



[JEFF BAKER:] My name's Jeff Baker and I will be one three of us who will do some presentation on experimental sites. I work in Federal Student Aid at the Department of Education, David Bergeron in the office of Postsecondary Education and David Rhodes, who also works at FSA in the office that will be administering the Experimental Sites Initiative. So among the three of us, we are going to try to give you as much information as we can, but what we really want to do here is have a conversation. We have, I don't know, 15 or 20 slides we'll go through pretty expeditiously and move along and then, given the relatively small number of people, and I encourage you to move forward if you would please, don't be afraid. We're going to run around and ask you some questions and have you have a conversation both with us and maybe with each other, because we're going to ask for some ideas and you're going to want to ask some questions about some ideas on experiments so the more we can get together we would appreciate it.

We want to give you a little background first, so let me do that. Experimental Sites under the Higher Education Act, Section 47A, that's where we also have the authority to have a quality assurance program but also we have this Experimental Sites. It allows the Secretary to choose some institutions to participate in experimenting with different ways of administering the Title IV program, alternative approaches. Alternative from the statutory requirements, alternative from the regulatory requirements and, although we really need the authority here, but even alternative to some of our processes, our subregulatory policy and process requirements. We have this kind of flexibility to enter into agreements with institutions.

About a dozen years ago we started an Experimental Sites initiative and we went through a process somewhat similar to what we're going to explain today but with some significant differences. We ended up with about 100 institutions that participated in one of, what did we have, David, about 8-10 different experiments I think? Maybe a dozen or so different experiments. Some of them faze themselves out over time and others went through the end, then some changes in the legislation, and so we're moving to, as the title of the session says, a new beginning. We're looking to initiate a new set of experimental sites initiative to do this thing, to learn what we can about the administration of the programs.

Just a little background, and some of you are aware, how many of you represent schools that participated in one or more of the experiments under the old? Yes. This is what our experience has been and frankly, why we love to have you here, we really do, we also want to get more institutions to participate in this next process, so to the extent that you can help with that, we appreciate it. The reasons for the experiment are to inform policy makers, whether it be the Congress for legislative or the Secretary for regulatory issues, inform the policy makers about changes, look at data about changes that might need to be made or should be made or would be good to make in the requirements. In fact, we had a couple of changes that the experiments were part of the reasons why these changes were made. We had an experiment on ATB (Ability to Benefit), from about a dozen community colleges in California where they made the point; look, we understand ability of benefits. Some of our kids, though, don't have a



high school diploma, they have real problems with standardized tests but, my God, if they come to college and they do well, haven't they proven their ability to benefit from the postsecondary education? We thought that would be something interesting to look at. So we had an experiment where the students who did not have a high school diploma and either didn't take the ATB test or didn't pass it, they went to school anyway on their own, and that was tough, but if they completed at least six credits, and the experiment is with a "C" average, then we would declare them to have the ability to benefit and they could get Title IV aid after that. The Congress was impressed with that, and they made a change in the Higher Education Opportunity Act that didn't come out exactly the way the experiment was and in fact, they were a little bit more flexible, that any student who without Title IV aid completes at least 6 credit hours or the equivalent, credits and hours that apply towards their academic program, then they're successful and they can get Title IV aid after that. So we saw that as a very good experiment and an experiment that did result in statutory change. We also had statutory changes that were at least partially influenced by the data that came from the earlier set of experiments in terms of disbursement of FFEL and direct loan for schools that had low default rates. That's been in the law for awhile and will continue to be even as the calculation of default rates change.

We also, as I said, the experiments also impact regulations, and so we had some experiments that ultimately resulted in the Secretary, through the negotiator we were making in processes, changed the regulations based upon, at least partially based upon the results of the experiment. We had experiments in the Work-Study program. It seemed to schools that it was very cumbersome, now that we are moving into electronics, to do FWS timesheets and payrolls the same old paper and pen way. In fact, they were a bit in conflict with some of our regulations for the disbursement of the other Title IV programs. Work Study is significantly different that, when we originally did that, we thought it was appropriate, but these experiments seemed to us, so we recommended to our senior policy people, and the Secretary ultimately agreed, that we could be more flexible in the Work-Study programs in terms of crediting work-study earnings to the student's account if you get their permission and in terms of keeping track of the disbursements through EFT rather than making a check payment or cash payment to the student's bank account and then also timesheets, so those kinds of flexibilities.

Now that said, those were successes, but these experiments here did not result in either regulatory or statutory change. They simply didn't. Now, we can debate forever, and probably would if we had the opportunity, with the policymakers whether that the people at the Department who made recommendations to the Congress or the members of Congress themselves about why didn't you change this, you had these experiments, but they didn't, and that's part of the deal. Even on some of these that were related to regulations, after due consideration and a number of regulatory processes, four Secretaries chose not to make any decisions here. So that's just the way it goes. So that's over and done with, for all intents and purposes, we've got some cleanup to do and some reporting to do. But that's where we are for the old experiments.



We're going to start a new process, which we've already announced, and David's going to give you some background on it, and then we want to have this conversation.

[DAVID BERGERON:] When we talked about this, we said we'd switch after this slide, but really this slide is, the issue of why weren't changes made, and Jeff talked about it a little bit. The Secretary and the Congress made decisions not to make changes to the regulations or the statute in the case of some of these experiments. To some extent, it reflects the fact that the experiments in question weren't rigorously designed to begin with, and so what we were left with were anecdotal claims about the costs and benefits of experiments rather than, as in the case of the experiment Jeff mentioned with Ability to Benefit, where there was a clear demonstration through experimental design about how the new rule, the new statutory change would benefit students while achieving the same goals. Also some concerns about whether one could take the lessons learned in the experiment and apply it to all institutions and whether that would yield the same results as the experiment itself did. What we have begun is a two-step process in determining to whom we will engage in experiments around improving the student aid programs. One of the keys here is that we really do want to emphasize rigorously designed experimental approaches, so that at the end of the day we will understand fully what the implications are of a particular policy change or administrative change in the student aid programs and whether or not we can comfortably extend the lessons learned from those experiments to all institutions or some significant subset of institutions to think about the changes that were made about delayed disbursement and the student loan programs. We found a way working with Congress to define a narrow set of institutions but it reflected the vast majority of institutions that could benefit from the results of that experiment. So we want more of that through this process and that's why we're doing it in two stages.

