

The Federal Work Study Program

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Introduction

The Federal Work-Study Program (FWS) was first created by the Economic Opportunity Act of 1964 “to stimulate and promote the part-time employment of students in institutions of higher education who are from low-income families and are in need of the earnings from such employment to pursue courses of study at such institutions.”¹ It was then reauthorized by the Higher Education Act of 1965 (HEA), which added that the program was “to encourage students receiving Federal student financial assistance to participate in community service activities that will benefit the Nation and engender in the students a sense of social responsibility and commitment to the community.”² The Act further specified that FWS jobs could not replace regular, nonstudent employees. In the 2022–2023 school year, 432,000 students received FWS funds, although the number of participants has been declining over time.³

Ongoing public debates point to both positive and negative aspects of the program. A recent national “experiment” explored the possibility of expanding work-study jobs to more off-campus employers, ideally providing jobs that, compared to some on-campus jobs, are more aligned with students’ courses of study. This experiment and the current interest in expanding work-based learning opportunities for undergraduates suggest that the program may be headed for reform. At the same time, the recent focus on FWS has renewed critiques of the inequitable way in which funding for the program is distributed across campuses.⁴

Key findings

Key finding #1: *Holding a work-study job appears to have a small, negative effect on students’ first-year grade point averages (GPAs) but a positive effect on the probability of completing a bachelor’s degree and being employed six years after initial college enrollment.*

However, rigorous causal evidence of the effect of participating in FWS on students’ academic and labor market outcomes is limited. In addition, the available literature comes from a wide variety of settings, from open-access institutions to elite

universities, and it suggests that there is variation in the effect of participating in FWS across these different settings.

Key finding #2: *Students may not understand what FWS is or how to participate.*

Although limited, the evidence on student perceptions of FWS suggests that even in a sample of first-time freshmen from an elite flagship university, students do not know what FWS is or how it works when they see it mentioned in their financial aid award letter.

Key finding #3: *The federal formula for disbursing FWS funds to campuses creates an inequitable distribution of funds across institutions, with wealthier campuses that serve fewer low-income students often receiving the most FWS funds per eligible student.*

This distribution hampers the potential for FWS to reduce socioeconomic inequality by increasing opportunities for low-income students.

Key finding #4: *College administrators are faced with complicated decisions about how to distribute limited FWS funds across a large number of potentially eligible students.*

The number of eligible students is far higher than the amount of available aid. This creates a situation in which overburdened college administrators have to choose which students should receive FWS offers. Additionally, they may not have the resources or information that they need to match students with jobs that are aligned with their courses of study. The program may have administrative costs beyond what the original policymakers intended.

Key finding #5: *More evidence regarding the effects of participating in FWS on student outcomes and the mechanisms underlying these effects is needed.*

Additional studies, using both quantitative and qualitative methods and set in additional local and state systems of higher education, are necessary for us to understand how student employment subsidies can best be designed to both support students in school and promote their success in the labor market after graduation.

Background

To be offered FWS funds, students must have financial need, as determined by the [Free Application for Federal Student Aid \(FAFSA\)](#). If a student's cost of attendance exceeds his or her expected family contribution (EFC), then that student qualifies for FWS, although individual institutions may specify additional eligibility criteria, such as a specific EFC cut-off. In addition, the amount of FWS funding per student with unmet need varies across schools because the federal formula for allocating funds is primarily based on previous years' funding levels rather than the socioeconomic profile of an institution's students. As a result of the broad set of eligibility criteria and the limited

amount of funding for FWS, at many institutions, the number of students who are potentially eligible is far higher than the available number of FWS awards.

In most cases, students are notified if they have been offered FWS funding in the financial aid award letters that the colleges or universities to which they have applied (or in which they are enrolled) send them the spring before enrollment. Students may then have to notify their institutions through an online form or other mechanism that they “accept” the FWS offer. Students then have to find an FWS-eligible job. They receive the funding as wages during the school year. The majority of FWS-eligible jobs are on-campus positions, although institutions are required to use 7% of funds to support off-campus public service jobs.⁵

Evidence

Key finding #1: *Holding a work-study job appears to have a small, negative effect on students’ first-year grade point averages (GPAs) but a positive effect on the probability of completing a bachelor’s degree and being employed six years after initial college enrollment.*

Despite the prevalence of students working while enrolled in college, few studies have estimated the effects of participating in FWS or working more broadly on students’ academic or labor market outcomes. It is difficult to isolate the causal effect of working on college-student outcomes because students who choose to work may come from families with educational and financial backgrounds that are different from those of students who do not work, and these differences in background characteristics may impact academic performance and persistence outside of the effects of working. Moreover, students who work may differ from students who do not work in terms of unobservable characteristics, such as long-term career goals and expectations regarding future employment or their family’s willingness to help pay for college, factors that are also correlated with academic outcomes.

