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funds, if any, among the continuation grantees and, if necessary, awards continuation grants of less than \$100,000.

- (b) Equitable distribution. In awarding grants, the Secretary will, consistent with an allocation of awards based on the quality of competing applications, ensure the following:
- (1) An equitable geographic distribution of grants to eligible applicant institutions of higher education.
- (2) An equitable distribution of grants to eligible applicant public and eligible applicant private institutions of higher education.

(Authority: 20 U.S.C. 1135-1135c)

§ 648.33 What priorities and absolute preferences does the Secretary establish?

- (a) For each application period, the Secretary establishes as an area of national need and gives absolute preference to one or more of the general disciplines and sub-disciplines listed as priorities in the appendix to this part or the resulting interdisciplines.
- (b) The Secretary announces the absolute preferences in a notice published in the FEDERAL REGISTER.

(Authority: 20 U.S.C. 1135, 1135a)

Subpart D—How Are Fellows Selected?

§ 648.40 How does an academic department select fellows?

- (a) In selecting individuals to receive fellowships, an academic department shall consider only individuals who—
- (1) Are currently enrolled as graduate students, have been accepted at the grantee institution, or are enrolled or accepted as graduate students at an eligible nondegree-granting institution;
 - (2) Are of superior ability;
- (3) Have an excellent academic record;
 - (4) Have financial need;
- (5) Are planning to pursue the highest possible degree available in their course of study;
- (6) Are planning a career in teaching or research;
- (7) Are not ineligible to receive assistance under 34 CFR 75.60; and
- (8)(i) Are United States citizens or nationals:

(ii) Are permanent residents of the United States;

- (iii) Provide evidence from the Immigration and Naturalization Service that they are in the United States for other than a temporary purpose with the intention of becoming permanent residents; or
- (iv) Are citizens of any one of the Freely Associated States.
- (b) An individual who satisfies the eligibility criteria in paragraph (a) of this section, but who attends an institution that does not offer the highest possible degree available in the individual's course of study, is eligible for a fellowship if the individual plans to attend subsequently an institution that offers this degree.

(Authority: 20 U.S.C. 1135, 1135b)

[58 FR 65842, Dec. 16, 1993, as amended at 64 FR 13487, Mar. 18, 1999]

§ 648.41 How does an individual apply for a fellowship?

An individual shall apply directly to an academic department of an institution of higher education that has received a grant.

(Authority: 20 U.S.C. 1135, 1135c)

Subpart E—How Does the Secretary Distribute Funds?

§ 648.50 What are the Secretary's payment procedures?

- (a) The Secretary awards to the institution of higher education a stipend and an institutional payment for each individual awarded a fellowship under this part.
- (b) If an academic department of an institution of higher education is unable to use all of the amounts available to it under this part, the Secretary reallots the amounts not used to academic departments of other institutions of higher education for use in the academic year following the date of the reallotment.

(Authority: 20 U.S.C. 1135a, 1135c, 1135d)

§648.51 What is the amount of a stipend?

(a) For a fellowship initially awarded for an academic year prior to the academic year 1993-94, the institution shall pay the fellow a stipend in an amount that equals the fellow's financial need or \$10,000, whichever is less.

(b) For a fellowship initially awarded for the academic year 1993–94, or any succeeding academic year, the institution shall pay the fellow a stipend at a level of support equal to that provided by the National Science Foundation graduate fellowships, except that this amount must be adjusted as necessary so as not to exceed the fellow's demonstrated level of financial need as determined under part F of title IV of the HEA. The Secretary announces the amount of the stipend in a notice published in the FEDERAL REGISTER.

(Authority: 20 U.S.C. 1135c)

[58 FR 65842, Dec. 16, 1993, as amended at 64 FR 13487, Mar. 18, 1999]

\$648.52 What is the amount of the institutional payment?

(a) For academic year 1998–1999, the amount of the institutional payment received by an institution of higher education for each student awarded a fellowship at the institution is \$10,222. Thereafter, the Secretary adjusts the amount of the institutional payment annually in accordance with inflation as determined by the United States Department of Labor's Consumer Price Index for the previous calendar year. The Secretary announces the amount of the institutional payment in a notice published in the FEDERAL REGISTER.

(b) The institutional allowance paid under paragraph (a) of this section is reduced by the amount the institution charges and collects from a fellowship recipient for tuition and other expenses as part of the recipient's instructional program.

(Authority: 20 U.S.C. 1135d)

[58 FR 65842, Dec. 16, 1993, as amended at 64 FR 13487, Mar. 18, 1999]

Subpart F—What Are the Administrative Responsibilities of the Institution?

§ 648.60 When does an academic department make a commitment to a fellow to provide stipend support?

(a) An academic department makes a commitment to a fellow at any point in

his or her graduate study for the length of time necessary for the fellow to complete the course of graduate study, but in no case longer than five years.

(b) An academic department shall not make a commitment under paragraph (a) of this section to provide stipend support unless the academic department has determined that adequate funds are available to fulfill the commitment either from funds received or anticipated under this part or from institutional funds.

(Authority: 20 U.S.C. 1135c)

§ 648.61 How must the academic department supervise the training of fellows?

The institution shall provide to fellows at least one academic year of supervised training in instruction at the graduate or undergraduate level at the schedule of at least one-half-time teaching assistant.

(Authority: 20 U.S.C. 1135b)

§ 648.62 How can the institutional payment be used?

- (a) The institutional payment must be first applied against a fellow's tuition and fees.
- (b) After payment of a fellow's tuition and fees, the institutional payment may be applied against educational expenses of the fellow that are not covered by tuition and fees and are related to the academic program in which the fellow is enrolled. These expenses include the following:
- (1) Costs for rental or purchase of any books, materials, or supplies required of students in the same course of study.
- (2) Costs of computer hardware, project specific software, and other equipment prorated by the length of the student's fellowship over the reasonable life of the equipment.
- ${\footnotesize \mbox{(3) Membership fees of professional}} \\ {\footnotesize \mbox{associations}}.$
- (4) Travel and per diem to professional association meetings and registration fees.
- (5) International travel, per diem, and registration fees to participate in educational activities.
 - (6) Expenses incurred in research.