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Tradition, Transformation, Innovation

Baltimore, Maryland

THE U.S. Department of
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EXPERIMENTAL SITES INITIATIVE



“I think this has been one of the most successful initiatives on the part of the Department that I have seen in my 30 plus years in this profession.”

R. Todd Morriss, Director of Financial Aid (Former), Southwest Missouri State University



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Introduction

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Session Objectives

- Understand the purpose of the Experimental Sites Initiative
- Review the impact of the Experiments
- Share Institutional perspectives and results
- Submit an idea for a new experiment



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.....we listened!!



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WHAT THE PROGRAM IS!

- An opportunity to test new and innovative ways of administering Title IV aid.
- An opportunity to provide better services to student and improve stewardship of federal funds while providing the Department with data to support broader policy initiatives.



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PURPOSE

- Provides relief
- Gives flexibility
- Provides ED with data based information



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Section 487 A(b)

Exempt

- Statute
- Regulations

No Waivers

- Need Analysis
- Award Rules
- Grant and Loan
Maximum Amounts



WHO ARE THE PARTICIPANTS?

- Public institutions
- Private institutions
- Community colleges
- Consortia



THE EXPERIMENTS

Institutions are conducting experiments in areas that are grouped into categories:

- **Loan Management - 6 experiments**
- **Award Packaging – 3 experiments**
- **Specific Areas – 4 experiments.**



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Current Experiments

- Entrance Loan Counseling
- Multiple Disbursement for Single Term Loan
- Overaward Tolerance
- Credit Title IV Aid to Institutional Charges
- Ability-to-Benefit
- Thirty-Day Delay for First-time, First-year Borrowers
- Loan Fees in Cost of Attendance
- Loan Proration for Graduating Borrowers
- Credit Title IV Aid to Prior Term Charges
- Exit Loan Counseling
- **Academic Term***
- **Federal Work-Study Payment***
- **Federal Work-Study Time Records***

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Approved Experiments (1)

Experiment

Participating
of schools

| | |
|--------------------------|----|
| Loan Proration | 89 |
| Multiple Disbursement | 87 |
| 30 Day Delay | 70 |
| Entrance Loan Counseling | 60 |
| Loan Fees in COA | 56 |



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Approved Experiments (2)

| <u>Experiment</u> | <u>Participating # of schools</u> |
|-------------------------------------|-----------------------------------|
| Overaward Tolerance | 39 |
| Exit Loan Counseling | 51 |
| Credit Aid To Institutional Charges | 30 |
| Ability to Benefit | 23 |
| Credit Aid To Prior Year Charges | 19 |



Approved Experiments (3)

| <u>Experiment</u> | <u>Participating # of schools</u> |
|-------------------|---------------------------------------|
| FWS Time Records | 2 |
| FWS Payments | 1 |
| Academic Term | 1 |

These Experiments have ended.

Benefits



Institutions Report:

- ❑ Improved cash flow for students
- ❑ Expedited financial aid delivery
- ❑ Improved student service; more time for financial aid counseling and less time on unnecessary paperwork



SUMMARY OF BENEFITS

- **Customer Satisfaction**
- **Employee Satisfaction**
- **Reduced Unit Costs**



*Federal
Register
Notice*

June 5, 2001

<http://ifap.ed.gov/fregisters/FR06052001.html>

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WHAT IS THE ANNUAL REPORT?

- WHEN?
- WHY?



Ex Site Reporting

Institutions report - -

- Quantitative and qualitative results about experiments covered in PPA.
- Annually by October 1st.
- To the Performance & Accountability Improvement Branch.



NEW

2000-2001

Enhanced Report Templates

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Enhanced Report Templates

Experimental Sites Initiative

Institution

Experiment

Multiple Disbursement for Single Term Loan

Reporting Year

2000-2001

Goal of the Experiment: To evaluate the enrollment and withdrawal patterns of students benefiting from disbursing single term loans in one disbursement.

Target Student Population: Students who received single term loans in one disbursement.