A handful of studies have specifically estimated the effects of, primarily on-campus, work-study employment on student outcomes using multiple methods across a variety of settings.⁶ One early study uses data from Berea College, a work college in rural Kentucky that admits students who have academic promise but are low income (the mean family income for students entering in their sample years is \$22,450). Berea gives all students full scholarships but requires that they all participate for at least 10 hours in a mandatory work-study program. Working an additional hour has a statistically significant negative effect on students’ grades at Berea.⁷

Studies making use of state administrative data to estimate the effect of FWS on students’ academic outcomes report mixed findings. One recent study uses data from a large, urban public university system and a difference-in-differences model to estimate the effect of an FWS offer on student outcomes. These researchers find a small

but statistically significant effect of receiving an offer in the spring on enrollment in the subsequent year for students choosing community colleges and those who report being financially independent from their parents.⁸ Using three cohorts of administrative data (starting in 2002) from 21 public two- and four-year institutions in West Virginia and an instrumental variables approach to estimate the effect of participating in FWS on students' academic outcomes, one study finds no statistically significant effect of participating in work-study on the full sample.⁹ On the other hand, in her gender subgroup analysis, she finds statistically significant negative effects on first-year GPA and the probability of BA receipt within 4 years for women and statistically significant positive effects on first-year GPA and credits earned for men. Research making use of the same analytical strategy of the West Virginia study, but using state administrative data from public four-year institutions in Ohio finds that holding a work-study job has small negative effects on first-year GPA but positive effects on first-year credits earned.¹⁰ Finally, using data from a large, urban community college system in Texas, researchers explore selection into FWS and find that FWS participants are more likely to be female, African American, over 24, very low income and academically underprepared compared to the population of FAFSA filers in their data as a whole.¹¹ This study uses a propensity score matching model to examine the effect of FWS participation on students' academic outcomes and find that holding an FWS job is associated with a higher GPA, higher probability of credential completion and higher probability of transfer.

Finally, a study using data from students enrolling in a large, public, selective flagship institution ("Lake University") between 2013 and 2018 compares students on either side of the EFC cut-off, and finds that being eligible for FWS had statistically significant positive effects on both the hours students worked while enrolled and their average weekly wages.¹² In contrast to prior work, the estimated effect of FWS eligibility on first-year GPA in this study is also positive (ranging from 0.4 to 0.9 GPA points), although none of these estimates are statistically significant. When the probability of persisting to sophomore year is the outcome, the coefficients range from zero to 0.7 percentage points, but again, these estimates are not statistically significant. Given the low FWS take-up in this sample, the study may be underpowered to detect effects.

An important question is whether the small, negative effects on academic outcomes reported in the studies described above may be outweighed by positive effects on students' labor market outcomes. In one unique study, Judith Scott-Clayton and Veronica Minaya use a sample of 14,064 full-time, dependent students who began at four-year institutions from the BPS 96/01 and the BPS 04/09 to examine the effects of participating in FWS on students' first-year GPAs, the number of months persisted, BA completion, employment, and earnings six years after college entry.¹³ They find that, compared to students with non-FWS jobs, FWS participation has a positive effect on academic outcomes but no effect on future employment outcomes. On the other hand, compared to students who did not work at all, work-study participants experience null or negative effects on academic outcomes but positive effects on employment outcomes. This finding suggests that working during college may have different effects for different subgroups of students and for students working different types of jobs.

One group of researchers estimate the effect of a lottery-based student employment program in Uruguay on labor market outcomes.¹⁴ The program is similar to FWS in the U.S. in that students are required to be enrolled in school while they participate in this program, which places them in part-time, mainly clerical or support staff-type jobs. The program differs in that it targets both secondary and postsecondary students (specifically ages 16–20), and students are assigned to jobs in publicly owned companies (such as the national electricity company and bank) rather than students having to find an on-campus job themselves, as in FWS.

In Uruguay, more students apply to the program than are able to be placed; hence, applicants are chosen for jobs via a lottery. In a study leveraging the variation due to this random assignment the researchers estimate that, two years after finishing the program, students who were assigned jobs have 8% higher earnings than do those who did not receive job placements. They also find that students who were placed in jobs were 12 percentage points more likely to persist in school. The authors do not find any negative effects of working while enrolled on students' grades, as found in some U.S. studies.¹⁵ A subsequent study reports on longer-term labor market outcomes for the same program. The authors find that students who were assigned to jobs earn 11% more than comparison group students seven years out, driven by a 4% increase in the probability of being employed and a 6% increase in average monthly wages. Low-income students and men experience the largest impacts.¹⁶

Key finding #2: *Students may not understand what FWS is or how to participate.*

Very little is known about how students make choices about participating in FWS even though a better understanding could improve the administration of the program. One researcher surveyed students enrolling in an elite public flagship in the Midwest (referred to by the pseudonym “Lake University”) in 2019 to better understand how they make choices about FWS.¹⁷ Using data from 514 respondents, they find that 89% were “not very familiar” with FWS when they saw the offer in their aid letter. In open-ended responses, students stated that they did not know what FWS was or how it worked. Some respondents reported that it was unclear to them that the money offered had to be earned through a job, and some were concerned that accepting (or declining) the FWS offer may affect the other types of aid that they were offered. The rate at which students take up FWS likely varies across institutions and time, but one study found the take up rate to be approximately 30%.¹⁸ One reason for this result could be the lack of understanding of what the program is or how it works.