During the first stage, we've asked institutions and the deadline for submitting this or the suggested date by which we want these suggestions is December 18th. We're looking for institutions to provide us with some examples or some suggestions of experiments you think we should be pursuing and that we will work with you and other institutions and with the folks who know a good bit about evaluation about designing a rigorous evaluation of these experiments. Once we've done that we'll publish another notice. We will identify what those experiments are and what the specific reporting requirements will be, we will share that information with you and you will be able to choose whether to participate in the experiments or not. The more institutions that participate in the experiments and the more that institutions agree to serve as control groups for some of those experiments, the more rigorous the outcome will be and the more likely it is that those experiments will result in either legislative or regulatory changes. You want to stop?

[AUDIENCE:] [inaudible]

[BERGERON:] We're recording. One thing we should point out to folks is that, unlike a lot of our conferences in the past where some sessions may be recorded for some



reason, here all of them are. It's a little nerve-racking but that's why we're going to ask you to use microphones.

[AUDIENCE:] Great. I'm Julia [inaudible] from the University of Denver. What if you're a school or a person who doesn't have many good ideas but you'd really like to participate in an experiment? Can you participate in Phase 2 and not Phase 1 or vice versa?

[BERGERON:] Yes. Thank you, you were going exactly where we were headed in my comments. Really the goal here is to design a set of experiments that we allow institutions to sign on for. And so let's say we get an experiment on two Pells in an award year, a proposal for that, and we work with the institution that proposed it and other institutions and evaluators and come up with a good design. We'll put that out to the public and say "we want to pursue an experiment on this topic" and we're looking for institutions that want to participate in that experiment and we're looking for institutions that want to participate as a control group, provide the Department some additional data in order to serve as a control group. Our intention is to let institutions at that point make the decision about whether they want to participate or not, and we will give some kind of advantage to the schools that came up with the ideas, we'll give them the right of first refusal or something like that. If there are not any pending compliance issues or whatever, we'll let the institution participate in the experiment but they could even say, you know, now that we see the design experiment we really don't want to participate. Or we're glad we made the suggestion and that will be fine with us and if institutions that didn't make the suggestion want to participate, that's great. Some institutions just want to provide some additional data in order to be a control group, that is something else that we'll be looking for. So there are going to be lots of ways that institutions can decide to participate in the experiment even if they don't submit anything at the first phase. To some large extent, I think, that's the real significant difference from the way that we did it before and the way that we're doing it this time that really, it's designed to really engage a much broader group of institutions with the hope of being able to report some suggested changes with some data behind it so the Congress can enact laws that are better informed and we're, frankly, my fact table to write regulations that are better informed by what actually has been learned through those experiments.

As I said, the first phase of this is really already started. We did a Dear Colleague Letter and we followed that up with a Federal Register Notice with a deadline of December 18th. Once we get those all in, early next year the next part of this will be another notice and in that notice we will identify the specific experiments, research designs, what we're looking for in terms of a commitment and institutions will be able to submit at that point an application to participate. Certainly as we go forward, even if we get a good idea and we can't quite grapple with how to get a good experiment out of it but we like the idea, we'll continue to work on it and there may be subsequent rounds of these or we might, a year or two after we've seen how these go, we might expand and go through this process again. But really it is, we want this to be much more involved, many more institutions, both as experimental institutions and as control groups. And that next step will be early next year. As we go forward, the question is what are we



looking for? Well, we're looking for information about what the statute or regulatory provision is that is impeding your being able to best serve your students; there is something there that's bugging you and we need to know what that is in terms of what the statutory or regulatory requirement is. We want to see from you what the institution understands to be the objective or reason for the rule so that we understand what you think the rule is about and what the solution might look like by identifying the problems that are involved with that particular requirement, either in terms of the unintended consequences for students and borrowers or undue consequence in terms of burden for institutions as they try to administer the requirements. So we're looking to institutions for information that relates to those two aspects; either the impact on students or the impact on your administrative burden.

We're going to be looking for some suggestions about alternative approaches to addressing the problem. This is really the key to the experiment. But even if you don't have an alternative that you worked through, you know you have a problem, something's bothering you, something is not working the way you think it ought to work but don't have a ready answer to that, send it in anyway. Whether we can work it into an experiment this time, because we might not have a good idea about what to experiment with, but we can certainly put it on our list and maybe as we continue to have conversations with your colleagues at other institutions we may be able to identify an alternative. If you identify an alternative and have an understanding about what the benefits of that would be, either in terms of the reduction in burden, the better outcomes for students or whatever the potential outcome is from that, we would like to see that so that we could consider it as we design and implement the experiments. The experiments should be, we think, focused primarily on statutory or regulatory things that stand in the way but I would also note that a lot of what we're involved in is procedural things and sometimes those procedural things to you feel like laws or regulations; sometimes I feel like they are for us too, and so those are also fair game for these experiments. There are a couple of areas that are kind of off limits in terms of the experiments; we can't do anything that waives requirements related to need analysis, award rules, and grant and loan maximum award amounts. So there are some areas that we have to be careful about, even my two-Pell example as nice as it is, we'd have to think about a way that it didn't impact one of these things but I think we're all smart people and can figure out ways to do that. As I said at the beginning of this, this first stage doesn't commit an institution to do anything differently; all it is suggesting some alternatives, identifying some problems and suggesting an alternative and then, if at the end of the day we go through the second part of the process and you want to sign onto the experiment, that's great, but you're under no obligation because you made a suggestion to commit to that experiment by suggesting it. We don't want to tie an institutions hands until they see the fully developed experiment and what that design looks like and what the additional reporting burden might be.

