this proposed rule have been submitted to the Office of Management and Budget (OMB) for review under the Paperwork Reduction Act of 1980 (44 U.S.C. 3501-3520). No person may be subjected to a penalty for failure to comply with these information collection requirements until they have been approved and assigned an OMB control number. The public reporting burden is estimated to include the time for reviewing the instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information in instances where such action would be necessary. Information on the estimated public reporting burden is provided under the Preamble heading, *Other Matters*. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Department of Housing and Urban Development, Rules Docket Clerk, 451 Seventh Street SW., Room 10276, Washington, D.C., 20410-0500; and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Attention: Desk Officer for HUD, Washington, D.C. 20503.

II. 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 (54 FR 27128), HUD published a final rule implementing section 107(c) at 24 CFR 570.415. Since that date, HUD has published Notices of

Funding Availability (NOFAs) for the purpose of soliciting applications for CDWSP grant awards. Based on its experience in administering the CDWSP, HUD is proposing to make several amendments to 24 CFR 570.415 so that the CDWSP can more effectively and efficiently meet its program objectives.

A. CDWSP Limited to Graduate Programs

The Secretary of HUD is authorized by 24 CFR 570.415(a) to fund both graduate and undergraduate students through CDWSP. However, experience has convinced HUD that graduate-level programs are better suited to CDWSP. Graduate programs in community and economic development and related fields almost always include an internship or related component that introduces most of the program's students to professional work experience.

Moreover, the master's degree has become the accepted credential for professional positions in community and economic development and related fields. Graduate-level CDWSP students are, therefore, qualified to immediately assume positions enabling substantial contributions in these fields. Accordingly, HUD has determined that CDWSP funds can be utilized more effectively by limiting CDWSP to graduate-level programs. HUD proposes to amend § 570.415 to limit CDWSP to provide opportunities for relevant graduate-level study.

B. Proposed Amendments to 24 CFR 570.415(b)

Paragraph (b) of § 570.415 sets forth the program's definitions. This proposed rule would clarify the definition of "areawide planning organization". Language in the current definition of that term referencing the "metropolitan or nonmetropolitan area" served by an APO was confusing inasmuch as no specific "nonmetropolitan" areas are delineated for census purposes. The definition would be amended to make clear that the relevant geographic area for purposes of the APO is the area defined by the State law or interlocal agreement creating it.

Amendments to 24 CFR 570.415(b) would also clarify HUD's interpretation of the statutory phrase "community and economic development, community planning or community management" with reference to the types of employment opportunities and academic programs the CDWSP addresses. Specifically, the term "community building" would be added

and would be defined to include all the disciplines the statutory phrase "community and economic development, community planning or community management" was meant to encompass. The term "community building academic program" would replace "community development academic program" and would be defined to encompass academic programs whose purpose and focus is to prepare students for careers in community building. Finally, the definition of the term "Institution of higher education" would be amended to reference "community building academic program" rather than "community development academic program."

C. Proposed Amendments to 24 CFR 570.415(c)

Several changes to 24 CFR 570.415(c) are proposed. First, 24 CFR 570.415(c)(1)(A) would be amended to specify that the student's hourly rate should be sufficiently high to permit the student to earn the full stipend by working no more than 20 hours per week during the school year and 40 hours per week in the summer. HUD's experience suggests that some CDWSP students have worked at hourly rates which make it difficult to exhaust the stipend. HUD, however, intends that students be able to earn the full stipend if the specified hours are worked.

Furthermore, 24 CFR 570.415(c)(2) would be amended to limit the number of students assisted under the CDWSP to five students per participating institution of higher education. HUD is interested in funding economically disadvantaged and minority students who show strong potential for academic and professional success in community development and related fields. Given the large number of institutions of higher education interested in the CDWSP, HUD's experience suggests that the strongest overall group of CDWSP students would be recruited by having numerous institutions of higher education select their few most qualified economically disadvantaged and minority students, rather than channeling the funds so that any single institution of higher education distributes up to ten awards. The minimum number of students to be assisted by a grant would remain unchanged, so that the students earn adequate funds to pursue their degree.

D. Proposed Amendments to 24 CFR 570.415(d)

This proposed rule would amend 24 CFR 570.415(d)(1) to permit each eligible institution of higher education

to choose whether to apply individually or participate in an APO or State's CDWSP application. Through this approach, a State or an APO could apply with some participating institutions of higher education at the same time that other institutions of higher education in the area or State submit separate applications. The current rule prohibits institutions of higher education from applying individually if they are located within the jurisdiction of an APO or State that is applying.