Reporting Items

| | | |
|----------|--|--|
| 1 | Provide description and brief rationale on how the institution is conducting this experiment. Please select one of the description worksheets at the bottom on the status bar. | |
| 2 | Number of students with single term loans. | |
| 3 | Total amount of loan funds for students in (2). | |
| 4 | Number of students withdrawing before midpoint of term. | |
| 5 | Total amount of Title IV loan funds returned to Title IV for students withdrawing before the midpoint of the term. | |

Supplemental Items (Optional)

- Estimated savings in administrative hours.
- Estimated savings in administrative

Conclusions about this experiment:



Outcomes

- **Multiple Disbursement for a Single Term**
 - ✓ Withdrawal rate for students with single term loans is minimal.
 - ✓ Overall average percentage of students who withdrew after receiving a single disbursement was 1.3%
 - ✓ Average of 98% of students complete the term.
 - ✓ Fluctuations to institutional default rates are also minimal.



Outcomes

- 30 Day Delay for First Time, First Year Borrowers
 - ✓ Average number of students in this category withdrawing within 30 days of enrollment was 0.5%.
 - ✓ No negative impact on institutional default rates.
 - ✓ Total average amount of Title IV returned by an institution for such withdrawing students was nearly \$8,500.



Outcomes

Loan Proration for Graduating Borrowers

- Average # receiving non-prorated loan across institutions was 203
- Average number of those students who withdrew was 4
- Overall % of these students who withdrew was 1.8%
- Average # with prorated loans across institutions was 76
- The average number of withdrawals was less than 1
- Overall % of students who received prorated loans who withdrew was 0.6%



Outcomes

■ Overaward Tolerance

- Average # of overawards (161) compared to the total # who received FFEL/Direct Stafford loans (8194) was a minimal 1.9%.
- Majority of overawards occur in the 200-300 range.



Outcomes

■ Loan Fees in COA

- Overall institutional average amount of loan fees for FFEL/Direct loan students is \$233.
- Schools reported that this experiment reduced the debt burden of 84% of students who received FFEL/Direct Stafford loan funds at their institutions.

