DEPARTMENT OF EDUCATION

Federal Student Assistance Programs Under Title IV of the Higher Education Act of 1965, as Amended

AGENCY: Department of Education. **ACTION:** Notice inviting proposals for experimental sites.

SUMMARY: The Secretary invites institutions of higher education to propose new ways of administering the student assistance programs authorized by Title IV of the Higher Education Act of 1965, as amended (HEA). Under section 487A(d) of the HEA, if the Secretary approves an institution as an experimental site as a part of this student aid reform initiative, he may exempt the institution from any Title IV statutory or regulatory requirement that would bias experimental results. The Secretary anticipates approving approximately 50 experiments in the first phase of this initiative and more after those experiments are in place. The Secretary establishes no regulatory requirements for the proposals invited by this notice.

DATES: Proposals may be submitted in response to this notice at any time after April 25, 1995.

ADDRESSES: Jeffrey S. Baker, U.S. Department of Education, 600 Independence Avenue, SW (Room 3042, ROB–3), Washington, DC 20202.

FOR FURTHER INFORMATION CONTACT: Jeffrey S. Baker, telephone: (202) 708– 9261. Individuals who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1–800–877–8339 between 8 a.m. and 8 p.m., Eastern time, Monday through Friday.

SUPPLEMENTARY INFORMATION:

Background

Over the course of the past year, the Department of Education has made progress in simplifying regulations and administrative processes for the Federal student assistance programs authorized by Title IV of the HEA. Regulatory burden on institutions, students, and families has been reduced, and institutional flexibility in meeting legal requirements has been increased.

During the coming months, the Secretary will undertake a series of additional initiatives to free institutions of higher education from administrative burdens that unnecessarily draw resources away from their educational mission. With this notice, the Secretary invites proposals to reinvent the administration of Federal student assistance programs through the use of

the experimental sites authority. At the same time, at the direction of the President, the Secretary is conducting a page-by-page review of all student financial assistance regulations to identify those that should be modified or eliminated. On the basis of these two initiatives, as well as the Department's continuing dialogue with the higher education community, the Secretary will also consider developing proposals for statutory amendments to eliminate unnecessary administrative burden. Finally, the Secretary will increase the flexibility and expand the scope of the Department's Institutional Quality Assurance Program, which employs a cycle of assessment, improvement, and preventive actions in the administration of Title IV programs.

The invitation for proposals in this notice is a part of the Secretary's effort to reform Title IV program administration in partnership with the higher education community. The community has given the Department the benefit of its views in a variety of ways during the past year-in negotiated rulemaking, in comments on proposed rules, at a series of regional meetings, and in numerous informal discussions. The community's views were indispensable to the reforms that the Department has undertaken to date. It is the Secretary's hope that the community will address issues of program administration that remain to be resolved in the proposals invited by this notice.

Invitation for Proposals

The Secretary invites institutions of higher education that administer one or more Title IV programs to submit one or more proposals to participate as "experimental sites" under section 487A(d) of the HEA. This section authorizes the Secretary to select institutions for voluntary participation in experiments to test new ways of administering the student assistance programs. The Secretary is further authorized to exempt a participating institution from any Title IV statutory or regulatory requirement that would bias experimental results.

The Secretary establishes no regulatory requirements for the proposals invited by this notice. It is the Secretary's hope that this approach will encourage institutions to develop truly innovative strategies that relieve unnecessary burden, maintain program accountability, and inform the Department's future efforts to improve Title IV program administration. If these experimental strategies prove successful, the Secretary intends to incorporate them into Title IV program regulations or, if appropriate, legislative proposals.

Submission of Proposals

Any institution that administers a Title IV program, or a group of these institutions, may submit a proposal in response to this notice at any time by mailing the proposal to Jeffrey S. Baker at the address provided at the beginning of this notice or by faxing it to him at (202) 205–0786. Early submission is encouraged, as the Secretary anticipates that the review of proposals will begin within 60 days of the date of this notice; however, proposals that are received later will also be considered.

The Secretary particularly invites proposals from institutions that are participating in the William D. Ford Federal Direct Loan (Direct Loan) Program. The availability of comprehensive and timely management information under the Direct Loan Program permits effective monitoring, evaluation, and adjustment of administrative practices by participating institutions. The Secretary encourages these institutions to develop proposals that take advantage of this capability. Similarly, the Secretary encourages proposals from institutions that are participating in the Department's Institutional Quality Assurance Program and have developed their own comprehensive systems to identify and remedy problems in the administration of Title IV programs.

The Secretary emphasizes that the Department seeks to approve proposals for innovative approaches in a variety of different areas. Since the Secretary anticipates approving only a small number of different experimental solutions to any one problem, he encourages institutions to collaborate in the development of proposals and to submit proposals together.

To aid in the Department's review of proposals, the Secretary suggests, but does not require, that a proposal be in the range of two to eight pages and that it answer the following questions:

- What problem experienced by the institution or its students, or both, does the proposal address?
- What is the institution's proposed solution to that problem?
- From which specific statutory or regulatory requirements does the institution seek relief in order to test its proposed solution?
- What performance measures or alternative actions does the institution propose to use to fulfill the underlying purpose of the requirements from which relief is sought?