Introduction

Low-income students must increasingly rely on work (and loans) to meet the high costs of college. Too often, though, the jobs they take are not in their field of study, which can impair the potential for career exploration and improved employment outcomes in the future.

Despite the need to combine work and school in a meaningful way—particularly for low-income and post-traditional students—only a limited number of students have been able to finance a portion of their education through one of the nation’s oldest forms of financial assistance and largest subsidized work programs: the Federal Work-Study (FWS) program.

Created through the Economic Opportunity Act of 1964 to assist low-income students cover the costs of college through schedule-convenient and career-focused work, the FWS program currently serves about 700,000 students annually with a budget of just over $1 billion in federal and institutional funds. By comparison, about nine million students receive Pell Grants. While FWS is small in comparison to other forms of federal financial assistance, it has a real opportunity to provide both much-needed financial support and valuable work experience to low-income and post-traditional students.

Today, the FWS program is underutilized and underfunded. It is not meeting the needs of today’s students, who increasingly need work experience and flexibility to balance the demands of school and family. Relatively low funding for the program as well as a poorly targeted funding formula renders the program inadequate at meeting the needs of low-income and post-traditional working students. Furthermore, while the placements are supposed to be both career-focused and scheduled to not interfere with academics, little is known about jobs held by students. It appears that few job placements made through the program prepare students for employment in their field of study, despite the increasing importance of this in today’s labor market.

This brief aims to highlight the key challenges of the FWS program at meeting the needs of low-income and post-traditional students and provide initial recommendations to reform the program. In particular it focuses on the challenges and reforms to providing career-focused placements.
Federal Work-Study: The Need for Reform

College costs and weak connections to the labor market threaten the academic and career success of low-income and post-traditional students. Low-income students—particularly post-traditional students—face numerous barriers to completion, the foremost of which is the ability to meet the ever-increasing costs of college. For instance, unmet need for the lowest-income community college students can be as high as $7,000 to $10,000 per year. To help meet these large financial burdens, many students work long hours on top of their challenging school work. In fact, 63 percent of young community college students reported that working is vital to their ability to attend college in 2003-04. And while working a moderate number of hours is associated with better college outcomes, working too many hours can threaten completion.

Additionally, the jobs students take are often low-quality jobs and rarely lead to future employment opportunities. Wages are low and schedules aren’t designed to work around their class and study obligations. They are rarely related to a student’s career aspirations. Securing career-focused employment is important—particularly for post-traditional students—for at least two reasons. First, it can help students choose an appropriate program of study. Unfortunately, many of these students enroll in community colleges that are often unable to provide meaningful career navigation assistance and may not be able to adjust their course offerings to local labor demands. Furthermore, research finds that students who entered a program of study in their first year were much more likely to complete a credential or transfer to a four-year institution within five years than were students who did not enter a program of study until the second year or later. Second, career-focused employment also provides better-quality real world experience that businesses are demanding of their potential hires, experience that higher-income students often gain through access to unpaid internships. The Lumina Foundation and Purdue University have released recent Gallup poll data on the internship-employment connection and found that recent graduates with meaningful internship experiences have higher rates of employment and are more engaged in their jobs. Low-income and post-traditional students are seldom able to take unpaid work to boost their resumes and are a step behind their peers upon graduation. Therefore, as metrics of success shift from just college readiness and completion to both completion and employment, institutions should begin to see FWS as a valuable opportunity for meeting their students’ needs.

Statutory requirements of Federal Work-Study encourage career-related placements, but, in practice, they are rarely related. Since FWS is both a financial assistance and a subsidized work program, the delivery mechanism of its funds is slightly different than other assistance programs, relying on job placements on- and off-campus. FWS is one of three “campus-based” financial aid programs in which funding is allocated to students through institutions at the discretion of their respective financial aid offices, in accordance with federal guidelines. FWS awards supplement other assistance through grants and loans; however, total aid may not exceed unmet financial need. Second, because the program subsidizes work, FWS awards are not granted up-front like other sources of funds; rather a student is made eligible for a certain FWS award and earns these funds over the course of the academic year through compensation for hours worked in an on- or off-campus job.

