

administrator is encouraged to consult with area officials in charge of BIA postsecondary financial aid.

(Authority: 20 U.S.C. 1070b-1 and 1087dd; 42 U.S.C. 2753)

**§ 673.7 Administrative cost allowance.**

(a) An institution participating in the Federal Perkins Loan, FWS, or FSEOG programs is entitled to an administrative cost allowance for an award year if it advances funds under the Federal Perkins Loan Program, provides FWS employment, or awards grants under the FSEOG Program to students in that year.

(b) An institution may charge the administrative cost allowance calculated in accordance with paragraph (c) of this section for an award year against—

- (1) The Federal Perkins Loan Fund, if the institution advances funds under the Federal Perkins Loan Program to students in that award year;

- (2) The FWS allocation, if the institution provides FWS employment to students in that award year; and

- (3) The FSEOG allocation, if the institution awards grants to students under the FSEOG program in that award year.

(c) For any award year, the amount of the administrative costs allowance equals—

- (1) Five percent of the first \$2,750,000 of the institution's total expenditures to students in that award year under the FWS, FSEOG, and the Federal Perkins Loan programs; plus

- (2) Four percent of its expenditures to students that are greater than \$2,750,000 but less than \$5,500,000; plus

- (3) Three percent of its expenditures to students that are \$5,500,000 or more.

(d) The institution shall not include, when calculating the allowance in paragraph (c) of this section, the amount of loans made under the Federal Perkins Loan Program that it assigns during the award year to the Secretary under section 463(a)(6) of the HEA.

(e) An institution shall use its administrative costs allowance to offset its cost of administering the Federal Pell Grant, FWS, FSEOG, and Federal Perkins Loan programs. Administrative costs also include the expenses incurred for carrying out the student

consumer information services requirements of subpart D of the Student Assistance General Provisions regulations, 34 CFR part 668.

(f) An institution may use up to 10 percent of the administrative costs allowance, as calculated under paragraph (c) of this section, that is attributable to the institution's expenditures under the FWS program to pay the administrative costs of conducting its program of community service. These costs may include the costs of—

- (1) Developing mechanisms to assure the academic quality of a student's experience;

- (2) Assuring student access to educational resources, expertise, and supervision necessary to achieve community service objectives; and

- (3) Collaborating with public and private nonprofit agencies and programs assisted under the National and Community Service Act of 1990 in the planning, development, and administration of these programs.

(g) If an institution charges any administrative cost allowance against its Federal Perkins Loan Fund, it must charge these costs during the same award year in which the expenditures for these costs were made.

(Authority: 20 U.S.C. 1070b-2, 1087cc, and 1096, 42 U.S.C. 2753)

**PART 674—FEDERAL PERKINS LOAN PROGRAM**

NOTE: An asterisk (\*) indicates provisions that are common to parts 674, 675, and 676. The use of asterisks will assure participating institutions that a provision of one regulation is identical to the corresponding provisions in the other two.

**Subpart A—General Provisions**

- Sec.
- 674.1 Purpose and identification of common provisions.
- 674.2 Definitions.
- 674.3-674.4 [Reserved]
- 674.5 Federal Perkins Loan program cohort default rate and penalties.
- 674.6-674.7 [Reserved]
- 674.8 Program participation agreement.
- 674.9 Student eligibility.
- 674.10 Selection of students for loans.
- 674.11 [Reserved]
- 674.12 Loan maximums.
- 674.13 Reimbursement to the Fund.