

**U.S. Department of Education's Experimental Sites Initiative  
Loan Counseling Experiment Frequently Asked Questions**

**LC-Q1.** Are all eligible direct loan borrowers required to be included in the experiment?

**LC-A1.** Under the experiment, an institution will require all of its eligible Direct Loan borrowers *who have previously completed first-time entrance counseling* to participate in the experiment with approximately half of those eligible Direct Loan borrowers randomly assigned to complete additional counseling as a condition of receiving their Direct Loan funds.

**LC-Q2.** Can an institution limit the number of eligible direct loan borrowers that are included in the experiment?

**LC-A2.** If an institution has a large number of eligible borrowers that have completed first-time entrance counseling and would like to limit the number of participants in the experiment to a subset of those eligible borrowers, the school must receive approval and guidance from the Department. Otherwise, participating institutions are expected to include *all* eligible borrowers who have previously completed first-time loan counseling in the experiment and randomly assign those eligible borrowers to either the treatment or control group based on the instructions provided by the Department (see question 3).

**LC-Q3.** How does an institution determine the applicants who will be required to receive the additional loan counseling as a condition of receiving subsequent Direct Loan disbursements?

**LC-A3.** The experiment will require assignment of approximately half of all borrowers eligible for the experiment to a treatment group who will be required to complete additional loan counseling as a condition of receiving their subsequent Direct Loan funds. The other half of the borrowers eligible for the experiment will be assigned to a control group and must not be required to receive additional loan counseling beyond the required entrance loan counseling.

For the experiment, schools must assign students with SSNs that end in an even number to the treatment group and students with SSNs that end in an odd number to the control group. As a reminder SSNs that end in a zero are considered even and would be assigned to the treatment group.

**LC-Q4.** How do I add eligible borrowers to the treatment or control group in subsequent award years?

**LC-A4.** During the first year of the experiment (2017-18) institutions are asked to identify all eligible borrowers *who have previously completed first-time entrance counseling* to be part of the treatment or control group. These borrowers remain in the experiment throughout the borrower's enrollment at the participating school or until the experiment ends.

If a student leaves your institution and subsequently re-enrolls while the experiment is still active, that individual must continue to be part of the experiment and as a result will be placed back in either the treatment or control group as they were originally assigned.

In subsequent award years, the institution will continue to identify all eligible borrowers (those who have completed first-time counseling), adding these borrowers to either the control group or the treatment group.

**LC-Q5.** How often can the additional loan counseling occur?

**LC-A5.** Eligible borrowers in the treatment group are required to receive the additional counseling before the borrower can receive the 1st disbursement of a loan in the same academic year. Once the borrower has completed the additional loan counseling requirement for this academic year, the borrower is not subject to additional counseling until the next academic year (or FAFSA year).

**LC-Q6.** What approach must be used by the institution to conduct the additional loan counseling?

**LC-A6.** The institution will choose one counseling approach: The Department's Financial Awareness Counseling Tool (FACT); a third-party counseling product or third-party servicer; or institutionally-developed counseling throughout the institution's participation in the experiment. *The institution cannot use multiple types of approaches for its additional counseling.*

**LC-Q7.** What mode of delivery must the institution use to conduct the additional loan counseling?

**LC-A7.** An institution has flexibility on choosing the mode of delivery for the

additional counseling. An institution can choose different modes of delivery (*e.g.*, online, individual in-person, group in-person, student-to-student) for different groups of borrowers as long as the institution does not discriminate 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.

**LC-Q8.** What content must be used by the institution to conduct the additional loan counseling?

**LC-A8.** An institution participating in the experiment will have flexibility in the content of its additional loan counseling. The FR Notice outlines the suggested elements that should be included. The suggested elements are:

- 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, student 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\(a\)](#), 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 plans, Public Service Loan Forgiveness, and Teacher 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,"](#) located on the Information for Financial Aid Professionals (IFAP) Web site.

The content of the additional required counseling provided to borrowers by participating institutions may vary based on the students' expected remaining time to complete their program and could also vary for different groups of students depending on their prior borrowing. While there is flexibility in developing the content, the content must relatively stay the same throughout the experiment.

**LC-Q9** If the institution uses FACT as the counseling approach for the additional loan counseling, is there a URL that directly links to Financial Awareness Counseling?

**LC-A9.** Below is the URL that directly links to Financial Awareness Counseling:

[StudentLoans.gov/fact](http://StudentLoans.gov/fact).

**LC-Q10.** What are the reporting requirements for the experiment?

**LC-A10. Using the Reporting Tool within COD:** An institution is required to collect and annually submit to the Department requested information on all of the students who were part of the experiment (in both the treatment and control group). The institution will use the template within the Reporting Tool in COD to report information regarding all of these potential borrowers who were affected by the experiment or were assigned to the control group. The reporting template is available in COD and will be finalized in early 2018. The template will include five required elements: OPE ID Number, Award Year, Experiment Number (Loan Counseling Experiment is #32), Student SSN and Student Last Name. The template will also include columns for the borrower's academic information (e.g., credits taken, credits earned, grade point average, completion information, and credentials earned) as well as financial information (e.g., cost of attendance, State and institutional aid received, non-Federal loans received, and other information relating to financial aid received by the borrower). For the Loan Counseling experiment, institutions will be required to indicate on the template the assignment of each student to either the control (c) or treatment (t) group. The template must be uploaded into the Reporting Tool shortly after the end of each award year. The Department will provide participating institutions with the reporting due date after the end of each award year. Instructions for downloading the blank reporting template as well as uploading the completed template into the Reporting Tool are available on the ESI website.

**Information collected on annual survey:** On an annual basis, the institution will be required to provide information about the method and content of their loan counseling and other aspects of their experience with the experiment. The Department will collect from the institution the details and components of the additional counseling that the institution requires, including the content and method of delivery (e.g., individual in-person counseling, group counseling, Web-based counseling) for each cohort of students. This annual survey will be sent to each participating institution at the end of the academic year.

**LC-Q11.** Is a student classified as a first time borrower if they were awarded a prior loan but either did not take the loan or the loan was through another institution not in the experiment?

**LC-A11.** For purposes of the experiment, a student would be considered a first-time borrower unless there is a record that the student completed entrance counseling (either through the Department of Education or another vendor) or the student has an existing student loan with a non-zero balance. If there is no record indicating prior counseling or no evidence of an existing loan with a non-zero balance, the student would be considered a first-time borrower and would thus NOT be subject to the additional loan counseling under the experiment. The student would need to complete entrance counseling.