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DEPARTMENT OF EDUCATION

**Request for Information Regarding Disclosures for Student
Financial Accounts**

RIN 1840-AD14

[DOCKET ID: ED-2015-OPE-0020]

AGENCY: Office of Postsecondary Education, Department of Education.

ACTION: Request for information.

SUMMARY: The Secretary seeks information from the public regarding the major features and types of commonly assessed fees that postsecondary institutions (institutions) must disclose under 34 CFR 668.164(d)(4)(i)(B)(2) of the cash management regulations with regard to each of the institution's Tier 1 (T1) or Tier 2 (T2) arrangements as defined under §668.164(e)(1) and (f)(1), respectively. The Secretary also requests feedback regarding the proposed format of these disclosures. The Secretary intends to use this information in developing a notice to be published in the Federal Register describing the format, content, and update requirements that institutions may follow to satisfy the requirements of §668.164(d)(4)(i)(B)(2) with respect to the major features and assessed fees associated with the T1 and T2 arrangements.

DATES: We must receive your submission no later than [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Submit your comments through the Federal eRulemaking Portal or via postal mail, commercial delivery, or hand delivery. We will not accept comments by fax or email. To ensure that we do not receive duplicate copies, please submit your comments only once. In addition, please include the Docket ID at the top of your comments.

Federal eRulemaking Portal: Go to www.regulations.gov to submit your comments electronically. Information on using Regulations.gov, including instructions for accessing agency documents, submitting comments, and viewing the docket is available on the site under the "Help" tab.

Postal Mail, Commercial Delivery, or Hand Delivery:
The Department of Education (Department) strongly encourages commenters to submit their comments electronically. However, if you mail or deliver your comments in response to this request, address them to Ashley Higgins, U.S. Department of Education, 400 Maryland Avenue, SW., room 6W234, Washington, DC 20202.

Privacy Note: The Department's policy is to make all comments received from members of the public available for public viewing in their entirety on the Federal eRulemaking

Portal at www.regulations.gov. Therefore, commenters should be careful to include in their comments only information that they wish to make publicly available.

This is a request for information (RFI) only. This RFI is not a request for proposals (RFP) or a promise to issue an RFP or a notice inviting applications (NIA). This RFI does not commit the Department to contract for any supply or service whatsoever. Further, the Department is not seeking proposals and will not accept unsolicited proposals. The Department will not pay for any information or administrative costs that you may incur in responding to this RFI. If you do not respond to this RFI, you may still apply for future contracts and grants. The documents and information submitted in response to this RFI become the property of the U.S. Government and will not be returned.

FOR FURTHER INFORMATION CONTACT: Ashley Higgins, U.S. Department of Education, 400 Maryland Avenue, SW., room 6W234, Washington, DC 20202. Telephone: (202) 453-6097 or by email: Ashley.Higgins@ed.gov.

If you use a telecommunications device for the deaf or a text telephone, call the Federal Relay Service, toll free, at 1-800-877-8339.

SUPPLEMENTARY INFORMATION:

Background:

On October 30, 2015, the Department published in the Federal Register the Program Integrity and Improvement final regulations (80 FR 67125). These final regulations contained provisions governing cash management, including the establishment of new rules regarding financial accounts marketed to students receiving title IV program funds under the Higher Education Act of 1965, as amended (HEA). The final regulations were intended to ensure that students have convenient access to their title IV, HEA program funds, do not incur unreasonable and uncommon financial account fees on their title IV, HEA program funds, and are not led to believe they must open a particular financial account to receive their Federal student aid.

As part of the Secretary's effort to ensure that title IV recipients are informed but not misinformed about the terms of financial accounts offered to them through their institution, §668.164(d)(4)(i)(B)(2) requires that prior to the student opening an account offered by a financial account provider, institutions list and identify the major features and commonly assessed fees associated with each financial account offered under a T1 or T2 arrangement, as well as the URL where the complete terms and conditions of each account may be obtained. The regulations do not require institutions to adopt the Secretary's format for

this information once it is published in the Federal Register, but it does state that institutions that do meet the format, content, and update requirements in the Secretary's format will be deemed in compliance with the requirements of the regulations, with respect to the major features and assessed fees associated with the account offered pursuant to the T1 or T2 arrangement.

If an institution chooses to use its own format to comply with the disclosure requirements in §668.164(d)(4)(i)(B)(2), or a format provided by its financial account provider, the institution must list the major features, commonly assessed fees, and the URL where the terms and conditions of each account may be obtained.

In the preamble of the final regulations, we committed to work with the Consumer Financial Protection Bureau (CFPB) to ensure that the disclosures required under §668.164(d)(4)(i)(B)(2) do not conflict with theirs. We also assured stakeholders that, to the maximum extent possible, the disclosures would be as similar as possible to the CFPB's requirements to mitigate confusion and administrative burden. We believe that the proposed format described below meets those goals.

Request for Information

After consultation with the CFPB, the Secretary seeks feedback from the public regarding the proposed format, content, and update requirements for the disclosures. We propose that, in cases where the account provided is a prepaid account, as addressed in the CFPB's notice of final rule and official interpretations for Prepaid Accounts under the Electronic Fund Transfer Act (Regulation E) and the Truth In Lending Act (Regulation Z) (81 FR 83934), each institution's financial account provider can include, in the student choice menu described in §668.164(d)(4)(i), the CFPB's appropriate short-form disclosure as described in 81 FR 83934. If an institution offering a prepaid card under its T1 or T2 arrangement meets the disclosure requirements established by the CFPB in 81 FR 83934, it would be in compliance with §668.164(d)(4)(i)(2) of the cash management final regulations. However, because §668.164(d)(4)(i)(A)(1) requires that institutions disclose in writing that students do not need to use a particular account to receive their Federal student aid, institutions using the CFPB disclosure template must also display a message, along with the disclosure, stating that students do not need to use the prepaid account to receive Federal student aid. We also recommend including, along with the message, a note that directs students to ask about other

ways to receive their Federal student aid. We remind institutions that the CFPB's short-form template was not drafted to implement the Department's cash management regulations; accordingly, institutions using that template should not regard it as authorizing T1 or T2 arrangements that feature imposition of any fees otherwise prohibited under §668.164(e) or (f), as applicable.

