

House Bill 2254

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Consumer Protection and Government Efficiency)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Prohibits public or private post-secondary institution of education from entering into contract with student financial aid management firm unless contract meets certain requirements.

Prohibits public or private post-secondary institution of education from entering into contract with third party financial firm to manage student financial accounts unless contract is approved by Higher Education Coordinating Commission.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to regulation of student financial accounts; and declaring an emergency.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. (1) As used in this section, "third-party financial firm" means a company,**
5 **business or other organization that contracts with public or private post-secondary insti-**
6 **tutions of education to provide disbursement and management services of financial aid funds**
7 **or management of financial accounts for students enrolled in the public or private post-**
8 **secondary institutions of education.**

9 **(2) A public or private post-secondary institution of education may not enter into a con-**
10 **tract with a third-party financial firm to provide disbursement and management services of**
11 **financial aid funds for students enrolled at the public or private post-secondary institution**
12 **of education, unless the contract:**

13 **(a) Requires the third-party financial firm to provide a student with a clear and concise**
14 **fee schedule before the student agrees to open an account offered by the third-party financial**
15 **firm for disbursement and management of the student's financial aid funds;**

16 **(b) Requires the third-party financial firm to clearly explain to a student, at the time the**
17 **fee schedule described in paragraph (a) of this subsection is provided to the student, all**
18 **methods of access to financial aid funds that the student may choose;**

19 **(c) Provides that a student may choose to receive the student's financial aid funds**
20 **through a paper check, through an electronic funds transfer to a bank account of the**
21 **student's choice or through an account offered by the third-party financial firm;**

22 **(d) Requires the public or private post-secondary institution of education or third-party**
23 **financial firm to send a paper check to a student or initiate the electronic funds transfer**
24 **within three business days of the date on which the student requests the funds;**

25 **(e) Prohibits the third-party financial firm from charging a student a fee or other charge**
26 **to receive the student's financial aid funds through a paper check or an electronic funds**
27 **transfer;**

28 **(f) Prohibits the third-party financial firm from charging a student a fee per transaction**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 for making a debit or similar transaction by using a debit or similar card that is attached
2 to the student's account offered by the third-party financial firm; and

3 (g) Prohibits the parties from revenue sharing. For purposes of this paragraph, "revenue
4 sharing" includes, but is not limited to, payments from the third-party financial firm to the
5 public or private post-secondary institution of education based on the balances or account
6 activity of any student accounts offered by the third-party financial firm.

7 (3) If a contract offers wire transfers as a method of access to student financial aid
8 funds, the contract may provide for a reasonable fee charged to a student for the wire
9 transfer.

10 (4)(a) A public or private post-secondary institution of education may not enter into a
11 contract with a third-party financial firm to manage student financial accounts, unless the
12 contract is submitted to and approved by the Higher Education Coordinating Commission.

13 (b) As a condition of approving a contract under this subsection, the commission may:

14 (A) Renegotiate the contract; or

15 (B) Require that the contract be extended to include other post-secondary institutions
16 of education.

17 **SECTION 2.** Section 1 of this 2015 Act applies to contracts that a public or private post-
18 secondary institution of education first advertises or otherwise solicits or, if the public or
19 private post-secondary institution of education does not advertise or otherwise solicit a
20 contract, to a contract into which a public or private post-secondary institution of education
21 first enters on or after the operative date specified in section 3 of this 2015 Act, and to ex-
22 isting contracts that the public or private post-secondary institution of education renews on
23 or after the operative date specified in section 3 of this 2015 Act.

24 **SECTION 3.** Section 1 of this 2015 Act becomes operative August 1, 2015.

25 **SECTION 4.** A public or private post-secondary institution of education may take any
26 action before the operative date specified in section 3 of this 2015 Act that is necessary for
27 the public or private post-secondary institution of education to exercise, on or after the op-
28 erative date specified in section 3 of this 2015 Act, all of the duties, functions and powers
29 conferred on the public or private post-secondary institution of education by section 1 of this
30 2015 Act.

31 **SECTION 5.** This 2015 Act being necessary for the immediate preservation of the public
32 peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect
33 on its passage.

34