Other things that we're interested in seeing in terms of ideas about measurement of the outcome, you know, what's the undesirable aspects that the current requirement imposes? How well is the objective of the current requirements being met now and under the experiment? Some of our requirements are addressing a particular problem



but it's not clear that they really are doing that that well. A lot of the things around default reduction, we think we know that they're effective, we have a sense that they're achieving the goals that they were put in place to do but really, do we know that they work? Do we really understand whether they're being effective? So that's part of what we're looking for as we look for suggestions and as I said, you know, are there some additional benefits? A lot of what we think about in terms of default reduction hinge around better educational outcomes for students. So maybe if we can have measures that deal with both default rates and educational outcomes and measure that as well we can use that again as information that can inform decisions by Congress around the particular issues that are in play.

The last point here on this slide is really important. One of the things that concern us is that we don't want to get into a place where as a result of participating in an experiment you are having to collect data you would not otherwise collect or use because that then is imposing an additional burden. So to the extent that we can leverage data that you already have and use for your own purposes that you normally would not customarily share with us but maybe it's part of a regular reporting module of one of the software vendors that you use for your management purposes. You can say, you know, this management report that comes out of our reporting system, if we looked at this data and compared it across institutions, this would really tell us that we've got a good outcome or a bad outcome for a particular experiment. It seems to us that to the extent that we can build on those resources so that we're not causing you to collect data that you would not normally collect, I think that would be a really important thing for us to do as we build these experiments.

Another part of this different approach, and it comes into play now but it really comes into play at the next stage as well, is we're going to encourage you to work together. When we think about the experiments that have been effective, one of the characteristics that we see is it's because a group of institutions worked together as both the experimental group and as a control group in the conduct of the evaluation of the experiment so that at the end of the day we get the better data. But more than that, if you think about changes in the law and regulations, they generally are open to all institutions and so you need all types of institutions participating in the experiment; for-profit institutions, community colleges, four-year publics, four-year privates and to the extent that we can all work together to develop these experiments and then to implement them will have results that we can then use to inform the decisions that need to be made by the Congress and by the Department. We also have some very clear policy direction that we have received from very high levels in the Administration which we think about often as we think about what we're doing and this is one of these areas where we see some opportunities to leverage some of that through experiments. So we're really interested in experiments that, while they are addressing student aid issues, also have impacts in three key areas; one is obviously improving persistence; if students don't persist they don't obtain degrees, if they don't obtain degrees or certificates we don't achieve our policy goals. The second issue is shortened time to degree. We know that the longer it takes students to get degrees, the more debt they incur and the more likely it is that they don't actually finish at the end of the day.



Related to that, to the extent that students are working, and some work is good, some amount at some point gets too much for students and that impacts their persistence, their degree obtainment and lengthens their time to degree. So we're really interested in experiments that hinge around these three areas as we try to improve persistence in degree obtainment at our institutions in view of experimental sites as ways that we can do that within the existing program structures.

A good experiment we know is one that measures not only, you know, provides a baseline and then can measure a delta, a change from that baseline with the alternatives and so we are really very interested in having experiments that have reasonable measures, that have a good baseline to measure against and then also how that changes with the alternatives that are being considered. As I said, we're going to build upon what the school comes forward with and then we may also have some ideas that arise from the Department's own work and thought on these issues. If we do that, remember what I said before, we're not going to require anybody to participate in any experiments so if we come up with one and none of you like it, that will be very sad, it will make David cry, might make me cry too, but we expect that most of the experiments that we move through this process are going to come from you. As I have also said, we're going to need to collect result information from the experiment in a control group. Those experimental control groups have a couple of possible options for them. The control group could be other students at the same institution or students at a similar institution that decide that they want to be a control group. They might be the control group for an experiment on one issue and they may be an experimental group on another issue. So we see some opportunities for different institutions to play different roles here as we go forward. We will be looking for feedback on evaluation strategies and I expect that this will be one of these conversations that start with what you submit and there will be lots of back and forth and we have lots of folks in the Department and elsewhere who are interested in giving us some help on designing this. So I think we have some really good possibilities of some very strong and effective experiments.

As I have indicated, you will see a second notice; it will be very detailed about how the experiment will be conducted, it will be very specific about what reporting requirements would be for each experiment and it will be an invitation. It will not be us telling you that you have to play in our game. We're going to just describe the game and say "Do you want to play?" and we're not going to impose that on anybody and as I said, that will be some time early next year. Once an institution is selected they will enter into a different kind of agreement with the Department. There will be a modified program participation agreement. As I keep saying, one of the great differences in this approach is that it, we think, will result in more collaboration among institutions and we think that that is probably the most significant difference from the prior experiments in terms of the co-collaboration in their development and their implementation. As I have said and as everybody knows, these experiments are really important because they are going to inform the future policy direction with regard to legislation and regulations and some of our administrative requirements. We want to make decisions based on evidence. We know that there are lots of good ideas that don't work and so we're going to be looking for ideas and take those ideas to scale based on the effectiveness of those approaches.



We're going to place a lot more emphasis on evaluative rigor and that is, I think the most important thing for us is to have a rigorous evaluation of these experiments so that when we get the results we're able to really move forward and make the changes that the evidence shows us should be made.

So with that, as Jeff said, we really do want to spend most of this time answering questions, getting your reactions and talking about and throwing around ideas about new experiments. And so, I don't know exactly how we're going to do this except I think, largely, it's going to be people moving around here. Jeff is going to come down, I'm going to come down and David is going to run around with a microphone and try to do this as much in a conversational way as we can. So with that, you all have the floor.

[BAKER:] So if you have you have a question or a comment on something kind of raise your hand and one of us will bring a microphone over. David, why don't you get ...

[AUDIENCE:] In looking at new experiments, is it possible on some of the experiments that were not successful in causing changes to either statutes or regulations, to re-propose those with an evaluation tool that might cause you to have hard evidence or data at the end of the experiment? I'm thinking particularly about one that I thought would have been successful which would be the non-proration of loans for graduating students. Could that be re-proposed with additional evaluation rigor?

[BAKER:] Before either of us answer, just a disclaimer: We may say the opposite to a question,

[BERGERON:] That would never happen, would it?

