

A Federal Work Study Reform Agenda to Better Serve Low-Income Students

By

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YOUNG INVINCIBLES

together, invincible

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Introduction

Decades ago, a young person could graduate from high school, join a company, and receive all the training on the job that she or he needed for a successful career. Today, the world is different. A young man with only a high school diploma now earns 75 cents on the inflation-adjusted dollar his father made in 1980.¹ Even worse, a brutal recession and sluggish recovery has young people confronting double-digit unemployment rates. Fierce competition for entry-level positions requires our generation to not only acquire post-secondary education, but also gain on-the-job experience and skills. Approximately 79 percent of employers expect real-world experience from college graduates when they evaluate potential hires.² Unfortunately, our higher education system is not built to meet this need, particularly for low-income students.

An updated Federal Work Study (FWS) program could help a great deal. Congress created FWS in 1964 as a part of the Economic Opportunity Act to allow low-income students to defer college costs by working while enrolled.³ In 2011-2012, the Department of Education allocated \$972 million to over 3,000 schools, serving slightly more than 700,000 students.⁴ However, FWS could be more effective at serving those in need of financial support. Only 16 percent of institutions awarded Federal Work Study to every eligible student.⁵ During 2011-2012, only 16.4 percent of dependent students whose families make less than \$20,000 received FWS aid, while 8.2 percent of dependent students with family incomes over \$100,000 received FWS aid.⁶ Moreover, the positive effects of FWS, like increased odds of future employment, were felt most acutely by lower-income and lower-SAT subgroups, indicating that reallocating more funds to those subgroups is necessary.⁷

Much of the blame lies with the formula employed to distribute funds. Conceived in the 1960's, it rewards the most expensive institutions who have been in the program the longest.⁸ Newer institutions like community colleges with significant proportions of low-income students only receive a relatively small amount of funds, leading to fewer than two percent of two-year public institution students having work-study jobs.⁹ Many four-year schools with higher proportions of low-income students receive less aid than those with fewer. Approximately 21 percent of all students at four-year private non-profit institutions received FWS aid, yet only five percent of all students at four-year public institutions received FWS aid.¹⁰ For example, New York University (21 percent Pell enrollment rate,

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4,691 Pell students total¹¹) received more than \$6 million in FWS allocations in 2011-2012, while the public community college with the largest allocation, Bluegrass Community and Technical College (50 percent Pell enrollment rate, 7,061 Pell students total¹²) received about \$3.5 million.¹³ Out of the top 15 institutions that received the most work-study money in 2012-13, 12 were four-year non-profit and for-profit private schools, and four-year non-profit private schools received more money than any other type of institution.¹⁴

Furthermore, the problems extend beyond the formula. According to a 2000 survey, at the 24 percent of institutions that responded to a question regarding job placement and students' career interests, 47 percent of job placements were unrelated to students' career interests.¹⁵ Additionally, at the 27 percent of institutions that responded to a question regarding job placement and students' academic programs, 49 percent of job placements were unrelated to students' academic programs.¹⁶ Most institutions were unable to determine whether FWS students worked in jobs related to their academic or career interests.¹⁷ A recent Pew Research survey asked students what they wish they had done differently in college to prepare them for the job they wanted, 50 percent said they wish they had "gain[ed] more work experience."¹⁸ That answer was well ahead of "studying harder" and "choosing a different major."¹⁹ FWS needs a serious update to provide low-income students with affordable higher education and valuable work experience.

This report recommends reforming Federal Work Study to better serve low-income students working their way through school, and providing them with experience and skills for today's economy. We recommend:

- Implementing a new distribution formula focused on enrolling, serving, and graduating Pell recipients.
- Promoting FWS as a career-ready program through the expansion of Job Location Development Programs.
- Creating a Career Internships Program within FWS.
- Requiring students, institutions, and employers to agree on what constitutes "course of study."
- Survey the FWS program to further inform policy reforms.

