

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

Of the 532 institutions reporting T1 or T2 contracts to the Department, 382 institutions are public institutions. On average, we estimate the burden associated with developing, implementing, and maintaining the student choice options will increase burden by 20 hours per institution and therefore we estimate a total burden of 7,640 hours (382 institutions times 20 hours per institution) 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.

The Department estimates that 302 public institutions are reporting T1 contracts. We estimate that the changes necessitated by the requirements will add an additional 55 hours of burden per institution, increasing burden by 16,610 hours (302 institutions times 55 hours per institution) 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.

The Department estimates that 80 public institutions are reporting T2 contracts. We estimate that the changes necessitated by these requirements relating to T2 arrangements will add an additional 45 hours of burden per institution, increasing burden by 3,600 hours (80 times 45 hours) under OMB Control Number 1845-0106.

TOTALS

Respondents	382
Responses	764
Burden Hours	27,850