Through this unique form of flexibility, students have the ability both to finance their education and gain valuable workplace skills while exploring careers. By law, these job placements should “to the maximum extent practicable…complement and reinforce each recipient’s educational program or career goals.” Furthermore, students report wanting these types of jobs. According to the most recent data on FWS placements, 42 percent of
students said more jobs that are related to their academic and career interests should be available.\textsuperscript{xiv} However, less than 40 percent of recipients indicated having a placement that complemented his or her academic program; the most common job duty reported was clerical and office work.\textsuperscript{xv} The report also noted that most institutions were unable to report on this issue.\textsuperscript{xvi}

Reforms to the program that encourage institutions to satisfy this existing requirement and connect student placements to students’ career goals could strengthen students’ connections to the labor market and help them gain valuable work experience in their chosen field. Work experience in their field could also help students make decisions about their program of study earlier, a practice that has been associated with a greater likelihood of college success. Recent research also points to the potential benefits of federal work-study placements. Among students who are low-income or likely to work anyway (presumably to make ends meet), receipt of FWS can lead to academic gains.\textsuperscript{xvii}

Barriers to Career-Focused Federal Work-Study Placements

So, why aren’t more students provided with career-related placements? This has been an increasing concern for the last several years in the wake of tighter student budgets and an increasing focus on occupationally focused certificate and degree programs, which could benefit from more students working in their program of study. To inform our understanding of how the FWS program is implemented, CLASP conducted a short series of interviews with financial aid and career services offices at five institutions in the summer of 2014.\textsuperscript{xviii} Below is a summary of our findings on the current challenges to increasing career-related placements:

Pursuing career-related placements—particularly when they are off-campus—can place a greater administrative burden on institutions. Since FWS is a campus-based financial assistance program, the institution is responsible for allocating awards to financially eligible students. However, receiving an award is not the end of the program or an institution’s involvement. An award only stipulates how much a student may earn through the FWS program, whereas the manner in which students earn the awards—both hours and wages—depends on the place of employment that agrees to hire them. The placements must meet certain federal guidelines (e.g. must offer at least the current minimum wage, include an employer match), but the institution must verify that the employer meets these as well as any additional guidelines the institution may set beyond federal requirements. While there is a federal allowance that can go toward administrative costs\textsuperscript{xix}, the administrative burden associated with federal work-study placements is the most-cited reason for lack of career-related and/or off-campus placements. Specific burdens cited include: concerns about holding off-campus employers accountable and the additional time required to develop relationships with off-campus employers as well as the burden of monitoring students’ hours and activities.

- **Employer engagement**: FWS jobs can be on- or off-campus, and placements are determined through a variety of means (e.g. online job postings, inter-campus job listings, student-directed matches). Some requirements also encourage specific types of jobs (e.g. community service) and meet a number of different national goals—such as improving literacy in schools and helping veterans. According to the 2000 national study of FWS, among institutions that had off-campus, non-community service jobs, nearly half of them reported that students suggested particular employers.\textsuperscript{xx} A review of Indiana’s state-funded work-study program found that program officials rely upon existing networks of employers when identifying placements.\textsuperscript{xxi} Moreover, the financial aid administrators who are typically relied on to do this outreach...
often lack the industry- or sector-specific expertise that would help them secure a career-related placement for a student.

- **Monitoring and accountability**: Program rules stipulate that jobs cannot interfere with class schedules and cannot include a variety of specific activities such as lobbying and construction or maintenance of a religious structure. Therefore, tracking student activities and hours are a requirement for receiving federal work-study funds. As for accountability, written agreements that discuss key items such as the relationship between the employer and the institution, wage rates, and employer of record need to be signed with all employers. It is worth noting that even if the off-campus employer decides to pay and keep track of hours for the student, the financial aid office is still required to track it as well and keep hard copies of these items.

