PUTTING THE EXPERIMENT BACK IN THE EXPERIMENTAL SITES INITIATIVE
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In a nation in which postsecondary education is increasingly required in order to compete in a global market and enter the middle class, improving federal higher education policies and the provision of federal student aid is more important than ever. The U.S. Department of Education’s Experimental Sites Initiative is designed to help policymakers test out higher education policy and program improvements on a small scale to learn what works. Those improvements would help more Americans access higher education and complete their degrees. They would also mean better value for taxpayers, who fund federal student aid programs.

The valuable mission of the Experimental Sites Initiative, however, has not been fully realized. While the authority has enabled the testing of a range of innovative potential improvements, a lack of credible evaluation of those experiments has meant that we do not know the true impact of those changes. Both Democratic and Republican administrations have failed to prioritize learning about what works within these experiments. Had there been credible program evaluation, the evidence produced might have led to broader testing of these reforms and potentially to nationwide policy changes, benefiting millions of students. Just as important, rigorous evidence would have also helped identify policy ideas that are well-meaning but ineffective, a waste of taxpayer dollars, or that disproportionately impact certain populations of students.

Today, the Department of Education, Congress, and education advocates should seize the opportunity—and the responsibility—to revive the original mission of the initiative: catalyzing innovation and rigorous learning about what works in higher education. That means putting the “experiment” back in the Experimental Sites Initiative by designing, funding, and carrying out true evaluations.
THE EXPERIMENTAL SITES INITIATIVE

The Experimental Sites Initiative has been in place in one form or another since the mid-1980s. To date, the Department of Education (the Department) has launched around 30 “experiments” through the initiative, most of which have been focused on testing new rules for federal student aid programs.¹ The initiative is designed to allow the Department to grant flexibility to institutions of higher education—colleges and universities—to test and evaluate potential federal policy changes, such as providing Pell Grants to high school students to assess whether that increases their college-going rates. The opportunity it provides policymakers to “try before you buy” is valuable: with $130 billion going to institutions each year through the federal financial aid programs, even small changes to student aid policy can affect millions of students. Moreover, beyond student aid, the initiative creates the potential for small-scale experimentation and evidence-building for future policy changes.

In reality, however, the Experimental Sites Initiative has been underutilized as a learning tool. Over the years, the Department has used the initiative for different purposes, including providing new flexibility to institutions and advancing policy changes in the absence of congressional action. Most experiments collected only descriptive statistics—information that is useful to track, but which does not answer questions about whether the policy or program adjustments created the intended effects and for whom. Some experiments have not even collected those basic data. The only two experiments for which the Department designed credible evaluations had low participation, inhibiting the successful completion of those analyses.

In short, the Experimental Sites Initiative has been a missed opportunity to learn what works and for whom. Had there been a consistent commitment by the Department to rigorous evaluation—or a requirement by Congress to conduct credible evaluations—the Department, Congress, the higher education community, and taxpayers would today have evidence from those experiments to inform broader policy. The lack of this type of useful evidence underscores the importance of doing better in the future.
A HISTORY OF DEPARTMENT OF EDUCATION EXPERIMENTS

The Experimental Sites Initiative, intended to seed reform by implementing and evaluating the effectiveness of proposed policy changes, grew from an unlikely place: a pilot project started in 1985 to allow institutions of higher education to develop methods for validating students’ financial aid data.2

The Quality Control Pilot Project

A longstanding logistical challenge of federal student aid programs has been ensuring the accuracy of the information on which the Department bases its determination of applicant eligibility. If the bar for accuracy is set too low, the programs are at risk for fraud and for misallocated resources. If the bar is set too high, cumbersome requirements for verifying financial data become a barrier to entry in higher education. To test different ways of verifying applicants’ financial aid data to ensure accuracy, the Department published new regulations that, among other things, launched the Institutional Quality Control Pilot Project. That pilot, which ran from 1985 to 1992, allowed dozens of institutions—including many private nonprofits and public flagship universities—to replace the Department’s existing verification requirements with their own versions.3

As the 1992 Higher Education Act (HEA) reauthorization drew nearer, however, problems with verification were still pervasive. For instance, a 1990 Price Waterhouse analysis of a sample of federal student aid records, launched as part of the pilot, determined that nearly 11 percent of federal financial aid dollars were incorrectly awarded.4

As a result, Congress codified and expanded the pilot in the reauthorization. It was renamed the Quality Assurance (QA) program and, like its predecessor, allowed schools to develop systems to verify students’ data submitted through financial aid applications.5 Schools that participated in the QA program were exempt from other student aid data verification requirements. Moreover, the Department had the authority to select institutions to participate in experiments, apparently as a mechanism for waiving other statutory or regulatory requirements that might be hampering schools’ QA programs. Specifically, the language authorized the Department to conduct “experimental sites,” for which colleges could volunteer to participate, that would result in policy recommendations about federal regulations or new systems for administering federal financial aid programs.6
The 1990s: Experiments or Waivers?

In the years following the 1992 reauthorization, participation and interest in the QA program increased considerably. The Department received about 200 proposals to the program in 1995. To participate in an experiment, the Department effectively required only that institutions pass a threshold for existing compliance and performance. In total, over 100 institutions were approved in 1995 and 1996; by 2002, 131 schools—83 percent of them public colleges—were participating in 10 experiments, and three other experiments had already been launched and wound down.

While verification of financial aid data was the original impetus for launching experiments, it was only the beginning. Instead, the program became a strategy for the Department to reduce institutional burden; most of the experiments during this period related to issues outside of verification. Many experiments grew out of complaints from particular institutions about overly burdensome or inconsistent rules about academic or financial aid programs, including exit counseling requirements for high-risk borrowers and the minimum length of an academic year. Some were so specific to institutions’ individual needs that only one or two colleges participated in them, making it difficult to draw conclusions with broader policy implications. Other experiments were initiated by the Department, but were also mainly focused on reducing burdens on institutions. (See Appendix A for more details on the experiments.)