[BAKER:] Especially in this topic, that's kind of a good encourage for description. But my response is, absolutely yes. There's a strong argument to be made that the problem with those other experiments not resulting in any change, well, we had a slide, the one I missed then David did, there was no data to support it. There was anecdotal "this is better for students, this is less hassle, more money for students", you've got to give me more than that. How did it affect students' persistence? Their time to completion? Their loan debt? All those kinds of things. I would think virtually all of them are open again.

[BERGERON:] Yes, I can't think of one off the top of my head where I'd say "No, we wouldn't do it." I think that the loan proration at the end is one that probably is an interesting one because there are lots of folks who would say that the lack of loan proration in the end could impact graduate school enrolment for completing seniors, as an example. We'd want to think about as we design an experiment whether there are any unintended consequences of that change. So as we think through that we should think very clearly about the possible negative consequences; both of the current policy, which there are some, and for the alternatives, but beyond that I'd say they're all fair game.



[BAKER:] Somebody over here, David, had a...

[AUDIENCE:] Thank you. You kind of addressed the question I'm about to ask. I'm kind of new, I'm at the University of Utah, and we've participated in experiments for a number of years that I myself have been doing the report for the last two year and as you know, we're getting to submit the 2008-09 report. We have also been approved to continue to the experiment for 2009-10, which I'm assuming this time next year we'll be submitting a report on that as well. But if the experiments I'm reporting on, it's in the group that was determined that there's not going to be any changes, is it a futile exercise to do these reports?

[BAKER:] The first thing, if I may, without being rude, we appreciate the concern about the experiments that are fading down, we really want to spend our time on the new things. But that said, we spent a lot of time talking about that issue. Among other things is, the agreement that you signed with the Secretary to be in the experiment called for a report of the results and we didn't want to start saying "well you can be half way in it" the agreement is only half, we said this was the deal, a school could drop out of the experiment earlier, because of some legislative language you're allowed to stay in a little bit longer, and we expect the reports. We may, for this time next year, try to make it not quite as onerous as it might be, but we expect the results. Because here's where we were: If you take the view as, I think where you were leading to, look, Congress and the Secretary have already not decided not to act on these so why bother with reports? Then I'd have to say "Why bother with the experiment?" Because the purpose of the experiment is not burden reduction, it's informing policy makers. Who else? Yes.

[AUDIENCE:] So how rigid is Phase 1, and if it is a rigid date, at what point would you anticipate that that would open again to take other suggestions? Is it a really fixed time line in which they're open or not?

[BAKER:] That's a good question. I think we finessed the language in the Federal Register Notice that talked about the initial or preference or something. So it's not a hard deadline. But the reason we set that date was because we felt, and from feedback we got from some schools, is that if we don't move on this with suggestions from you in December and us doing a fair amount of work in designing these experiments, in January in putting out a notice, not all of the experiments but many of them don't make any sense to initiate except for at the beginning of a processing year, an award year, right? And so it wouldn't do anybody any good, we didn't think, we don't know what the experiment suggestions might be, to tell somebody on August 15th that you can do something different for school that's starting a week later. So it's an open process. We're going to take what we get by December 18th or a few days, maybe we'll take our Christmas vacation then, and then begin our work.

[BERGERON:] Somebody gets a Christmas vacation?



[BAKER:] ... and then begin our work. If we get more after that and we have some time, yes, what vacation? We can work on it. We'll probably put something out informally about it's an ongoing process and we'll get to the other ones when we can for implementation. So it's open but, if you can and I know you are busy and you are here for a week and so on, but if you can get some ideas in to us before the 18th or so, that would be really helpful.

[BERGERON:] It might well be that while you're here at the conference, you might sit down and have lunch with some of your friends that are concerned about the same thing you are and knock it out and send in a couple pages of information about what the problem is, what the alternative you see is, how you think you'd measure the results, what do you think the unintended consequences, just knock out that outline and send it in. It might be worth a cup of coffee or something at some point in the next few days.

[BAKER:] And one of the things, I hope it came across in the Dear Colleague Letter and in the Federal Register Notice, we're not expecting a formal 30-page prospectus or anything like that. As a matter of fact, we had some language, David,

DAVID [RHODES:] Yes, we had some we received early.

[BAKER:] Without any guidance.

[RHODES:] With just, each experiment was on a single sheet of paper, sort of knocking out that outline that David Bergeron just mentioned. What's the problem, what's a better way to do it, what would the outcomes be and here are some ideas how to measure each of those components.

[BAKER:] Right. And we'll work with the schools that submit that to make sure we understand it, to get it tight, what do you think about this, did you really mean that? That's what we'll do during December and January so we can get it. It really is a couple pages, for starters.

[AUDIENCE:] Can you re-explain the piece where we cannot touch award rules? What does that mean?

[BERGERON:] The words that were on the slide were right from the statute: can't affect need analysis, award rules, and maximum and minimum amounts. Beyond that, so, how you interpret it is really interesting because I could say everything we do affects one of those things and I also could say none of what we do affects those things. So it would need to be in the context of the experiment where it's either, we look at it and say yes, that really is just a way around the statutory needs analysis, or that really is a way around the maximum award or the award rule. So you think about, we have award rules in Pell in there, four of them, right?

[BAKER:] Right, how you calculate an award.



[BERGERON:] How you calculate an award, and those are the award rules and you can't really touch those. You can't really touch, I don't think, the cost minus EFC kind of calculation that gets you there either. So I mean things like that. But if you have an idea, you might send it in anyway.

[BAKER:] Don't censor yourselves.

[BERGERON:] Yes, let us do that.

[BAKER:] I mean, for example, I mean, we're good at it.

[BERGERON:] Because we're going to try to find a way not to censor you.

[BAKER:] Right. If we like the experiment and we think, hey, this is cool, this is something we should do, for example: if one wanted to be really tight on this, the proration is an increase in award. But you know what? I'm sure we'll make that one work if it comes in and maybe some others. But don't come in and say "We really think students, even though it's a \$5,350 Pell grant, we think full-time freshmen should get a \$12,000 Pell grant in the first term." I mean, we're going to throw that out. But anything, you know, throw it in. We're not going to write you off because you came in with an idea that violated, it's our job to make sure we do it right and that we can keep lawyers and others off our back. Go ahead.