**Federal Work-Study funds are limited, as are institutional allocations.** Another barrier is that the federal work-study program typically provides small allocations to each participating college. In addition, the number of students who receive aid at a given institution is very low and/or their grant award is very small—the average new award in 2011 was $1,642 compared to $3,800 for Pell Grants. As noted previously, FWS is a campus-based financial assistance program meaning the funding is funneled through the institutions that then award it to financially eligible students contingent on securing placements where they earn the award through wages. Added to this structure is the fact that employers are required to provide a portion of the award through a matching formula. The share of the match varies by type of employer, favoring placements related to tutoring and literacy programs compared to private for-profit sector. On-campus employment also requires only a small match, leading many critics to see the program as subsidizing institution budgets. While this doesn’t serve as a barrier to making career-related placements for recipients, the “payoff” for doing the counseling and outreach necessary to identify career-related placements is sometimes perceived as not “worth it” for aid offices given the small number of students who receive these funds. In addition, for Title III institutions (which serve a large percentage of low-income and post-traditional students, e.g. many community colleges), off-campus jobs would require monitoring of matching funds that is not required if they do on-campus placements.

**Students, institutions, and employers lack awareness of their placement options.** Lack of awareness is three-fold: (a) students seldom are aware of their placement options, (b) institutions (in particular, financial aid administrators) may not be familiar with the range of options allowable through the program, and (c) businesses are not cognizant of the potential labor pool or have misgivings about the value of student employment to their company.

**Recommendations to Strengthen Career-Related Placements**

Given the relative flexibility in administering the program and fact that the statute already explicitly mentions finding career-focused placements, the recommendations below emphasize both policy and practice changes. The most viable opportunities to strengthen federal work-study placements to make them more career-related are:

- Expand availability of state and federal work-study funds for low-income and post-traditional students;
- Strengthen collaboration and communication among employers, institutions, and students;
- Enhance available program data and encourage transparency of placements; and,
- Fund experimentation that fosters innovative practices and further research.
I. Expand availability of state and federal work-study funds for low-income and post-traditional students

While the primary focus of this paper is identifying reforms that would increase the number of career-related placements for low-income and post-traditional students, far too few of these students ever receive federal work-study support. Funding overall for federal work-study is roughly $1 billion and only serves about 700,000 college students annually; state-funded work-study programs exist, but are limited and underutilized. The following recommendations would enhance the ability of low-income, non-traditional students to receive and benefit from work-study funds:

- **Target Federal Work-Study funds to Pell-eligible or very low-income students.** Current requirements state that federal work-study funds can go to students as long as they demonstrate “financial need.” At high-cost institutions, this can include students with even relatively high incomes. In fact, almost a tenth (8 percent) of dependent students with family incomes of $100,000 or more receive federal work-study funds, compared to 16 percent of dependent students with family incomes of less than $20,000. Independent students largely do not receive work-study funds, with only 4.8 percent of them getting FWS, compared to 13.1 percent of dependent students. xxv Evidence suggests that FWS support improves the academic outcomes of low-income and underprepared students more than for other working students, indicating that there “may be gains to improved targeting of funds” to these types of students. xxvi Congress should require institutions to prioritize low-income or Pell-eligible students when awarding funds, rather than operate solely on a first-come, first-serve basis. In the absence of reauthorization of the Higher Education Act, institutions should adopt practices that prioritize students with very low incomes rather than just students with “financial need.” For example, state programs can be more flexible xxvii and targeted for certain populations, as some have done with TANF recipients. xxviii

- **Encourage expansion of State Work-Study Programs.** Because of budgetary pressures at the federal and state levels, funding for FWS is unlikely to increase in the immediate future due to sequestration and budget caps. As states begin to increase investments in higher education, work-study programs could be one area ripe for state funding. As noted above, states have more flexibility in creating these programs.