How the Program Works

The FWS formula allocates money to institutions in two parts: the institutional base guarantee, and the fair share formula. The institutional base guarantee dictates each institution will receive 100 percent of the total allocation it received in fiscal year 1999.²⁰ This aspect of the formula dates back to the 1970's, when Congress conceived it as a temporary correction to a previous process whereby regional panels evaluated each institution's application for grant-based aid.²¹ The panels were time-consuming and unequitable, and Congress created the base guarantee in response.²² Despite original plans to fade out the base guarantee in favor of a wholly fair share formula, it was not eliminated, and today the institutional base guarantee accounts for roughly 67 percent of all FWS dollars

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allocated.²³

The second part of the formula, the fair share formula, is allocated after the institutional base guarantees are distributed. The formula is complex, but essentially, each institution of higher education (IHE) is allocated funds on the basis of “institutional need.”²⁴ Institutional need takes into account the average cost of attendance versus the average expected family contribution for students at each IHE.²⁵ Each institution then receives their “fair share”, which is the amount of funds it would receive if the entire FWS appropriation was allocated on the basis of “institutional need.”²⁶ If the “fair share” allocation is higher than the base guarantee, the IHE will get additional funds; if not, then they will only receive their base guarantee.²⁷ Higher-cost institutions often have a larger gulf between the average cost of attendance and the average EFC, which creates a larger “institutional need,” resulting in more FWS dollars.²⁸

Institutions apply for FWS dollars by filing the Fiscal Operations Report and Application to Participate (FISAP), which reports previous year data and allows institutions to apply for future aid.²⁹ For example, the FISAP for the 2014-2015 aid year was due on October 1, 2013.³⁰ The 2014-2015 aid year will run from July 1, 2014 through June 30, 2015.³¹

Finally, institutions currently allocate FWS funds within federal guidelines that require students to have financial need and require the institution to make funds “reasonably available” to all eligible students, among other rules.³² In addition to financial need, factors institutions reported valuing when awarding FWS positions to students include the timing of the FWS request, the student’s year in school, attendance status, and previous academic performance.³³ However, underutilized funds must be returned to the Department of Education and are reallocated to institutions that used at least 5 percent of the total amount of original funds to compensate students employed in tutoring activities.³⁴ An institution that returns more than 10 percent of its allocation will have their allocation for the next fiscal year reduced by the amount returned.³⁵

How the Federal Government Funds FWS Jobs

There are three types of eligible employment under FWS: 1) on-campus positions; 2) off-campus positions at non-profit organizations/government agencies; and 3) off-campus positions at for-profit organizations.³⁶ All positions must be related to the student’s educational goals (course of study) to the “maximum extent practicable.”³⁷

First, on-campus positions cannot displace employees or contractors.³⁸ Also, on-campus positions cannot involve constructing, operating or maintaining an area used for religious worship, and if the IHE is a for-profit, then the position must provide student services, not involve recruiting, and complement and reinforce the student’s educational goals to the maximum extent practicable.³⁹ The standard wage share for these types of positions is 75 percent paid by federal funds, and 25 percent by non-federal funds, but institutions are free to use a higher non-federal share. Also, if the IHE is the employer, the 25 percent of wages not covered by federal money can be paid in services or equipment, such as

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tuition and fees, room and board, books, or supplies.⁴⁰

Second, off-campus non-profit positions must be in the public interest, complement and reinforce the student's educational goals to the maximum extent practicable, and cannot displace employees.⁴¹ The standard wage share remains 75 percent/25 percent, but FWS can fund up to 90 percent of the student's wages if the student is working at a non-profit or government agency, and the non-profit or government entity cannot afford a 25 percent share.⁴² However, this 90 percent exception is limited to no more than 10 percent of FWS recipients per IHE.⁴³

Finally, off-campus for-profit positions must be academically relevant to the maximum extent practicable to the student's course of study and prohibit displacement of employees.⁴⁴ FWS will only cover 50 percent of a student's wages for for-profit positions.⁴⁵ Institutions are currently limited to using 25 percent of their total allocation to fund off-campus for-profit positions.⁴⁶

There are a few other exceptions to the share that FWS will pay for certain positions. If the student is employed in a tutoring or literacy position, FWS can fund 100 percent of the student's wages.⁴⁷ Additionally, seven percent of an institution's funds must be used to compensate students employed in community service.⁴⁸

It is also important to note that FWS funds none of the wages for students working at an employer who is taking part in an IHE's Job Location and Development Program (JLD). JLD locates and develops off-campus job opportunities for students regardless of financial need.⁴⁹ These positions must be suitable to the scheduling needs of the student and, to the maximum extent practicable, complement the educational program or vocational goal of the student.⁵⁰ Out of the approximately 3,400 institutions that participate in FWS, 370 have set up JLD programs.⁵¹ Examples of schools with JLD programs are UNC-Charlotte⁵², the University of Illinois at Chicago⁵³, and Rutgers University.⁵⁴