[AUDIENCE:] You said it's not burden relief, it's to inform regulation. Can we not submit one that is burden relief?

[BAKER:] Well, let me say this first. If there's burden, what you feel would be undue burden, it's because there's a requirement, and the only requirements are statute, regulatory or process. So help me understand, I think, let me try to be very positive, I want to be positive here; if you want to propose an experiment that would reduce burden either for the students, the families and/or the school so the only reason there's burden is because there's a requirement, so that's the one you want changed. First of all, you want some relief from in the experiment but then you ultimately want change. Does that work?

[AUDIENCE:] Yes, at the University of Illinois we would like to propose a mandatory ACH-type of an experiment. And originally we were thinking of...

[BAKER:] For disbursement to students?

[AUDIENCE:] For disbursement to students, correct. We were originally thinking of the requirement that to open an account we need the student's written authorization. But now we're actually changing direction and maybe thinking of that 14-day rule, all aid is disbursed to the student's account, leaving a credit balance. If they're enrolled in direct deposit, it goes immediately. If they're not enrolled in direct deposit, we would like to request relief of that 14 days because we will e-mail them saying they've got a credit



balance, we have a pay card vehicle that we could give them, if they come to the office we could give them the same day, or if they sign up for direct deposit it would be within 2-3 business days.

[BAKER:] To the first part of your question, yes. That would be asking, as you said, relief from the 14-day requirement, which is a regulatory requirement. By the way, the other disclaimer today is, no matter what any of us say, don't go running off saying "The Feds said this is a good experiment and they'll do it." But I think what you described, once it's fleshed out a little bit more from your suggestion and we work on it, is something that is very feasible and I can see it controlled easily, either at your institution, you picked a good one, or with a couple of institutions of control and experimental groups. It would be nice to give everybody the relief but we're doing an experiment here.

[RHODES:] I think the larger point is the process of being in the experiment might temporarily increase the work, especially in terms of the reporting, that you'd have to do so you'd be documenting the savings of, and you'd want to be able to document the imposition for, either on a subset of your students or students who are serving as a control group or control institution, so we'd have measurements of that.

[AUDIENCE:] If I could, I should mention that one of the driving, the main, obviously it's a lot cheaper to do an ACH transaction than to print a check but one of the other driving factors is the number of checks that either go uncashed or are returned undeliverable because students are used to receiving electronic services and they just don't update their address, and then of course those have to be escheated back to the Department.

[BAKER:] I said we're going to work with people about writing up the experiment. If you and I were talking about this and you were going to buy me a beer a little bit later to do this, it seems to me that you just hit three things here, and not in any particular order: reduce burden and cost to the institution, probably reduce burden to the student in terms of expediting the credit balance, and the integrity of the Title IV programs because those checks that don't get cashed, we're not sure what happens to that money. That's an exciting one for me and that's the kind of thinking you have to go through and point out those kinds of things and the benefits and so on. I think you had...

[BERGERON:] Which is why it's important to work with your friends and why I am encouraging conversations over lunch or whatever, because you help each other. What you see is burden is really a savings to the institution or a savings to the program or a way that better protects the integrity of the program, which is about savings too. We do this all the time; it's the nature of what we do at the Department. A lot of the time it's in conversations with our colleagues, we go "ah ha, there's a solution" or "here's a way to measure the benefit." Those are the kinds of things that, I can't do it by myself, I will admit it, I have to do it with all of you.



[AUDIENCE:] Can you explain a little bit about what's involved for the school to apply to participate once we get to Phase II and how you decide which schools will be accepted?

[BAKER:] Let me start, and David went over some of it. The first process is very informal, Stage I, Phase I, whatever we call it, is very informal, although we want stuff and we have this kind of deadline and so on. But because later on you're going to be out of compliance or doing things contradictory to the rules, whether they be statute or regs, that needs a legal formal agreement. So we'll design the experiment, working with the schools that suggested it, maybe some others. "Did we get this right? We think you ought to measure X, Y and Z; what are you, nuts? We don't have that information; it would cost us more, that kind of..." We want to get it right. Then we'll publish officially a Federal Register Notice but we always do a Dear Colleague Letter where we can use a little bit better language, and say "Here's the experiments" and there's six of them or 60 of them, whatever we come up with, "and here are the requirements to participate and if you're interested, you have to apply by some date." We'll probably have a form that we'll have to get cleared and all that kind of stuff, and then we'll decide. We're not quite sure about the decision, I mean, it's not an experiment if 2000 schools are participating in it, at least it seems to us it's not, and we can't monitor that. But if we have a good mix of schools and the schools that we put together, the control groups, and that all makes sense, we will say to the school "You applied and you've been accepted for this experiment." You still could back out at the last minute, I don't see any reason why, but what you have to do is sign this agreement, have your President, I think, because it's a ...

[BERGERON:] Change to the PPA.

[BAKER:] Change to the program participation agreement. The program participation agreement says you'll do everything right and here it's going to say "Except for this proposal, instead of doing this you'll do it according to this way." So it gets a little more formal, as it would have to. There would be a specific date when it starts, for the 2010-11 or the 2011-12 award year or January or February whatever the date is, and a date when it ends. We talked about whether we should put in this first notice when these experiments would end but we said no, we have to wait until we see what the experiments are. Because some of them, you have to go through a year or two, especially if you're looking at persistence or time to degree or those things.

[BERGERON:] Yes, I mean some of these experiments could be six years. Some of them could be 18 months. You could envision a circumstance where we all design an experiment and realize we can learn what we need to learn in 18 months, and we tee it up for neg-reg and we tee it up for legislative proposal or something like that and we move on. The timeframes will be driven by the design of each experiment.

[BAKER:] We don't mean to leave you folks out over here, I'm more than happy to sneak through here. Anybody over her want to...



