

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

The percentage of graduates of an applicant institution who, within five years of graduating with baccalaureate degrees, are in attendance at graduate or professional schools and enrolled in degree programs in disciplines in which Blacks are underrepresented

The sum of the percentages of those graduates of all applicant institutions.

(4) Adding the amounts obtained in paragraphs (a)(1), (a)(2), and (a)(3) of this section.

(b)(1) For each fiscal year, the numerator in paragraph (a)(3) of this section is calculated by—

(i) Determining the number of graduates of an applicant institution 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 that fiscal year; and

(ii) Dividing the number obtained in paragraph (b)(1)(i) of this section by the number of graduates of an applicant institution who graduated with baccalaureate degrees during the five school years immediately preceding the school year described in paragraph (b)(1)(i) of this section.

(2) For purposes of this section, the Secretary—

(i) Considers that Blacks are underrepresented in a professional or academic discipline if the percentage of Blacks in that discipline is less than the percentage of Blacks in the general population of the United States; and

(ii) Notifies applicants of the disciplines in which Blacks are underrepresented through a notice in the FEDERAL REGISTER, after consulting with the Commissioner of the Bureau of Labor Statistics.

(c) Notwithstanding the formula in paragraph (a) of this section—

(1) For each fiscal year, each eligible institution with an approved application must receive at least \$500,000; and

(2) If the amount appropriated for a fiscal year for the HBCU Program is insufficient to provide \$500,000 to each el-

igible institution with an approved application, each grant is ratably reduced. If additional funds become available for the HBCU Program during a fiscal year, each grant is increased on the same basis as it was decreased until the grant amount reaches \$500,000.

(d) The amount of any grant that the Secretary determines will not be required by a grantee for the period for which the grant was made is available for reallocation by the Secretary during that period to other eligible institutions under the formula contained in paragraph (a) of this section.

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

Subpart E—What Conditions Must a Grantee Meet?

§ 608.40 What are allowable costs and what are the limitations on allowable costs?

(a) *Allowable costs.* Except as provided in paragraphs (b) and (c) of this section, a grantee may expend grant funds for activities that are related to carrying out the allowable activities included in its approved application.

(b) *Supplement and not supplant.* Grant funds shall be used so that they supplement, and to the extent practical, increase the funds that would otherwise be available for the activities to be carried out under the grant, and in no case supplant those funds.

(c) *Limitations on allowable costs.* A grantee may not—

(1) Spend more than fifty percent of its grant award in each fiscal year for costs relating to constructing or maintaining a classroom, library, laboratory, or other instructional facility; or

(2) Use an indirect cost rate to determine allowable costs under its grant.

(Authority: 20 U.S.C. 1062 and 1066)

§ 608.41 What are the audit and repayment requirements?

(a) (1) A grantee shall provide for the conduct of a compliance and financial audit of any funds it receives under this part of a qualified, independent organization or person in accordance

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with the *Standards for Audit of Governmental Organizations, Programs, Activities, and Functions*, 1981 revision, established by the Comptroller General of the United States. This publication is available from the Superintendent of Documents, U.S. Government Printing Office.

(2) The grantee shall have an audit conducted at least once every two years, covering the period since the previous audit, and the grantee shall submit the audit to the Secretary.

(3) If a grantee is audited under Chapter 75 of Title 31 of the United States Code, the Secretary considers that audit to satisfy the requirements of paragraph (a)(1) of this section.

(b) An institution awarded a grant under this part must submit to the Department of Education Inspector General three copies of the audit required in paragraph (a) of this section within six months after completion of the audit.

(c) Any individual or firm conducting an audit described in this section shall give the Department of Education's Inspector General access to records or other documents necessary to review the results of the audit.

(d) A grantee shall repay to the Treasury of the United States any grant funds it received that it did not expend or use to carry out the allowable activities included in its approved application within ten years following the date of the initial grant it received under this part.

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

§ 608.42 Under what conditions does the Secretary terminate a grant?

The Secretary terminates any grant under which funds were not expended if an institution loses—

- (a) Its accredited status; or
- (b) Its legal authority in the State in which it is located—
 - (1) To be a junior or community college; or
 - (2) To provide an educational program for which it awards a bachelor's degree.

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

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PART 609—STRENGTHENING HISTORICALLY BLACK GRADUATE INSTITUTIONS PROGRAM

Subpart A—General

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- 609.1 What is the Strengthening Historically Black Graduate Institutions Program?
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 - 609.3 What regulations apply?
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Subpart B—What Kind of Project Does the Secretary Fund?

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

- 609.20 What are the application requirements for a grant under this part?
- 609.21 What is a comprehensive development plan and what must it contain?

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- 609.30 What is the procedure for approving and disapproving grant applications?
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- 609.40 What are the matching requirements?
- 609.41 What are allowable costs and what are the limitations on allowable costs?
- 609.42 What are the audit and repayment requirements?
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AUTHORITY: 20 U.S.C. 1063b and 1063c, unless otherwise noted.

SOURCE: 59 FR 38717, July 20, 1993, unless otherwise noted.

Subpart A—General

§ 609.1 What is the Strengthening Historically Black Graduate Institutions Program?

The Strengthening Historically Black Graduate Institutions Program provides grants to the institutions listed in § 609.2 to assist these institutions in establishing and strengthening their physical plants, development offices,