

**SB0929**



**100TH GENERAL ASSEMBLY**

**State of Illinois**

**2017 and 2018**

**SB0929**

Introduced 2/7/2017, by Sen. Thomas Cullerton

**SYNOPSIS AS INTRODUCED:**

New Act

Creates the College Debit and Prepaid Card Services Regulation Act. Provides that if contracting with third-party financial firms to provide disbursement and management services of financial aid funds or management of financial accounts to students, the governing board or governing entity of a public or private post-secondary institution of education that enrolls one or more students who receive State or federal financial aid shall review and approve the contract after considering guidelines and policies established and recommended by the United States Consumer Financial Protection Bureau and the United States Department of Education. Sets forth what the contract may not permit. Requires the public or private post-secondary institution of education to make the contract available for public inspection and publish the contract on the Internet website operated by or for the public or private post-secondary institution of education. Provides that if a public university or public community college negotiates a contract with one or more third-party financial firms, the public university or public community college shall undertake reasonable efforts to establish collaboration agreements with other public universities or public community colleges to negotiate the services.

LRB100 09586 MLM 19754 b

**A BILL FOR**

1 AN ACT concerning education.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the  
5 College Debit and Prepaid Card Services Regulation Act.

6 Section 5. Definitions. In this Act:

7 "Account" means an account that is managed or operated by a  
8 third-party financial firm and that is opened to facilitate the  
9 financial aid refund disbursement process.

10 "Financial aid funds" means financial aid funds under Part  
11 B of Title IV of the federal Higher Education Amendments of  
12 1998 (Public Law 105-244), including credit balances.

13 "Financial aid refund disbursement process" means the  
14 process of returning to a student the student's financial aid  
15 funds that are in excess of eligible education costs,  
16 including, but not limited to, fees and tuition.

17 "Revenue sharing" means payment from a third-party  
18 financial firm to a public or private post-secondary  
19 institution of education based on the balances or account  
20 activity of the accounts offered by the third-party financial  
21 firm to students enrolled at the public or private  
22 post-secondary institution of education.

23 "Third-party financial firm" means a company, business, or

1 other organization that contracts with a public or private  
2 post-secondary institution of education to provide  
3 disbursement and management services of financial aid funds or  
4 management of financial accounts to students enrolled in the  
5 public or private post-secondary institution of education.

6 Section 10. College debit and prepaid card services  
7 regulation.

8 (a) If contracting with third-party financial firms for  
9 disbursement and management services of financial aid funds or  
10 for management of financial accounts, the governing board or  
11 governing entity of a public or private post-secondary  
12 institution of education that enrolls one or more students who  
13 receive State or federal financial aid shall review and approve  
14 the contract after considering guidelines and policies  
15 established and recommended by the United States Consumer  
16 Financial Protection Bureau and the United States Department of  
17 Education.

18 (b) A contract between a public or private post-secondary  
19 institution of education and a third-party financial firm for  
20 services described in subsection (a) of this Section may not  
21 permit:

22 (1) revenue sharing;

23 (2) the third-party financial firm to charge a fee for  
24 the initial disbursement of the financial aid funds in an  
25 academic term to the student in paper check form or in an

1 electronic funds transfer;

2 (3) the third-party financial firm to charge a  
3 transaction fee for debit or similar transactions from an  
4 account; or

5 (4) the third-party financial firm to charge a fee for  
6 inactivity in an account.

7 (c) A public or private post-secondary institution of  
8 education that contracts with a third-party financial firm  
9 shall:

10 (1) make the contract available for public inspection;  
11 and

12 (2) publish the contract on the Internet website  
13 operated by or for the public or private post-secondary  
14 institution of education.

15 (d) If a public university or public community college  
16 negotiates a contract with one or more third-party financial  
17 firms to provide disbursement and management services of  
18 financial aid funds or management of financial accounts to  
19 enrolled students, the public university or public community  
20 college shall undertake reasonable efforts to establish  
21 collaboration agreements with other public universities or  
22 public community colleges to negotiate the services.