In the survey described above, the most common reason that students gave for participating in FWS was that they needed the extra money.¹⁹ Next, some students thought that participating in FWS was the best or only way to work on campus, and they knew that they wanted to gain work experience during college. Some students completing the survey thought that FWS participation would be a good way to find work as a research assistant. Some respondents also reported unintentionally ending up participating in FWS because they pursued work on campus with a professor or other potential employer and the employer asked them to see whether they could obtain FWS funds. Finally, a small number of respondents thought that the offer meant that they had to participate.

Students responding to the survey also gave multiple reasons for declining their FWS offers. Some respondents did not want to work or did not need the money. Others reported that they could not figure out how FWS worked and, as a result, ultimately did not participate. Some students reported refusing because they could find jobs with better pay and no limit on hours off campus, although a minority of students gave this type of response.²⁰ On the other hand, administrators completing a survey from the National Association of Student Financial Aid Administrators (NASFAA) hypothesize that having another job is the main reason students on their campuses refuse FWS offers.²¹ The responses from the students sampled at the prestigious “Lake University” may not be representative of students at other institutions.

Key finding #3: *The federal formula for disbursing FWS funds to campuses creates an inequitable distribution of funds across institutions, with wealthier campuses that serve fewer low-income students often receiving the most FWS funds per eligible student.*

Unlike the Pell Grant, which is awarded directly to students, FWS funds are allocated as a lump sum to institutions, which then have some discretion as to how to [distribute these funds to students](#). The allocation of work-study funds to institutions has two parts: a base guarantee and a fair share component. The base guarantee accounts for the lion's share of an institution's work-study allocation, and it is determined by the amount of work-study funding that the institution received in previous years.²² The amount of fair share increase is determined by institutional need, and an institution's need is determined by comparing the cost of attendance to the average EFC of students who applied for aid at that institution. Because of the use of the base guarantee to allocate funds, wealthier institutions with fewer low-income students often receive more FWS funding than do institutions that serve more low-income students with fewer resources, such as community colleges and regional, four-year institutions. Several authors have criticized this inequitable distribution of funds.²³

Key finding #4: *College administrators are faced with complicated decisions about how to distribute limited FWS funds across a large number of potentially eligible students.*

FWS does not have a strict income cut-off that determines eligibility, nor are there enough funds to offer all eligible students FWS funds. As a result, college administrators are faced with the complex problem of how to distribute limited funds among a large pool of potentially eligible students. Although the HEA states that FWS funds must be given to students with “unmet need,” beyond that, campuses are responsible for determining eligibility criteria.

In 2016, NASFAA, in collaboration with Public Agenda, surveyed its network to better understand the challenges and best practices associated with administering FWS.²⁴ Using data from 1,885 survey respondents as well as 11 subsequent focus groups (conducted with a subsample of the 1,885 survey respondents), NASFAA/Public Agenda found that the challenges of administering the program were a “pain point” for many respondents. The respondents also did not know the take-up rate for students with FWS offers at their institutions and did not have the data necessary to calculate it. This adds an additional layer of complexity to the task of distributing the aid to students because financial aid administrators do not know how many of the original students to whom they offer FWS aid are going to accept it and ultimately find a job. At the same time, they

need to spend all of their FWS funds if they do not want their allocation from the federal government to be reduced in subsequent years. The respondents to the NASFAA/Public Agenda survey reported being attuned to the goal of the program to align students with jobs in their areas of interest or, at least, with “high-quality” jobs, but they reported difficulty finding an appropriate method or the time to match students with jobs.²⁵

Key finding #5: *More evidence regarding the effects of participating in FWS on student outcomes and the mechanisms underlying these effects is needed.*

Although it is one of the oldest forms of federal financial aid and despite the prevalence of college students working while enrolled, the field still suffers from limited evidence regarding FWS. From the small body of literature that exists, it is clear that program implementation and its potential impacts vary across settings and schools. This means that it is very important to have multiple studies across a wide variety of settings to confidently draw conclusions about the benefits or drawbacks of the program, on average.

