

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

September 10, 2015

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

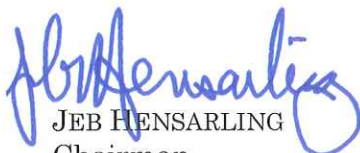
Dear Secretary Duncan:

I write to express my concerns regarding the Department of Education's rulemaking efforts to amend the cash management regulations under the Student Assistance General Provisions regulations issued under the Higher Education Act of 1965. While the Department's objectives are admirably intended to ensure that students have "safe, convenient and free access to the credit balance of their Title IV HEA funds," this proposal, if unaltered, will actually harm the people it intends to protect by limiting access to low-cost financial services on college campuses.

Specifically, I am concerned that the Department's proposal will impose significant regulatory requirements on financial accounts offered through partnerships between financial institutions and educational institutions, and would not only include accounts into which Title IV funds are disbursed, but any financial account establish through an arrangement between educational institutions and financial institutions. Prudential bank regulators – such as the OCC, the FDIC, the Federal Reserve, and the NCUA – already enforce a well-established banking regulatory structure that oversees financial service providers. The addition of the proposed Department regulations will thus lead to inconsistent and duplicative compliance regimes for financial institutions. Doing so will ultimately harm students by restricting their ability to choose the financial services that best meet their individual needs. Additionally, the cost of any new regulatory requirements will ultimately be paid for by students, unnecessarily increasing the cost of their education.

As Chairman of the House Financial Services Committee, I am committed to preserving consumer choice and ensuring that students have the financial tools they need to achieve financial independence. As such, I respectfully request that you withdraw the proposed rule, consult with prudential banking regulators, study the unintended effects of the proposal on student access to affordable financial services, and provide for a new public comment period prior to finalizing any amendments to the Department's cash management regulations.

Yours Respectfully,


JEB HENSARLING
Chairman

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cc: The Honorable Maxine Waters
Ranking Member