HUD has found that many institutions of higher education are pleased to participate in the application of an APO. However, HUD also recognizes that some institutions of higher education might submit stronger applications and administer a program as well or better than their area APO. HUD's experience suggests that such institutions of higher education should be permitted to determine whether it is to their advantage to apply separately or to participate in the application of an APO or State. HUD, however, does not intend to permit an institution of higher education to apply both separately and as part of an APO or State's application during a single funding cycle. The proposed rule would amend § 570.415(d)(1)(iii) to set forth the procedure for disregarding an application under such circumstances.

Without this amendment, an institution of higher education that might be an excellent candidate for CDWSP funding could be denied an opportunity for funding simply because its APO or State unsuccessfully applies. Giving institutions this option would also strongly encourage APOs to develop or maintain excellent work study programs which are capable of attracting the participation of the area's institutions of higher education.

Paragraph (d)(2)(i)(D) of § 570.415 sets forth a requirement of periodic seminars. HUD continues to believe that seminars can often be a useful means of relating CDWSP work experience to the student's academic program. Nevertheless, HUD is proposing that CDWSP seminars no longer be mandatory, for several reasons. First, many graduate programs in community building have a professional practice seminar as a requirement of the graduate program itself. Second, the experience of many students in CDWSP involves ongoing, informal mentoring and work-related counseling from the program director and other faculty. Discussions with CDWSP recipients and students have convinced HUD that the recipients are best positioned to determine how administrative funds can be used most

effectively to further the program's objectives.

Paragraph (d)(2)(i)(F) of § 570.415 would be amended to state that the recipient must encourage participating students to seek post-graduation employment with specified types of employers engaged in community building. The current regulation requires that students be encouraged to seek employment with specified types of employers receiving community development funds. This proposed change recognizes that a CDWSP student's post-graduation employment in community building comports with CDWSP objectives even if his or her particular employer is not receiving community development funds.

E. Elimination of the Repayment Requirements in 24 CFR 570.415(g) and 24 CFR 570.415(k)

The repayment requirements in paragraphs (g)(3)(i) and (k)(3)(ii) of § 570.415 would be eliminated. Currently, 24 CFR 570.415(g)(3)(i) states that students who are terminated from CDWSP participation without having completed their academic program must repay to the recipient any tuition and non-stipend assistance received through CDWSP. Paragraph (k)(3)(ii) of § 570.415, in turn, requires that the recipient repay to the Federal Government the tuition and other non-stipend assistance the student has received, and imposes this requirement regardless of whether the recipient collects the funds from the student.

Based on experience and discussions with recipients, HUD has determined that these repayment requirements should be eliminated, for several reasons. First, HUD believes that a repayment requirement is unnecessary as an incentive to select highly motivated students. Recipients already have a strong incentive to select highly motivated students since their CDWSP funding in any funding cycle depends in significant part on the graduation rate of students to whom the recipient provided CDWSP or similar funding.

Moreover, as noted above, the program is to be revised to further limit the number of students funded per institution of higher education. The increased selectivity that institutions of higher education will necessarily exercise suggests that the academic potential and motivation of CDWSP students can be expected to be even higher than in the past. Furthermore, the requirement may discourage students from seeking to participate in CDWSP since the financial risk of failure to complete the program may appear substantial.

HUD further notes that the repayment requirements also impose a substantial cost (administrative burden and repayment costs) to recipients who attempt to collect funds for academic credit hours and other support the student has already been provided. Because a CDWSP student is *necessarily* economically disadvantaged, the student cannot generally repay the debt other than in small payments over a long period of time involving considerable administrative burden to the recipient. HUD is aware of occasions in which institutions of higher education have had to either "write off" the debt as uncollectible or collect small periodic payments.

F. Proposed Amendments to 24 CFR 570.415(i)

Paragraph (i) of § 570.415 would be amended in several respects. The initial sentence in 24 CFR 570.415(i)(2) would be amended to clarify that a threshold review for applicant eligibility occurs *before* applications are rated and placed in priority funding order.

Paragraph (i)(5) of § 570.415, concerning the ranking of otherwise eligible applicants, would be amended to clarify the selection criteria, eliminate duplication of issues among criteria, and make the criteria consistent with other proposed changes. Paragraph (i)(2)(i) of § 570.415, which establishes the quality of the academic program as a ranking factor, would be clarified so as to set forth a non-exhaustive list of academic program quality indicators. The issue of the graduation rate among the applicant's past CDWSP students, which is currently part of the academic quality factor, would be set forth as a separate factor to reflect that factor's independent significance.

