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To: Representative Paul Holvey, Chair
Members of House Committee on Consumer Protection and Government Efficiency

From: Celeste Meiffren-Swango, Consumer and Taxpayer Advocate, OSPIRG

RE: Support of House Bill 4102

OSPIRG is a statewide consumer advocacy organization. We applaud the introduction of HB 4102, which provides students with transparency of fees that are hard to avoid for students receiving their federal financial aid through a third party financial firm on campus, while also helping to increase student choice in financial aid refunds.

Last May, our federal partners, U.S. PIRG released “The Campus Debit Card Trap,” which I have submitted to the committee for your review. The report found that two in five college students across the country now have access to a campus debit card. The debit cards that particularly problematic are those that are loaded up with a student’s financial aid disbursement. Many colleges here in Oregon have moved toward arrangements with outside financial firms to deliver financial aid refunds to students, which we have found can be harmful to students.

Colleges obtain revenues and reduce costs by outsourcing certain services to financial firms, but in some cases these firms end up pushing costs directly on to needy students. Also, students may be forced to pay fees to access their student aid disbursement, which should be available to them for free.

Most complaints from college students here in Oregon have centered on fees that are not disclosed up front and are hard to avoid. Additionally, students feel compelled to take up an account with a third party vendor, which costs more, while not aware that they had free options for financial aid all along.

Therefore, we must ensure that students are not being taken advantage of in the campus banking marketplace.

HB 4102 and its amendments work hard to protect Oregon’s students first and foremost by providing transparency of fee schedules, which can help students avoid the ‘gotcha’ fees they so often encounter in these arrangements. Additionally, it seeks to make clear to the student that she has many options to receive her financial aid, be it through a paper check, or an electronic funds transfer to her bank account, or through the third party financial firm’s debit card.

Student loan debt is the only form of consumer debt that has continued to grow since the 2008 recession, and is proving to be a major stumbling block for the nation's economic recovery.

Cleaning up debit/financial firm contracts on campus will not immediately solve the student debt problem, but it will help to reduce college costs. We owe it to Oregon's students to take the steps that we can to keep college affordable for students now and into the future.