



June 29, 2015

Re: Docket ID ED-2015-OPE-0020

Subject: NPRM on Cash Management

The California Association of Student Financial Aid Administrators (CASFAA) is a non-partisan, non-profit professional organization with a membership of more than 900 student financial aid administrators representing over 240 colleges and universities in California. We would like to take this opportunity to submit our comments on the proposed regulations on Cash Management NPRM addressing timely and efficient delivery of student financial aid funds.

Option of refund by check

The Department requested comments on requiring institutions to provide paper checks as a disbursement option. Paper checks lengthen the time it takes for students to receive their financial aid funds resulting in an undue hardship for the student creating an unnecessary obstacle for the student. In addition, paper checks can be lost in the mail, stolen or not cashed by the student, as well as being more susceptible to possible fraud. Students who are "un-bankable" go to check cashing establishments that charge the student high fees resulting in students losing 15-20% of their educational funds.

Electronic refund options benefit students by providing them with access to their financial aid funds in a timely manner. In addition, we believe that it is in the student's best interest to establish a bank account. Not only does this introduce the student to financial management and in line with financial literacy programs, but is a more secure method of transmitting funds to students. We recommend the removal of the current language in the regulation [668.164(c)(3)] and allow institutions to develop procedures requiring students to choose one of the electronic options and if so desired, the institution may include the option for a paper check.

Fees assessed to student aid recipients

We support the elimination of any point-of-sale fee in the proposed rules because the fee assessed reduces the amount of funds that students receive. However, we are concerned about the proposed restriction of fees for students using electronic options. We agree with negotiators who state that prohibition of account fees set a fair market rates would be ultimately counterproductive because it would prevent providers from recovering their costs and cause vendors to withdraw their services. This would put the burden back on the institutions to process refunds in a less efficient and costly manner thereby increasing the time that payments are made available to students. A reasonable fee structure should be allowed to remain in place.



Disclosure of Contracts for T1 and T2 Arrangements

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 create the transparency anticipated. 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. Instead, we would suggest that a summary of the key points of the contract would be better for students and parents to understand while still achieving the purpose of transparency. Another option is for vendors, schools and the Department of Education 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.

Data Releases to Third Party Servicers

If the proposed rule is enacted, colleges working with third-party partners to disburse student financial aid or any overpayment made to a school would be prevented from providing enough data to process refunds with the level of security and accuracy our program affords us today. We do not support this option. We share a common goal in protecting students and their identity. We want to ensure that the process is to not make it more difficult for students to receive funds and avoid unintended consequence in delay of refunds.

Requiring prior consent for a third-party servicer to send an access device

The goal of all disbursement programs is to get students their financial aid refund quickly and safely so that students are able to purchase books and supplies and assist with other expenses. Requiring schools to secure prior consent before sending a student an access device is a new cumbersome burden for the student which will delay immediate use of student financial aid funds for necessary books and purchases. In essence, this creates a new requirement for students that creates a barrier for students during the first few weeks of a semester. The first two weeks are critical for student success and books and supplies are a key component of that success.

In summary, we believe the current automated services established by institutions today have provided benefits to students as well as institutions to achieve efficiency and accuracy to ensure students receive their financial aid funds in a timely manner. We believe the proposals have well intended goals to protect students and families, but implementation, as written, may have an 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 CASFAA representatives listed below.

With best regards,

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