Throughout this decade, what was termed an “experiment” functioned, in reality, as a waiver. None of the experiments during this period were rigorously evaluated or designed as strategies to build credible evidence for policymakers. A report on the QA program from the Department acknowledged as much, saying “when the Department of Education submitted its last full report to Congress in March 1998 to detail the status of the program, a lot of emphasis was placed on anecdotal data from the Experimental Sites participants. Carefully articulated reporting standards had yet to be implemented.” That year was the first time that the Department began collecting standardized, quantitative data that could be used to consider the effect of the experiments on student outcomes and their implications for federal student aid policy, if not to draw causal conclusions.

The 2000s: A Slow-Down in Experiments

In the 1998 HEA reauthorization, the Republican-led Congress split the “Quality Assurance” section of the law into two components. The first was the Quality Assurance program, focused on verification of federal student aid applicants’ data. The QA program continued to look much as it had before, with new requirements for evaluation and for the Department to make recommendations to Congress based on the evaluation.

The second component was a new subset of experimental authority designed to promote “regulatory improvement and streamlining” of federal student aid programs. For these experiments, Congress laid out far more rigorous requirements than in the QA program. These requirements were a reaction to the “experiments” of the years before. As a Congressional Research Service (CRS) summary of the 1998 amendments stated, “in the past, Department of Education officials have misinterpreted the experimental site provisions to mean that the Secretary had the unrestricted authority to waive statutes regarding the delivery of student financial assistance. In many instances, this authority has been used, not to engage in regulatory experiments, but to provide selected institutions with special relief from requirements contained within the act.”

The CRS report also noted that “there [was] substantial sentiment in the committee for the elimination of experimental site provisions altogether, given the history of the implementation of these provisions by the Department of Education and given that none of these experiments has yet yielded results.” Instead of eliminating the authority, though, Congress decided to significantly
tighten the requirements for allowable experiments: none could be related to student aid award rules, grant or loan maximums, and analysis of students’ federal aid eligibility based on their financial circumstances. Moreover, the Department was required to evaluate all experiments, starting in 1998, to report back on the findings of each. It was also required to submit reports to Congress explaining each experiment, its conclusions, and the Department’s recommendations for policy changes based on those conclusions. Finally, for any new experiments, the Department was required to obtain the approval of House and Senate authorizing committees for any institution’s participation in an experiment and any waivers the Department planned to grant under the experiment.

The Department’s first required report to Congress, published in 2002, focused on the 13 experiments conducted prior to 2001. As the report noted, some of the reforms tested were included by Congress in the HEA and expanded to other institutions, so were wound down when the waivers were no longer necessary. The rest of the already-launched experiments continued past 1998. In 2001, the Department issued a solicitation for new ideas for student aid experiments. The burden of having to obtain approval from the congressional authorizing committees for each program and institution involved appeared to have a chilling effect on the creation of new projects. In fact, no new experiments were introduced for nearly a decade after these requirements were created. During this period, the Department continued its 10 existing experiments. Although Congress had created new evaluation requirements for new experiments, there were no new projects to be evaluated.

2008 to 2016: Missed Opportunities to Learn What Works

In the 2008 HEA reauthorization, Congress maintained the same basic structure for the Quality Assurance and experimental sites authority, with the QA program operating separately from the Experimental Sites Initiative (see Appendix B). The Department continued to solicit new participating institutions for the QA program, and that program continued to operate until 2015, when the Department announced that it would be wound down at the end of the 2016–17 award year, having fulfilled its goals. By then there was growing use of a web tool that automatically imported tax data directly from the Internal Revenue Service (IRS) into student aid applications, which allowed for improved targeting by the Department of the data that required verification.

At the same time, however, Congress loosened some of the requirements for experimental sites, enabling the Department to start new experiments, with relatively vague language that gave significant leeway to run those experiments even without a rigorous evaluation. Specifically, lawmakers struck the language requiring the Department to consult Congress before signing off on any new experiments and it gave the Department additional waiver authority, allowing it to finance projects in new areas that were ripe for experimentation. As a result of these changes, the Department could waive requirements related to these areas:

- Awards and disbursements of federal student aid
- Verification of student financial aid data
- Entrance and exit interviews
- Other management procedures or processes established through negotiated rulemaking
- Regulations that would affect the results of an experiment, except in areas related to most award rules, maximum grant and loan amounts, or the financial need analysis formula

Congress also specified that the Secretary of Education had to shut down any existing experiments that were not successful in reducing schools’ administrative burden, improving aid delivery, or providing other benefits to students. Finding data to demonstrate the value of the experiments, however, was difficult. As a 2009 report by the Department’s Federal Student Aid office noted, “the reporting templates for many
experiments fail to collect student outcome data,” and so “we have no empirical evidence that student outcomes improve with any of the seven experiments.” Nonetheless, the Department opted to keep its experiments in place, even absent data or evidence that they had achieved positive results.

The Obama Administration took advantage of the additional authority granted to the Department by Congress to increase the use of experiments, with an eye towards using them to inform broader policy. It published a public notice in 2009, soliciting ideas for new experiments, and in 2011 followed through by announcing the creation of eight new experiments.17 (See Appendix A for more details on each experiment.) These experiments implemented the following ideas:

- Testing the usefulness of allowing students with bachelor’s degrees to access Pell Grants for career education programs and for short-term training programs. The Obama administration proposed these experiments in reaction to the high levels of unemployment during the Great Recession.

- Permitting various changes in the federal student loan program, including allowing unequal disbursements of a loan during a term, at the recommendation of financial aid administrators who argued that students would have more costs in the first semester due to loans, housing, and other expenses; and allowing institutions to limit Unsubsidized Stafford loan amounts, long a request from colleges that argue they should not be accountable for default rates on loans they cannot prevent students from obtaining.18

- Allowing high school students with intellectual disabilities in certain kinds of dual-enrollment transition programs to receive federal financial aid before they graduate from high school.

