

The Department of Education's
Experimental Sites Initiative

Experiment 6

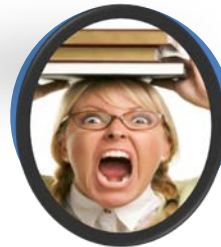
**Direct Loan Program – Limiting Unsubsidized
Loan Amounts – Over-borrowing**

Overview of Experiment 6

Graduation



Borrowing



Repayment

Experiment 6



Agenda

1

- Review the Experiment

2

- Discuss the Implementation of the Experiment

3

- Visit the new ESI Web Site

Experiment 6 - Over-borrowing

Designed to address over-borrowing

Reduce student's annual unsubsidized limits by at least \$2,000

Loan limits would be no higher than the 2007-2008 level

Selection Process

FSA Review and Screening

Past Compliance

School Diversity



School participates if...

FSA invites via
ExperimentalSites@ed.gov

School accepts

School and
FSA sign PPA

Exemption(s)

Waivers: Institutions selected for this experiment will be exempt from the following statutory and regulatory provisions:

HEA Section 479A(c) and 34 CFR 685.301(a)(8), to the extent that it only allows a case-by-case reductions in Direct Unsubsidized Loan amounts, and only to the extent that the participating institution reduces a student's Direct Unsubsidized Loan eligibility not less than \$2,000 and establishes a formal, written policy regarding the groups of students that it will subject a reduction in Direct Unsubsidized Loan eligibility.

NOTE: All Title IV regulations other than the specific exemptions of the applicable experiment(s) apply at ESI schools.

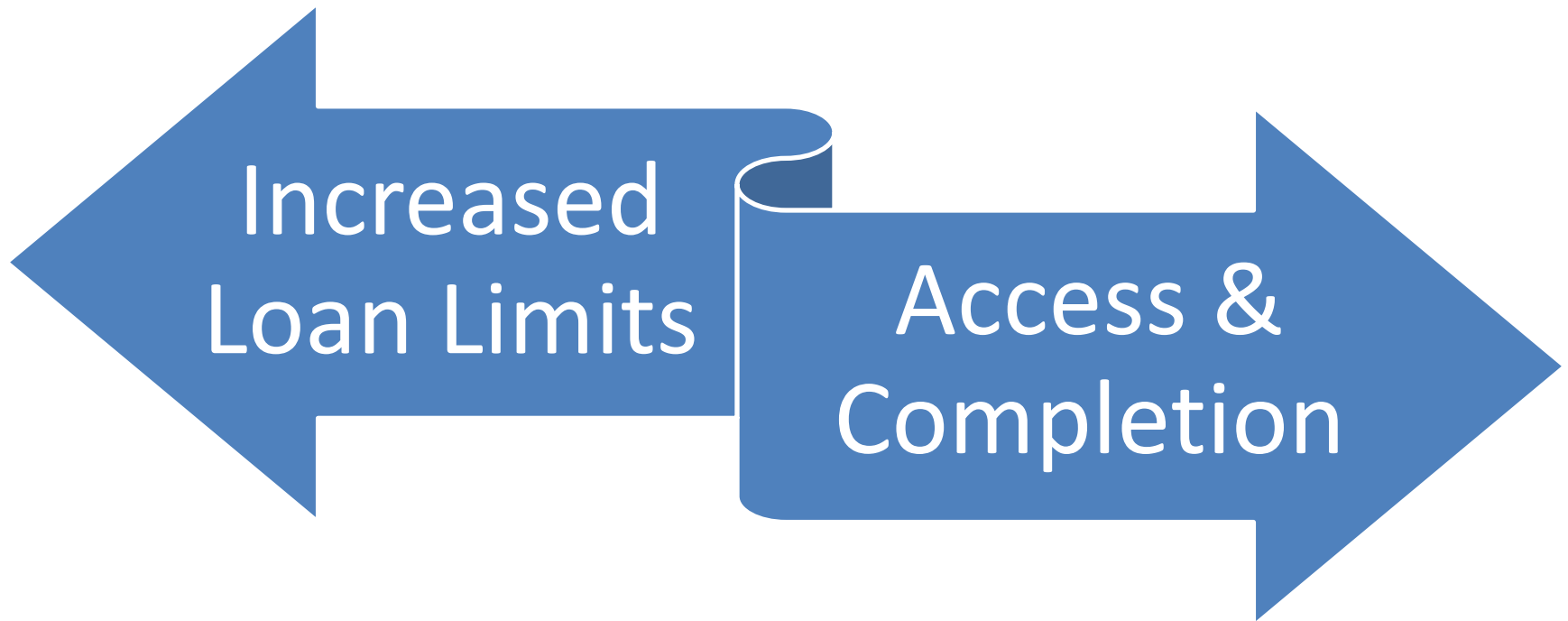
Responsibilities of Institutional Offices



Administrative Capability

- 668.16(b)(1) and (4)

