

## VOTE YES ON HB 2832A

### Protects student financial aid accounts from excessive fees

*Paul Holvey*

Several Oregon colleges and universities have agreements with nonbank financial firms to disburse and manage student financial aid, usually via college cards and debit accounts. These contracts are not subject to oversight, and these financial institutions are subject to less federal regulation than traditional banks or credit unions.

Many contracts allow fees per PIN transaction, per in-network ATM withdrawal, and/or per month of inactivity.

In February 2014, the U.S. Government Accountability Office issued a report on the use of college cards and made recommendations to ensure transparency and consumer protection. To date, Congress has not taken action. Several of these recommendations are found in HB 2832A.

#### ***HB 2832A:***

- All public and private higher education institutions must consider federal guidelines (issued by U.S. Consumer Financial Protection Bureau and the U.S. Department of Education) when entering into college card contracts with third parties.
- A college card contract between a nonbank financial firm and any higher education institution may not allow:
  - Revenue sharing with the higher education institution;
  - A fee to receive the initial disbursement of the financial aid each term in a paper check or an electronic funds transfer;
  - A transaction fee for debit or PIN transactions; or
  - An inactivity fee.
- A college card contract must be made available for public inspection and published on the higher education institution's website.
- An enrolled student who uses a college card has a private right of action against the third party financial institution.
- Where possible, public universities and community colleges must make reasonable efforts to establish collaboration agreements with other public universities and community colleges to negotiate these services.

**Please vote YES on HB 2832A**