II. Strengthen collaboration and communication among employers, institutions, and students

The Federal Work-Study program is generally thought to be administered through institutions’ financial aid offices, but that does not prohibit collaboration among other parties. In fact, strengthening connections with other on-campus departments and faculty, off-campus groups, and students could both alleviate the administrative and institutional burden and increase knowledge of the program for all of those involved. In order to best fulfill this goal, CLASP recommends:

- **Create and Require Distribution of a Federal Work-Study Employment “Students’ Rights” Document.** The Federal Work-Study program at its core is for the students and their financial needs and career enhancement. However, the financial aid process is already daunting for many students and learning
Improving Access to Financial Aid and Career-Related Work Experience for Low-Income and Post-Traditional Students

about and applying for a FWS award can be another burden. Since institutions have flexibility in administering the program, it is difficult to ensure students are receiving accurate and valuable information about the full potential of the program such as career-related placements. Creating a simple “Student’s Rights” document about what types of jobs are eligible and rules for scheduling hours, wages, and recess placements would ensure there is a baseline standard of information being shared. A document like this could also empower students to request and research more career-oriented employers that financial aid offices have not made off-campus agreements with yet. A student rights document could be disseminated using various existing avenues including the financial award package, financial aid websites, federal agency websites, high school college counselors, and National Association of Student Financial Aid Administrators (NASFAA). For example, currently U.S. Department of Education website does not have anything linked to the FAQ section of the FWS page but the Federal Student Aid website does provide some valuable information.

- **Encourage Campus and Community Partnerships.** Colleges’ financial aid offices do not need to shoulder the responsibility of FWS alone given the numerous on- and off-campus departments and organizations already performing relevant tasks. Improved cross-department and community collaborations would break down silos and eliminate redundant efforts to find, locate, and place students in career-focused jobs. Potential on-campus partners could include academic counseling, career centers, financial aid, career pathways programs, faculty-created internship programs, and alumni departments. The partnerships could expand off-campus to entities such as local area One-Stop Career Centers, social service agencies, business groups, and workforce community-based organizations. In particular, these collaborations could call for better promotion of the program across financial aid, community outreach, and career services, which would increase awareness to both employers and students. There could also be required collaboration with career services and/or other employer-focused departments in order to identify job placements and put students into them. Finally, improved data sharing about students’ eligibility, trends in career programs of students, and/or off-campus job prospects with non-institutional partners could help a college plan for and target more appropriate placements in future years.

These types of partnerships are not entirely foreign to institutions and work-related programs, and examples of best practices could be shared in the reports to Congress through networks like NASFAA, or even in the Federal Student Aid handbook. For example, California’s “community colleges are required to coordinate their CalWORKS activities (including but not limited to their work-study programs) with county welfare offices,” and colleges must establish advisory groups for implementation. Furthermore, some institutions already employ tactics to ensure employment is beneficial to students. For example the University of Maine at Farmington (UMF) has a Student Work Initiative that creates on-campus job opportunities that integrate into students’ academic majors. The positions are vetted through an RFP process that requires items such as descriptions of skill development objectives, working conditions, and supervision. While the program is not based on financial need, students may utilize their FWS awards with these on-campus jobs. The Office of Student Employment at Indiana University-Purdue University Indianapolis (IUPUI) stresses good matching and being upfront about expectations with employers that in return recruit students who have received coaching in professionalism and developed career action plans.
III. Enhance available program data; encourage transparency of placements

Most institutions do not have data on whether job placements are related to students’ career interests. At the national level, institutions are only required to report FWS data annually through the Fiscal Operations Report and Application to Participate (FISAP) and only expenditures for it and the other campus-based programs. U.S. Department of Education surveys and longitudinal studies also offer information about students, but these data are released sparingly. CLASP recommends enhanced program data at the institutional level in order to assist institutions in program management and the national level to allow Congress to monitor the fulfillment of the program’s mission. Specifically, we recommend:

- **Survey FWS students annually (pre- and post-receipt) about their placements and use the data for continuous improvement of the program.** Data collected could include whether students’ job placements were tied to their program of study, their job satisfaction and types of duties, and whether the placement improved their preparation for a career in their chosen field. The notion of such a survey is not a new concept for the program. In fact, the Federal Student Aid Handbook suggests that institutions might benefit from having students submit formal evaluations to inform the renewal of off-campus employer agreements. Additionally, a report prepared for the Indiana Commission for Higher Education on improving its state college work-study program recommends and outlines benefits of potential feedback. The results of such a survey could help improve future placements and, over time, would help institutions identify whether existing placements are meeting the career and academic needs of students.

