



WASFAA

Western Association of Student Financial Aid Administrators

July 1, 2015

Re: Docket ID ED-2015-OPE-0020

Subject: NPRM on Cash Management, Repeated Coursework and Converting Clock Hours to Credit Hours

The Western Association of Student Financial Aid Administrators (WASFAA) represents over 600 financial aid professionals in the states of Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Washington and the Pacific Islands. We would like to take this opportunity to submit comments on the proposed regulations that hopes to ensure that students have convenient access to their Title IV, HEA program funds, do not incur unreasonable and uncommon fees and are not led to believe they must open a particular financial account to receive their Federal student aid. We need to ensure that these proposed regulations do not cause a step backwards, increase administrative burden and costs and negatively impact students. The proposals clarifying how previously passed coursework is treated for Title IV eligibility and the plan to simplify the requirements for converting clock hours to credit hours seem clear and beneficial to students so the majority of our comments will be on issues regarding ways students receive their Title IV credit balances.

Option of refund by check 668.164 (d)(4)(i)(B)(4)

We believe that electronic disbursements are better for students and parents. The proposal makes paper checks the default option if a student does not make a selection of some type of electronic means. The CFPB has stated that they believe very few students are unable to obtain a bank account. But for those students without a bank account they must take their paper check to a check-cashing establishment that charges extremely high fees. For example a check cashing company like Payday Loans will charge 15% to cash a check. A student with a \$2,000 credit balance will receive only \$1,700. This negates the intended benefit of the proposed rules to give students fee-free access to their funds. It was brought up at the negotiations that students carrying large amounts of cash present a cumbersome and possibly dangerous scenario. Even students with bank accounts who deposit paper checks into their account will typically have their funds held for 3-5 business days, negating the intended benefit of the proposed rules to give students timely access to their financial aid funds. Printing paper checks and mailing them is a step back in processing improvements that create a longer time lag for the students in mailing time, bank holds and possible fraud. Electronic refunding options resolve these problems and better serve students with more timely access to funds, administrative efficiency and lower costs to the student. WASFAA sees no reason to require any school to offer checks as an option, even if it has a T1 or T2 arrangement.

Fees assessed to student aid recipients 668.164(e)(2)(iii)(B)(4)

We are concerned about the proposed restriction of fees for students and believe it is too broad to say there can be no fees charged following the 30 days after the date the Title IV funds are

deposited. A good example would be overdraft and wire transfers. These consumer actions come at a cost at other financial institutions. The language in the proposal is much more extensive than what was discussed during negotiated rulemaking.

We do support the elimination of any point-of-sale fee due to the nature of how students utilize their federal refunds for small purchases or regularly scheduled expenses.

Disclosure of Contracts for T1 and T2 Arrangements ((668.164(e)(2)(v) and 668.164(f)(4)(iii)))

The proposed requirement that an institution must disclose conspicuously on the institution's web site the contract between the institution and financial institution or third-party servicer in its entirety would not be a very good tool for transparency. In general, actual contracts are lengthy and written in long legal verbiage that would not be user friendly for a parent or student to easily read or understand. We would suggest that a summary of the key points of the contract would be better for understanding and usefulness. Vendors, schools and the Department of Education could develop a simple template that will address all the issues such as terms of the account and fee structure in a manner that would be consistent and clear. Alternately, instead of requiring posting to the college website, access to the full contract could be made available through a link or verbal request.

Summary

We believe the automated services utilized by institutions and their third-party servicers have provided benefits to both the institution in efficiency and accuracy and to students in a timely distribution of their return of funds with no more cost than would be assessed through other normal financial organizations. We believe the proposals have well intended goals to protect students and families, but implementation, as written, may have unintended impact and we hope you will consider our comments and suggestions.

If you have questions or require additional information, please feel free to contact one of the WASFAA representatives listed below.

With best regards,

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