

DISBURSEMENTS FOR BOOKS AND SUPPLIES (Sec. 668.164(I))

Final Regulations - Two additions made to the NPRM.

Rationale for Regulation: The department has found that at some low-cost institutions that delay disbursing or only partially disburse, financial aid funds, some students have not have the funds to purchase their books until after the class has started. Some schools have provided institutional book store vouchers, but these do not enable students to purchase cheaper editions on line.

Key Provisions of the Regulation:

- The regulations require that a school must provide a way for a Pell Grant eligible student to obtain or purchase, by the seventh day of a payment period, the books and supplies required funds, if the student has a credit balance.
- Schools must have a policy by which the student may opt out of the way the institution provides for the student to obtain the books and supplies.

Regulatory Language:

Paragraph (I) added to Sec. 668.164 Disbursing funds.

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(i) Provisions for books and supplies.

(1) An institution must provide a way for a Federal Pell Grant eligible student to obtain or purchase, by the seventh day of a payment period, the books and supplies required for the payment period if, 10 days before the beginning of the payment period--

(i) The institution could disburse the title IV, HEA program funds for which the student is eligible; and

(ii) Presuming the funds were disbursed, the student would have a credit balance under paragraph (e) of this section.

(2) The amount the institution provides to the Federal Pell Grant eligible student to obtain or purchase books and supplies is the lesser of the presumed credit balance under this paragraph or the amount needed by the student, as determined by the institution.

(3) The institution must have a policy under which a Federal Pell Grant eligible student may opt out of the way the institution provides for the student to obtain or purchase books and supplies under this paragraph.

(4) If a Federal Pell Grant eligible student uses the way provided by the institution to obtain or purchase books and supplies under this paragraph, the student is considered to have authorized the use of title IV, HEA funds and the institution does not need to obtain a written authorization under paragraph (d)(1)(iv) of this section and