Participating institutions can use the lesser of either 10 percent of its FWS allocation or \$75,000 to establish a JLD program.⁵⁵ Institutions can also only pay up to 80 percent of the allowable costs, including enacting, administering and promoting of a JLD program using FWS funds.⁵⁶ Institutions are also allowed to enter into written agreements with other institutions to form JLD programs that cater to each institution's student population.⁵⁷

Students can earn academic credit for paid positions, but only if they are not paid less because the credit is awarded, not paid for receiving instruction, and if the employer would normally pay another person for performing the position.⁵⁸

The Federal Investments in FWS

There was approximately \$920 million allocated for FWS for the 2013-2014 school year, the lowest amount since the 1999-2000 school year.⁵⁹ For each of the 2006-2007 through the 2011-2012 school years, approximately \$980 million was appropriated for FWS and approximately \$973 million was allocated to institutions annually.⁶⁰ This does not count

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the additional \$200 million appropriated by the stimulus bill in 2009.⁶¹ This cut can be directly attributed to sequestration, and it resulted in the loss of 33,000 work-study jobs.⁶² The recent omnibus bill will restore approximately \$49 million in funding for FWS, equaling a total of \$974.7M for the 2014-2015 academic year.⁶³ That figure is close to equaling FWS funding levels before sequestration.⁶⁴

The vast majority of students support the Federal Work Study program. When surveyed, students indicated that they were satisfied with the program and would participate in it again.⁶⁵ In a recent study, FWS participants were somewhat more likely than non-participant working students to report that their job has a positive effect on their academic performance.⁶⁶ That study also indicated that FWS participants are 3.2 percentage points more likely to earn a bachelor's degree and 2.4 percentage points more likely to be employed after finishing school than non-participants.⁶⁷ It should be an important policy goal to fund the work study program at higher levels to ensure that students who want to work during school, take out less debt, and develop skills, can do so.

Where Most FWS Students Work

There were 704,211 recipients of Federal Work Study in 2011-2012.⁶⁸ The following chart provides a glimpse at where approximately half of FWS recipients work.⁶⁹ It is incomplete because the Department of Education does not have specific data differentiating on-campus and off-campus for-profit and non-profit positions, and some Job Location and Development (JLD) positions may also qualify as community service positions. Additionally, it is important to note that tutoring services and civic education figures are subsumed within the overall community service figure.

However, a recent study indicated more than 80 percent of Federal Work Study recipients worked on-campus, compared to only eight percent of working non-participants.⁷⁰ Additionally, FWS participants with one job average 11 hours of work per week compared with 18 hours per week for working non-participants.⁷¹ The majority of jobs are unrelated to students' majors, but FWS jobs were 6 percentage points more likely to be related than non-FWS jobs. Finally, the new study conformed to the 2000 survey of the program: FWS students are much more likely to work in clerical occupations, and less likely to work in sales, labor, or service.⁷²

Work Study Position	Numbers of Students in that Position
Job Location and Development (JLD)	187, 013 (26.55%)
Community Service	122,157 (17.34%)
- Reading Tutors	36,837 (5.23%)
- Math Tutors	9,097 (1.29%)
- Civic Education and Participation	2,269 (0.32%)

FWS Formula Misallocation

The existing formula limits the ability of the federal government to target funds effectively to institutions. Institutions with higher costs of attendance generally receive more FWS dollars than those with lower costs of attendance, regardless of the amount of low-income students enrolled. For example, Columbia University (cost of attendance: \$64,144)⁷³ receives more than three times as much in FWS allocations as Florida State University (in-state cost of attendance: \$21,684)⁷⁴, despite Florida State having almost four times as many total undergraduates,⁷⁵ and many more undergraduates who receive Pell Grants.⁷⁶ The Congressional Research Service also found that eliminating the institutional base guarantee and moving to a formula comprised entirely of the existing fair share formula would further enrich the institutions already receiving the largest proportion of federal dollars, many of which are the oldest institutions in the program.⁷⁷ Over 20 percent of FWS appropriations are distributed on the basis of institutional need, but 95 percent of that funding is given to institutions that began participating in FWS before 1986.⁷⁸

