

DEPARTMENT OF EDUCATION**34 CFR Parts 535 and 562**

RIN 1885-AA21

Bilingual Education: Graduate Fellowship Program

AGENCY: Department of Education.

ACTION: Final Regulations.

SUMMARY: The Secretary adopts these regulations and adds a new Part 535 for the Bilingual Education: Graduate Fellowship Program, which is authorized by section 7145 of the Elementary and Secondary Education Act of 1965 (the Act), as amended by the Improving America's Schools Act of 1994. The Bilingual Education: Graduate Fellowship Program replaces the existing Bilingual Education Fellowship Program (34 CFR Part 562) and expands the program to include post-doctoral fellowships.

EFFECTIVE DATE: These regulations take effect July 19, 1996.

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION: These regulations implement statutory changes made when the program was reauthorized by the Improving America's Schools Act of 1994 (Pub. L. 103-382, enacted October 20, 1994). These regulations have been reviewed and revised in accordance with the Department's "Principles for Regulating," which were developed to ensure that the Department regulates in the most flexible, most equitable, and least burdensome way possible. These regulations are necessary to implement the law and reflect the greatest flexibility and least burden possible.

On November 9, 1995, the Secretary published a notice of proposed rulemaking (NPRM) for this program in the Federal Register (60 FR 56920). The preamble to the NPRM (60 FR 56920-56922) included a summary and discussion of the 1994 Amendments and other major issues that were addressed in the proposed regulations.

There are a few substantive differences between the NPRM and these final regulations. The Secretary has expanded the types of travel

expenses. Fellows are authorized to make and has included in the selection criteria for evaluating applications for participation in the program for post-doctoral level fellowships consideration of whether research plans and designs are reasonable and sound. In addition, the Secretary inadvertently omitted 34 CFR Part 79 from the list of regulations that apply to this program and has included it in the final regulations. Although 34 CFR Part 79 exempts programs that make direct payments to individuals, this program is not exempted because the Department gives funds to institutions of higher education, which distribute the funds to individual Fellows. Any other differences between the NPRM and these final regulations are due to editorial and technical revisions.

Analysis of Comments and Changes

In response to the Secretary's invitation in the NPRM, one party submitted comments on the proposed regulations. An analysis of the comments and of the changes in the regulations since publication of the NPRM follows.

Major issues are grouped according to subject, with appropriate sections of the regulations referenced in parentheses. Technical and other minor changes—and suggested changes the Secretary is not legally authorized to make under the applicable statutory authority—are not addressed.

Purpose of the Program (§ 535.1)

Comments: One commenter suggested that the Secretary exclude master's degree candidates from the program.

Discussion: One purpose of the professional development programs under title VII is to assist in preparing educators to improve educational services for limited English proficient children. To meet that purpose, section 7145(a)(1) of the Act specifically authorizes the Secretary to award fellowships for master, doctoral, and post-doctoral study. The Secretary believes it is appropriate to assist individuals pursuing master's degrees if the individuals are pursuing studies that further the purpose of the program. If, in the future, the Secretary does not believe it is useful to award fellowships to master's degree candidates, the Secretary, through additional regulations, could limit fellowships to doctoral and post-doctoral candidates.

Changes: None.

Financial Assistance (§ 535.3)

Comments: One commenter suggested that the Secretary authorize travel expenses that are generally related to

the academic program. The commenter believed that the proposed requirement in the regulations that travel be related to practice teaching or clinical experience was too limited. The commenter noted that, in doctoral programs, there may be many other reasons for travel, such as helping training or advancing progress in the academic program.

The commenter also encouraged the Secretary to increase the monthly stipend from \$500 to \$1,000 on the ground that the \$500 limitation combined with the provision restricting a Fellow to 20 hours of work per week would create a financial hardship that could adversely affect the Fellow's progress in the academic program.

Finally, the commenter recommended that post-doctoral fellowship recipients who may be appointed for less than a calendar year (e.g., school year) receive a full fellowship.

Discussion: The Secretary agrees that the limitation on the types of travel in the NPRM was too restrictive and has broadened the provision in these final regulations.

However, the Secretary believes the \$500 per month stipend for masters and doctoral degree candidates combined with allowances for travel and books and whatever the Fellow may earn as a part-time employee is reasonable. The Secretary has balanced the Fellows' need for support and the Department's desire to assist as many Fellows as possible.