Significantly, the Department created the two Pell Grant experiments with an evaluation plan in mind. For the first time in the program’s history, the Department required participating institutions to gather data on both the students who participated in the experiment and on a control group based on random assignment. The notice explained that this was necessary to develop policy recommendations related to the experiments.19 These evaluations were only possible because the Department had funding available. The Department allocated some of the evaluation and data collection funds Congress provided, then after 2015 defunded, through the Government Performance and Results Act (GPRA) account—as well as Department of Labor funding—to support a rigorous evaluation of the Pell experiments.20

Unfortunately, results from these experiments never materialized because relatively few institutions volunteered to participate in them. (See Appendix A for details.) It is possible this was because colleges were put off by the burden associated with the experiments, or that colleges did not want to make the investment required to carry out the experiments for potentially only a limited timeframe. (The Department can end experiments at any time.) In any case, the Department wound down the two Pell Grant experiments in early 2017. To date, it has not published any results or data on these experiments. An evaluation report is due in 2019, although the implementation challenges and resulting small sample sizes will make causal claims difficult.21

Aside from the two Pell Grant experiments, there were few requirements and little guidance related to data collection or rigorous evaluation for any of the other experiments launched during the Obama administration. That included specifying before the experiments began what types of data would need to be collected. As a financial aid director from a school participating in one of the experiments noted, it “was a little frustrating... that we were not able to know what data would eventually be collected at the end.”22 The director asked the Department early on whether she and her staff were tracking the appropriate data, but got no clear guidance. More broadly, it seems that many experiments ran for several years before the Department required any data collection, and by
then schools were left scrambling to track down basic descriptive reporting, including on students who may have already left the institution.\textsuperscript{23} No results have been publicly reported on these experiments, including the required biennial reports to Congress.

The Department solicited ideas for a new round of experiments in 2013.\textsuperscript{24} The next year, it announced the start of several new experiments. They included an experiment enabling competency-based education and another encouraging “near-peer” college and career counseling by college students of high school students, funded by Federal Work-Study dollars, among others.\textsuperscript{25} The Department also announced another set of experiments in 2015 and 2016, this time without publicly soliciting ideas first. The first, EQUIP (Educational Quality through Innovation Partnerships), involved allowing institutions to establish arrangements with third-party educational providers like coding boot camps. Those partnerships are required to be reviewed and approved (essentially accredited) by third-party “quality assurance entities” selected by the institutions.\textsuperscript{26} Through the experiment, the Department aimed to signal its support for enabling “innovation,” but EQUIP was a poor fit for the Experimental Sites Initiative. It was unable to test the implications of providing federal financial aid to non-institutional providers or to understand new ways of measuring quality in higher education. Moreover, the Department planned no rigorous program evaluation to produce any actionable insights.

Two other new experiments announced in 2015 included one allowing access to Pell Grants for high school students in approved dual-enrollment programs\textsuperscript{27} and another providing Pell Grants to incarcerated individuals to attend education or training programs in prison.\textsuperscript{28} These experiments had no evaluation plans associated with them, nor have there been any data collection requirements beyond basic tracking of aid dollars provided to students. The press releases for these experiments noted that thousands of individuals would benefit. However, without a credible evaluation, the Department cannot make claims about the extent to which federal aid generated positive outcomes for those students. For example, providing high school students with access to Pell Grants opens up new and potentially valuable possibilities for learning, but it also uses up some of the Pell money for which these students will be eligible—resources they may wish they had access to after high school. In other words, it is a critical research question to ask whether, and how much, students benefit from the dual-enrollment Pell initiative. Moreover, even if the initiative were terrifically successful, having credible evidence of that could help spur broader policy change.

A final experiment announced in 2016 was to test the effectiveness of colleges providing loan counseling to students each year they are enrolled, rather than just in their first year. With student debt presenting a significant challenge for millions of students after they leave college and cohort default rates at many institutions stubbornly high, many financial aid administrators have argued they should be allowed to require annual loan counseling as a way to ensure students understand the implications of taking on debt. But some student advocates have warned that unscrupulous institutions could use annual loan counseling to dissuade low-income students and others at risk of default from obtaining loans they are entitled to receive. In this case, the Department was proactive about evaluation: it established a requirement that institutions randomly assign their entering classes of borrowers (or a subset if the school lacked the resources to provide counseling for everyone) to treatment and control groups, leaving open the possibility of a rigorous evaluation that assesses the impact of the intervention, particularly on different types of students and in different settings.\textsuperscript{29} Moreover, the Department intends to collect data from participating institutions as they begin implementing the additional loan counseling.

Given that the Department lacks funding for an evaluation, however, the planned rigorous evaluation is in question. Already it has tried asking for outside resources to analyze the data. In the press release announcing the experimental sites, the Obama administration noted that “parties interested in
supporting the rigorous evaluation of this experiment should contact the Department of Education’s Office of Strategic Partnerships." The Department could—and should—put administration dollars toward evaluating this experiment if those private resources fail to materialize. This situation highlights the importance of dedicated funding for evaluation if the Experimental Sites Initiative is going to become a true learning strategy for higher education.

2017: A New Administration Enters

In early 2017, the Department announced plans to collect information from institutions currently participating in experiments, including both qualitative and quantitative data, and invited public comment. That is a useful step, but it comes years after some of the experiments were first launched. Moreover, a data collection plan in itself will not lead to rigorous evaluations for the ongoing experiments. More broadly, the Trump administration has not yet indicated how it plans to use the Department’s experimental authority. In early 2017, it announced that several current experiments would be wound down, including the two Pell Grant experiments from 2011 and the near-peer counseling experiment from 2014. It also indicated that the loan limits experiment would end, but that decision has since been reversed, likely based in part on the continued interest from Congress in the experiment’s results.