- **Require regular reports to Congress on the degree to which the FWS program is being used to connect students to jobs in their field of study and data about FWS recipients.** Congress should be aware of and proactive about the extent to which FWS placements are meeting the statutory encouragement to align with student academic and career goals. Such a report could build on the 2000 U.S. Department of Education National Study on the Operation of FWS and include, at a minimum, surveying students about experiences and satisfaction with the program and placements as well as surveying institutions about program design, employer outreach and types of placement. With these regular reports, Congress would increase its ability to monitor the program’s effectiveness at reaching its mission.

IV. Fund experimentation that fosters innovative practices and further research

The Federal Work-Study program is a relatively small component in the full federal financial aid program spectrum and the current fiscal climate offers low odds for increasing the program’s budget. While administration of the program is quite flexible already, institutions could be encouraged to experiment on practices that could help set the groundwork for future program reforms. Specifically, CLASP recommends:

- **Pilot innovative models that connect low-income students to career-related internships and/or jobs.** Given how little is known about the implementation of the program and the impact of the FWS on student access to postsecondary education, completion, and future labor market outcomes, we recommend conducting pilot programs that could explore the impact of the FWS on these outcomes, with an emphasis...
on testing approaches that connect students to jobs in their field of study. Possibilities for pilots include: (a) integration with career pathways approaches, such as “reserving” placements and or FWS funds for students in these programs, (b) develop on-campus and community partnerships that leverage data and resources to increase the number of available career-focused placements, (c) expanding the current ability of institutions to award FWS academic credit in addition to earnings, or (d) targeting low-income or Pell-eligible students.

Conclusion
The Federal Work-Study program provides much-needed aid and work experience to 700,000 students annually, but the full promise of the program has not been realized. The program’s potential impact is hindered by job placements that are rarely connected to students’ field of study and funds that are not targeted to low-income students, despite evidence that shows low-income students may disproportionately benefit from these funds. Establishing better reporting of data on FWS placements and students, funding experiments to evaluate the success of using job-related FWS placements on student outcomes, fostering partnerships across institutional departments and local employers, and better targeting funds to low-income and non-traditional students would improve the program and bring it closer to its full potential as a vehicle to improve college affordability.

Acknowledgements
This paper was made possible by the generous support of the Bill and Melinda Gates Foundation through the Reimagining Aid Design and Delivery (RADD) Consortium on Grants and Work Study. The author is grateful to Marcie Foster and Amy Ellen Duke Benfield for their guidance as well as Julie Strawn, Evelyn Ganzglass, Manuela Ekowo, Anna Cielinski, Rory O’Sullivan, Reid Setzer, Elaine Rivera, Bill Spiers, Lourdes Servantes, Shauna King-Simms, and Diane Stemper for their helpful insights on the program.
Appendix

MATCHING FORMULA REQUIREMENTS

<table>
<thead>
<tr>
<th>Type of FWS Employment</th>
<th>Maximum Federal Share</th>
<th>Specific Requirements</th>
</tr>
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<tbody>
<tr>
<td>FWS – In general</td>
<td>75%</td>
<td>General requirement.</td>
</tr>
<tr>
<td>Private non-profit or government agency other than the institution</td>
<td>May exceed 75%, but may not exceed 90%, consistent with regulations</td>
<td>Employer selected for student on case-by-case basis and otherwise would be unable to afford cost of employing the student(s); and no more than 10% of the institution’s FWS students are employed in jobs for which the federal share exceeds 75%.</td>
</tr>
<tr>
<td>Regulatory exception(a)</td>
<td>100%</td>
<td>Determination by the Secretary that federal share in excess of 75% is necessary to further the purpose of FWS program.</td>
</tr>
<tr>
<td>Private for-profit sector</td>
<td>50%</td>
<td>Employing for-profit organization must provide the non-federal share of compensation.</td>
</tr>
<tr>
<td>Tutoring and Literacy Projects (America Reads, etc.)</td>
<td>100%</td>
<td>Priority given to employment of students in projects funded under the Elementary and Secondary Education Act (ESEA).</td>
</tr>
<tr>
<td>Work Colleges</td>
<td>50%</td>
<td>Separate funding authorization; institution must match dollar-for-dollar with non-federal funds.</td>
</tr>
<tr>
<td>Civic education and participation activities</td>
<td>100%</td>
<td>Projects must teach civics in school, raise awareness of government functions or resources, or increase civic participation.</td>
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</tbody>
</table>

