**Loan Counseling**

This experiment will allow the Institution to provide additional loan counseling, beyond the statutorily required one-time entrance and one-time exit counseling, for certain undergraduate William D. Ford Direct Loan (Direct Loan) student borrowers as a condition for the student to receive Direct Loan funds.

**Waivers(s):**

[**Section 485(l)(1)(A) of the HEA**](http://uscode.house.gov/view.xhtml?req=(title:20%20section:1092%20edition:prelim)%20OR%20(granuleid:USC-prelim-title20-section1092)&f=treesort&edition=prelim&num=0&jumpTo=true) and [**34 CFR 685.304(a)(1) and (a)(2)**](http://www.ecfr.gov/cgi-bin/text-idx?SID=805a75f808a4f7a0c23c337412706cdf&mc=true&node=se34.4.685_1304&rgn=div8) provide that an institution must ensure that entrance counseling is conducted with each Direct Loan student borrower prior to the first disbursement of a Direct Loan, unless the borrower has previously received a Direct Loan or a loan under the Federal Family Education Loan (FFEL) Program. Under the experiment, the Institution will be permitted to require additional loan counseling for Direct Loan borrowers *included in the treatment* group at the institution.

To assist you with your action plan, we have provided guidance on how to implement, track and report the progress of the experiment.

**Project Lead:**

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| Action | Status |
| **Eligibility** |  |
| * Counter-Signed Amended Program Participation Agreement (PPA) on file * Attend available training webinars * Train applicable staff at institution |  |
| **Consumer Information** |  |
| * Identify all Consumer Information documents and web pages that require updates * Schedule Changes * Make changes |  |
| **Establish record keeping system to support evaluation** |  |
| * Create and maintain a database containing the information requested for the evaluation of the experiment |  |
| **Policies and Procedures** |  |
| Develop policies and procedures for the following:  **Random Assignment to Treatment and Control Group**   * The institution must develop procedures to place approximately half of the borrowers eligible for the experiment (or a subset of those borrowers, as determined by the Department) into a treatment group of borrowers who will be required to complete additional loan counseling as a condition of receiving Direct Loan funds.   **Institutional Requirements**  **The institution must develop procedures to:**   * Identify which borrowers will be included in the experiment. |  |

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| Action | Status |
| **Policies & Procedures (continued)** |  |
| **Institutional Requirements (continued)**   * Track and report to the Department, in a manner and timeframe determined by the Department, the borrowers who were assigned to the treatment group and borrowers who were assigned to the control group. * Ensure that the additional loan counseling required of the borrowers in the treatment group is reasonable as to time and effort, and is relevant to the student’s borrowing decisions; and that the additional counseling does not vary based on students’ religion, national origin, race, color, sex, socioeconomic status (including income), disability, place of residence, physical location where the student will be enrolled, or educational program. * Ensure that the additional loan counseling does not discourage students from taking on debt needed to successfully complete their studies while not over-borrowing. * Ensure that the additional loan counseling is reasonable and not a barrier to the student’s receiving Direct Loan funds. * Ensure for each borrower assigned to the treatment group that the additional loan counseling occurs prior to the first disbursement of a loan for each award year and does not occur more frequently than once each award year. * Disclose to the borrowers included in the treatment group that the Institution is participating in an experiment with the Department related to loan counseling and that the borrowers are required to participate in additional loan counseling as a condition of receiving Direct Loan funds, and will have some of their student aid and academic data reported to the Department. * Disclose to the borrowers included in the control group that the Institution is participating in an experiment with the Department related to loan counseling and, while no additional requirements will be placed on the borrowers the Institution will be reporting some of their student aid and academic data to the Department. * Ensure that the Institution’s policy for providing loan counseling under the experiment is consistent throughout the Institution’s participation in the experiment. The Institution must also ensure that its loan counseling practices do not change significantly during the Institution’s participation in the experiment. |  |