Over-borrowing



Action Plan: Over-borrowing

Action	Status
Signed Amended Program Participation Agreement (PPA) on file	
<ul style="list-style-type: none"> <input type="checkbox"/> Attend available training webinars <input type="checkbox"/> Train applicable staff at institution 	
Consumer Information	
<ul style="list-style-type: none"> <input type="checkbox"/> Ensure that the Consumer Information section of the school's policies and procedures are updated. Include specific information related to this experiment that needs to be disclosed to students. Refer to Student Financial Aid Information found in the FSA Assessments Consumer Information Disclosures at a Glance document. Reference: FSA Assessments Consumer Information at a Glance page 1-2 <input type="checkbox"/> Identify all Consumer Information documents and web pages that require updates. <input type="checkbox"/> Inform students that your school is participating in an experiment with the Department of Education, and unsubsidized Direct Loans will be reduced for specific group(s) of applicants. 	
Policies and Procedures	
<ul style="list-style-type: none"> <input type="checkbox"/> Establish targeted subgroup(s) of applicants that will be subject to reduced unsubsidized loan eligibility <input type="checkbox"/> Establish the methodology for reducing the applicable unsubsidized Direct Loans. <input type="checkbox"/> Ensure that each eligible student receives the full amount of any subsidized Direct Loan the student has requested, up to the statutory maximums for subsidized loans <input type="checkbox"/> Determine loan eligibility and package awards based on the revised procedures. <input type="checkbox"/> Locate affected policies and procedures. <input type="checkbox"/> Update policies and procedures to reflect the exempted requirements. 	
Systems	
<ul style="list-style-type: none"> <input type="checkbox"/> Identify effected institutional systems, as applicable. <input type="checkbox"/> Make needed adjustments, if necessary 	
Impact on other Offices	
<ul style="list-style-type: none"> <input type="checkbox"/> Financial Aid: Train staff on the new exemptions and how it impacts the aid office. <input type="checkbox"/> Other applicable offices at your school 	
Record Keeping and Reporting	
<ul style="list-style-type: none"> <input type="checkbox"/> Create and maintain a database containing the information requested for the evaluation of the experiment <input type="checkbox"/> Identify applicants from the award year prior to implementing the experiment, who were members of the subgroup(s) targeted for reduced loan eligibility by the experiment. <input type="checkbox"/> Complete and submit Reporting Template 	

Categories Targeted for Reduced Loans

For Example

- First year students living at home
- Fifth year seniors
- Certain Majors or Program of Study

Basis for Comparison

Treatment	Comparison
Reduced loan amounts based on defined groups, e.g., <u>first year students living at home</u>	Prior year applicants in the same defined group
Make loans available based on defined groups, e.g., <u>second-year students living off campus</u>	Prior year applicants in the same defined group
Reduced loans based on defined groups, e.g., <u>students enrolled in a specific program</u>	Prior year applicants in the same defined group.

Maintain Applicant Data

Demographic Fields	Demographic Fields
Name	Pell Eligibility
SSN	Total Title IV Cost of Attendance
Date of Birth (DOB)	Total Direct Institutional Costs
Year in School	Expected Family Contribution (EFC)
Dependency Status	Amount of Loan Reduction

Maintain Applicant Data

Financial Aid Award Fields	Financial Aid Award Fields
Pell Grant	Non-Federal loans to parents
FWS	Non-Federal loans to students
FSEOG	State Grants
Direct Subsidized Loans	Institutional Grants and Scholarships
Direct Unsubsidized Loans	Other Gift Aid
Direct PLUS Loans (Parent)	Amount unsubsidized loan reduced
Direct PLUS (Graduate)	School's reason for reducing unsubsidized amount

Maintain Applicant Data

Academic Information Fields	Academic Information Fields
Applicant Enrolled Y/N	Enrolled the subsequent year Y/N
Year in Program	Successfully completed program Y/N/Still enrolled
Cumulative credits/clock hours attempted	Credential earned if any
Cumulative credits/clock hours completed	
Measure of academic performance, e.g., GPA	

Annual Reporting Requirements

FSA Reporting Template

- Report aggregate level information on students affected by experiment and students in the target and comparison group separately

Policies and Procedures

- Submit, upon request by FSA, a description of the policies and procedures for determining reduced loan eligibility

ESI Website

<https://experimentalsites.ed.gov>

How to Apply

Federal Register Notice
Apply to Participate
Screening & Approval Process

Implement an Experiment

Action Plans
Training
Q&As
Dear Colleague Letters & Electronic
Announcements

Experiments

Experiments
List of Participants

ESI Reporting

Data Collection Instrument
Analysis Reports
Archives

Contact Information

Michael Cagle

Michael.Cagle@ed.gov

206-615-2586

Anne Tuccillo

Anne.Tuccillo@ed.gov

202-377-4378

ESI

experimentalsites@ed.gov



Questions and Answers