The Trump administration—with support from Congress and encouragement from the higher education community—has a valuable opportunity to make a new start with the Experimental Sites Initiative by reviving its original mission as a strategy to innovate and rigorously learn what works, and, just as importantly, what does not.
A. Recommendations for the Department and the White House

As the agency implementing the Experimental Sites Initiative, the Department of Education should live up to the statutory requirement that experiments result in recommendations to improve the Higher Education Act. This means ending the practice of simply providing waivers from laws and rules and starting the practice of rigorously designing and evaluating experiments in order to ask and answer key questions. However, while the Office of Federal Student Aid currently administers the Experimental Sites Initiative, it has little money set aside for its implementation and, given limited staff resources, it requires substantial support from other elements of the administration. Other members of the White House education team, including staff at the Office of Management and Budget, Domestic Policy Council, Council of Economic Advisers, and National Economic Council, must also emphasize—and insist—on rigorous evaluations of the Department’s experiments to ensure they provide research and policy value.

- **Recommendation A1: Use the experimental sites authority to test and evaluate new federal financial aid policies.** This recommendation is the keystone for the rest: the Department should partner with colleges and universities to identify, test, and credibly evaluate changes to the federal financial aid system to improve student outcomes. In doing so, it can try out approaches on a small scale to learn whether they are effective and, if so, recommend that Congress scale up those approaches. The Department should avoid providing waivers simply to alleviate institutional burden, or for any other reason, without evaluating the results. The leader of the Experimental Sites Initiative must be empowered to fulfill this mission.

- **Recommendation A2: Identify important policy questions and then develop evaluation plans that can answer them.** The Department must design experiments with credible program evaluations in mind, including ensuring adequate funding (see Recommendation B2). Evaluations could be randomized experiments or well-designed quasi-experiments, which fall short of the gold standard of randomized control trials but through which impacts may still be attributed to the policy being tested. Ideally, they would include implementation analyses that provide context to the findings. The Department should also work within the experimental sites authority, framing policy questions to address improvements to the federal student aid system. For instance, rather than simply saying, “we believe dual enrollment will increase high school students’
rate of postsecondary enrollment and retention,” the Department should instead ask, “does offering access to Pell Grants for dual enrollment increase rates of postsecondary enrollment for those enrolled in the program?” Asking the right questions and designing an experiment that will answer those questions is critical to maximizing the potential of the experimental sites program. Moreover, if an experiment cannot be designed to answer questions that are important to policymakers and the higher education community, it should not move forward.

- **Recommendation A3: Consult a wide range of stakeholders in designing new experiments.** When the Department designs experiments, it should consult with a broad group of stakeholders, beyond the input gained from public comment periods like those it has sometimes used in the past. While this is made challenging by the limits established through the Paperwork Reduction Act (see Recommendation B3), seeking comment should include soliciting input early in the design process from college administrators, higher education researchers, policy organizations and nonprofits that work closely with colleges. This will ensure that the Department is focused on timely, important, and relevant policy questions. The Department should also get input from these groups into planned evaluation designs to ensure they are feasible to implement. Finally, Department officials should work closely with researchers from the agency’s Institute of Education Sciences (IES), who have valuable experience and knowledge about designing rigorous evaluations and should be an integral part of developing new experiments.

- **Recommendation A4: Clarify with institutions what data are needed.** The Department has historically been lax in determining which data points to collect, gathering input, and regularly publishing interim and final results from an experiment. Particularly in the absence of a rigorous evaluation, missing in nearly all of the experiments conducted since the authority was granted, clear-cut and comprehensive data collection planning is essential. The Department has an obligation to establish those kinds of data collection requirements before institutions officially launch their participation in the experiments so that higher education institutions can prepare for and successfully implement these requirements.

- **Recommendation A5: Publish reports on ongoing experiments at least biennially, as required by law.** The Department is required to provide reports to Congress every other year based on its “review and evaluation” of ongoing experiments. It should do so. The Office of Federal Student Aid has not published a report—or even basic data points—since the 2010–11 academic year on any of the nearly dozen experiments launched since. The Department should improve its monitoring of the schools engaged in experiments and be transparent with the public and Congress about progress. That should include updates on progress with the evaluation plan for each.

- **Recommendation A6: Ensure ongoing input from colleges.** The Department should ensure that institutions of higher education are aware of the opportunity to provide input through the required public comment process, including when colleges apply to be part of an experiment and when the Department is designing its data collection approach. The Department should also establish regular check-ins with colleges participating in experiments to gain real-time feedback around implementation and to ensure opportunities for technical assistance when needed.

- **Recommendation A7: Collaborate across White House offices and the Department.** White House staff should avoid using the Department’s experimental sites authority to achieve short-term political gains, such as getting around Congressional inaction on or opposition to certain policy changes. Instead,
the White House should send a clear signal that it expects the Department to use any new experiments to test out innovative policy changes and evaluate the results. The White House should also make it clear that it expects all evaluation results to be made public in a timely fashion. On all these issues, the Office of Management and Budget (OMB) should play a central role, given its emphasis across multiple administrations on evidence-based policymaking and its responsibility as a steward of taxpayer dollars. For example, OMB staff should require an evaluation plan prior to approving any new experiment to ensure it is credible and feasible.

B. Recommendations for Congress

Among the various stakeholders engaged in these experiments, only Congress can mandate the changes needed to make the Experimental Sites Initiative an important tool to learn what works in federal higher education policy—and to provide the resources to carry that out. As part of the reauthorization of the Higher Education Act, Congress should modify the relevant section of the Higher Education Act to require rigorous evaluations, provide funding for evaluations, and ensure transparency of the results.33 And schools can be more active in shaping and informing the experiments as well.

- **Recommendation B1: Require that all experiments be evaluated using an approved methodology.** Congress should require that every experimental site have an impact evaluation that has been approved by the Department’s Institute of Education Sciences (IES) and/or the Policy and Program Studies Service and that would meet the standards of IES’ What Works Clearinghouse. This would ensure that the experiments lead to actionable findings that can help inform policy.

- **Recommendation B2: Provide a dedicated funding stream for evaluation.** Currently, the Experimental Sites Initiative does not have any dedicated funding for evaluation. This makes evaluation of the experiments much less feasible. The Department must either find internal sources of funding for evaluation or seek external partners, such as foundations. Neither path is feasible for consistent, high-quality evaluation across the experiments. Therefore, Congress should amend the experimental sites authority to provide dedicated funding for evaluations of these experiments. The relatively small costs involved would be well worth evaluation insights that could influence broader policy and potentially improve higher education outcomes for millions of Americans in the long term.

