

Federal Work-Study Flexibility Proposal

As consensus grows around the need to better align college academic programs with career goals and employer needs, it is crucial that we ensure that all students have access to learning models that best prepare them to enter the workforce. Congress can further this goal by amending the Higher Education Act to expand the Federal Work-Study (“FWS”) program to include full-time cooperative education placements for eligible students in the private sector. Under this proposal, FWS students would have the opportunity to engage in full-time co-op work experience that is meaningfully aligned to their academic and occupational objectives, as well as the opportunity to earn funds necessary to continue and complete their education.

Advantages of Cooperative Education

Cooperative education provides students with alternating periods of academic study in the classroom and periods of full-time coop employment in positions related to their academic and career interests. This combination establishes an integrated learning experience that enhances both the academic experience and career development. According to Northeastern President Joseph Aoun, co-op employment “give[s] students a competitive advantage [in the job market] by helping them master the demands of the professional workplace.” Studies have confirmed that co-op students have greater maturity and higher workplace confidence, receive higher earnings, are employed quicker, and have lower rates of unemployment. Indeed, a poll among C-Suite executives, conducted in February, 2014, found that 97% think that universities need to expand opportunities for experiential learning, in order to create a skills-ready workforce.

Educational institutions report that coop employment provides a powerful learning experience that prepares students to:

- Integrate knowledge and skills learned in the classroom with those gained during coop to identify and solve problems.
- Gain new knowledge and develop new skills to successfully engage in unfamiliar activities and projects.
- Articulate the intellectual skills that underlie the work they engage in.
- Assess, critique, and improve their work.
- Adapt their behavior to different audiences.

- Behave professionally in various environments by adhering to ethical standards and being accountable for their commitments.
- Moreover, students earn the funds necessary to continue and complete their education. Some institutions report that students participating in coop from sophomore through senior years earn an average total of \$46,000. A student's coop earnings can significantly reduce, if not eliminate, a student's need to borrow money for college.

The Current FWS Program is Outdated

The current FWS program authorizes student work in community service, public service, and in limited cases, part-time private for-profit employment. However, the majority of work-study recipients work in part-time on-campus administrative jobs for the institutions themselves. While such work can help students defray incidental expenses, traditional FWS positions are rarely closely related to students' career goals and academic programs and infrequently impart to students the professional and career skills necessary to succeed in today's global labor market. In addition, the current requirement that for-profit jobs be part-time effectively forecloses them from co-op students, whose whole educational structure is built around alternating periods of academics and academically related work.

This Proposal Would Modernize the FWS Program

This proposal will modernize the FWS program by providing FWS students, for the first time, access to full-time, career-aligned employment for their periodic experiential placements. As with traditional co-op experiences, this "FWS co-op" program will improve educational quality, reduce student borrowing, and develop a pipeline of talent to meet employers' needs in 21st century and STEM fields.

Poorer students who perhaps need interaction with the workplace even more to visualize their future may be denied the experience if they cannot be assisted in these placements. However, FWS co-op will provide the necessary assistance, ensuring that these students can also participate in the powerful academic and career development experiences that so often accompany full-time, career-aligned placements. For this reason, we also propose that the federal percentage allowance for full-time coop placement with for-profit employers remain at the 75% allowed for other full-time employers; this makes it more possible for poorer students to take full time jobs away from home, where their expenses may be higher, and will allow great private business participation, especially among start-ups and small businesses, for which access is particularly important for future economic growth. The amount of federal funding allowed would also be limited to that necessary to get the private employer to hire the student.

Flexibility to provide FWS co-op placements will also complement targeted investment in small businesses, start-up development, and science and technology innovation. Many businesses, especially start-ups and small businesses with typically limited financial resources, cannot bear the expense of paying full freight for employing individuals who will need training before they are fully productive. FWS co-op will support these businesses by providing ready access to talent and promoting development of the next generation of entrepreneurs and innovators before they seek post-college employment. Northeastern's experience is that the demand for work in start-ups greatly exceeds the positions that start-ups can afford to make available, but that some amount of support makes it workable for the start-up to hire the student. Northeastern has funded scores of students in start-ups and social ventures in just the last two years, but institutional funding cannot provide a general solution.

Federal Work-Study Flexibility Bill FAQ

Why do universities need more flexibility in the Federal Work Study (FWS) program for cooperative education (co-op)?

The co-op model provides students with alternating periods of academic study in the classroom and full-time employment in positions related to their academic and career interests, providing a valuable combination of learning experiences which inform and complement each other. The full-time aspect of the work component of the co-op model is essential because it allows students to more fully understand the demands of the professional workplace and better develop the skills required for success in the workplace. Studies confirm that co-op students have greater maturity and higher workplace confidence, receive higher earnings, are employed more quickly post-graduation, and have lower rates of unemployment.

Currently, FWS regulations only allow for part-time employment and not full-time employment at for-profit entities. In addition, some co-op opportunities are unpaid. Amending the FWS regulations to allow for six-month periods of full-time, career-aligned co-op employment as part of a student's course of study will help ensure that FWS eligible students are able to realize the full benefits of the co-op model and get some compensation for their work.

Why should FWS dollars be used to pay co-ops who work at private for-profit organizations?

Research demonstrates that experiential learning opportunities that are aligned with students' academic programs and career goals lead to better post-graduate job outcomes. In particular, co-op, which integrates classroom learning with real-world employment experiences to prepare

graduates to excel in their lives and careers, supports deeper academic engagement, promotes persistence and completion, and enhances work readiness.

Unfortunately, co-op and other experiential learning opportunities are too often unavailable to low and middle-income students, who are limited by restrictions on the types of work allowed under the Federal Work Study program. By allowing FWS dollars to be used for meaningful career-aligned, full-time work experiences at private for-profit organizations, in addition to the current allowable uses for on-campus work and work at non-profits and in government, we can help ensure that all students have access to the full range of learning opportunities that will prepare them to enter the workforce after graduation.

Can't students already receive their FWS allocations for work at private for-profit organizations?

Yes they can, but only for part-time work. This proposal would expand the allowable uses for FWS allocations to include full-time experiential learning experiences at private organizations through a co-op program. Research shows that full-time, career-aligned work opportunities that are related to a student's course of study can be more valuable than part-time work.

Why shouldn't private for-profit organizations just pay the students themselves?

They should and they will. Under current FWS rules, all employers pay a portion of the student's wages. Under this proposal they will continue to do so. Depending on the type of employer, the federal share of the student's wages under the FWS program is between 50% and 75% of the student's total wages, with the employer paying the remaining amount. For private, for-profit employers, the federal share is 50%, meaning the private organization will split the cost of the student's wages with the federal government. But government must also do its part to incentivize the creation of these types of opportunities for students by being willing to partner with the private sector.

Won't this encourage private for-profit organizations to replace paid workers with students that they don't need to pay fully?

Actually, FWS regulations already prohibit FWS allocations from being used either to pay a student who would otherwise be employed by the company anyway or to pay a student to replace a regular employee at the company. These restrictions would not change under this proposal. Will institutions be required to use some portion of their FWS funds for these co-op experiences? No, this would only expand the optional, allowable uses of FWS funds. Neither the institutions nor students would be required to use FWS funds for this purpose.