[BERGERON:] I'll come over here.

[AUDIENCE:] Jeff, you mentioned that you would list the experiments in the Federal Register but will there be any information to the community what kind of reporting function would be required with each experiment?

[BAKER:] Yes, if I said listing, it's much more than a listing. It's a description of each experiment including the evaluative techniques and the reporting both in terms of what's to be reported and probably frequency, because there may be cases where we don't want it, we want it more than once a year. But yes, there will be a lot of very solid description. You'll know what you're getting into when you do this.

[AUDIENCE:] Would you consider a proposal to allow Stafford loans for less than half-time students at a prorated amount based on the current regulations? Because we're noticing a lot less private loans available for less than half-time students. They can receive Pell grants and a lot of students that we're seeing in our population are unable to attend at least half time due to prior work and family commitments. I don't know if that's something you would consider.

[BAKER:] I think that falls into the category we said earlier that, if we wanted to be the worst bureaucrats in the world (don't tell us we already are) we would say oh no, that's more money, that violates that requirement. But what we told you is we will be as flexible as possible. If that experiment makes a lot of sense, off the top of my head it sounds like something that would be interesting to look at.

[BERGERON:] I know it's one that would make my lawyers uncomfortable but we could fight with them.

[BAKER:] So, we don't want to discourage anything. That problem has come up. That issue has come up particularly, as you point out, it's always been an issue but it's an issue more so now because of the lack of, even the high price of private loans. This falls into what David said of time to degree or persistence or so on, you know he referred to high up policy people? That would be the President and Secretary Duncan talked about it yesterday, about by 2020 we want everyone to have some, well, if a person can only take 3-4 credits a semester, how are we going to get them to have some credential by 2020? Maybe we have to do something like this.

[AUDIENCE:] I had a question. You had referenced the statutory and regulatory requirements and the guidelines but also the slides mention the procedural requirement. Could you give me an example of what?

[BAKER:] Well, I was thinking about things like reporting on the FISAP. The FISAP, for example, is not a statutory or regulatory thing. And so if we ask you to report, we're asking you to report something, I can't think of anything right now, on the FISAP but you're thinking, "There's a lot of work to that and I don't think these Feds do much with it, I don't think it's very valuable, I can provide them the information in an alternative



way” then throw that out as a possible experiment. Maybe the COD reporting. Maybe the timelines on reporting of how quickly you have to report on Pell and ACG and Smart and Direct Loans and all of those kinds of things. I mean I would hope that, because procedures we can, we don’t need to get legislation, clearly we don’t need to go through a regulatory process, that we’re pretty good on that but we’re not vain enough to think we’ve got it all right. So there could be some of those kinds of things.

[BERGERON:] You had one behind you, I think.

[AUDIENCE:] The question about regulations that kind of cross over a whole number of areas, so the one that comes to mind is the all failing grades area, which is an R2T4, it’s a student eligibility and it’s also an SAP. So an experiment that really removes it from two of the three, for instance, just moves it to an SAP issue to let SAP catch students who might be falling out. Is that anything that’s reasonable?

[BAKER:] I just want to make sure I understand and maybe, this is our, actually this gets in to subregulatory guidance, I think.

[BERGERON:] Yes.

[BAKER:] We say to you, unless you have a grading system that differentiates between an earned “F” and a kid who just split, a student who at the end of the term has all “F”s, unless you can prove otherwise we assume they dropped out and we have to figure out when and do a return summary, it’s a hassle, it’s a pain, and in fact it really doesn’t help in all of that. But there has been the argument, as you point out, but let that go. Satisfactory progress if the got all “F”s, they’re probably not going to get any more aid anyway unless they had a real good reason that you, so, I think it’s something worth exploring. Again, we’re not making any commitments here, we want to know what you are, I think it’s pretty clear what the burden is, both on the school and actually for the students as well, in terms of paying back money. There’s a cost to it, maybe it’s an improper cost that people have to pay back money, but are we letting people go to school and earn all “F”s semester after semester, control group, experimental group? No, there’s no difference. These kids ran into trouble, they weren’t trying to rip anybody off, let the data show that they come back and take care of business just like the ones who had to go through. In fact, like the other one, the negative consequence of doing a return to offer aid in those cases is the student now has to pay back money; they may not come back to school. And then my, we’re crazy, so I’d love that one.

[BERGERON:] Yes, yes.

[AUDIENCE:] [inaudible]

[BAKER:] I’ll repeat it.

[AUDIENCE:] [inaudible]



[BAKER:] Yes, yes, for two reasons. One is the Federal Register Notice calls for it, for submission by the state and secondly, there has to be a whole lot of, all this other information about how you would evaluate a control group, an experiment and so on.

[AUDIENCE:] Question back here. Is it possible to propose an experiment that suspends the consequence of cohort default rate under some circumstances? You know, something similar to some of the appeal grounds like serving a large percentage of low-income students or something like that? Particularly for Tribal colleges.

[BAKER:] I think it's legally permissible.

[BERGERON:] It's certainly legally permissible. Again, we need to think really carefully about how it would be designed. I heard another suggestion like this around 90/10 for some of the for-profit institutions saying well, it's an institutional eligibility requirement, could you do something with an experiment? Sure. Either one of those you can pretty clearly and quickly identify a control group and experimental group and you can pretty quickly understand the cost and benefits of it. It's certainly something we'd want to think about and see if we can come up with a good design around.

[BAKER:] I would have to add to that one just a little bit. Now we don't know what's going to happen when we go to three-year measurements on default rates but the facts are right now, two schools,

[BERGERON:] Two schools.

[BAKER:] I mean, no one's been, it doesn't affect very many. But of course for those schools and those kids going to those schools it's an important issue.

[AUDIENCE:] The reason I asked about the suspension is because the 90% of the tribal colleges just won't get in as long as that exists.

[BAKER:] I'm sorry, say that again?

[AUDIENCE:] Ninety percent of our tribal colleges won't participate as long as the risk of suspension is there. So could we structure something as like an alternative demonstration of administrative capability perhaps?