- **Recommendation B3: Revise the Paperwork Reduction Act (PRA) to incorporate exceptions for rigorous evaluation.** The PRA is designed to prevent government from placing undue burdens on individuals and businesses through data collection efforts, such as surveys. Yet the PRA, in many ways, can inhibit collaborative policymaking and rigorous program evaluations by slowing the approval process of program evaluations to the point that federal agencies sometimes forgo them altogether, creating a barrier to free and open communication among colleges, researchers, and the Department. For instance, the PRA creates obstacles to coordination with outside parties such as university officials and researchers—at least, if there are more than nine such experts—and forces delays in establishing data collection procedures for the experiments. Therefore, Congress should reform the PRA to ensure it does not hinder rigorous program evaluations. It could add a narrow exception to Paperwork Reduction Act limitations for requests for information from the public that are voluntary, rather than required; and that are associated with experiments run by the government in which participation is voluntary. Importantly, Congress must carefully
circumscribe the exception to ensure it includes only planned high-quality evaluations and is not subject to gaming by federal agencies.

- **Recommendation B4: Insist on biennial reports and policy recommendations.** The Department has failed to publish reports, with interim or final conclusions, since its award year 2010–11 report. Congress should insist, as the law requires, that the Department provide biennial reports on its experiments. This would ensure transparency and accountability for decisions made by the Department, including details about sites’ evaluations.

**C. Recommendations for Schools**

Colleges are the ones carrying out these experiments. Any results—evaluations that show promising practices, data that reveal new problems, and even policy changes made to the law itself related to experiments—will depend on the fidelity with which schools conduct the experiments.

- **Recommendation C1: Provide ideas on future potential experiments.** The Department of Education has, on occasion, solicited ideas from institutions of higher education and other stakeholders for experiments it should run. Keeping in mind the need for experiments that will result in actionable results, institutions can raise key issues that seem ripe for future policy change. The Department should continue to solicit suggestions through Federal Register notices, listening sessions at training and other conferences, regular engagement with colleges participating in the federal aid programs, and other venues as appropriate.

- **Recommendation C2: Contribute to the success of the evaluation.** Besides running the experiments, colleges can participate in another way, as well: by sharing data that might not otherwise be available but that might help illustrate the effects of the experiment, committing staff to partner with the Department in conducting the research, and joining a dialogue with the Department about lessons for extending the policy to other institutions or in other contexts. The challenges of finding high-quality evaluators with expertise in implementing rigorous studies are significant, but many colleges have such researchers on staff. By ensuring those faculty have sufficient time and leeway to participate in the evaluation of these programs, experiments will be better-run, better-evaluated, and will have more buy-in from campus faculty. Moreover, colleges can work to establish multi-site partnerships in implementing the experiment with other campuses and universities. Doing so will help to ensure that the lessons learned from each experiment are applicable to a wider range of institutions and reflective of the diversity of the American higher education system.
CONCLUSION

Postsecondary education is essential for competing in a global marketplace, yet too few Americans enroll in or complete a high-quality college education. The government can help support students’ success by encouraging continuous improvement in our higher education policies. Reviving the original mission of the Experimental Sites Initiative, to innovate and learn what works, is a good place to start. Newly proposed language in a Higher Education Act reauthorization bill introduced in December 2017 by the chairwoman of the House Education and the Workforce Committee sought to reassert that mission by mandating rigorous evaluations of experiments. The Senate should follow suit, pairing evaluation requirements like those proposed in the House of Representatives with a dedicated funding stream to support that research. The upcoming Higher Education Act reauthorization can make the initiative a much stronger catalyst for improving federal financial aid policy by ensuring that: (1) experiments are designed to answer important policy questions; (2) all experiments have credible, rigorous program evaluations; and (3) the Department is transparent in proposing, implementing, and evaluating its experiments. Making these improvements would have an important payoff: identifying ways that federal financial aid policy can help more Americans access higher education and complete high-quality degrees.
Appendix A: A History of Experiments Under the Experimental Sites Initiative

Data on experiments begun prior to 2010 were obtained from Department of Education annual reports on the Experimental Sites Initiative, as indicated for each experiment. Data on recently discontinued experiments were obtained from the Department and include all institutions that did not withdraw from participation. Data on currently running experiments were obtained from the agency’s Experimental Sites Initiative website at [experimentalsites.ed.gov](http://experimentalsites.ed.gov).

