

**ASSEMBLY BILL**

**No. 1927**

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**Introduced by Assembly Member Frazier**

February 19, 2014

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An act to add Section 69505.7 to the Education Code, relating to student financial aid.

LEGISLATIVE COUNSEL'S DIGEST

AB 1927, as introduced, Frazier. Student financial aid: debit cards.

Existing law provides for the missions and functions of the private and public segments of postsecondary education in the state. Existing law establishes various student financial aid programs for students attending all segments of postsecondary education.

This bill would require the Board of Governors of the California Community Colleges and the Trustees of the California State University, and request the Regents of the University of California and the governing bodies of accredited private nonprofit and for-profit postsecondary educational institutions, to adopt policies to be used for negotiating contracts between their postsecondary educational institutions and banks and other financial institutions to disburse a student's financial aid award and other refunds onto a debit card, prepaid card, or preloaded card that best serves the needs of the students. The bill would require the policies adopted to ensure that contracts between postsecondary educational institutions and banks or other financial institutions to disburse a student's financial aid award to do certain things, including, among other things, prohibit the sale of private information that the student or the postsecondary educational institution provides the bank or other financial institution, prohibit the debit card, prepaid card, or preloaded card use from imposing fees; prohibit the

card from being cobranded; ensure that a student does not incur any cost in opening the account or initially receiving the card; and not market or portray the account or card as a credit card or credit instrument, or subsequently convert the card to a credit card or credit instrument.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 69505.7 is added to the Education Code,  
2 to read:

3 69505.7. (a) The Board of Governors of the California  
4 Community Colleges and the Trustees of the California State  
5 University shall, and the Regents of the University of California  
6 and the governing bodies of accredited private nonprofit and  
7 for-profit postsecondary educational institutions are requested to,  
8 adopt policies to be used for negotiating contracts between their  
9 postsecondary educational institutions and banks and other  
10 financial institutions to disburse a student’s financial aid award  
11 and other refunds onto a debit card, prepaid card, or preloaded  
12 card that best serves the needs of the students.

13 (b) The policies adopted pursuant to subdivision (a) shall,  
14 consistent with federal law, ensure that contracts between  
15 postsecondary educational institutions and banks or other financial  
16 institutions to disburse a student’s financial aid award and other  
17 refunds onto a debit card, prepaid card, or preloaded card do at  
18 least all of the following:

19 (1) Prohibit revenue sharing between a postsecondary  
20 educational institution and banks or other financial institutions.

21 (2) Prohibit the sale of private information that the student or  
22 the postsecondary educational institution provides the bank or  
23 other financial institution.

24 (3) Prohibit the debit card, prepaid card, or preloaded card use  
25 from imposing fees.

26 (4) Prohibit the debit card, prepaid card, or preloaded card from  
27 being cobranded, which means including the logo of the  
28 postsecondary educational institution.

29 (5) Ensure that the student does not incur any cost in opening  
30 the account or initially receiving the debit card, prepaid card, or  
31 preloaded card.

1 (6) (A) Ensure that the student has convenient access to a branch  
2 office of the bank or an automated teller machine of the bank in  
3 which the account was opened or of another bank, so that the  
4 student does not incur any cost in making withdrawals from that  
5 office or those automated teller machines.

6 (B) The branch office or automated teller machines must be  
7 located on the postsecondary educational institution's campus, in  
8 an institutionally owned or operated facility, or immediately  
9 adjacent to and accessible from the campus.

10 (7) Ensure that the debit card, prepaid card, or preloaded card  
11 can be widely used.

12 (8) Not market or portray the account or debit card, prepaid  
13 card, or preloaded card as a credit card or credit instrument, or  
14 subsequently convert the account or debit card, prepaid card, or  
15 preloaded card to a credit card or credit instrument.