

- ◆ For what period is the experiment proposed?
- ◆ When and how will the results of the experiment be reported to the Department?
- ◆ For an experiment proposed by a group of institutions, how will the group monitor and aggregate the results of the experiment?

The following examples illustrate the elements of the proposals solicited by this notice. The problems addressed by the examples were selected because they have been the subject of considerable commentary by the higher education community. The Secretary's inclusion of these examples and not others is in no way intended to circumscribe the creativity of the community in identifying problems and developing solutions to them.

Example 1. An institution finds that the statutorily-required 30-day delay in the disbursement of student loan proceeds to college freshmen makes it difficult for them to pay for books, housing, and other educational costs incurred at the beginning of the school term. The institution proposes to disburse loan proceeds by the beginning of the school term and seeks relief from the requirements that preclude this action:

- ◆ Section 428G(b)(1) of the HEA;
- ◆ 34 CFR 682.604(c)(5), for the Federal Family Education Loan (FFEL) Program; and
- ◆ 34 CFR 685.303(b)(6) and 685.303(b)(4), for the Direct Loan Program in its first year and its subsequent years, respectively.

To address the underlying purpose of the 30-day delayed disbursement requirement (protection against possible losses to the taxpayer and harm to the student in the event of the student's early withdrawal from school), the institution provides information indicating that few of its freshmen have withdrawn from school in the first 30 days of their courses of study. The institution also describes how it

proposes to measure its performance in this respect and report that performance to the Department over a specified period.

Example 2. An institution finds that its counseling of student loan borrowers, required in part by statute and in part by regulation, is inefficient and ineffective in ensuring that borrowers repay their student loans. The institution proposes an innovative alternative and seeks relief from the requirements that preclude this action:

- ◆ Sections 485(b) and, for the Federal Perkins Loan Program, 463A of the HEA;
- ◆ 34 CFR 682.604 (f) and (g), for the FFEL Program;
- ◆ 34 CFR 685.303 (e) and (f), and 685.304, for the Direct Loan Program in its first year and its subsequent years, respectively; and
- ◆ 34 CFR 674.16(a) and 674.42(a) for the Federal Perkins Loan Program.

To address the underlying purpose of the entrance and exit counseling requirements (promotion of borrowers' understanding of their responsibilities under the student loan programs), the institution describes its alternative approach and explains why it believes this approach will be more effective. It also describes how it proposes to measure its success in ensuring that borrowers repay their loans and report its performance to the Department over a specified period.

(Approved by the Office of Management and Budget under control number 1840-0708)

Review of Proposals

The Secretary will review each proposal submitted in response to this notice on its own merits. If a proposal is approved, the participating institution's program participation agreement will be amended to reflect the terms of the experiment, including the obligations undertaken by the institution, the requirements from which the institution is relieved, the length of the experiment, and the right

of either the institution or the Department to terminate the experiment.

In reviewing proposals, the Secretary will be guided by the statutory purpose of the experimental sites authority, namely, to inform future policy choices relating to the administration of Title IV programs. The Secretary may approve a proposal as submitted, reject it, or, if he finds that a proposal is not fully approvable but has merit, work with the institution to refine it. To maximize the usefulness of experimental sites in informing future policy choices, the Secretary may encourage different approaches in similar institutions and similar approaches in different types of institutions. In addition, to ensure the smooth implementation of this reform initiative, the Secretary anticipates approving approximately 50 proposals from among those submitted in the first phase of the initiative and more after those experiments are in place.

Request for Comment

The Secretary invites institutions of higher education, students, and other interested parties to comment on the student aid reform initiative announced in this notice. Is the Department on the right track in inviting proposals to reinvent Title IV program administration in this way? What else should the Department be doing to accomplish the objectives of this initiative? Does the Department's non-regulatory guidance impose unnecessary administrative burdens? If so, how can the Department provide relief from that guidance? Comments may be directed to the contact person identified in this notice.

Dated: April 19, 1995.

David A. Longanecker,
Assistant Secretary for Postsecondary Education.

[FR Doc. 95-10101 Filed 4-24-95; 8:45 am]

BILLING CODE 4000-01-P