For institutions whose financial account provider either does not offer a prepaid account or chooses not to use the CFPB's short-form disclosure template, we propose the following format:

You do not need this account to receive your Federal student aid.
Ask the financial aid office about other ways to receive your money.

Monthly fee	Per purchase	ATM withdrawal	Cash reload
\$0	\$0	\$0 in-network \$1.95* out-of-network	N/A

ATM balance inquiry (in-network or out-of-network)	\$0 or \$1.95*
Customer service (automated or live agent)	\$0 or \$1.95 per call
Inactivity	\$0

The financial institution offering this account charges # other types of fees.
Here are some of them:

[Additional fee type]	\$1.00*
[Additional fee type]	\$3.00

* This fee can be lower depending on how and where this card is used.

You may be offered overdraft features. Fees could apply. *OR* No overdraft/credit feature.

Your funds are/are not eligible for FDIC or NCUA insurance.

Find details and conditions for all fees and services in the terms and conditions of the account [\[link\]](#).

We propose that institutions choosing to use this form would be required to comply with the following instructions:

- The institution's disclosure must list the following fees: periodic fees, per purchase fees (including point-of-sale fees), ATM withdrawal fees, cash reload fees, ATM balance inquiry fees, customer service fees, and inactivity fees. These fees are referred to as "static fees" because all institutions using the

Secretary's format must list these fees on the disclosure, even if the amount of the fee is zero or the fee relates to a feature that is not offered as part of the specific account. In cases where the amount of any fee could vary, the disclosure must show the highest amount the account provider may charge for that fee, followed by a symbol, such as an asterisk, linked to a statement explaining that the fee could be lower depending on how and where the account is used. The asterisk would be included, for example, if point-of-sale fees differ depending on whether the cardholder is required to provide a PIN or signature. In cases where a static fee is not imposed, the institution may demonstrate that the fee is not applicable by placing "N/A" or an equivalent designation in the appropriate field.

- The disclosure must include the number of fee types the accountholder may be charged under the specific account program, excluding those fees that are either disclosed on the form or in close proximity as described below.

- The disclosure must also list the two additional fee types, if any, that generated the highest revenue from accountholders during the previous 24 months excluding static fees, any purchase price, any activation fees, and any fee types that generated less than five percent of the

total revenue from accountholders, as well as the amounts of such additional fees. The two additional fee types would be determined for the specific financial account program or across programs with the same fee schedule. Institutions must ensure that the financial account provider reviews their fee revenue periodically and that they assist the institution in updating the disclosure if needed.

- The disclosure must include statements regarding linked overdraft credit features, Federal Deposit Insurance Corporation/National Credit Union Administration insurance, and a link to the terms and conditions of the account.

- The disclosure must include a written statement that students do not have to accept the T1 or T2 account and may recommend that students ask about other ways to receive their Federal student aid.

- In close proximity to the disclosure, though not necessarily within the disclosure itself, the institution must disclose the financial account provider's name, the name of the account, for T2 accounts any purchase price for the account (such as a fee for acquiring an access device or a replacement for an access device), and any fee for activating the account. If the financial account is a T1 account, the institution must also use this space to

disclose that a student accountholder may access his or her title IV, HEA program funds in part and in full up to the account balance via domestic withdrawals and transfers free of charge, during the student's entire period of enrollment following the date that such title IV, HEA program funds are deposited or transferred to the financial account, as required under §668.164(e)(2)(v)(C). We also remind institutions that any account that falls under the definition of a T1 account may not charge fees for opening or activating the financial account or initially receiving or activating an access device, nor for overdrafts or fees assessed on point-of-sale transactions.

We request assistance from the community in evaluating the effectiveness of the proposed format, content, and update requirements. Specifically, the Secretary requests information on whether--

1. We have included all relevant fee information in the disclosures;
2. The disclosures would be inappropriate for a particular type of account;
3. Simply placing a "\$0" or "N/A" in a place where no fee is charged would suffice to convey all of the necessary information;

4. There is a preferred start date for the requirement to include the two additional fee types that generated the highest revenue from accountholders during the previous 24 months;

5. Any conflict exists regarding other regulatory requirements, particularly with the proposal to allow institutions to use the CFPB disclosures described in 81 FR 83934 for this purpose;

6. Students may find the disclosures confusing or unhelpful and, if so, whether the commenter can suggest specific alternatives;

7. There are any other potential problems with including this format within the student choice menu to satisfy the requirements in §668.164(d)(4)(i)(B)(2); or

8. Opportunities exist to further streamline the format of the template to reduce administrative burden.

Accessible Format: Individuals with disabilities can obtain this document in an accessible format (e.g., braille, large print, audiotape, or compact disc) on request to the program contact person listed under FOR FURTHER INFORMATION CONTACT.

Electronic Access to This Document: The official version of this document is the document published in the Federal Register. Free internet access to the official edition of

the Federal Register and the Code of Federal Regulations is available via the Federal Digital System at: www.gpo.gov/fdsys. At this site you can view this document, as well as all other documents of this Department published in the Federal Register, in text or Portable Document Format (PDF). To use PDF you must have Adobe Acrobat Reader, which is available free at the site.

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Dated: May 4, 2017

Betsy DeVos,
Secretary of Education.

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