

The Department of Education (the Department) amended the Student Assistance General Provisions regulations issued under the Higher Education Act of 1965, as amended (HEA), to implement the changes made to the Student Assistance General Provisions regulations – Subpart K – Cash Management §668.164 – Disbursing funds. These regulations are intended to ensure students and parents have convenient access to their Title IV, HEA program funds, do not incur unreasonable and uncommon financial account fees on these title IV funds and are not led to believe that they must open a particular financial account to receive their Federal student aid. The regulations require that an institution that makes direct payments to a student or parent by electronic funds transfer (EFT) and that chooses to enter into an arrangement described in 668.164(e) or (f), including an institution that uses a third-party servicer to make those payments, must establish a selection process under which the student chooses one of several options for receiving those Title IV, HEA fund payments.

Section 668.164(d)(4): Student choice

Under the regulations, an institution located in a State that makes direct payments to a student by EFT and that chooses to enter into an arrangement described in 668.164(e) or 668.164(f), including an institution that uses a third-party servicer to make those payments, must establish a selection process under which the student chooses one of several options for receiving those payments. The institution must inform the student in writing that he or she is not required to open or obtain a specific financial account or access device offered by or through a specific financial institution. The institution must ensure that the options for receiving direct payments are described and presented in a clear, fact-based, and neutral manner, except that it must present as the first option, the financial account belonging to the student.

The institution must ensure that initiating the EFT process to a student's existing financial account is as timely as and no more onerous than initiating the EFT process to an account offered pursuant to a T1 or T2 arrangement. The institution must allow the student the option to change at any time his or her account preference using written notice within a reasonable amount of time, ensure that no account is preselected, and that absent making an affirmative selection, the full amount of the credit balance is paid timely.

The institution must list and identify major features and commonly assessed fees associated with all accounts offered pursuant to a T1 or T2 arrangement, as well as provide a Universal Resource Locator (URL) linked to the terms and conditions of those accounts. For each account, if an institution follows the format and content requirements specified by the Secretary in a notice published in the Federal Register, it will be in compliance with these requirements. The format and content are under OMB Control Number 1845-0147.

Section 668.164(d)(4): Student choice

The Department estimates that 1,518,097 Title IV recipients with credit balances for the 2016-17 award year will be impacted by this regulation. We estimate that each of the affected Title IV recipients will take, on average, 20 minutes (.33 hours) to review the options presented by the institution or their third-party servicer and to make their selection for estimated burden of 500,972 (1,518,097 times .33 hours) under OMB Control Number 1845-0106.

Section 668.164(e): Tier 1 (T1) Arrangements

Under the regulations in §668.164(e), a T1 arrangement exists when an institution enters into a contract with a third-party servicer, acting as an intermediary that disburses title IV funds, that performs one or more of the functions associated with processing direct payments of title IV, HEA program funds to students on behalf of the institution to one or more financial accounts that are offered under the contract or by the third-party servicer, or by an entity contracting with or affiliated with the third-party servicer.

We estimate that, on average, each recipient will take 15 minutes (.25 hours) to read the about the major features and fees associated with the financial account, information about the monetary and non-monetary remuneration received by the institution for entering into the T1 arrangement, along with the number of students and parents who had financial accounts under the T1 arrangement for the most recent completed year, the mean and median costs incurred by account holders, and determine whether to provide their consent to the institution.

We estimate that 1,290,382 recipients were enrolled in institutions with T1 arrangements. The additional burden on Title IV recipients at these institutions will increase by 322,596 hours (1,290,382 times .25 hours) under OMB Control Number 1845-0106.

Section 668.164(f): Tier 2 (T2) Arrangements

Under §668.164(f), a T2 arrangement exists when an institution enters into a contract with a financial institution under which financial accounts, into which Title IV, HEA program funds will be deposited or transferred, are offered and marketed directly to students. The Secretary presumes that Title IV, HEA program funds are deposited or transferred into financial accounts that are offered under a contract between an institution and a financial institution if students that receive credit balance funds are subject to the direct marketing. However, the institution does not have to comply with the requirements described in paragraphs (d)(4)(i) or (f)(4) of §668.164 if it documents that, for the most recently completed award year no students received a credit balance and does not have to comply with the requirements described in (f)(4)(iii)-(vi) and (f)(4)(viii) of §668.164 if it documents that, for the most recently completed award year, fewer than 500 students received a credit balance.

The Secretary considers that a financial account is marketed directly if the institution communicates information directly to its students about the financial account and how it may be opened; the financial account or access device is co-branded with the institution's name, logo, mascot, or other affiliation and marketed predominantly to students; or a card or tool that is provided to the student for institutional purposes, such as a student ID card, is linked with the financial account or access device.

We estimate that, on average, each recipient will take 15 minutes (.25 hours) to read the about the major features and fees associated with the financial account, information about the monetary and non-monetary remuneration received by the institution for entering into the T2 arrangement, along with the number of students and parents who had financial accounts under the T2 arrangement for the most recent completed year, the mean and median costs incurred by account holders, and determine whether to provide their consent to the institution.

Of the estimated total 227,715 Title IV recipients with credit balances at institutions that had a T2 arrangement, we estimate, that on average, each recipient will take 15 minutes (.25 hours) to read the institution's required disclosures and consent information and decide whether to provide consent or not. The additional burden on Title IV recipients will increase by 56,929 hours (227,715 times .25 hours) under OMB Control Number 1845-0106.

TOTALS

Respondents	1,518,097
Responses	3,036,194
Burden Hours	880,497