<table>
<thead>
<tr>
<th>Experiment</th>
<th>Description</th>
<th>Institutions</th>
<th>Status</th>
<th>Outcome</th>
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<tbody>
<tr>
<td>Academic Term (1996)</td>
<td>Waived the requirement for a minimum 30-week academic year; waived the requirement that one week equals at least 12 hours of instruction for programs.</td>
<td>One private nonprofit four-year institution (Muhlenberg College, PA) participated.</td>
<td>Discontinued in 2001.</td>
<td>Muhlenberg revised its course structure and no longer needed the waiver. Feedback from students in the courses was “great.”</td>
</tr>
<tr>
<td>Federal Work-Study Time Records (1996)</td>
<td>Allowed institutions to approve students’ timesheets electronically, rather than through a paper process.</td>
<td>Two private nonprofit four-year institutions (DePaul University, IL; Southern Methodist University, TX) participated.</td>
<td>Discontinued in 2001.</td>
<td>Deemed a success and included in federal regulations.</td>
</tr>
<tr>
<td>Federal Work-Study Payment (1996)</td>
<td>Allowed students to have some or all of their FWS earnings paid directly to their student accounts for amounts owed to the institution.</td>
<td>One private nonprofit four-year institution (Smith College, MA) participated.</td>
<td>Discontinued in 2000.</td>
<td>Deemed a success and passed into law through the 1998 HEA reauthorization.</td>
</tr>
<tr>
<td>Waiver of Multiple Disbursements for a Single-Term Loan (1996)</td>
<td>Allowed institutions to disburse loans once per semester, instead of the minimum two times required by law.</td>
<td>71 institutions participated as of AY 2004–05 report; 67 were four-year; 62 were public institutions.</td>
<td>Discontinued in 2008.</td>
<td>Data showed few participating students withdrew mid-term and then defaulted (1.7%), and institutions reported a reduction in emergency short-term loans and increases in retention rates. The reform was included in the Deficit Reduction Act of 2005 for schools with a default rate of 10% or less.</td>
</tr>
<tr>
<td>Loan Proration for Graduating Borrowers (1996)</td>
<td>Allowed graduating students access to the full annual loan limit, rather than requiring proration for remaining portions of a program that are shorter than a full academic year.</td>
<td>61 institutions participated as of AY 2010–11 report; all were four-year; 50 were public.</td>
<td>Discontinued after AY 2010–11.</td>
<td>Data showed 90% of affected students opted to take the full loan amount rather than a prorated amount; institutions reported reduced burden.</td>
</tr>
<tr>
<td>Experiment</td>
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</tr>
<tr>
<td>Over-award Tolerance and the Disbursement of Loan Funds (1996)</td>
<td>Instead of requiring institutions to correct over-awards before disbursement of a federal DL loan, allowed a $300 tolerance before corrections were required. This policy was already in place for students with a FWS award.</td>
<td>23 institutions participated as of AY 2010–11 report; all were four-year; 22 were public.</td>
<td>Discontinued after AY 2010–11.</td>
<td>Data showed &lt;2% of DL borrowers experienced an over-award; cumulative dollar amount of over-awards made up &lt;3% of loans to students with over-awards and 0.04% of DL dollars made to participating schools. Institutions reported reduced burden.</td>
</tr>
<tr>
<td>Inclusion of Loan Fees in the Cost of Attendance (1996)</td>
<td>Allowed institutions to exclude loan fees from cost of attendance unless the student requested inclusion or the institution included it due to special student need.</td>
<td>34 institutions participated as of AY 2010–11 report; all were four-year; 28 were public.</td>
<td>Discontinued after AY 2010–11.</td>
<td>Data showed 68% of borrowers did not receive loan fees in their COA, though 38% were already borrowing at the annual maximum. More borrowers (32%) requested inclusion of loan fees in their COA in AY 2010–11 than in AY 2009–10 (18%), even while average loan fees declined. Institutions reported lower burden.</td>
</tr>
<tr>
<td>Credit of Title IV Funds to Otherwise Nonallowable Institutional Charges (1996)</td>
<td>Allowed institutions to apply Title IV funds to non-educational expenses like library charges, parking fees, etc., without first obtaining written authorization from the student or parent.</td>
<td>16 institutions participated as of AY 2010–11 report; all were four-year; 13 were public.</td>
<td>Discontinued after AY 2010–11.</td>
<td>Data showed that only 300 of 83,000 students opted out, but those who opted out were more likely to graduate or stay enrolled (93% versus 87%); ED noted it could not definitively address the policy question.</td>
</tr>
<tr>
<td>Credit of Title IV Aid to Prior Term Charges (1996)</td>
<td>Allowed institutions to apply Title IV funds to outstanding charges from the prior term without first obtaining written authorization from the student.</td>
<td>14 institutions participated as of AY 2010–11 report; all were four-year; 13 were public.</td>
<td>Discontinued after AY 2010–11.</td>
<td>No students opted out. Data showed 15% of Title IV recipients at participating schools were affected; the average amount of prior-term charges was $742 in AY 2010–11. There was no comparison group, but 88% of those affected graduated or remained enrolled.</td>
</tr>
<tr>
<td>Waiver of the 30-Day Delay for the Disbursement of Loans to First-Year, First-Time Borrowers (1996)</td>
<td>Allowed institutions to disburse loans immediately for first-year, first-time borrowers, rather than waiting for 30 days before disbursing.</td>
<td>63 institutions participated as of AY 2004–05 report; 62 were four-year; 52 were public.</td>
<td>Discontinued in 2006.</td>
<td>Data showed few participating students withdrew mid-term and then defaulted (1.7%), and institutions reported a reduction in short-term loans and increases in retention rates. The reform was included in the Deficit Reduction Act of 2005 for schools with a default rate of 10% or less.</td>
</tr>
<tr>
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<tr>
<td>Alternative Entrance Loan Counseling Procedures (1996)</td>
<td>Allowed institutions to provide loan counseling for first-time borrowers by AV presentation, interactive electronic means, or in person, rather than simply in-person as was previously required; permitted exempted colleges from requirements to document participation of borrowers prior to loan disbursement.</td>
<td>33 institutions participated as of AY 2010–11 report; all were four-year; 26 were public.</td>
<td>Discontinued after AY 2010–11.</td>
<td>Data showed that participating schools had a low average default rate (2.8%). Six of the participating schools required only groups of students at risk for default to complete entrance counseling. Data reporting was inadequate to assess the impact on administrative burden. The 1998 HEA amendments made the use of electronic technology broadly permissible.</td>
</tr>
<tr>
<td>Alternative Exit Loan Counseling Procedures (1996)</td>
<td>Allowed institutions to conduct exit counseling electronically, rather than in person; exempted colleges from requirements to document participation of borrowers.</td>
<td>32 institutions participated as of AY 2010–11 report; all were four-year; 25 were public.</td>
<td>Discontinued after AY 2010–11.</td>
<td>Data showed low default rates (3.1 percent in AY 2010-11). Nine schools did not conduct any exit counseling. Data reporting was inadequate to assess the impact on administrative burden.</td>
</tr>
<tr>
<td>Ability-to-Benefit Examinations and the Award of Title IV Aid (1996)</td>
<td>Allowed institutions to accept students without a high school diploma/GED if they completed at least six credit hours of college-level classes with a GPA of C or better without federal student aid, rather than requiring them to pass an ability-to-benefit exam.</td>
<td>14 institutions participated as of AY 2006–07 report; all were two-year; all were public.</td>
<td>Discontinued after AY 2006–07.</td>
