



July 2, 2015

Docket ID ED-2015-OPE-0020

Ms. Jean-Didier Gaina
Office of Postsecondary Education
U.S. Department of Education
1990 K Street NW, Room 8055
Washington, DC 20006-8502

Dear Ms. Gaina:

On behalf of the National Council of Higher Education Resources (NCHER), thank you for the opportunity to provide the attached comments on the proposed regulations to amend the cash management regulations to ensure students have convenient access to their Title IV, Higher Education Act, program funds. NCHER is a nonprofit trade association that represents a nationwide network of higher education assistance agencies that administer grant and loan assistance programs to students and parents to pay for the costs of postsecondary education. Many of our members, including state agencies and state-designated authorities, also provide higher education access, outreach and financial literacy programs, and counseling, and a number of our members currently provide various financial services to postsecondary institutions.

NCHER supports federal rules that strengthen consumer protections and improve transparency to help students and families access postsecondary education. However, it is equally, if not more important, to ensure that any federal regulatory scheme does not result in unintended negative consequences to students who rely on financial services to receive their funds as quickly and efficiently as possible. NCHER and its members look forward to working with the Department to ensure students have timely and convenient access to their Title IV program funds and that any changes are not a step backward that would increase administrative burden and costs, and negatively impact the services currently available to students.

If you have any questions about the attached comments, please feel free to contact me or Vicki Shipley, NCHER's Senior Advisor, at 202/822-2106 or vshiple@ncher.us.

Sincerely,

A handwritten signature in blue ink, appearing to read "James P. Bergeron".

James P. Bergeron
President

National Council of Higher Education Resources (NCHER) Comments on Notice of Proposed Rulemaking Regarding Cash Management

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ACH as Default Refund Preference – 668.164(d)(4)(i)(B)(1)

The proposed regulations would require that federal student aid refunds be deposited into existing bank accounts, presumably using the Automated Clearing House (ACH) network. We believe that students should have multiple options for how they want to receive their refund and those options should be presented in a “clear, fact-based, and neutral presentation” as encouraged by the Department. Defaulting students to an existing bank account could discourage their review of other options that could be lower-cost and more convenient for their needs. It also assumes students have an existing account when arriving on campus, though many do not. Thus, reference to this as being the default option is inaccurate for these students. NCHER strongly supports providing students with a choice of options, but opposes stating that ACH transfers be listed as the default and first option for refunds.

Check as an Alternative for Credit Balance Disbursements - 668.164(d)(4)(i)(B)(4)

The proposed regulations would require institutions of higher education to list paper checks during the initial refund selection process where, today, institutions can choose to offer electronic-only options. We believe that electronic disbursements are better for students and parents. As of March 13, 2013, the U.S. Treasury mandated that all federal benefits must be disbursed electronically. Reverting back to paper checks and mailing them to students and families will delay access to important federal funds, which may be further compounded because of bank holds; leave unbanked students vulnerable to high check cashing fees; and subject students and their families to a greater risk of fraud. Electronic refunding options solve these problems and better serve students with more timely access to funds, administrative efficiency, and lower costs. NCHER opposes requiring institutions to offer paper checks as an option, even if it has a Tier 1 or Tier 2 arrangement.

Student Information Sharing with Third-Party Servicers or Financial Institutions - 668.164(e)(2)(i)(A)

Under the proposed rules, institutions would be extremely limited in the types of data they could provide to third-party servicers to process timely refunds. Institutions would be prohibited from providing data needed to securely authenticate the student’s identity, the amount of the Title IV credit balance disbursement, and information needed to match a credit balance disbursement with the correct recipient. As a result, third-party servicers could be unable to process Title IV credit balances making it more difficult to get refunds to students in a timely manner. NCHER supports allowing institutions to provide limited, but important, information to third-party servicers so they may process student refunds.

Restriction on Certain Fees for Tier 1 Accounts - 668.164(e)(2)(iii) and (iv)

The proposed rule includes fee restrictions that are far more extensive than what was discussed during negotiated rulemaking. Specifically, the regulations prohibit any fees being imposed for at least 30 days following the date that a student’s Title IV funds are deposited into an optional financial account offered by a third-party servicer, which is on top of individual fee prohibitions. While NCHER supports restrictions on the imposition of unnecessary fees on students, the proposed broad prohibitions would not allow third-party servicers to recoup normal operational costs of doing business. For example, student accountholders could bounce an unlimited amount of checks within the 30-day period, or conduct unlimited ATM transactions using any ATM, at no cost. These examples of consumer behavior

come at a cost to financial institutions and NCHER believes the Department should allow reasonable fees to cover such services.