For post-doctoral Fellows, the full amount of the fellowship is determined on a case-by-case basis depending on the application submitted and the period of work proposed. The \$40,000 amount is an upper limit, not the amount each post-doctoral Fellow receives.

Changes: Section 535.3(a)(3) has been changed to allow travel expenses for "travel directly related to program of study." No other changes have been made.

Selection Criteria for Post-Doctoral Level Fellowships (§ 535.23)

Comments: A commenter suggested that the Secretary increase the maximum number of points that can be awarded for the "Quality of key faculty members" selection criterion (§ 535.23(c)) from 20 to 25 points and decrease the maximum number of points that can be awarded for the "Proposed areas of research" selection criterion (§ 535.23(b)) from 35 to 30 points.

In § 535.23(b), "Proposed areas of research," the commenter suggested combining the factors in (b)(1) with

(b)(3) and (b)(2) with (b)(4). The commenter stated that these factors were similar enough to be combined and should be expanded to include more types of research.

The commenter suggested that § 535.23(b)(5) should be re-written to include whether the research plan and design are reasonable and sound. The commenter stated that the additional language is necessary to ensure that secondary analysis of data collected by another entity is considered valid and awarded points.

In addition, the commenter suggested that in § 535.23(b)(6) the Secretary should consider whether the application specifies a project period for "substantial progress" in the study rather than limiting the criterion to completion of the study. The commenter stated that completion of a project is difficult for post-doctoral students who are in a post-doctoral position for one year and that considering only whether the study is to be completed within the specified project period would be too narrow.

Discussion: The Secretary believes that the point distribution among the criteria is appropriate and that the distinct factors give applicants more direction in addressing each criterion.

The Secretary also believes the criteria do not need to be expanded to include more types of research. The factors focus proposed research on education and the primary purposes of the program.

In § 535.23(b)(5) the Secretary agrees that considering only data collection and the data analysis plan could be interpreted to exclude secondary analysis of already-collected data. The Secretary did not intend this interpretation and has clarified the regulatory language.

The Secretary believes that § 535.23(b)(6) is an appropriate factor that is designed to evaluate the extent to which the applicant has an intended and realistic completion schedule. The Secretary understands that a Fellow's ultimate study may not be completed within the period of the fellowship, but applicants may propose at least a portion of a study that can be completed within the period of the fellowship.

Changes: The Secretary has revised § 535.23(b)(5) to include consideration of whether the research plans and designs are reasonable and sound.

Fellowship Period (§ 535.42)

Comments: A commenter suggested that the Secretary extend the maximum number of years for which a doctoral fellowship is awarded to five to include support for the last two years when a

Fellow may be completing a dissertation. The commenter stated that most doctoral programs allow for the completion of the course work within three years, but that the entire program may take up to five years to complete.

Discussion: Because the Department has limited resources, the Secretary must balance the amount and length of support that the Department provides to one individual against providing support to more individuals. The Secretary believes that supporting a doctoral Fellow for three years is sufficient. Further, § 535.42(b) provides that the Secretary may extend a fellowship beyond the maximum period for master's or doctoral Fellows under certain circumstances.

Changes: None.

Service Requirement, Repayment Schedule, and Accounting for the Obligation (§§ 535.50, 535.52, and 535.57)

Comments: One commenter suggested that the Secretary set the service requirement start date, repayment schedule, and the obligation account activation period at 12 months rather than the proposed 6 months. The commenter stated that more time is necessary because the academic employment cycle begins in the fall and extends for a year. The commenter stated that beginning the service requirement and repayment schedule after 12 months would be more realistic.

Discussion: The Secretary is aware that some Fellows seeking academic positions may not be able to secure employment within six months. However, the Secretary believes that it would be unwise to extend the period. The Department's experience has shown that if the repayment procedures are not activated until 12 months, the Department has more difficulty determining the status of Fellows. The regulations in § 535.54 do allow the Secretary to defer payment for a number of reasons, including if the fellowship recipient demonstrates to the Secretary's satisfaction that the fellowship recipient is conscientiously seeking but is unable to secure employment.

Changes: None.

Paperwork Reduction Act of 1995

Under the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number assigned to the collections of information in these final regulations is displayed at the end of the affected sections of the regulations.