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| Action | Status |
| **Policies & Procedures (continued)** |  |
| **Loan Counseling Approach**  **The institution must develop procedures to:**   * Ensure that it uses a single loan counseling approach throughout the Institution’s participation in the experiment: the Department’s FACT product; a third-party servicer or third-party loan counseling product; or an institutionally developed alternative loan counseling approach. The procedures must ensure that the approach chosen by the Institution remains consistent throughout the Institution’s participation in the experiment, unless permitted to change by the Department. * Ensure that if the Institution enters into an agreement with a third-party to deliver the additional loan counseling (as opposed to using a loan counseling product) that the agreement meets the requirements in [34 CFR 668.25](http://www.ecfr.gov/cgi-bin/text-idx?SID=480e6db90d966c56cb06be14eef34e08&mc=true&node=se34.3.668_125&rgn=div8).   **Loan Counseling Content**  **The institution must develop procedures to:**   * Ensure that loan counseling information provided to borrowers in the treatment group includes, at a minimum, the total amount of the borrowers’ student loan indebtedness. The Institution may customize the loan counseling based on the borrower’s needs. The Institution must develop and document the loan counseling content it will use for its additional loan counseling. *Although the institution may choose the elements that are included in its additional loan counseling, the institution* ***is encouraged*** *to include the elements outlined on the next page.*   **Loan Counseling Mode**  **The institution must develop procedures to:**   * Ensure that it uses a mode of delivery (e.g., individual in-person counseling, group counseling, Web-based counseling) that best suits its needs based on the type of counseling the Institution chooses for its borrowers. The Institution may have different modes of delivery for different groups of borrowers and may change its mode of delivery from year to year. |  |

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| Action | Status |
| ***Recommended* Loan Counseling Content** |  |
| *The Department* ***encourages*** *participating institutions to include in its additional counseling the following information, where relevant, to assist students in making more informed borrowing decisions:*   * Comprehensive information on the terms and conditions of Federal student loans, including information about annual and aggregate limits, interest rates, how interest accrues, loan fees for Federal student loans, and the responsibilities the borrower has with respect to such loans. * A reminder that students will be required to repay their loans even if they do not complete the academic program. * Information that indicates that completing an academic program will increase the students’ ability to successfully repay their loans. * Information about the requirement to complete additional counseling and to complete exit counseling upon leaving the institution. * A statement that, when determining whether and how much to borrow, students should consider how much they can reasonably expect to earn after leaving their academic program of study. As part of this statement, the institution may provide other relevant information, such as earnings data, Gainful Employment disclosures required under [34 CFR 668.412(a)](http://www.ecfr.gov/cgi-bin/text-idx?SID=480e6db90d966c56cb06be14eef34e08&mc=true&node=se34.3.668_1412&rgn=div8), and cohort default rate, if available and/or applicable. * Comprehensive information about the different terms and features of Direct Loan repayment options and forgiveness benefits, including information about income-driven repayment plans, Public Service Loan Forgiveness, and information about student loan deferments and forbearances. * A reminder that information and assistance with Federal student loans, such as loan consolidation, rehabilitation, and participation in income-driven repayment plans, are provided by the Department at no charge and that the borrower does not need to pay someone for help. * Information about establishing a relationship with a loan servicer, including, among other things, keeping address and contact information up-to-date and learning who to contact and how to ask questions. * Information about the Department’s Federal Student Aid Ombudsman Group, including a description of the services it provides and contact information. * Information about the Department’s Federal Student Aid Feedback System (see [Electronic Announcement published July 1, 2016, “Federal Student Aid Launches Online Feedback System,”](https://ifap.ed.gov/eannouncements/070116FedStudentAidLaunchesOnlineFeedbackSys.html) located on the Information for Financial Aid Professionals (IFAP) Website). |  |

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| **Systems** |  |
| * Identify affected institutional systems such as processing and disbursement * Plan for and make needed adjustments |  |
| **Impact on other Offices** |  |
| * Coordinate with other offices such as Financial Aid Office, Admissions, Bursar, Registrar, Academics and Accrediting Agency |  |
| **Reporting** |  |
| * Use the ESI Reporting Tool on the COD website to submit a reporting template to upload student and experiment-specific information. Complete school surveys; provide narrative descriptions and evaluation information about the implementation of the experiment. |  |

**Helpful resources when revising policies and procedures:**

[**Link to ESI Q & A**](https://experimentalsites.ed.gov/exp/qanda.html)