A new factor would be added as 24 CFR 570.415(i)(2)(iii), dealing with the recipient's commitment to meeting the needs of CDWSP-funded students. This consideration is already partially

encompassed in 24 CFR 570.415(i)(2)(vi), dealing with the applicant's "relative commitment to meeting the needs of minority economically disadvantaged students." However, 24 CFR 570.415(i)(2)(vi) has lacked clarity, and applicants have responded to it in varying and inconsistent ways, with some applicants referring to their indirect costs, others referring to additional tuition support, and still others simply restating information used in responding to other ranking factors.

HUD intends to have this new, separate factor address the institution of higher education's commitment to help the CDWSP student see his or her way through the program financially. HUD is aware, from communications with recipients and students, that the CDWSP award leaves many CDWSP-funded students significantly short of funds to pursue their degree, even though they are working twenty hours per week. HUD believes a student's ability to pursue the academic program without undue financial stress is of great importance to the student's success.

Proposed 24 CFR 570.415(i)(2)(v) would address the likelihood that an applicant's program will lead students to permanent employment in community building, a consideration currently addressed in 24 CFR 570.415(i)(2)(iv). HUD would clarify this factor by setting forth several primary determinants of how well the factor is met. Proposed 24 CFR 570.415(i)(2)(vi) would be identical to the current 24 CFR 570.415(i)(2)(v).

Proposed 24 CFR 570.415(i)(2)(vii) would address the applicant's commitment to meeting the needs of economically disadvantaged and minority students. This factor, a modification of the present 24 CFR 570.415(i)(2)(vi), would clarify that the program is intended to address the

needs of both minority and nonminority economically disadvantaged students.

III. Other Matters

A. *Environmental Impact*

A Finding of No Significant Impact with respect to the environment has been made 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 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.

B. *Regulatory Flexibility*

The Secretary, in accordance with the Regulatory Flexibility Act (5 U.S.C. 605(b)), has reviewed and approved this proposed rule, and in so doing certifies that this proposed 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.

C. *Public Reporting Burden*

This rule does not propose to add to the overall information collection requirements of the Community Development Work Study Program. Nevertheless, because the proposed rule would alter the specific information requirements for applying for the program, the information collection requirements of this program, as amended, are being submitted to OMB for review under section 3504(h) of the Paperwork Reduction Act of 1980. Information on these requirements is provided as follows:

ANNUAL REPORTING BURDEN—24 CFR 570.415, COMMUNITY DEVELOPMENT WORK STUDY

	Number of respondents	Total annual responses	Hours per response	Total hours
Application	75	75	20	1,500
Annual reports	30	30	6	180
Final reports	30	30	8	240
Recordkeeping	30	30	5	150
				2,070

D. *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 proposed 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 proposed 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.

E. Family Impact

The General Counsel, as the Designated Official under Executive Order 12606, *The Family*, has determined that this proposed 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 proposed rule, as those policies and programs relate to family concerns.

F. Executive Order 12866

This proposed rule was reviewed by the Office of Management and Budget under Executive Order 12866, *Regulatory Planning and Review*. Any changes made to the proposed rule as a result of that review are clearly identified in the docket file, which is available for public inspection in the office of the Department's Rules Docket Clerk, Room 10276, 451 Seventh Street SW., Washington, DC 20410-0500.

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 proposed to be 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), (B), and (C), and (c)(2);

d. Revising paragraphs (d)(1)(i) (A) and (B), (d)(1)(ii), and (d)(1)(iii);

e. Revising paragraph (d)(2)(i)(A);

f. Removing paragraph (d)(2)(i)(D) and redesignating paragraphs (d)(2)(i) (E) through (I) as paragraphs (d)(2)(i) (D) through (H), respectively;

g. Revising newly designated (d)(2)(i)(E);

h. Revising paragraphs (f)(1) and (f)(2)(i);

i. Revising paragraphs (g)(1) (ii) and (iii), (g)(2)(ii), and (g)(3) (i) and (ii);

j. Revising paragraphs (i)(1)(iii) and (i)(2);

k. Revising paragraph (k)(3)(ii); and

l. 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 particular geographic area.

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.* The amount of the tuition support may not exceed the tuition charged at the participating institution of higher education up to a maximum of \$3,500 per year.

(C) *Additional support.* The amount of additional support may not exceed the actual costs incurred, up to a maximum of \$1,500 per year. The recipient may provide additional support for:

(1) Books;

(2) Travel related to the academic program, work placement assignment, or attendance at conferences sponsored by professional organizations in community building; and

(3) Costs associated with reasonable accommodations for students with disabilities including, but not limited to, interpreters for the deaf/hard of hearing, special equipment, and braille materials.

* * * * *

(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 8, 1995.
 Michael A. Stegman,
Assistant Secretary for Policy Development and Research.
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 BILLING CODE 4210-62-P