



Congress of the United States
House of Representatives
Washington, DC 20515-2211

June 29, 2015

The Honorable Arne Duncan
U.S. Department of Education
400 Maryland Avenue, SW
Washington, D.C. 20202

Dear Secretary Duncan:

I am writing to express my concern over the Notice of Proposed Rulemaking (NPRM) for Federal Student Aid and Cash Management practices. While I support the overall intent to provide increased transparency and consumer safeguards, I urge you to address these issues in the final regulation.

As currently drafted, this proposal contains flaws likely to lead to substantial upheaval in a significant part of the higher education community. If not addressed, this proposed rulemaking has the potential to increase fraud in student aid programs, eliminate affordable services previously provided to students, and push students into making choices that are not in their best financial interest.

As you know, federal student aid has helped millions of students afford a college education. This aid covers not only tuition and fees, but also books, supplies, transportation, and living expenses. After deducting the cost of tuition and fees, institutions are required to directly pay the balance of the aid to a student within fourteen days. Many institutions manage this process through third parties to ensure expeditious and secure transfer of the funds to students. At many institutions, a student may choose how to receive this transfer. Those methods of receipt include a paper check, electronically to a previously established bank account, or through an optional financial account offer by a third party.

Under the current proposed rulemaking, institutions will face serious administrative challenges in disbursement of student aid. Any new rule must allow institutions using third party services to disburse financial aid the ability to provide sufficient information to that third party to confirm the identity of the intended student aid recipients. We must ensure that students are protected from fraud and that funds are delivered in an accurate and timely manner.

Most importantly, any new regulation must ensure that the best interests of the students are met. Students must have options available for regulated financial accounts that offer competitive terms and conditions, especially for those who do not currently have local bank accounts. Students should be afforded the ability to continue to choose the best method for them when it comes to their unique needs, providing them transparent choices for receiving their funds.

As the U.S. Department of Education considers this proposed rulemaking, I urge you to consider these issues. Should you have any questions, please feel free to contact me or Bridget Sobek in my office, at (202) 225-8171.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dave Trott", with a stylized, sweeping flourish at the end.

Dave Trott
Member of Congress