Research

The Experimental Sites Initiative: Cost Benefit Analysis

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Quick Facts Summary

- The Experimental Sites Initiative (ESI) allows the Department of Education to waive specific statutory or regulatory requirements for postsecondary institutions, to test the effectiveness of flexibility for participating institutions disbursing federal student aid.
- No ESI waiver has moved Congress to change the underlying law. Nor have they compelled three different administrations to modify governing regulations.
- An accounting of the cost for each experiment is not publicly available, nor is an accounting of the amount of reduction in federal student aid funding for those students that traditionally qualify.
- The Obama Administration used the ESI to establish 16 experiments to gather evidence that supported favored policies.
- The second chance Pell experiment is offered to nearly 12,000 prisoners, despite a specific provision in the Violent Crime Control and Law Enforcement Act prohibiting incarcerated individuals from receiving basic grants.

In April, a bipartisan group of 16 Senators sent a letter to Education Secretary Betsy DeVos asking her to not only keep a pilot program that makes Pell Grants available to high school students enrolled in college courses – commonly referred to as dual-enrollment – but to expand participation in the program for the upcoming school year.

The Dual Enrollment program, first noticed in the federal register in November of 2015, expands opportunities for high school students from low-income backgrounds by using Pell Grant funding to expand their access to rigorous college level coursework. When the pilot

program was established, the Department of Education (ED) expressed its interest in dual enrollment arrangements that are aligned with postsecondary degrees and credentials in high-demand fields, including Science, Technology, Engineering, Mathematics, and Computer Science, and those aligned with career pathways and other career preparation programs.

The program was created using the ESI, authorized in the Higher Education Act, which gives ED the authority to waive specific statutory or regulatory requirements for postsecondary institutions if they have been approved to participate in an experiment. The ESI experiments are designed to test the effectiveness of statutory and regulatory flexibility for participating institutions disbursing federal student aid. In theory, by contrasting the results achieved with flexibilities, with results under current regulations, policymakers would then have data to support changes to regulations and statute.

Unfortunately for policymakers, ED has "delayed drafting and releasing analyses of these experiments" since 2010.[1] Perhaps an understandable decision considering the 2010 report notes that none of the changes tested by any ESI has moved Congress to change the underlying law. Nor have they compelled three different administrations to modify governing regulations.[2]

In other words, these experiments often provide little evidentiary support to justify changes, yet they are conducted over multiple years incurring unknown costs while potentially diminishing the impact of federal aid dollars meant to help the neediest students.

The Obama Administration's use of ESI

Over the course of eight years, the Obama Administration used the ESI to establish 16 experiments to gather evidence that supported favored policies the administration sought to enact through statutory and regulatory changes. The process began with a flurry in 2009, when the Department of Education first invited Institutions of Higher Education (IHEs) to submit suggestions for experiments designed to test new ways of administering the student financial assistance programs, and concluded in late 2016, with the undertaking of an experiment designed to test the effectiveness of institutionally designed loan counseling programs.

Below is a list of experiments grouped by the programs (or policies) each were designed to test from the past eight years.

Pell Grant experiments:

1. Federal Pell Grant Program—Eligibility of students with bachelor's degrees who enroll

in vocational or career programs.

2. Federal Pell Grant Program—Eligibility of students enrolled in certain short-term training programs.
3. Second Chance Pell – participating institutions will provide Federal Pell Grant funding to otherwise eligible students who are incarcerated in Federal or State penal institutions.
4. Dual Enrollment – learn about how Federal Pell Grant funding can expand opportunities for students from low-income backgrounds to participate in dual enrollment programs.

Direct Loan experiments:

5. Direct Loan Program—Single disbursement of a one-term loan for study abroad students.
6. Direct Loan Program—Early disbursement for study abroad students and for students enrolled in foreign institutions.
7. Direct Loan Program—Unequal disbursements, which would allow unequal disbursements of Direct Loan proceeds. Traditionally, loans are provided in at least two substantially equal disbursements.
8. Direct Loan Program—Limiting unsubsidized loan amounts.
9. Loan Counseling – participating institutions will have the flexibility to require additional loan counseling for student borrowers beyond the statutorily required one-time entrance and one-time exit counseling as a condition for the students to receive Direct Loan funds.