**Source:** HEA, §§ 442, 444, 447, 448 (42 U.S.C. §§ 2753, 2754, 2756a, 2756b); and ED, 2010-2011 FSA Handbook, vol. 6—Campus-Based Programs, pp. 6-10 through 6-13, respectively.

**Notes:**

\(a\) Applies to schools designated as eligible schools under the Developing Hispanic Serving Institutions Program, the Strengthening Institutions Program, the American Indian Tribally Controlled Colleges and Universities Program, the Alaska Native and Native Hawaiian-Serving Institutions Program, the Strengthening Historically Black Colleges and Universities Program.

\(b\) This provision was added by the HEOA. Specific requirements may be addressed in future regulations.
LIST OF INSTITUTIONS INTERVIEWED

- Rivera, Elaine. University of Texas-Pan American, Executive Director, Student Financial Services. Interview by Marcie Foster. April 29, 2014
- Stemper, Diane. The Ohio State University, Executive Director, Student Financial Aid. Interview by Marcie Foster. June 4, 2014.

Endnotes

i With 51% of undergraduate students now categorized as “independent” for the purposes of federal financial aid, in order to avoid inaccurately referring to the majority of college students as “non-traditional,” for the remainder of this paper, the term “post-traditional” will be used to describe what are commonly referred to as non-traditional students. See http://www.clasp.org/resources-and-publications/yesterdays-non-traditional-student-is-todays-traditional-student-non-traditional-student-facts. In a 1996 study the National Center for Education Statistics (NCES) defined non-traditional students as having at least one of the following characteristics: delayed enrollment into postsecondary education; attends college part-time; works full time; is financially independent for financial aid purposes; has dependents other than a spouse; is a single parent; or does not have a high school diploma. See: L Horn, “Non-traditional Undergraduates, Trends in Enrollment From 1986 to 1992 and Persistence and Attainment Among 1989-90 Beginning Postsecondary Students,” U.S. Department of Education, National Center for Education Statistics (NCES 97-578).


The Federal Supplemental Educational Opportunity Grant (FSEOG) program, the Federal Work-Study (FWS) program, and the Federal Perkins Loan program are collectively known as campus-based student financial aid programs.

Unmet financial need is “the cost a student must cover to attend college after accounting for the student’s expected family contribution (EFC) and any grants, scholarships, or other aid that the student does not need to pay back.” See: Vickie Choitz and Patrick Reimherr, “Mind the Gap: High Unmet Financial Need Threatens Persistence and Completion for Low-Income Community College Students,” Center for Law and Social Policy, April 16, 2013, http://www.clasp.org/admin/site/publications/files/CLASP-Unmet-Need-Brief-041213-final-ab-2.pdf.


Clifford Johnson and Ester Kaggwa, “Study Programs for Welfare Recipients: A Job Creation Strategy that Combines Work and College Careers, Enhance their Academic Studies, an


See the California Community College CalWORKs Association (http://calworksassociation.org/) and the California Community College’s Chancellor’s Office (http://extranet.cccco.edu/Divisions/StudentServices/CalWORKs.aspx) for more information.


Table recreated from: David P. Smole, Campus-Based Student Financial Aid Programs Under the Higher Education Act, Congressional Research Service, January 9, 2012.