

Section 668.22 -- Post-withdrawal disbursements of grant funds directly to a student.

The proposed regulations would eliminate the current requirement that an institution notify a student who has withdrawn from school, and receive confirmation from the student, before making a post-withdrawal disbursement of Title IV grant funds directly to the student. Generally, since Title IV grant funds are the foundation of Title IV funds awarded to students for their educational costs, often few of these grant funds remain after direct costs are paid. However, when the amount of Title IV grants exceeds a student's costs as a post-withdrawal disbursement, the amount would be paid directly to the student. The proposed regulations eliminates the requirement for the institution to send notification of the direct disbursement to the student and waiting for the student's confirmation that the direct disbursement of the Title IV grant funds are needed. Therefore, burden associated with the current notification and confirmation process is eliminated, thus under the proposed rule, the student would receive his or her direct disbursement of Title IV grant funds from a post-withdrawal disbursement more rapidly.

A change is proposed for making post-withdrawal disbursement of Title IV loan proceeds which, although retaining the borrower notice and confirmation process currently set out in the regulations, requires the disbursement "as soon as possible" but no later than 120 days after determination of the student's withdrawal. The proposed changes to the requirements for disbursement of post-withdrawal grant proceeds would reduce burden to the institutions by eliminating a notification and confirmation process, in those cases where the student is eligible to receive a disbursement of Title IV grant funds directly. The reduction in burden will be reflected in OMB 1845-0022. Adding the language "as soon as possible" to the existing 120-day limit for disbursement of post-withdrawal Title IV loan proceeds will have no affect on paperwork burden.