Intergovernmental Review

This program is subject to the requirements of Executive Order 12372 and the regulations in 34 CFR Part 79. The objective of the Executive order is to foster an intergovernmental partnership and a strengthened federalism by relying on processes developed by State and local governments for coordination and review of proposed Federal financial assistance.

In accordance with the order, this document is intended to provide early notification of the Department's specific plans and actions for this program.

Assessment of Educational Impact

In the notice of proposed rulemaking, the Secretary requested comments on whether the proposed regulations would require transmission of information that is being gathered by or is available from any other agency or authority of the United States.

Based on the response to the proposed regulations and on its own review, the Department has determined that the regulations in this document do not require transmission of information that is being gathered by or is available from any other agency or authority of the United States.

List of Subjects

34 CFR Part 535

Bilingual education, Education, Educational research, Reporting and recordkeeping requirements, Scholarships and fellowships, Teachers.

34 CFR Part 562

Bilingual education, Education, Educational research, Reporting and recordkeeping requirements, Scholarships and fellowships, Teachers.

(Catalog of Federal Domestic Assistance Number 84.195C Bilingual Education: Graduate Fellowship Program.)

Dated: June 13, 1996.

Delia Pompa,

Director, Office of Bilingual Education and Minority Languages Affairs.

The Secretary amends Title 34 of the Code of Federal Regulations as follows:

PART 562—[REMOVED]

1. 34 CFR Part 562 is removed.
2. A new Part 535 is added to read as follows:

PART 535—BILINGUAL EDUCATION: GRADUATE FELLOWSHIP PROGRAM**Subpart A—General**

Sec.

- 535.1 What is the Bilingual Education: Graduate Fellowship Program?
- 535.2 Who is eligible to participate in this program?
- 535.3 What financial assistance is available for fellowship recipients?
- 535.4 What regulations apply?
- 535.5 What definitions apply?

Subpart B—How Does an IHE Apply To Participate in the Program?

- 535.10 How does an IHE apply to participate in the program?
- 535.11 What assurance must an application contain?
- 535.12 In what circumstances may an IHE waive the training practicum requirement?

Subpart C—How Does the Secretary Approve an IHE's Participation?

- 535.20 How does the Secretary evaluate an application to participate in this program for master's and doctoral level fellowships?
- 535.21 What selection criteria does the Secretary use?
- 535.22 How does the Secretary evaluate an application to participate in this program for post-doctoral study fellowships?
- 535.23 What selection criteria does the Secretary use?

Subpart D—How Does an Individual Apply for a Fellowship?

- 535.30 How does an individual apply for a fellowship?

Subpart E—How Are Fellows Selected?

- 535.40 How does the Secretary select Fellows?
- 535.41 Who may an IHE nominate for fellowships?
- 535.42 What is the period of a fellowship?

Subpart F—What Conditions Must Be Met by Fellows?

- 535.50 What is the service requirement for a fellowship?
- 535.51 What are the requirements for repayment of the fellowship?
- 535.52 What is the repayment schedule?
- 535.53 What is the rule regarding interest?
- 535.54 Under what circumstances is repayment deferred?
- 535.55 What is the length of the deferment of repayment?
- 535.56 Under what circumstances is repayment waived?
- 535.57 How shall the fellowship recipient account for the obligation?

Authority: 20 U.S.C. 7475, unless otherwise noted.

Subpart A—General**§ 535.1 What is the Bilingual Education: Graduate Fellowship Program?**

The Bilingual Education: Graduate Fellowship Program provides financial assistance, through institutions of

higher education (IHEs), to individuals who are pursuing master's, doctoral, or post-doctoral study related to instruction of limited English proficient (LEP) children and youth in areas such as teacher training, program administration, research and evaluation, and curriculum development and for the support of dissertation research related to this study.

(Authority: 20 U.S.C. 7475(a)(1))

§ 535.2 Who is eligible to participate in this program?

(a) An IHE is eligible to participate in this program.

(b) An individual who meets the eligibility requirements under § 535.41 may apply for a fellowship through an IHE participating in this program.

(Authority: 20 U.S.C. 7475)

§ 535.3 What financial assistance is available for fellowship recipients?