Course of Study Limitations

The FWS statute states that opportunities should complement and reinforce the recipient's educational program or career goals "to the maximum extent practicable."⁷⁹ No regulatory or statutory language clarifies this vague nudge towards course of study placement. As a consequence, institutions direct many students to campus-based positions, some of which bear little relation to the student's course of study. A 2000 Department of Education survey revealed that approximately 40 percent of fall 1998 FWS students worked as an office assistant or a clerk.⁸⁰ Some institutions are using FWS dollars to fill holes in their internal hiring budgets – holes that would exist and need to be filled regardless of federal investment.⁸¹

The current institutional practices run contrary to what some students have said in surveys. For example, students have told Young Invincibles in the past that work study should be as valuable in helping their future careers as an internship.⁸² Furthermore, 42 percent of students who offered suggestions on what types of jobs should be made available to students stated that more career- and academically-related jobs should be made available.⁸³ In the 2000 Department of Education survey, 25 percent of students selected their FWS job because it was related to academic or career interests,⁸⁴ making relevance the second-most popular reason for selecting a FWS job (behind the job fitting into their schedule). Students and employers alike have indicated that they value the acquisition of marketable skills that are not gained by working at campus gyms and libraries.

Additionally, the existing federal program discourages students from working at for-profit entities. The federal program caps the current percentage of a student's for-profit wages paid by the federal government at 50 percent.⁸⁵ Therefore, it is administratively easier for institutions to place students in on-campus jobs or with non-profits. But many states have realized it is more beneficial to have students learn marketable skills in their course of study and place emphasis on providing students access to off-campus for-profit companies. Idaho, Colorado, Pennsylvania, Washington, Minnesota, and Illinois⁸⁶ all have state-

level work study programs that allow students to do internships at off-campus private sector companies and glean work study dollars.⁸⁷ National studies indicate almost four out of every five employers want and expect real-world experience in college graduates when they are evaluating potential hires.⁸⁸ Fifty percent of young adult respondents to a recent Pew survey wished they had gained more work experience in college.⁸⁹ Finally, a recent analysis indicated that students who had internships or work experiences related to their studies while in college earned roughly 20 percent more than those who did not.⁹⁰ Promoting course of study positions for students on- and off-campus at for- and non-profit employers benefits both parties immediately and in the future.

Young Invincibles' Recommendations

1. Implementing a new distribution formula focused on enrolling, serving, and graduating Pell recipients.

The FWS formula is outdated, and we recommend replacing it with a new one. The institutional base guarantee earmarks funds based on figures over a decade old, and it was only meant to exist temporarily when first instituted in the 1970s.⁹¹ We propose a formula option below that would prioritize funding for institutions that best serve the most Pell-eligible students.

It is important to note that there are free-standing graduate programs that are currently eligible for FWS aid. Approximately 7% of FWS recipients were graduate students in 2011-2012.⁹² We would remove FWS eligibility from graduate students for two reasons. First, graduate students who make an informed choice to pick a graduate level course of study have less need for in-school work placement or more generalized work opportunities. The conception of FWS as a program that gives undergraduates valuable work experience applies less to students who have chosen to commit to a specific field. Additionally, the average cost of graduate school is much higher than undergraduate school, as evidenced by a median debt load of \$41,000, so FWS funds are less likely to be of relative help.⁹³ FWS positions have more relative financial value to undergraduates.

We recommend replacing the existing formula with a new design that rewards institutions that enroll and graduate Pell eligible students in proportionally high numbers. The new formula would create an index by ranking participating institutions according to the graduation rate of its Pell students. Next, we recommend eliminating institutions that: (1) demonstrate a Pell graduation rate that is less than roughly 70-80 percent of the average Pell graduation rate for their type of institution or (2) have a total Pell enrollment rate of less than 18 percent. The Pell graduation rates would be based on the type of degree, six-year rates for bachelor's degrees and three-year rates for associate's degrees. The threshold for four-year institutions would be 40 percent, while the threshold for two-year institutions would be 22 percent.⁹⁴ The two-year schools that qualify for the index would receive an 18 percentage point bonus to account for their relative disadvantage in graduation rates. Community colleges would also be given credit when determining their overall Pell graduation rates for students transferring from two-year programs into four-year programs. The

