

carrying out the purpose of this part and are approved by the Secretary as part of the review and acceptance of the application.

(b) *Unallowable activities.* A grantee may not carry out the following activities under this part—

(1) Activities that are not included in the grantee's approved application;

(2) Activities described in paragraph (a)(12) of this section that are not approved by the Secretary;

(3) Activities that are inconsistent with any State plan of higher education that is applicable to the institution;

(4) Activities that are inconsistent with a State plan for desegregation of higher education that is applicable to the institution;

(5) Activities or services that relate to sectarian instruction or religious worship; and

(6) Activities provided by a school or department of divinity. For the purpose of this section, a "school or department of divinity" means an institution, or a department of an institution, whose program is specifically for the education of students to prepare them to become ministers of religion or to enter upon some other religious vocation, or to prepare them to teach theological subjects.

(c) No award under this part may be used for telecommunications technology equipment, facilities or services, if such equipment, facilities or services are available pursuant to section 396(k) of the Communications Act of 1934.

(d) *Endowment funds.* If a grantee uses part of its grant funds to establish or increase an endowment fund, it is subject to the provisions of §§ 628.3, 628.6, 628.10 and 628.41 through 628.47 of this chapter with regard to the use of those funds, except—

(1) The definition of the term "endowment fund income" in § 628.6 of this chapter does not apply. For the purposes of this paragraph (d), "endowment fund income" means an amount equal to the total value of the fund, including fund appreciation and retained interest and dividends, minus the endowment fund corpus;

(2) Instead of the requirement in § 628.10(a) of this chapter, the grantee

institution must match each dollar of Federal grant funds used to establish or increase an endowment fund with one dollar of non-Federal funds; and

(3) Instead of the requirements in § 628.41(a)(3) through (a)(5) and the introductory text in § 628.41(b) and § 628.41(b)(2) and (b)(3) of this chapter, if a grantee institution decides to use any of its grant funds for endowment purposes, it must match those grant funds immediately with non-Federal funds when it places those funds into its endowment fund.

(Authority: 20 U.S.C. 1062, 1063a, and 1069c)

[58 FR 38713, July 20, 1993, as amended at 65 FR 79311, Dec. 19, 2000]

§ 608.11 What is the duration of a grant?

The Secretary may award a grant under this part for a period of up to five academic years.

(Authority: 20 U.S.C. 1063b(b))

Subpart C—How Does an Eligible Institution Apply for a Grant?

§ 608.20 What are the application requirements for a grant under this part?

In order to receive a grant under this part, an institution must submit an application to the Secretary at such time and in such manner as the Secretary may prescribe. The application must contain—

(a) A description of the activities to be carried out with grant funds;

(b) A description of how the grant funds will be used so that they will supplement and, to the extent practical, increase the funds that would otherwise be made available for the activities to be carried out under the grant and in no case supplant those funds;

(c) (1) A comprehensive development plan as described in § 608.21; or

(2) If an applicant has already submitted a comprehensive development plan as described in § 608.21, a description of the progress the applicant has made in carrying out the goals of its plan;

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(d) An assurance that the institution will provide the Secretary with an annual report on the activities carried out under the grant;

(e) An assurance that the institution will provide for, and submit to the Secretary, the compliance and financial audit described in § 608.41;

(f) An assurance that the proposed activities in the application are in accordance with any State plan that is applicable to the institution;

(g) The number of graduates of the applicant institution during the school year immediately preceding the fiscal year for which grant funds are requested; and

(h) The number of graduates of the applicant institution—

(1) Who, within five years of graduating with baccalaureate degrees, attended graduate or professional schools and enrolled in degree programs in disciplines in which Blacks are underrepresented during the school year immediately preceding the fiscal year for which funds are requested; and

(2) Who graduated with baccalaureate degrees during any one of the five school years immediately preceding the school year described in paragraph (h)(1) of this section.

(Approved by the Office of Management and Budget under control number 1840-0113)

(Authority: 20 U.S.C. 1063, 1063a and 1066(b)(2))

§ 608.21 What is a comprehensive development plan and what must it contain?

(a) A comprehensive development plan must describe an institution's strategy for achieving growth and self-sufficiency by strengthening its—

(1) Financial management;

(2) Academic programs; and

(b) The comprehensive development plan must include the following:

(1) An assessment of the strengths and weaknesses of the institution's financial management and academic programs.

(2) A delineation of the institution's goals for its financial management and academic programs, based on the outcomes of the assessment described in paragraph (b)(1) of this section.

(3) A listing of measurable objectives designed to assist the institution to

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reach each goal with accompanying timeframes for achieving the objectives.

(4) A description of methods, processes, and procedures that will be used by the college or university to institutionalize financial management and academic program practices and improvements developed under the proposed funded activities.

(Approved by the Office of Management and Budget under control number 1840-0113)

(Authority: 20 U.S.C. 1063a)

Subpart D—How Does the Secretary Make a Grant?

§ 608.30 What is the procedure for approving and disapproving grant applications?

The Secretary—

(a) Approves any application that satisfies the requirements of § 608.10 and § 608.20; and

(b) Does not disapprove any application, or any modification of an application, without affording the applicant reasonable notice and opportunity for a hearing.

(Authority: 20 U.S.C. 1063a)

§ 608.31 How does the Secretary determine the amount of a grant?

(a) Except as provided in paragraph (c) of this section, for each fiscal year, the Secretary determines the amount of a grant under this part by—

(1) Multiplying fifty percent of the amount appropriated for the HBCU Program by the following fraction:

Number of Pell Grant recipients at the applicant institution during the school year immediately preceding that fiscal year.

Number of Pell Grant recipients at all applicant institutions during the school year immediately preceding that fiscal year.

(2) Multiplying twenty-five percent of the amount appropriated for the HBCU Program by the following fraction:

Number of graduates of the applicant institution during the school year immediately preceding that fiscal year.

Number of graduates of all applicant institutions during the school year immediately preceding that fiscal year.