<td>Data from AY 2006–07 showed that students who failed the ATB exam but completed six credit hours had attempted and completed more hours than ATB-exam students, and had higher GPAs. Passed into law as part of 2008 HEA reauthorization.</td>
</tr>
<tr>
<td>Pell Grant Eligibility of Students with Bachelor’s Degrees Who Enroll in Vocational or Career Programs (2011)</td>
<td>Allowed students who had already attained a bachelor’s degree to access remaining Pell Grant eligibility for short-term vocational training.</td>
<td>48 institutions participated; 41 were public two-year, 5 public four-year, 2 private nonprofit.</td>
<td>Discontinued in June 2017.</td>
<td>Designed for rigorous evaluation. Data not yet available.</td>
</tr>
<tr>
<td>Pell Grant Eligibility of Students Enrolled in Certain Short-Term Training Programs (2011)</td>
<td>Allowed students to access short-term training programs (&lt;15 weeks) that do not otherwise meet the minimum required length.</td>
<td>47 institutions participated; 42 were public two-year, 4 public four-year, 1 for-profit two-year.</td>
<td>Discontinued in June 2017.</td>
<td>Designed for rigorous evaluation. Data not yet available.</td>
</tr>
<tr>
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<tr>
<td>Single Disbursement of a One-Term Loan for Study Abroad Students (2011)</td>
<td>Allowed some study-abroad students to receive a one-term loan in a single disbursement to account for travel and other upfront expenses, even if the school’s cohort default rate equaled or exceeded 5%.</td>
<td>6 institutions participated: 1 was public two-year, 3 public four-year, 2 private nonprofit four-year.</td>
<td>Discontinued in June 2016.</td>
<td>No data have been made available.</td>
</tr>
<tr>
<td>Early Disbursement for Study Abroad Students and for Students Enrolled in Foreign Institutions (2011)</td>
<td>Allowed students participating in study abroad or attending foreign institutions to have loan dollars disbursed as many as 30 days prior to the start of the academic term to account for travel expenses.</td>
<td>10 institutions participated: 1 was public two-year, 5 public four-year, 4 private nonprofit four-year.</td>
<td>Discontinued in June 2016.</td>
<td>No data have been made available.</td>
</tr>
<tr>
<td>Unequal Disbursements (2011)</td>
<td>Allowed schools to disburse funds to borrowers in unequal amounts, rather than evenly divided in two or more disbursements, to account for upfront costs like books and housing.</td>
<td>9 institutions participated: 1 was public two-year, 3 public four-year; 5 private nonprofit four-year.</td>
<td>Discontinued in June 2016.</td>
<td>No data have been made available.</td>
</tr>
<tr>
<td>Limiting Unsubsidized Loan Amounts (2011)</td>
<td>Allows institutions to limit unsubsidized loan amounts on a categorical basis (e.g., for all first-time freshman) by at least $2,000.</td>
<td>22 institutions participating: 14 are public two-year, 5 public four-year, 1 private nonprofit two-year, 1 private nonprofit four-year, 1 for-profit four-year.</td>
<td>Ongoing.</td>
<td>Data obtained by New America and published in our report Off Limits show that institutions targeted first-time students most frequently for tightened loan limits, or targeted all students without distinction. Default rates at those schools dropped slightly, alongside drops in national cohort default rates.</td>
</tr>
<tr>
<td>PLUS Loans for Parents of Students with Intellectual Disabilities (2011)</td>
<td>Allowed parents of students with intellectual disabilities to access Parent PLUS loans for certain transitional programs.</td>
<td>5 institutions participated: 4 were public four-year, 1 private nonprofit four-year.</td>
<td>Discontinued in June 2016.</td>
<td>No data have been made available.</td>
</tr>
<tr>
<td>Eligibility of Students with Intellectual Disabilities Who Are Also Enrolled in High School (2011)</td>
<td>Allowed students with intellectual disabilities to access Pell Grants, Federal Work-Study, or Supplemental Educational Opportunity Grant (SEOG) dollars for certain transitional programs that begin while students are still in high school.</td>
<td>0 institutions participated.</td>
<td>Discontinued in June 2016.</td>
<td>No data have been made available.</td>
</tr>
<tr>
<td>Prior Learning Assessments (2014)</td>
<td>Allows students to access federal financial aid for costs associated with prior learning assessments (such as test fees) by letting institutions include those costs in the calculated cost of attendance.</td>
<td>23 institutions participating: 14 are public two-year, 2 public four-year, 5 private nonprofit four-year, 2 for-profit four-year.</td>
<td>Ongoing.</td>
<td>No data have been made available.</td>
</tr>
<tr>
<td>Experiment</td>
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<td>Institutions</td>
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<tr>
<td>Competency-Based Education Split Disbursement (2014)</td>
<td>Allows institutions to define direct and indirect costs separately, where direct (instructional) costs are disbursed at different times based on student progress.</td>
<td>13 institutions participating; 9 are public two-year, 1 public four-year, 1 private nonprofit four-year, 2 for-profit four-year.</td>
<td>Ongoing.</td>
<td>No data have been made available.</td>
</tr>
<tr>
<td>Limited Direct Assessment (2014)</td>
<td>Allows schools to use direct assessment for individual programs rather than entire institution.</td>
<td>21 institutions participating; 7 are public two-year, 6 public four-year, 4 private nonprofit four-year, 4 for-profit four-year.</td>
<td>Ongoing.</td>
<td>No data have been made available.</td>
</tr>
<tr>
<td>Federal Work-Study Near-Peer Counseling (2014)</td>
<td>Allows students to waive the institutional matching requirement for work-study jobs in which college students provide counseling or mentoring to high school students.</td>
<td>7 institutions participating; 5 are public four-year, 2 private nonprofit four-year.</td>
<td>Ongoing.</td>
<td>No data have been made available.</td>
</tr>
<tr>
<td>Second Chance Pell (2015)</td>
<td>Allows incarcerated students to access Pell Grants for approved postsecondary programs.</td>
<td>65 institutions participating; 38 are public two-year, 17 public four-year, 10 private nonprofit four-year.</td>
<td>Ongoing.</td>
<td>No data have been made available.</td>
</tr>
<tr>
<td>EQUIP (Educational Quality through Innovative Partnerships) (2015)</td>
<td>Allows institutions to establish partnerships in which they outsource at least half of an educational program to a non-institutional provider, provided the program has been approved by an independent quality assurance entity.</td>
<td>5 institutions participating; 1 is public two-year, 2 public four-year, 2 private nonprofit four-year.</td>
<td>Ongoing.</td>
<td>No data have been made available.</td>
</tr>
<tr>
<td>Dual Enrollment (2015)</td>
<td>Allows high school students to access Pell Grants for approved concurrent enrollment programs.</td>
<td>41 institutions participating; 32 are public two-year, 4 public four-year, 2 private nonprofit two-year, 3 private nonprofit four-year.</td>
<td>Ongoing.</td>
<td>No data have been made available.</td>
</tr>
<tr>
<td>Competency-Based Education Subscription Period (2015)</td>
<td>Expands the previous CBE experiment to cover schools that charge a “subscription period” flat fee for tuition.</td>
<td>10 institutions participating; 3 are public two-year, 2 public four-year, 5 private nonprofit four-year.</td>
<td>Ongoing.</td>
<td>No data have been made available.</td>
</tr>
<tr>
<td>Loan Counseling (2016)</td>
<td>Allows institutions to require loan counseling as a condition of receiving federal aid once annually, rather than only for first-time students.</td>
<td>49 institutions participating; 31 are public two-year, 16 public four-year, 1 private nonprofit four-year, 1 for-profit four-year.</td>
<td>Ongoing.</td>
<td>No data have been made available.</td>
</tr>
</tbody>
</table>
Appendix B: Current Legislative Language Governing the Experimental Sites Initiative