[BAKER:] They won't participate in loan programs because they might lose Pell?

[AUDIENCE:] That's correct, yes.

[BAKER:] It's worth looking at, I think. I had two over here.

[AUDIENCE:] On the lines of what she was talking about with the all "F"s, why do we have to do an R2T4 calculation after the 60% point when they're not going to owe anything back? Would that be?



[BAKER:] Why do you have to do a return [inaudible] calculation after the 60% point when no one's going to have to owe anything back? Because you don't know it's the 60% point, all you know is the student got all "F"s. They could have ...

[AUDIENCE:] But for situations where a student withdraws after the 60% point, we still have to go through the calculation.

[BAKER:] Wait a minute. The student withdrew after the 60%?

[AUDIENCE:] [inaudible]

[BAKER:] I have to look at that one; I don't know.

[BERGERON:] If we definitely do require it, it would be one that would lend itself to an experiment. I'm not convinced that we require it, but I would have to look at it too.

[BAKER:] Yes, we'll ask our,

[BERGERON:] We'll ask David.

[BAKER:] We didn't have an R2T4 session here, maybe we should have. David, you had something?

[RHODES:] So here's my comedic comment real quick. Is it too early to do year-round Pell?

[BERGERON:] Didn't I say year-round Pell at least three times up there?

[RHODES:] I work at a community college, a rather large community college and we have seen a lot of people coming back to school with bachelors degrees, with masters degrees, some law school, doctorate degrees, coming to get retrained, or change their whole though process, their work environment, everything. And I struggle so much with those students who submit an academic progress appeal thinking, okay, what do I do? I feel so conflicted because they're really honestly going back to get something else. They want something else, they have goals, they have desires and everything and we have kind of an internal threshold of credits and sometimes I'm just like, you're out of luck, I'm sorry.

[BAKER:] Clarify for me, because I thought you were going in a different direction, which I want to repeat, I want to go where I was going because I think there's an interesting experiment that I was thinking. You were thinking the same thing?

[RHODES:] But these people have excessive hours.



[BAKER:] If they already have degrees, why do they have a satisfactory progress problem?

[RHODES:] Because they have excessive hours, they're over 150% of the hours that it takes to get a degree at a community college.

[BAKER:] Wait a minute. But they have a bachelor's degree,

[RHODES:] They have a bachelor's degree.

[BAKER:] They're coming back to get an associates degree?

[RHODES:] Right. Or a certificate or something like that.

[BAKER:] Oh no, no, no, no, no. That student starts all over again. But you're saying because the student, because they have an associates degree that's a 60- credit hour, lets say, so they're not supposed to complete it within 90, they come in with 120 because they got a bachelors degree two years ago, that you got them in a problem?

[RHODES:] Yes.

[BAKER:] No, no no, no.

[BERGERON:] No they're not a problem.

[BAKER:] No, that's not a problem.

[BERGERON:] And especially because your, the degree is from another institution, right? They enrolled in another institution? SAP only applies to things that happen in your school anyway.

[RHODES:] They're transferring all of their credits to our institution.

[BAKER:] They're transferring all their credits and all of those credits are going to count,

[RHODES:] Right.

[BAKER:] Which then, they have an associate's degree. What's happening I think is, I guess is their transcripts show 120-130 credits. But that was an English major. They want to be a nurse practitioner or something. So you take some of them for general, but then they have the other stuff to take. You just start where you are in that academic program. Yes, I don't think there's a problem with that. If you don't mind, could you shoot me an e-mail when you get back to the office? Jeff.baker@edu.com. I'll make sure because I don't want to, confuse you.



Where I thought you were going I think maybe was on the same track is, what about an experiment that says even though you have a bachelor's degree, you're coming back for another credential or degree, why can't I give this kid a Pell grant?

[RHODES:] That's true.

[BAKER:] Now this is one that we'd have to see, does this violate the rule about more aid, but again, this is perfect because particularly where the administration, where the President and everybody else is going, we're talking about those kinds of people exactly. They have to get retrained because of the economy and so on and they're poor. They'd otherwise be eligible for a Pell grant but they can't get one because of that. Maybe there's an experiment there. And, my God, if the outcomes were as positive as we would like them to be, there's a whole bunch of people who are in distress because their credential was not getting them the kind of income to support themselves and their family and so on and we have an experiment like this and guess what? They get through because they are serious people, they get through and they finish the program and they do it well and they're out earning. I love that one.

[BERGERON:] Especially if you think about it for a few minutes and you realize that, where are they going to find jobs? Well there are going to be green jobs. There are going to be jobs in the health professions where there are definitive needs like nursing. So this is something that we'd love to see and love to argue with people about doing. I think that this is a very futile area. Not futile, fertile area. I've been talking too much to reporters today. Tam's got a question.

[AUDIENCE:] You know what I'm going to ask. I don't even need to ask you, do I? Do I need to submit an experiment for prior/prior year?

[inaudible]

[AUDIENCE:] Yes, I mean, you know, there isn't a statute about a [inaudible]

[inaudible]

[BAKER:] Yes, I think so because we are not, as yet, prepared to even utilize, and this is just a policy decision that was made, even though there's some authority in the statute to use prior/prior year on an experiment, this and that, we've chosen not to do that so far. So yes, I think you'd want to submit something like that. If events overcome that, that we're moving along and going to do it more broadly, then, you know, just throw the experiment away. I think that's, yep. I'd love to see the outcomes particularly for low-income first-time students, what the take-up that they actually come to college based upon that.

[BERGERON:] One of the things I would say about that, you know, part of what we're doing with the IRS status hearing really is an experiment. What we're doing, you know, first for the late applicants and then for others, as you heard about at the general



session this morning, is a mega experiment. Because if that technology, that technological approach doesn't work, then prior/prior year wouldn't work. But if that technology works as well as we think it will then it makes the arguments around prior/prior year much more about what the data tells us and what the data tells us is the prior/prior year has a lot of benefit that we can see. So I think that this actually may get overtaken by events because of what we will see starting in January, at least those of us who got involved in it, our hope is.