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Pell enrollment rate requirement of at least 18 percent would eliminate approximately the bottom five percent of institutions who enroll Pell students.⁹⁵

Additionally, institutions would be required to comply with loan repayment regulations enforced by the Department of Education. If an IHE is issuing degrees that do not yield opportunities to students to pay off their student loans, they should not be subsidized by the federal government to produce an ineffective product. The regulations could entail requiring institutions to decrease their total loan portfolio annually, or maintain a certain proportion of borrowers on track to repay loans on time.⁹⁶ Institutions that fail to comply with the proposed repayment regulations would become ineligible for FWS funds. After eliminating these institutions, appropriated funding would be given to the remaining institutions on the index.

After creating the index, there are two steps proposed to determine how institutions are awarded FWS funds. The first would be awarding a set amount of money to an institution per Pell student, depending on the tier they occupy. If there is no excess amount of money that needs to be distributed after this first step, then the allocation process concludes. The second step would be allocating any excess funds left over after executing the first step.

The first step to awarding money requires the qualified institutions to be organized into an index. Once organized in an index, the top quartile of institutions will each receive \$200 per Pell student. Institutions in the second quartile of the index receive \$150 per Pell student each, the third quartile of institutions receive \$100 per Pell student each and the bottom quartile of institutions receive \$50 per Pell student each.

The second step would come into play only if there is money remaining after the first step. If the total FWS appropriation exceeds the outlays under this formula, the remaining money will be distributed among all institutions on the index according to the percentage of the total FWS allocations each institution was awarded under the proposed four-tier FWS distribution formula. The 10 percent remittance penalty will be waived under this formula, in order to prevent smaller institutions who receive allocations in excess of their needs from being penalized if they return allocations.

Public school Pell enrollment data was used from Education Trust's Access to Success Initiative to project the impact of formula reform on the allocations process. Institutions

Where the Sample Data Comes From

The Access to Success Initiative is a project of the National Association of System Heads and The Education Trust that works with public higher education systems to cut the college-going and graduation rate gaps for low-income and minority students in half by 2015. In total, these 19 systems serve more than 3.5 million students.

In contrast to IPEDS, the A2S data provide a more accurate and comprehensive summary of student enrollment and performance. Along with first-time full-time freshmen, the metrics include part-time and transfer students, many of whom come from low-income and underrepresented minority backgrounds. The Access metrics compare the economic and racial diversity of the entering student population with that of their state. The Success metrics for Associate's degree programs include unduplicated outcomes for students earning an Associate's degree, earning a certificate, or transferring into a Bachelor's degree program within four years. Success for Bachelor's degree programs includes students who earn a Bachelor's degree within six years.

-The Education Trust, 2014.

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were only removed from eligibility for failing the Pell-related standards pertaining to average Pell graduation rate and having a Pell enrollment under 18 percent. Any requirements involving institutional compliance with possible repayment rate regulations were not used in this example. Examining Pell enrollment data and the three- and six-year Pell graduation rates of an Education Trust sample of 210 public institutions with two-year or four-year degree programs who participate in the FWS program yielded the following:

Out of the 210 institutions in the sample, 66 were eliminated using the new formula, equal to approximately 31 percent of the sample. The remaining 144 institutions were divided into four tiers: 36 institutions in each tier.

Tier	# of Institutions	Average Index Allocation per Institution	Index Allocation for each Tier
Tier 1	36	\$630,556	\$22,700,016
Tier 2	36	\$526,338	\$18,948,168
Tier 3	36	\$462,728	\$16,658,208
Tier 4	36	\$233,926	\$8,421,336
Total	144	\$66,727,700	\$66,727,700

The total allocation for the schools on the index totaled \$66,727,700. The total 2011-2012 FWS allocation for the 210 schools within the sample totaled \$101,917,488. Therefore, the excess \$35,189,788 would be allocated to the eligible institutions. We propose determining each school's percentage share of the total money allocated via the index, and then multiplying that percentage by the total amount of FWS allocations available. This is the final step to determine each school's award, as seen below:

Tier	# of Institutions	Average Index Allocation per Institution	Index Allocation for each Tier
Tier 1	36	\$963,088	\$34,671,168
Tier 2	36	\$803,909	\$28,940,724
Tier 3	36	\$706,754	\$25,443,144
Tier 4	36	\$357,291	\$12,862,476
Total	144	\$101,917,488	\$101,917,488

In cases where the total FWS allocation is not enough to allow for all institutions that qualify for the index to receive funding, the bottom ranking schools on the index will be eliminated until the outlays are within the total amount of FWS funds appropriated.