PLUS Loan experiment:

10. PLUS Loans for parents of students with intellectual disabilities.

TITLE IV Eligibility experiments:

11. Student Eligibility—Eligibility of students with intellectual disabilities who are also enrolled in high school.
12. Prior Learning Assessment—Provides that a student's title IV cost of attendance (COA) can include costs incurred by the student for assessments of prior learning and that a student's Federal Pell Grant enrollment status may, with limitations, consider a student's efforts to prepare materials for a prior learning assessment.

13. Competency-Based Education—Provides flexibility in how institutions provide Federal student aid to students enrolled in self-paced competency-based education programs.
14. Limited Direct Assessment—Provides flexibility for an institution to provide a mix of direct assessment coursework and credit or clock hour coursework in the same program.
15. Federal Work Study (FWS) for Near-Peer Counseling—Provides flexibility for institutions to compensate FWS students, who are employed as "near-peer" counselors to high school students solely with Federal funds.
16. Educational Quality through Innovative Partnerships (EQUIP) – participating institutions will provide some types of Federal student aid to otherwise eligible students who are pursuing a program of study offered by the institution where 50 percent or more of the educational program is provided by one or more entities that are not traditionally eligible to participate in the title IV programs (non-traditional providers), through a contractual agreement with the participating institution.

Bypassing Congressional Intent: Second Chance Pell

Education attainment provides benefits for individuals and for the broader society. Whether it's the arts and humanities or science and engineering, an educated citizenry helps ensure economic prosperity. Given the evidence, it is difficult to argue against initiatives that provide access to postsecondary degree and certification programs to individuals that have been convicted of felonies and are serving time in state and federal detention centers. Indeed, studies have shown that postsecondary correctional education reduces re-incarceration rates by as much as 40 percent. With results like that, it might be reasonable to expect the Federal government to provide prisoners access to federal student aid funding. As it turns out however, during the mid-90's, Congress debated this issue at length during the process of enacting the ''Violent Crime Control and Law Enforcement Act of 1994.'' Included in this public law is a small provision that seems rather straight forward. It reads:

> *"No basic [Pell] grant shall be awarded under this subpart to any individual who is incarcerated in any Federal or State penal institution.''*

Still, despite this rather plain prohibition, the Second Chance Pell experiment was established. And with 67 institutions participating, it is the largest current experiment. Anecdotal evidence supports the investment, but the lack of program evaluation and a direct conflict with congressional intent makes the justification of the experiment difficult.

Cost and Value of Experiments

Currently, the information needed to account for the cost of each experiment is not publicly available making it difficult to calculate the value of the ESIs in monetary terms. In one example specific to prisoner education, the Obama Administration provided for a $30 million set aside in Pell grant funding that allows for roughly 12,000 prisoners take college courses.[3] A full accounting of the corresponding reduction in Pell grant funding for those students that traditionally qualify remains elusive..

Unfortunately, the only information provided on ED's ESI website that resembles an accounting of the experiments is limited to a list of schools participating. A thorough review the federal register provides some additional cost data pertaining to the evaluation of two other Pell Grant experiments. The price tag for that is nearly $3 million for a five-year study. That study was due to be released the summer of 2017, but has now been postponed until the spring of 2019. Hardly a timely report considering Congress is currently working to reauthorize HEA. Sadly, with the limited information available, it is difficult to fully understand how much funding is reserved, never reaching the student that it was originally meant for. What is clear however is that $33 million would fully fund an addition 5,574 Pell awards.

Conclusion

Congress clearly saw the value in providing the Department of Education with the flexibility to waive various statutes and regulations that might result in unforeseen consequences or otherwise limit the intention of providing federal student aid to those that qualify. While drafting the last rewrite of the Higher Education Act, it certainly would have been difficult for policymakers to anticipate the growth of non-traditional providers such as coding boot camps that the EQUIP experiment, for example, is meant to provide access for, but without effectiveness data and financial transparency it is difficult to justify the costs of and continuation of these ESIs. If the current administration is seeking to streamline the agency's budget and reduce costs by over 13 percent, then perhaps a review and termination of some of these experiments is a good place to find a few million dollars hidden in the couch cushion.

[1] "Federal Student Aid". Experimentalsites.ed.gov. N.p., 2017. Web. Feb. 2017.

[2] "Analysis of the Experimental Sites Initiative: 2010-11". The U.S. Department of Education, Office of Federal Student Aid. Experimentalsites.ed.gov.

[3] "Pell Grants For Prisoners: Obama To Give Inmates A Second Chance At College". USA

TODAY. N.p., 2016. Web. 24 June 2016.