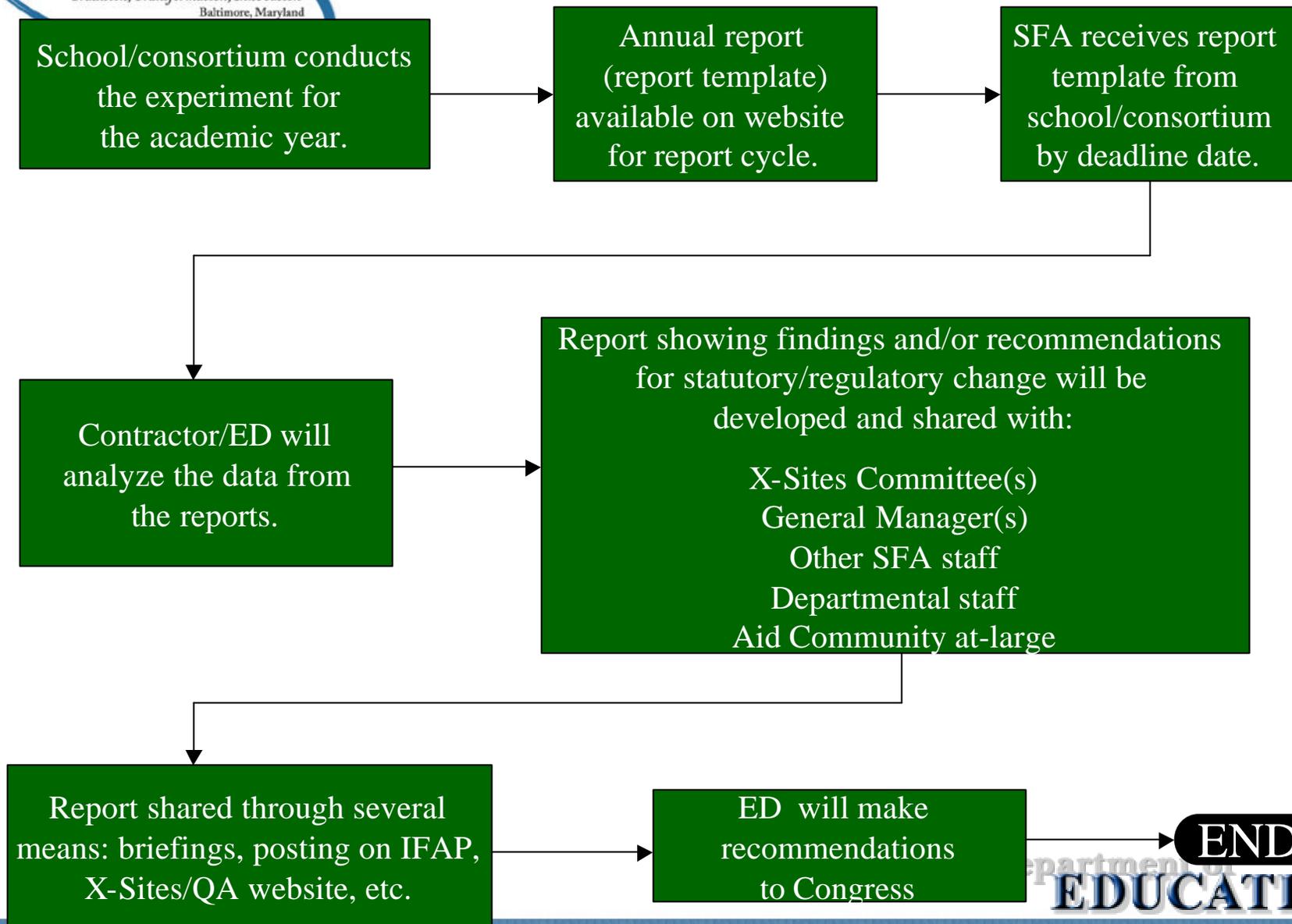


Future Plans

- Work with ED (OPE) to develop the next steps
- Increase number & diversity of institutions participating in experiments
- Fine tune evaluation metrics for the experiments (improve measurement requirements)
- Implement web-based reporting for data collection and automated report generation



An Experimental Site



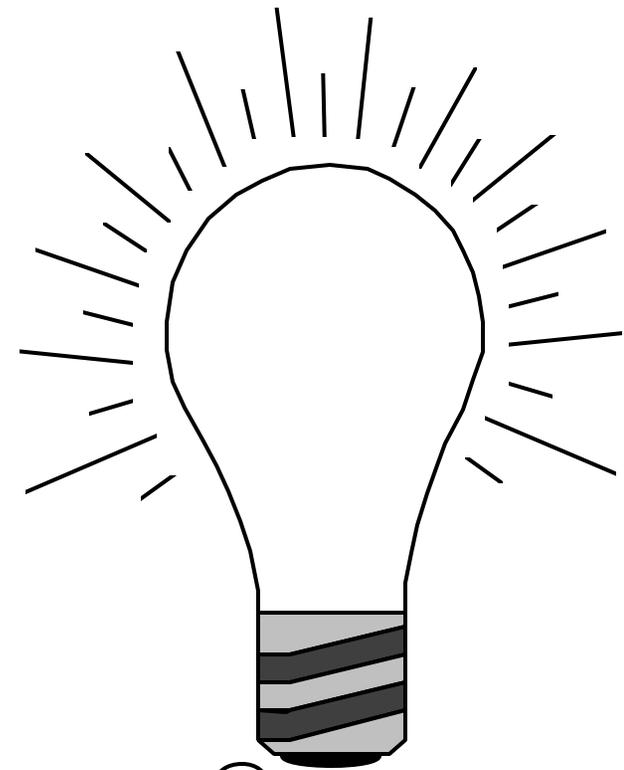


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Have an idea - Submit a Proposal

- Proposals will be accepted from
 - Individual Institutions
 - Consortiums

- Institutions may participate in one or more experiments.



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Do not forget to include..

Proposal Elements

1. Demographics
2. Identify problem
3. Develop hypothesis
4. Propose solution
5. Performance Measures
6. Institutional Evaluation
7. Statutory/Regulatory Exemption
8. Time Period



Submit Proposals To - -

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Questions ?



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