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September 9, 2014

## DOE Campus Banking Rulemaking – Letter to Secretary Duncan

Dear Financial Services Committee member –

Recently, a Council Financial Services Committee member brought an issue to our attention regarding a proposed Department of Education rule that has the potential to adversely impact access to basic financial products on college and university campuses across the country. This rule may affect several of our Council members and their ability to operate on campuses. It has also drawn the attention of numerous members of Congress from both parties and both chambers, who have written a number of letters to Secretary Duncan urging him to review the proposal and be open to changes.

After consultation with a variety of Financial Services and Higher Education Committee members, we would like to send a letter to Secretary Duncan (text below) urging him to review the proposed rule and work with various stakeholders to avoid any unintended consequences in the final rule.

Currently, we plan to send this letter to Secretary Duncan at the end of this week, unless there are significant concerns from Committee members. We would also share it with members of the New England delegation. I would be pleased to discuss the letter further should you have any questions or concerns. Barring any significant member concerns by noon on Thursday, September 11<sup>th</sup>, we will move forward on this.

Please let me know if you have any questions or concerns regarding the text of the letter below. Thank you.

Chris

TEXT OF PROPOSED LETTER TO SECRETARY DUNCAN:

Dear Secretary Duncan:

I write to you today on behalf of The New England Council—the nation’s oldest regional business association—regarding the Department of Education’s ongoing rulemaking pertaining to the disbursement of student aid credit balances under Title IV of the Higher Education Act.

The Council shares the Department’s goal of promoting students’ understanding and management of financial products. The Council also shares the Department’s goal of ensuring that students have free and convenient access to their federal student aid credit balances.

However, we also share the concerns raised to you by other stakeholders regarding the consideration of provisions which would go beyond this scope – effectively imposing a range of new requirements and restrictions on all campus banking products, including accounts that are not created specifically for receipt of Title IV funds.

Such a broad rulemaking could have the unintended consequence of limiting availability of and increasing costs associated with financial products that students have unique access to as a part of their enrollment with a college or university – including such traditional banking services as checking accounts and access to on-campus ATMs. Often these services come at no or low cost to students and their parents, and the vast majority of the relationships and contracts that universities and financial institutions have in place are beneficial to students.

It is important that any rule on this issue strike the balance of protecting the value of federal student aid credit balances while preserving students’ access to low-cost, convenient, and easily accessible traditional bank services and products.

We hope that you will make it a priority to address concerns expressed by colleges and universities, business organizations, financial institutions, and students and their parents across the country – and to work with these stakeholders – as you construct a rule on this matter. Thank you in advance for your attention to this important issue.

Sincerely,