

AMENDED IN SENATE APRIL 22, 2013

SENATE BILL

No. 595

Introduced by Senator Calderon

February 22, 2013

An act to add Section 69505.5 to the Education Code, relating to postsecondary education.

LEGISLATIVE COUNSEL'S DIGEST

SB 595, as amended, Calderon. Postsecondary education: financial aid.

Under existing law the Legislature declares that student assistance programs have the primary purpose of providing equal opportunity and access to postsecondary education for specified groups of students and that student aid programs should assist students to progress through the educational program in accordance with the individual's educational objectives.

This bill would require each campus of the California Community Colleges and the California State University and, as to the University of California, request each campus of the University of California, to not enter into a contract with ~~a bank or financial institution that requires students~~ *any entity, whether a specific depository institution or an entity that partners with one or more depository institutions, on or after January 1, 2014, that requires a student* to open an account with ~~the bank or financial institution that entity~~ as a condition of the student receiving his or her financial aid disbursement. The bill would also require each campus of the California Community Colleges and the California State University, or, as to the University of California, request each campus of the University of California, to offer a student the option of receiving ~~a check for, or direct deposit of,~~ his or her financial aid

disbursement in a timeframe that is similar to the timeframe for financial aid disbursement offered by a bank or financial institution that partners with the *via direct deposit into an account at a depository institution of the student's choosing, and ensure that its contract or contracts for financial aid disbursement entered into on or after January 1, 2014, provide that the contracting entity shall initiate the direct deposit within one business day of receipt of the financial aid disbursement moneys from each campus of the community college, California State University, or University of California, as applicable. By requiring each campus of the California Community Colleges to offer this option to students, the bill would impose a state-mandated local program.*

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

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

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

1 SECTION 1. Section 69505.5 is added to the Education Code,
 2 to read:
 3 69505.5. (a) (1) No campus of the California Community
 4 Colleges or the California State University shall enter into a
 5 contract *on or after January 1, 2014, with a bank or financial*
 6 ~~institution that requires students~~ *any entity, whether a specific*
 7 *depository institution or an entity that partners with one or more*
 8 *depository institutions, that requires a student to open an account*
 9 ~~with the bank or financial institution that entity~~ *as a condition of*
 10 *the student receiving his or her financial aid disbursement.*
 11 (2) Each campus of the University of California is requested to
 12 not enter into a contract *on or after January 1, 2014, with a bank*
 13 ~~or financial institution that requires students~~ *any entity, whether*
 14 *a specific depository institution or an entity that partners with one*
 15 *or more depository institutions, that requires a student to open an*
 16 ~~account with the bank or financial institution that entity~~ *as a*

1 condition of the student receiving his or her financial aid
2 disbursement.

3 (b) (1) Each campus of the California Community Colleges
4 and the California State University shall offer a student the option
5 of receiving a check for, or direct deposit of, his or her financial
6 aid disbursement ~~in a timeframe that is similar to the timeframe~~
7 ~~for financial aid disbursement offered by a bank or financial~~
8 ~~institution that partners with a campus of the California Community~~
9 ~~Colleges or California State University via direct deposit into an~~
10 ~~account at a depository institution of the student's choosing. Each~~
11 ~~campus of the California Community Colleges and the California~~
12 ~~State University shall ensure that its contract or contracts for~~
13 ~~financial aid disbursement entered into on or after January 1,~~
14 ~~2014, provide that the contracting entity shall initiate the direct~~
15 ~~deposit within one business day of receipt of the financial aid~~
16 ~~disbursement moneys from each campus of the California~~
17 ~~Community Colleges and the California State University.~~

18 (2) Each campus of the University of California is requested to
19 offer a student the option of receiving a check for, or direct deposit
20 of, his or her financial aid disbursement ~~in a timeframe that is~~
21 ~~similar to the timeframe for financial aid disbursement offered by~~
22 ~~a bank or financial institution that partners with a campus of the~~
23 ~~University of California via direct deposit into an account at a~~
24 ~~depository institution of the student's choosing. Each campus of~~
25 ~~the University of California is requested to ensure that its contract~~
26 ~~or contracts for financial aid disbursement entered into on or after~~
27 ~~January 1, 2014, provide that the contracting entity shall initiate~~
28 ~~the direct deposit within one business day of receipt of the financial~~
29 ~~aid disbursement moneys from each campus of the University of~~
30 ~~California.~~

31 SEC. 2. If the Commission on State Mandates determines that
32 this act contains costs mandated by the state, reimbursement to
33 local agencies and school districts for those costs shall be made
34 pursuant to Part 7 (commencing with Section 17500) of Division
35 4 of Title 2 of the Government Code.

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