(a) The Secretary may authorize the following financial assistance on an annual basis to master's and doctoral program fellowship recipients:

- (1) Tuition and fees—the usual costs associated with the course of study.
- (2) Books—up to \$300.
- (3) Travel—up to \$250 for travel directly related to the program of study.
- (4) A stipend of up to \$500 per month, including allowances for subsistence and other expenses, for a participant and his or her dependents, if the participant is—

(i) A full-time student in a program of study that was in the approved application; and

(ii) Gainfully employed no more than 20 hours a week or the annual equivalent of 1040 hours.

(b) The Secretary may authorize the following financial assistance on an annual basis to post-doctoral fellowship recipients:

- (1) A stipend of up to \$40,000.
- (2) Publications, research and scholarly materials, research-related travel, and fees—up to \$5,000.

(c) In authorizing assistance to fellowship recipients under paragraphs (a) and (b) of this section, the Secretary considers the amount of other financial compensation that the fellowship recipients receive during the training period.

(Authority: 20 U.S.C. 7478)

§ 535.4 What regulations apply?

The following regulations apply to this program:

- (a) 34 CFR 75.51 and 75.60 through 62.
- (b) 34 CFR Part 77.
- (c) 34 CFR Part 79.
- (d) 34 CFR Part 85.

(e) The regulations in this Part 535. (Authority: 20 U.S.C. 7475)

§ 535.5 What definitions apply?

(a) *Definitions in the Act.* (1) The following terms used in this part are defined in section 7501 of the Act:

Bilingual education program
Children and youth
Limited English proficiency
Native Hawaiian or Native American Pacific Islander Native language educational organization
Office
Other programs for persons of limited-English proficiency

(2) The following terms used in this part are defined in section 7104 of the Act:

Indian tribe
Tribally sanctioned educational authority

(3) The following terms used in this part are defined in section 14101 of the Act:

Institution of higher education
Local educational agency (LEA)

(b) *Definitions in EDGAR.* The following terms used in this part are defined in 34 CFR 77.1:

Applicant
Application
Award
Department
EDGAR
Fiscal year
Project
Recipient
Secretary
State
State educational agency (SEA)

(c) Other definition. The following definition also applies to this part:

Act means the Elementary and Secondary Education Act of 1965, as amended.

(Authority: 20 U.S.C. 7475–7480)

Subpart B—How Does an IHE Apply To Participate in the Program?**§ 535.10 How does an IHE apply to participate in the program?**

To apply for participation under this part, an IHE shall submit an application to the Secretary that—

(a) Responds to the appropriate selection criteria in §§ 535.21 and 535.23; and

(b) Requests a specific number of fellowships to be awarded in each proposed language or other curriculum group for the fellowship period specified in § 535.42.

(Authority: 20 U.S.C. 7475)

§ 535.11 What assurance must an application contain?

An application that proposes to train master's or doctoral level students with funds received under this part must provide an assurance that the program will include a training practicum in a local school program serving LEP students.

(Authority: 20 U.S.C. 7476(a)(3)(A))

§ 535.12 In what circumstances may an IHE waive the training practicum requirement?

An IHE participating under this program may waive the requirement in § 535.11 for a training practicum for a master's or doctoral degree candidate who has had at least one academic year of experience in a local school program serving LEP students.

(Authority: 20 U.S.C. 7476(a)(3)(B))

Subpart C—How Does the Secretary Approve an IHE's Participation?**§ 535.20 How does the Secretary evaluate an application to participate in this program for master's and doctoral level fellowships?**

(a) The Secretary evaluates an application to participate in this program for master's and doctoral level fellowships on the basis of the criteria in § 535.21.

(b) The Secretary awards up to 100 points for these criteria.

(c) The maximum possible score for each criterion is indicated in parentheses.

(d) After all the applications have been evaluated under § 535.21, the Secretary rank-orders the applications.

(e) The Secretary then determines the maximum number of fellowships by language or other curriculum group that may be awarded at each IHE—

(1) Based on the IHE's capacity to provide graduate training in the areas proposed for fellowship recipients; and

(2) To the extent feasible, in proportion to the need for individuals with master's and doctoral degrees in the areas of training proposed by the IHE.

(Authority: 20 U.S.C. 7475)

§ 535.21 What selection criteria does the Secretary use?

