



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF POSTSECONDARY EDUCATION

November 28, 2012

THE ASSISTANT SECRETARY

GEN-12-21

Subject: Charges Incurred at Bookstores

Summary: This letter provides guidance regarding how an institution may use Title IV, HEA funds to pay for charges incurred by a student at a bookstore.

Dear Colleague:

If authorized by a student, an institution may credit the student's account with Title IV, HEA funds to pay for charges incurred at an institutionally owned bookstore. We have been asked whether an institution may credit a student's account with Title IV, HEA funds to pay for charges incurred at a bookstore that is not owned by, or otherwise legally part of, the institution.

Over time, the relationship between institutions and bookstores has expanded to include not only institutionally owned and operated bookstores, but bookstores operated by nonprofit entities and cooperatives, book exchanges operated by students, bookstores operated by both nonprofit and for-profit entities through a lease or contractual arrangement with an institution, and textbook rental stores affiliated with an institution. Regardless of the relationship, an institution may credit a student's account with Title IV, HEA funds to pay for educationally related goods and services purchased by the student at a bookstore as long as (1) the institution has a written contract or other legal agreement with the entity operating the bookstore under which the student is able to charge educationally related goods and services, and (2) the institution obtains the student's authorization.

This contract-based approach is an extension of the policy we established for non-institutionally owned student housing. As described in Volume 4, page 14 of the 2012-2013 Federal Student Aid Handbook, an institution that has contracted with an entity to provide housing to its students, may credit a student's account with Title IV, HEA funds to pay for some or all of the housing charges. Under a contractual agreement, for both housing and books and supplies, we view the institution as providing the goods and services itself. Consequently, as allowed under 34 CFR 668.164(d)(1)(iv) and (d)(2)(ii), with the student's authorization, an institution may credit a student's account with Title IV, HEA funds to pay for educationally related charges incurred by the student at the bookstore.

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While this guidance applies to crediting a student's account with Title IV, HEA funds to pay for educationally related charges incurred by the student at a bookstore, pursuant to 34 CFR 668.164(i)(3), an institution must give a Pell Grant eligible student an opportunity to opt out of having purchases of books and supplies from any institutionally owned or contracted bookstore charged to the student's account.

Return of Title IV Aid

We remind institutions that in some circumstances, a student's bookstore charges must be included as institutional charges when performing a Return of Title IV Aid (R2T4) calculation under 34 CFR 668.22. Regardless of whether a bookstore is institutionally owned, or operated by an entity under a contract with the institution, required course materials are considered to be institutional charges and must be included in the R2T4 calculation if the student did not have a "real and reasonable opportunity" to purchase the books and supplies from any place other than at that bookstore. As described more fully in Volume 5, pages 17 and 18 of the 2012-2013 Federal Student Aid Handbook, a student has a "real and reasonable" opportunity to obtain required course materials from another source if—

- The required course materials are available for purchase at a relatively convenient location unaffiliated in any way with the institution; and
- The institution does not restrict the availability of financial aid funds, so the student can exercise the option to purchase the required course materials from alternative sources in a timely manner.

Campus Safety Reporting Requirements

If an institution contracts with an entity to provide bookstore services, and the bookstore is located on-campus, or, if the bookstore is in any off-campus building or property that is owned or controlled by the institution, the institution must include the bookstore among the locations for which it fulfills the requirements for reporting campus crime and safety information as provided in 34 CFR 668.46. For more information on campus safety reporting requirements, please see The Handbook for Campus Safety and Security Reporting.

Guidance in Implementing Section 133 – Textbook Information

Finally, we remind institutions that as required under section 133(d) of the Higher Education Act of 1965, as amended, an institution must disclose the International Standard Book Number (ISBN) and the retail price information of required and recommended college textbooks and supplemental materials for each course listed in the institution's course schedule used for preregistration and registration purposes. More information about the implementation of this provision may be found in our June 8, 2010 Dear Colleague Letter, GEN-10-09.

Contact Information

If you have questions about the information in this letter, contact John Kolotos at John.Kolotos@ed.gov.

Sincerely,

A handwritten signature in cursive script that reads "David A. Bergeron". The signature is written in black ink and includes a long, sweeping horizontal line at the end.

David A. Bergeron
Acting Assistant Secretary
Office of Postsecondary Education