Current statutory language is available here: https://www.law.cornell.edu/uscode/text/20/1094a.

HEA Sec. 487A

[b] Regulatory improvement and streamlining experiments

[1] In general.—The Secretary shall continue the voluntary participation of any experimental sites in existence as of July 1, 2007, unless the Secretary determines that such site’s participation has not been successful in carrying out the purposes of this section. Any experimental sites approved by the Secretary prior to such date that have not been successful in carrying out the purposes of this section shall be discontinued not later than June 30, 2010.

[2] Report.—The Secretary shall review and evaluate the experience of institutions participating as experimental sites and shall, on a biennial basis, submit a report based on the review and evaluation to the authorizing committees. Such report shall include—

[A] a list of participating institutions and the specific statutory or regulatory waivers granted to each institution; 

[B] the findings and conclusions reached regarding each of the experiments conducted; and 

[C] recommendations for amendments to improve and streamline this chapter, based on the results of the experiment.

[3] Selection

[A] In general.—The Secretary is authorized to periodically select a limited number of additional institutions for voluntary participation as experimental sites to provide recommendations to the Secretary on the impact and effectiveness of proposed regulations or new management initiatives.

[B] Waivers.—The Secretary is authorized to waive, for any institution participating as an experimental site under subparagraph [A], any requirements in this subchapter, including requirements related to the award process and disbursement of student financial aid (such as innovative delivery systems for modular or compressed courses, or other innovative systems), verification of student financial aid application data, entrance and exit interviews, or other management procedures or processes as determined in the negotiated rulemaking process under section 1098a of this title, or regulations prescribed under this subchapter, that will bias the results of the experiment, except that the Secretary shall not waive any provisions with respect to award rules [other than an award rule related to an experiment in modular or compressed schedules], grant and loan maximum award amounts, and need analysis requirements unless the waiver of such provisions is authorized by another provision under this subchapter.

[4] Determination of success.—For the purposes of paragraph [1], the Secretary shall make a determination of success regarding an institution’s participation as an experimental site based on—

[A] the ability of the experimental site to reduce administrative burdens to the institution, as documented in the Secretary’s biennial report under paragraph [2], without creating costs for the taxpayer; and 

[B] whether the experimental site has improved the delivery of services to, or otherwise benefitted, students.
Notes

1 We use the term “experiments” advisedly, given the lack of credible evaluations to date. Our goal is to see more actual experiments within the initiative in the future, meaning tests of policy or program changes with credible evaluation designs.


6 Ibid.

7 This included reviewing audit records, program review findings, re-certification status as Title IV-participating institutions, and cohort default rates.


9 Ibid.


11 Ibid.


14 These experiments also included allowing a single disbursement of a loan for study abroad students, providing students all of their loan dollars up front to support travel and other initial expenses; allowing early disbursement for study abroad students or students at foreign institutions, again to allow for expenses like travel to the study-abroad country; and allowing parents of students with intellectual disabilities to borrow Parent PLUS loans for college transition programs that are not normally permitted to participate in the federal loan programs.


Ibid.


U.S. Department of Education, “Draft Federal Register Notice Inviting Postsecondary Educational Institutions to Participate in New Experiments Under the Experimental Sites Initiative,” July 25, 2014, https://ifap.ed.gov/eannouncements/072514DraftFedRegInvitPostSecondEDInstitParticipNewUnderExpSiteInit.html. Other experiments announced alongside these included one allowing students to use federal student aid to pay for prior learning assessments and another allowing institutions to establish a program that included both direct assessment and credit hour work.


Ibid.

The Department of Education accepted none of the changes recommended by stakeholders and members of the public during the first round of public comment review in 2017, offering only a perfunctory response to most of the comments it received.


Chairwoman of the House Education and the Workforce Committee Virginia Foxx (R-N.C.) introduced a Higher Education Act reauthorization bill in December 2017 that includes a provision requiring rigorous evaluations of each experiment and annual reports to Congress. However, it also restored the requirement that Congress review and comment on any new experiments, which created a chilling effect when it was first placed in law in 1998, and did not provide a funding authorization for those evaluations.
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