The Secretary uses the following selection criteria to evaluate an application for participation in this program for master's and doctoral level fellowships:

(a) *Institutional commitment.* (25 points) The Secretary reviews each application to determine the quality of the institution's graduate program of study, including consideration of—

(1) The extent to which the program has been adopted as a permanent graduate program of study;

(2) The organizational placement of the program of study;

(3) The staff and resources that the IHE has committed to the program;

(4) The IHE's demonstrated competence and experience in programs and activities such as those authorized under the Act;

(5) The IHE's demonstrated experience in assisting fellowship recipients to find employment in the field of bilingual education; and

(6) If the IHE has carried out a previous project with funds under title VII of the Act, the applicant's record of accomplishments under that previous project.

(b) *Quality of the graduate academic program.* (20 points) The Secretary reviews each application to determine the quality of the graduate program of study for which approval is sought, including—

(1) The course offerings and academic requirements for the graduate program;

(2) The availability of related course offerings through other schools or departments within the IHE;

(3) The IHE's focus and capacity for research;

(4) The quality of the standards used to determine satisfactory progress in, and completion of, the program;

(5) The extent to which the program of study prepares Fellows to improve the academic achievement of LEP children and youth; and

(6) In the case of a program designed to prepare trainers of educational personnel for programs of bilingual instruction, the extent to which the program incorporates the use of English and another language to develop the Fellows' competencies as trainers of bilingual educational personnel.

(c) *Quality of key faculty members.* (20 points) The Secretary reviews each application to determine the qualifications of the key faculty to be used in the program of study, including the extent to which their background, education, research interests, and relevant experience qualify them to plan and implement a successful program of high academic quality related to instruction of LEP children and youth.

(d) *Field-based experience.* (15 points) The Secretary reviews each application to determine the extent to which the program of study provides field-based experience through arrangements with LEAs, SEAs, or persons or organizations with expertise in programs for LEP children and youth.

(e) *Evidence of local or national need.* (10 points) The Secretary reviews each

application to determine the need for more individuals trained, at the graduate level, in the area of study proposed by the applicant.

(f) *Recruitment plan.* (10 points) The Secretary reviews each application to determine the quality of the applicant's plan for recruitment and nomination of students.

(Approved by the Office of Management and Budget under control number 1885-0001.)

(Authority: 20 U.S.C. 7475 and 7547)

§ 535.22 How does the Secretary evaluate an application to participate in this program for post-doctoral study fellowships?

(a) The Secretary evaluates an application to participate in this program for post-doctoral study fellowships on the basis of the criteria in § 535.23.

(b) The Secretary awards up to 100 points for these criteria.

(c) The maximum possible score for each criterion is indicated in parentheses.

(d) After all the applications have been evaluated according to the selection criteria, the Secretary rank-orders the applications.

(e) The Secretary designates the maximum number of fellowships that may be awarded at each IHE based on the factors in § 535.23 (a), (c), and (d).

(Authority: 20 U.S.C. 7475)

§ 535.23 What selection criteria does the Secretary use?

The Secretary uses the following selection criteria to evaluate an application for participation in this program for post-doctoral level fellowships:

(a) *Institutional commitment.* (35 points) The Secretary reviews each application to determine the overall strength of the applicant's commitment to meeting the educational needs of LEP children and youth, including consideration of—

(1) The IHE's demonstrated competence and experience in programs and research activities such as those authorized under subpart 2 of part A of title VII of the Act;

(2) The extent to which the IHE's research environment is supportive of the success of post-doctoral Fellows in their research;

(3) The IHE's demonstrated experience in assisting fellowship recipients to find employment in the field of bilingual education;

(4) The IHE's procedures for the dissemination and use of research findings; and

(5) If the IHE has carried out a previous project with funds under title VII of the Act, the applicant's record of

accomplishments under that previous project.

(b) *Proposed areas of research.* (35 points) The Secretary reviews each application to determine to what extent—

(1) There is a clear description of the areas of research proposed to be undertaken by the post-doctoral Fellows;

(2) The research to be undertaken by the post-doctoral Fellows is likely to produce new and useful information;

(3) The areas of proposed research relate to the educational needs of LEP children and youth and of the educational personnel that serve that population;

(4) The outcomes of the research and study are likely to benefit the defined target population by improving the academic achievement of LEP children and youth;

(5) The data collection and data analysis plans or research plans and designs are reasonable and sound; and

(6) A project period for completion of the study, consistent with period of availability of post-doctoral fellowships in § 535.42, is specified.