It is important to note that the sample is comprised of about six percent of the total amount of institutions who were eligible for FWS in 2011-2012, and contains only public schools. However, some trends are worth noting. Under the proposal, 66 schools lose funding entirely, and 35 schools would receive less funding than in 2011-2012, under the old formula. Thirty-one of those schools are four-year institutions, and 21 of those 31 schools

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end up in the lowest funding tier. Regardless of the trends derived from the sample, private schools generally tend to enroll and graduate fewer Pell students, so we would expect public schools to do better overall when applying this formula to the entire population of eligible institutions.

One hundred nine institutions would see their funding increase under the new formula. Two-year public institutions (primarily community colleges), which currently only receive approximately sixteen percent of FWS aid, would benefit the most from the new proposal.⁹⁷ Fifteen community colleges who received nothing under the 2011-2012 formula would receive funding under the new formula. The average percent increase in funding for community colleges would equal 261 percent under the new formula.

Applying the 31 percent attrition rate from the sample to the FWS program in 2011-2012 would eliminate 1,058 institutions from receiving FWS funds, out of the original 3,415. While any comparison between the existing and proposed formula is extremely incomplete, the new formula is based on both institutional performance and is conscious of the budgeting realities constraining FWS.

Also, the proposed formula would require reforming the way that the Department of Education tracks performance of Pell recipients. Currently, institutions must disclose their overall graduation rate to the Department.⁹⁸ However, while IHEs are required to collect their Pell students' graduation rates, they are not required to report those rates to the federal government in the Integrated Postsecondary Education Data System (IPEDS).⁹⁹ Our reform proposal would require annual disclosure of three-year and six-year Pell graduation rates in IPEDS. Congress recently directed the Department to submit a report on information it has on Pell grants and graduation rate data.¹⁰⁰ This information would make executing the proposed formula more feasible.

Currently, once FWS money is allocated, institutions decide how to prioritize and distribute FWS funds. Under this set of FWS reform proposals, an institution's participation in the FWS program will require them to offer positions to all Pell students with remaining need after receiving FSEOG or other state aid who indicate an interest in the program before any other students. Within that cohort of Pell students, we'd recommend that institutions prioritize FWS awards by first awarding maximum Pell recipient students with remaining financial need. Students with smaller Pell grants would then be prioritized after maximum Pell recipients.

Finally, it is important to note that the above represents one possible way of distributing funds along the index. Another consideration would be to use a graduated function that would award smaller cohorts of institutions with a set percentage of the available appropriation, either per Pell student or corresponding to their place in the index. This option would avoid the cliff effects that the above system would create and possibly create incentives for those institutions located in the middle of each tier. However, this graduated function could add levels of complexity to the system that would be harder to comply with. The above framework is simplified due to the smaller sample and the desire to present a simpler model. It also should be noted that this index funding system would have to be implemented gradually to allow for institutions to make financial adjustments and to allow

students to know if FWS will be offered to them before deciding to attend an institution.

2. Promoting FWS as a career-ready program through the expansion of Job Location Development Programs (JLD).

In addition to fixing the FWS funding formula, policymakers should also improve the quality of jobs offered by the program. Students want opportunities to apply what they've learned from their course of study, but often end up working at campus jobs comprised of office or clerical work.¹⁰¹ There is already a framework in place through JLD to facilitate students working off-campus. We propose broadening those opportunities through allowing more money to go towards JLD programming at various institutions. Making JLD more experiential learning based allows institutions the flexibility to better serve their student populations.

