

AMENDED IN SENATE MAY 7, 2014
AMENDED IN SENATE APRIL 3, 2014
AMENDED IN SENATE FEBRUARY 25, 2014

SENATE BILL

No. 845

Introduced by Senator Correa

January 8, 2014

An act to add Section 69505.8 to the Education Code, relating to postsecondary education.

LEGISLATIVE COUNSEL'S DIGEST

SB 845, as amended, Correa. Postsecondary education: electronic disbursement of student financial aid.

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 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 would request the Regents of the University of California and each governing body of an accredited private postsecondary educational institution, to develop, in consultation with stakeholders, one or more model contracts for use at their respective systems for the disbursement of a financial aid award, scholarship, campus-based aid award, or school refund on a debit, prepaid, or preloaded card, and to make these *model* contracts, *and all binding contracts of this nature*, publicly available on their respective Internet Web sites.

The bill would also require that each model contract consider the best interests of students and contain provisions that reflect conditions

required for compliance with federal regulations governing the disbursement of federal financial aid.

The bill would also require the board of governors and the trustees, and would additionally request the regents and each governing body of an accredited private postsecondary educational institution, when developing each of their respective model contracts, to consider specified information.

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 69505.8 is added to the Education Code,
2 to read:

3 69505.8. (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 each governing body of an accredited private postsecondary
7 educational institution are requested to, develop one or more model
8 contracts for use at their respective systems for the disbursement
9 of a financial aid award, scholarship, campus-based aid award, or
10 school refund onto a debit card, prepaid card, or other preloaded
11 card issued by a financial institution. Each model contract shall
12 be developed in consultation with stakeholders including statewide
13 student associations, individual campuses, and financial institutions
14 that issue debit cards, prepaid cards, and preloaded cards *and shall*
15 *not be finalized before public comment is sought and considered.*

16 (b) The board of governors and the trustees shall, and the regents
17 and each governing body of an accredited private postsecondary
18 educational institution are requested to, make every model contract
19 developed under subdivision (a), *and every binding contract*
20 *negotiated by an educational institution under the jurisdiction of*
21 *one of these governing bodies with a financial institution for the*
22 *disbursement of a financial aid award, scholarship, campus-based*
23 *aid award, or school refund onto a debit card, prepaid card, or*
24 *preloaded card, publicly available on its Internet Web site.*

25 (c) Every model contract developed under subdivision (a) shall
26 consider the best interests of students and shall, at a minimum,
27 contain provisions that reflect conditions required for compliance

1 with federal regulations governing the disbursement of federal
2 financial aid.

3 (d) When developing each model contract, the board of
4 governors and the trustees shall, and the regents and each governing
5 body of an accredited private postsecondary educational institution
6 are requested to, consider all of the following:

7 (1) The number of on-campus locations and proximity of
8 off-campus locations where a fee-free withdrawal could be made
9 by a student using a debit card, prepaid card, or preloaded card.

10 (2) The type and size of fees a student would incur from debit,
11 prepaid, or preloaded card use and whether provisions of the model
12 contract ensure that the educational institution is provided
13 information by the card-issuing financial institution to evaluate
14 the costs of these fees to students.

15 (3) The impact, if any, that offering a card displaying the name
16 or mascot of a campus or educational system would have on
17 students, that campus, or that educational system.

18 (4) Whether provisions of the model contract ensure that the
19 educational institution monitors compliance by the financial
20 institution with federal Title IV requirements governing the
21 disbursement of financial aid.

22 (5) Whether provisions of the model contract ensure a process
23 for the tracking and resolution of student complaints about the
24 card-issuing financial ~~services~~ institution's credit delivery,
25 customer service, and debit, prepaid, or preloaded cards.

26 (6) The impact, if any, of the content of a dispute resolution
27 clause on students, their campus, and their educational system, if
28 a conflict were to arise between a student and the card-issuing
29 financial institution.

30 (7) Whether provisions of the model contract ensure that the
31 educational institution does not disclose student information to
32 the card-issuing financial institution beyond what is necessary to
33 perform the contracted financial aid *award, scholarship,*
34 *campus-based aid award, or school refund* disbursement function.

35 (8) Whether provisions of the model contract ensure that the
36 card-issuing financial institution does not solicit or collect
37 information from a student that is not necessary to perform the
38 contracted financial aid *award, scholarship, campus-based aid*
39 *award, or school refund* disbursement function as a condition of
40 *allowing* the student ~~accessing~~ *to access a* financial aid ~~funds~~

- 1 *award, scholarship, campus-based aid award, or school refund*
- 2 through a debit card, prepaid card, or preloaded card.

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