(c) *Quality of key faculty members.* (20 points) The Secretary reviews each application to determine the qualifications of the key faculty likely to assist, guide, or mentor post-doctoral Fellows, including the extent to which the faculty's background, education, research interests, and relevant experiences qualify them to support high-quality research and study performed by post-doctoral Fellows.

(d) *Adequacy of resources.* (10 points) The Secretary reviews each application to determine to what extent—

(1) The facilities planned for use are adequate;

(2) The equipment and supplies planned for use are adequate; and

(3) The commitment of the applicant to provide administrative and other necessary support is evident.

(Approved by the Office of Management and Budget under control number 1885-0001.)

(Authority: 20 U.S.C. 7475)

Subpart D—How Does an Individual Apply for a Fellowship?

§ 535.30 How does an individual apply for a fellowship?

(a) An individual shall submit an application for a fellowship to an IHE that has been approved for participation under § 535.20 or § 535.22.

(b) Each participating IHE may establish procedures for receipt of applications from individuals.

(Authority: 20 U.S.C. 7475)

Subpart E—How Are Fellows Selected?

§ 535.40 How does the Secretary select Fellows?

(a)(1) A participating IHE shall submit names of nominees to the Secretary.

(2) If the IHE has more than one nominee, the IHE shall rank the nominees in order of preference to receive a fellowship.

(b) The Secretary selects new Fellows according to the rank order prepared by the IHE, subject to the maximum number of fellowships designated for that IHE under §§ 535.20 and 535.22.

(Approved by the Office of Management and Budget under control number 1885-0001.)

(Authority: 20 U.S.C. 7475)

§ 535.41 Who may an IHE nominate for fellowships?

(a) In nominating individuals to receive master's and doctoral level fellowships, an IHE shall nominate only individuals who—

(1) Have been accepted for enrollment as full-time students in an approved course of study offered by the IHE;

(2) Have an excellent academic record;

(3) Are proficient in English and, if applicable, another language;

(4) Have experience in providing services to, teaching in, or administering programs for LEP children and youth;

(5) Are planning to enter or return to a career in service to LEP children and youth after completion of their studies;

(6) Are eligible to receive assistance under 34 CFR 75.60 and 75.61; and

(7)(i) Are citizens, nationals, or permanent residents of the United States;

(ii) Are in the United States for other than temporary purposes and can provide evidence from the Immigration and Naturalization Service of their intent to become permanent residents; or

(iii) Are permanent residents of the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau.

(b) In nominating individuals to receive post-doctoral fellowships, an IHE shall nominate only individuals who—

(1) Have doctoral degrees in relevant disciplines that qualify those individuals to conduct independent research on educational programs and policies for LEP children and youth; and

(2) Meet the criteria in paragraphs (a)(3) through (7) of this section.

(Authority: 20 U.S.C. 7475)

§ 535.42 What is the period of a fellowship?

(a) Except as provided in paragraph (b) of this section, the Secretary may award a fellowship—

(1) For a maximum of two one-year periods to an individual who maintains satisfactory progress in a master's or post-doctoral program of study; and

(2) For a maximum of three one-year periods to an individual who maintains satisfactory progress in a doctoral program of study.

(b) Subject to the availability of funds, and if an IHE provides adequate justification, the Secretary may extend a fellowship beyond the maximum period to a master's or doctoral Fellow who, for circumstances beyond the Fellow's control, is unable to complete the program of study in that period.

(c) A fellowship recipient who seeks assistance beyond the initial one-year period must be renominated by the participating IHE.

(d) Prior to approving nominations of new Fellows, the Secretary may give preference to fellowship recipients in their second or third year who maintain satisfactory progress in the program of study.

(Authority: 20 U.S.C. 7475)

Subpart F—What Conditions Must Be Met by Fellows?

§ 535.50 What is the service requirement for a fellowship?

(a) Upon selection for a fellowship, a Fellow shall sign an agreement, provided by the Secretary, to work for a period equivalent to the period of time that the Fellow receives assistance under the fellowship in an activity—

(1) (i) Related to the program; or
(ii) Authorized under part A of title VII of the Act; and

(2) Approved by the Secretary.