[BAKER:] I agree, David, but I think it would also be even stronger to say not only does the IRS stuff work, but we've got a dozen schools or so in a controlled experiment that show that this really benefits low-income students for getting into the program. Because they've shown that in Michigan and a couple other places.

[BERGERON:] Yes.

[AUDIENCE:] I didn't hear it was prior/prior year. We are also thinking of resubmitting the application of Title IV aid to prior year charges even though that was an existing, and I'll be the first to admit, I came in after it was done and I looked at some of the reporting and I absolutely understand why it wasn't accepted because it just did, it felt like we were providing no substantive data to support the experiment. So the way we're thinking of spinning it, if you will, is, and I mean that in a positive sense of the word, looking at students who would have to stay out if we did not give the students, if they could demonstrate that they have enough aid to cover current year charges as well as prior year charges but we had to leave them out because we don't want to run the risk of refunding the money that we may not see again for charges that they still owe in addition to the burden of creating refunds and the burden on the student to have to pay the refund back for prior year charges. And really having it be the control of watching how many of these students do then go on and matriculate and then maybe having a control for students who actually have to drop out [inaudible] if they are matriculation, completion.

[BAKER:] Yes, I think that's a good one and I think if you got a transcript of what you just said, you've got your page and a half proposal, because you kind of, I could see you going through it, of what it would include. That is a troubling one and of course I think you hit the points of why we have the restriction to make sure there is money, rob Peter to pay Paul kind of thing, but if number one, if the experiment is narrow that it looks like there's enough funds but more importantly, he had to pay his bill and you had a choice to keep him out of school or see how he does and guess what? They're resilient, our students, you know that better than I. Then maybe we're in the way with that kind of rule.

[BERGERON:] Jeff, just so you know, we have about five minutes left, I think.

[BAKE:] Okay.



[AUDIENCE:] This is not intended as a loaded question, but it is. Is it a waste of time to submit anything about ACG or Smart?

[BERGERON:] ACG or Smart will be largely no longer existent by the time, for 2010-11, yes, but do you really want to propose an experiment for a program that dies the next year? I don't see that being...

[BAKER:] And, I understand, but it would violate my response, not that violating my response is a big deal, but the statutory, the thing we've said over and over again, it's about informing policymakers for changes. So while yes, you might have a cool experiment and it might reduce the burden for you and the kids and all of that stuff, it's not going to form any decision.

[BERGERON:] And I would say, just so people know, ACG and Smart had from their very beginning an evaluation that we designed. I have been looking at the results of the evaluation report, they're interesting. I won't say that they would convince me if I was a policymaker to continue the programs, but they're interesting, alarming in some respects, but we'll leave you with that tease so that you read the report when it comes out, hopefully in a couple of months. These programs, because we knew, those of us who worked with you all, knew how disruptive these programs were going to be, we really designed from the beginning of the program evaluation into it. So we will learn some things from ACG and Smart that I think will inform policymakers in the future but I say that also recognizing that not everybody is going to be really excited about the result of this, the grand experiment we have been on called AC&G and Smart.

[BAKER:] Let me, if I may, wrap up with, and we'll hang around a little bit, but a couple of reminders. Some great ideas came here so talk to your friends and colleagues and work together and send in things and we'll do our best to get back with you, as we explain the process. Try to hit our December 18th or very shortly afterwards but even so, it's not the end. Control and experimental are other ways to make it a rigorous experiment, I think David mentioned you could have two schools, I'll be the experiment and you be my control and then I'll be your control and you be the experiment on another one, that's really cool. This is not about burden reduction, it's about meeting the objectives a better way and informing the Congress and the Secretary and those of us in the Department of alternative ways to reach the same objectives.

[BERGERON:] The last thing I would say is, our contact is on the slide in terms of e-mails. If you have a wacky idea and you think it's too wacky too formally submit and want to run it by one of us, send it to us by e-mail, I can tell you that you'd probably make sure that it gets looked at if you send it to David Rhodes. I know that my average...

[RHODES:] I answer my e-mails.

[BERGERON:] My average e-mail flood in a day is something in excess of 300 and, you know, I may miss some sometimes and so I would encourage you to send them to



Dave and he'll get in touch with us and we'll talk about them. We're happy to see them in advance so that we can say if this is something or we might know that another school is working on something similar and we might say "Give so and so a call, they're working on this too" and we'll try to facilitate those.

[AUDIENCE:] Just a comment. I'm in a participating school already and I know there's an experimental sites list serve. Or at least you have a list serve to contact us. Is there some way that you could set up a list serve so that we can contact each other for schools who want to try and partner, or find a partner as a control?

[RHODES:] I can take that back. Right now the current list serve is sort of a one-way street. It allows us to broadcast out, it doesn't allow participants to broadcast within the

[AUDIENCE:] Is there another one that would serve that purpose?

[BERGERON:] Let me say a little bit about list serves. We used to always create a list serve every time we did negotiate rule making. We haven't done it for the last couple of rounds because what had happened with the list serves is unless you have a real active administrator it results in a lot of spam being flown around. I subscribe to FINAID-L and I know a lot of you do too. Three days out of four that goes to my spam filter, I don't know why, but that's the other thing. It's both a way that spam gets spread around and another issue is a lot of these list serves end up being caught by spam filters too so they're really hard to deal with. Those of us in the Department, I don't know if you know Secretary Duncan has, Arne has a Facebook page. Those of us who follow things with social networking, those kinds of things are really great but we're just in the infancy of doing those kinds of things. Maybe by the next time we do this we'll be using something like that because it's much more, actually much less vulnerable than the list serves are to bad stuff happening.

[BERGERON:] We'll look at it.

[BAKER:] We will look at what we can do but it's also probably more likely and better if, once we get the schools and the community established in something like with FINAID-L, but we do need to make sure we can all interact.

I got to wrap it up now because we're at our time and plus, some people have some people have some other places to go. But we'll hang around for a few more minutes; I know I got a focus group to go to.

[BERGERON:] Thank you very much. We appreciate your ideas and hanging around with us at the end of the day.