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August 20, 2015

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

Dear Secretary Duncan:

We appreciate the Department's work during the recent Federal Student Aid Cash Management rulemaking process, and applaud your efforts to increase transparency in the disbursement process. As members of the Congressional Black Caucus (CBC), we are committed to increasing college accessibility, especially among students from historically underserved communities. Therefore, we write today to share our concern regarding your most recent proposed rule.

More than 80 percent of the 210 comments submitted during the public input process on the proposed rule, including comments from more than 125 colleges, universities and students, expressed concerns about the rule. Schools and students overwhelmingly indicated that the rule could potentially increase the number of fraud cases, increase costs for schools to administer their financial aid program, curtail disbursement options, undermine students' ability to practice responsible financial practices, and delay access to financial aid refunds for students, particularly those who are underbanked or unbanked.

We are particularly concerned with the impact the rule could have on those students who are considered unbanked. Roughly 30 percent of the United States population lives in an unbanked or underbanked household, which equates to 67.6 million adults and 25.3 million children. In fact, 20.5 percent of all African American households are unbanked and an additional 30 percent are underbanked – the largest total of any minority group in the U.S. (*2013 FDIC National Survey of Unbanked and Underbanked Households*)

Some of our most pressing concerns about the proposed rule were highlighted by number of historically black colleges and universities (HBCUs) submissions:

*"The proposed rule rolls back significant improvements to safety and efficiency in the financial aid disbursement process made over the last fifteen years. Additionally, the*

*proposed regulations will place new and unnecessary administrative burdens on schools and increase the cost for schools to disburse financial aid refunds. ”*

**Delaware State University**

*“[H]undreds of schools, including Southern University and A&M College, have followed the federal government's lead and changed to electronic disbursement for cost, efficiency, and security purposes. Requiring schools to provide paper checks as an option adds unnecessary costs, increases the possibility for fraud, and will lead to potential delay in students' ability to access financial aid refunds... [S]ecuring prior consent before sending our students an access device is a burden on schools which could result in delays for students to access their financial aid. Those who are unbanked or without a pre-existing bank account would likely face the longest delays. ”*

**Southern University and A&M College**

*“We have been able to reduce expenses and work with our outside partner to offer students quick and efficient online access to manage how they receive their refunds... After seeing the proposed rules, we are concerned that our program may be at risk... We encourage the Department to re-examine these provisions within the rules to allow institutions like MVSU, who is expected to do more with less, to continue to work with our partner to automate these types of processes so we can continue to get needed funds to students quickly and focus on what matters--helping our students complete their degree. ”*

**Mississippi Valley State University**

Based on the comments made by these HBCUs and other schools, we kindly ask that you address the following issues in the final rule:

- **Quick access to refunds:** It is critical that students receive their financial aid refund quickly and reliably. The Department's requirements that schools 1) provide a paper check option to all students and 2) gain prior approval before providing students with an access device to receive their refunds, could interrupt the time it takes for students to access their refund and increase the potential for fraud. *Therefore, we encourage you to strike these two provisions.*
- **Data Sharing:** The Department's limitation on the ability for schools to share the necessary information to any third-party provider, with the intentions to establish a safe and secure transfer of financial aid refunds, increases risk for fraud and insecure transactions. *We encourage you to strike this provision.*
- **Teaching responsible spending habits:** Despite the good intentions set forth by the rule that prohibits financial institutions from assessing a fee for 30 days following the disbursement of Title IV funds, the provision could have the unintended effect of “shield[ing] students from regulations that they will face in the real world and may inadvertently invite specific behaviors that are bad and unsound in the context of financial responsibility” (Houston Community College public comment). *We encourage you to strike this provision.*

- **Automated Clearing House network (ACH) as the default option for refunds:** The requisite listing of ACH as the default option for refunds runs counter to its commitment to a “clear, fact-based and neutral presentation” of options, forcing students to deposit their refunds into bank accounts not subject to the protections the Department is proposing. *We encourage you to strike this provision.*

We greatly appreciate the Department’s work to increase student access to higher education, and sincerely hope that we can work together to improve the proposed rule. Thank you for your time and consideration, and we look forward to your prompt response.

Sincerely,




Alcee L. Hastings  
Member of Congress



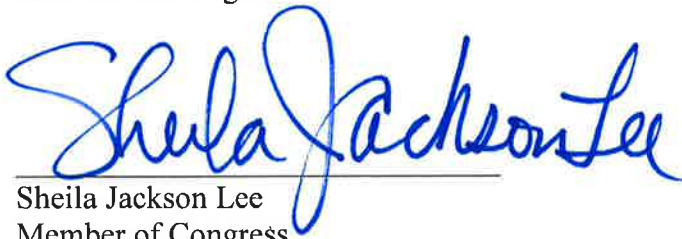
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