(b) A fellowship recipient shall begin working in an activity specified in paragraph (a) of this section within six months of the date from which—

(1) The master's or doctoral recipient ceases to be enrolled at an IHE as a full-time student; or

(2) The post-doctoral recipient completes the project period in the approved program of study.

(Approved by the Office of Management and Budget under control number 1885-0001.)

(Authority: 20 U.S.C. 7475(b))

§ 535.51 What are the requirements for repayment of the fellowship?

(a) A fellowship recipient who does not work in an activity described in § 535.50 shall repay the full amount of the fellowship.

(b) The Secretary prorates the amount a fellowship recipient is required to

repay based on the length of time the fellowship recipient worked in an authorized activity compared with the length of time the fellowship recipient received assistance.

(Authority: 20 U.S.C. 7475(b))

§ 535.52 What is the repayment schedule?

(a) A fellowship recipient required to repay all or part of the amount of the fellowship shall begin repayments—

(1) Within six months of the date the fellowship recipient meets the criteria in § 535.50(b)(1) or (2); or

(2) On a date and in a manner established by the Secretary, if the fellowship recipient ceases to work in an authorized activity.

(b) A fellowship recipient must repay the required amount, including interest, in a lump sum or installment payments approved by the Secretary.

(c) The repayment period may be extended if the Secretary grants a deferment under § 535.54.

(Authority: 20 U.S.C. 7475(b))

§ 535.53 What is the rule regarding interest?

(a) In accordance with 31 U.S.C. 3717, the Secretary charges a fellowship recipient interest on the unpaid balance that the fellowship recipient owes.

(b) No interest is charged for the period of time—

(1) That precedes the date on which the fellowship recipient is required to begin repayment; or

(2) During which repayment has been deferred under § 535.54.

(Authority: 20 U.S.C. 7475(b))

§ 535.54 Under what circumstances is repayment deferred?

The Secretary may defer repayment if the fellowship recipient—

(a) Suffers from a serious physical or mental disability that prevents or substantially impairs the fellowship recipient's employability in an activity described in § 535.50;

(b) Demonstrates to the Secretary's satisfaction that the fellowship recipient is conscientiously seeking but is unable to secure employment in an activity described in § 535.50;

(c) In the case of a master's or doctoral fellowship recipient, re-enrolls as a full-time student at an IHE;

(d) Is a member of the Armed Forces of the United States on active duty;

(e) Is in service as a volunteer under the Peace Corps Act; or

(f) Demonstrates to the Secretary's satisfaction that the existence of extraordinary circumstances prevents the fellowship recipient from making a scheduled payment.

(Authority: 20 U.S.C. 7475(b))

§ 535.55 What is the length of the deferment of repayment?

(a) Unless the Secretary determines otherwise, a fellowship recipient shall apply to renew a deferment on a yearly basis.

(b) Deferments for military or Peace Corps service may not exceed three years.

(Authority: 20 U.S.C. 7475(b))

§ 535.56 Under what circumstances is repayment waived?

The Secretary may waive repayment if the fellowship recipient demonstrates the existence of extraordinary circumstances that justify a waiver.

(Authority: 20 U.S.C. 7475(b)(2))

§ 535.57 How shall the fellowship recipient account for the obligation?

(a) Within six months of the date a fellowship recipient meets the criteria

in § 535.50(b)(1) or (2), the fellowship recipient shall submit to the Secretary one of the following items:

(1) A description of the activity in which the fellowship recipient is employed.

(2) Repayment required under §§ 535.51 and 535.52.

(3) A request to repay the obligation in installments.

(4) A request for a deferment or waiver as described in §§ 535.54 and 535.56 accompanied by a statement of justification.

(b) A fellowship recipient who submits a description of employment under paragraph (a)(1) of this section shall notify the Secretary on a yearly basis of the period of time during the preceding year that the fellowship recipient was employed in the activity.

(c) A fellowship recipient shall inform the Secretary of any change in employment status.

(d) A fellowship recipient shall inform the Secretary of any change of address.

(e)(1) A fellowship recipient's failure to timely satisfy the requirements in paragraphs (b) through (d) of this section results in the fellowship recipient being in non-compliance or default status subject to collection action.

(2) Interest and costs of collection may be collected in accordance with 31 U.S.C. 3717 and 34 CFR Part 30.

(Approved by the Office of Management and Budget under control number 1885-0001.)

(Authority: 20 U.S.C. 7475(b))

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