JLD reform should contain the following:

- The program should no longer be completely divorced from the financial need of students.¹⁰² The objective of FWS is to benefit low-income students first, so Pell and need-based aid recipients seeking off-campus work should have a set percentage of JLD jobs that are reserved for them.
- Currently, only the lesser either of ten percent or \$75,000 of an institution's allocation can be used to set up a JLD program.¹⁰³ Both of these requirements should be replaced with an allowance that the lesser of \$150,000 or 20 percent of an institution's allocation can be used to set up a JLD program. Also, institutions should be required to establish a JLD program if they receive more than \$1,000,000 in total FWS allocations.
- Institutions should promote the JLD program to outside employers and students as a career- and education- centric program.¹⁰⁴ Many states, including Illinois¹⁰⁵, Washington¹⁰⁶, and Indiana¹⁰⁷ have state work study programs that emphasize the acquisition of marketable skills and knowledge within the student's course of study. We also stress that the outreach should correspond to existing programs as much as possible. Any promotional approach should mesh well with existing community programs and outreach being conducted by local businesses and government entities. However, the more promotion done to bring employers looking to hire and students looking to gain experience into JLD, the greater the benefit to both parties and the economy.

3. Creating a Career Internships Program within FWS.

Any revision of the FWS statute should support the creation of a Career Internships program. Career Internships would be a pilot program operated through an institution's JLD program that would create a higher quality internship promoted by the federal government. The program would be modeled off of Indiana's EARN initiative launched in sum-

mer 2013. EARN was formulated after the state commissioned a report designed to reform their state work study program to offer more experiential learning opportunities to students.¹⁰⁸

Career Internships would allow for-profit employers to post internship openings that run the duration of each semester. If the internship provides experiential learning and has entrance and exit interviews where goals are set and performance is evaluated, limits administrative work to less than 25 percent of total tasks, and pays at least minimum wage, then FWS funds would reimburse the employer 75 percent of the total cost of the internship. The 75 percent rate would be the same as the non-profit and on-campus match rate, and act as an incentive for for-profit employers to go the extra mile to create the most valuable experience possible for their interns. Finally, the Career Internship would have to inform the student's course of study to the satisfaction of the relevant department heads at the student's institution. Non-profit employers would be eligible to participate as well, under the existing 75 percent federal match.

4. Requiring students, institutions, and employers to agree on what constitutes “course of study.”

There is also “course of study” language under the current statute that should be enforced on all positions, regardless if they are facilitated through a JLD program or not. Creating a one size fits all determination of “course of study” for different students at varying institutions poses significant challenges. Instead of a single set of rules that would be difficult to verify, we propose that the institution and employer agree upon a position description that indicates specific tasks or skills the student will perform within her or his “course of study.” If there are clerical positions that bear no relation to the student's “course of study” the description should make that clear. Upon completion of the term of employment, the student will then also assess the nature of the position and verify if it met expectations as a position in their “course of study.” When all three entities agree, the position will be considered within the “course of study.”

Institutions administering an FWS program or FWS and JLD programs will have to maintain a rate of at least 25 percent of positions qualifying under the “course of study” assessment and report the employer and student responses to the Department of Education to maintain formula funding. A waiver will be made available to institutions that experience unusual hardships in filling this requirement. Allowing the employer, institution, and student to self-assess the nature of the positions preserves institutional flexibility and reduces complexity within the financial aid system. Each institution's percentage of “course of study” positions should be published by the Department of Education and included in tools to inform students about the institutions to which they are applying.

Finally, the 25 percent limitation on using FWS funds to support for-profit positions should be removed. Some states have done away with this type of restriction, and opening up the program to for-profit employers allows for more targeted experiential learning opportunities.

5. Survey the FWS program to further inform policy reforms.

There has not been a survey of the FWS program since 2000, and the data for that survey was gathered during 1998. Specific data about job placement and other outcomes of FWS is currently lacking, and a new survey would be instructive in providing information about the program. That information would be more persuasive than anecdotal testimony of students and inferences drawn from the limited data currently in existence. The 2000 survey information likely assisted Sens. John McCain and Evan Bayh when they introduced a federal work study reform bill in 2002. A new survey could galvanize policymakers to reform FWS, provide better information about its importance, and allow stakeholders to best modernize the formula for the needs of today's students.

Conclusion

Federal Work Study has allowed students to gain experience and assistance in paying for their college education for over fifty years. Despite this success, FWS needs restructuring to better serve low-income students. Reforming the funding formula to prioritize low-income students, promoting FWS as a career-ready program, emphasizing experience in the student's course of study, and gathering new data about the program are all necessary to bring the program into the 21st century.

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