We need more rigorous causal studies of the impact of participating in FWS. The existing quasi-experimental studies are an important step in the right direction, but they do not have the internal validity of a lottery study (as was done in the Uruguayan context) or a field experiment. The literature also demonstrates the high degree of variation in hours worked, wages, and types of student jobs both inside and outside of FWS, but how much any of these dimensions matter for student outcomes remains unclear. Finally, if the evidence ultimately suggests that we should intervene in the program and change who has access or the nature of FWS jobs, then we need a much better understanding of how students perceive the program and how they make choices about whether or not to participate.

Endnotes and references

¹ [Economic Opportunity Act of 1964](#) (42 U.S.C. §§ 2701-2981, n.d.) p. 513.

² [Higher Education Act of 1965](#) p. 467.

³ College Board. 2023. [Trends in College Pricing and Student Aid](#).

⁴ Pingel, Sarah. 2019. [Federal Experiment Won't Fix Work Study](#). Inside Higher Ed. June 11.

⁵ Higher Education Act of 1965 p. 471.

⁶ Stinebrickner, Todd. & Ralph Stinebrickner. 2003. [Working During School and Academic Performance](#). Journal of Labor Economics, 21(2): 473-491; Scott-Clayton, Judith. 2011. [The Causal Effect of Federal Work-Study Participation: Quasi-Experimental Evidence from West Virginia](#). Educational Evaluation and Policy Analysis, 33(4): 506-527; Scott-Clayton, Judith and Veronica Minaya. 2015. [Should student employment be subsidized? Conditional counterfactuals and the outcomes of work-study participation](#). Economics of Education Review, 52:1-18; Soliz, Adela and Bridget Terry Long. 2017. [Does Working Help or Hurt College Students? The Effects of Federal Work-Study Participation on Student Outcomes](#). Community College Research Center Working Paper; Yu, Hongwei, Lyle McKinney, and Vincent Carales. 2020. [Do Community College Students Benefit from Work-Study Participation?](#) Teachers College Record 122: 1-36; Kim, Sooji. Forthcoming. [The Effects of Federal Work Study on First Year Student Outcomes: A Regression Discontinuity Approach](#). The Journal of Higher Education.

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⁸ Minaya, Veronica, Judith Scott-Clayton and Adela Soliz. 2026. [The Causal Effect of Federal Work-Study Offers on Enrollment and Program Participation](#). (EdWorkingPaper: 26-1400).

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¹⁰ Soliz, A. and Long, B.T. 2017.

¹¹ Yu et al. 2020.

¹² Kim, S. 2022.

¹³ Scott-Clayton, J. and Minaya, V. 2015.

¹⁴ Le Barbanchon, Thomas, Diego Ubfal and Federico Araya. 2025. [The Effects of Working While in School: Evidence From Employment Lotteries](#). American Economic Journal: Applied Economics, 15(1):383-410.

¹⁵ Le Barbanchon, Thomas, Diego Ubfal and Federico Araya. 2025. [The Effects of Working While in School: Evidence From Employment Lotteries](#). American Economic Journal: Applied Economics, 15(1):383-410.

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¹⁷ Kim, S. 2022.

¹⁸ Minaya, V., Scott-Clayton, J., Soliz, A. 2025.

¹⁹ Although not about work-study employment specifically, Robinson et al. (2024) explore how students make decisions about whether to apply for tutoring jobs and find that emails that emphasize the financial benefits of these jobs yielded the greatest response from students. Robinson et al. 2026. [Answering the Call: How Changes to the Salience of Job Characteristics Affect College Students' Decisions](#). Social Science Research, 137.

²⁰ Kim, S. 2022.

²¹ National Association of Student Financial Aid Administrators (NASFAA) and Public Agenda. 2016. [National Association of Student Financial Aid Administrators Federal Work-Study Research: National Survey Report](#).

²² Smole, David P. 2005. [The Campus-Based Financial Aid Programs: A Review and Analysis of the Allocation of Funds to Institutions and the Distribution of Aid to Students](#). Congressional Research Service Report (RL 32775). Washington, DC: Congressional Research Service.

²³ Scott-Clayton, Judith. 2017. [Federal Work Study: Past Its Prime or Ripe for Renewal?](#) The Brookings Institution. June 22; O'Sullivan, Rory and Reid Setzer. 2014. [A Federal Work Study Agenda to Better Serve Low-Income Students](#). The Young Invincibles. September.

²⁴ National Association of Student Financial Aid Administrators (NASFAA) and Public Agenda. 2016. [National Association of Student Financial Aid Administrators Federal Work-Study Research: National Survey Report](#); NASFAA and Public Agenda. 2016. [National Association of Student Financial Aid Administrators Federal Work-Study Research: Focus Groups Report](#).

²⁵ In her [2015 policy brief](#), Kenefick makes a strong argument for reconsidering the types of jobs that students obtain through FWS. She argues that FWS jobs should be more aligned with students' courses of study.