

# Federal Work-Study Experiment - Fact Sheet

## Summary

The U.S. Department of Education (Department) is inviting 190 colleges and universities to join the Federal Work Study Experiment. The experiment will evaluate whether changes to the Federal Work-Study (FWS) Program could improve student outcomes and provide students with experiences that are better-aligned to what they are studying and what they hope to do after they graduate.

## Background

FWS provides students with part-time employment to help pay for higher education expenses. Under the FWS Program, participating institutions of higher education must provide “assurances that employment ... will, to the maximum extent practicable, complement and reinforce the educational program or vocational goals of each student<sup>1</sup>.” However, over 90 percent of FWS wages are paid to students employed in on-campus jobs that frequently do not align with their program of study or future career interests.<sup>2</sup>

During Award Year 2016–17, more than 3,000 colleges and universities provided over 600,000 students with FWS opportunities, but less than one-tenth of one percent supported off-campus employment with private-sector employers. Current regulations require even small-business employers to pay a higher proportion of wages as compared to on-campus employment or off-campus employment at non-profit organizations, further raising barriers to work experience that may be better-aligned to the student’s future employment goals.

In addition, institutions engaged in required externships, clinical rotations, or student teaching have not been permitted to use FWS funds to pay students, which can cause adverse financial impact on students, especially low-income students, who may resort to loans to pay tuition during periods of - work not supported by FWS funds.

While FWS can be an important means by which colleges and universities provide students with relevant program-related work experiences that can improve their subject-matter expertise, enhance their classroom learning, and improve their job prospects after graduating, there is little indication the program is being used sufficiently in such a manner. Likewise, FWS Job Location and Development (JLD) funds are not being sufficiently utilized, as intended, to support employer-education partnerships that can open more opportunities to more students.

Section 487A(b) of the *Higher Education Act of 1965*, as amended, authorizes the Experimental Sites Initiative (ESI). These experiments evaluate the effectiveness of statutory and regulatory requirements for participating institutions administering the federal student aid programs. Under the ESI, the Secretary of Education has authority to grant waivers of certain federal student aid program statutory or regulatory requirements to allow a limited number of institutions to participate in experiments to test alternative methods of administering the federal student aid programs.

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<sup>1</sup> 20 U.S. Code § 1087–53

<sup>2</sup> [www.insidehighered.com/views/2019/04/26/change-federal-work-study-program-so-it-encourages-useful-work-opinion](http://www.insidehighered.com/views/2019/04/26/change-federal-work-study-program-so-it-encourages-useful-work-opinion); [www.clasp.org/sites/default/files/public/resources-and-publications/publication-1/CPES\\_FederalWorkstudyFINAL.pdf](http://www.clasp.org/sites/default/files/public/resources-and-publications/publication-1/CPES_FederalWorkstudyFINAL.pdf); and [compact.org/initiatives/federal-work-study/community/](http://compact.org/initiatives/federal-work-study/community/)

## The Experiment

This experiment will test how changes to the FWS Program will increase partnerships between institutions and industry, improve student retention and completion, reduce student debt levels, and yield strong post-graduation employment outcomes. In conducting this experiment, the Department seeks to answer whether:

- additional flexibilities provided to institutions will increase the number of private sector opportunities available to students and potentially the wages and number of work hours available to those students;
- new opportunities will increase the number of FWS-eligible students who accept the FWS award offered to them, improve student satisfaction with the program, and improve college completion, job placement and earnings outcomes;
- efforts to standardize wage-sharing requirements among FWS employer types and eliminating caps on how many FWS dollars can be spent to support students engaged in private-sector jobs will encourage institutions to seek more private-sector FWS job opportunities for students;
- providing increased JLD funds impacts an institution's inclination and ability to cultivate and maintain relationships with private-sector employers and properly oversee the program when more students are placed in off-campus jobs;
- allowing institutions to use JLD funds to contract with third-party intermediaries will increase a school's utilization of JLD funds to develop new apprenticeship opportunities for students, including students not eligible for FWS awards; and
- using FWS funds to pay eligible students who are completing required work-based learning experiences—such as clinical rotations or student teaching—will improve their program retention and completion rates or reduce the amount of student loans these students take.<sup>3</sup>

Under this experiment, institutions may be more willing to invest time and funds to identify and cultivate private-sector opportunities for students if they do not fear that heightened student and employer interest will push them beyond the 25-percent cap on FWS wages that can be paid for private-sector work.

We recognize that many of today's students desire to work more than 10 or 15 hours per week while in school. While working more hours might not be optimal, for those that have no other choice, we believe that the FWS Program can help ensure that the work a student performs, contributes to—rather than detracts from—the learning experience.

Our goal is to determine whether FWS could enrich the academic experiences of students by creating and engaging them in program-related employment that can better prepare students for competitive jobs after graduation. In addition, we hope to learn whether private-sector employment while in school helps close the earnings gap that is prevalent among low- and higher-income students as they begin their careers.

The goal of the experiment is to leverage FWS funds to support the creation or expansion of education-related jobs, paid internships, apprenticeships, student teaching, externships, and work-and-learn opportunities. If successful, the Department will learn whether these waivers should be applied more broadly.

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<sup>3</sup> <https://www.govinfo.gov/content/pkg/FR-2019-05-23/pdf/2019-10811.pdf>