

113TH CONGRESS
2D SESSION

H. R. 4714

To amend the Higher Education Act of 1965 to establish requirements for preferred banking arrangements, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 22, 2014

Mr. GEORGE MILLER of California (for himself, Ms. WATERS, Mr. WELCH, Ms. SLAUGHTER, Mr. SCOTT of Virginia, Mr. CUMMINGS, Mr. WAXMAN, Mr. CONYERS, Mr. TIERNEY, Mrs. DAVIS of California, Mr. GRIJALVA, Mr. BISHOP of New York, Mr. SABLAN, Ms. WILSON of Florida, Ms. BONAMICI, Mr. POCAN, Mr. TAKANO, Mr. ELLISON, Mr. CARTWRIGHT, Ms. CLARKE of New York, Mr. JEFFRIES, Mr. McDERMOTT, Mr. NADLER, Ms. PINGREE of Maine, Mr. HUFFMAN, Mr. THOMPSON of California, Ms. LEE of California, Ms. LOFGREN, Ms. CHU, Mrs. NAPOLITANO, Mr. LOWENTHAL, Ms. BROWNLEY of California, Mr. SCHIFF, Ms. BASS, Mr. ENYART, Ms. NORTON, Ms. SHEA-PORTER, Mr. RANGEL, Mrs. MCCARTHY of New York, Mr. BUTTERFIELD, Ms. ESHOO, Mr. MEEKS, Mr. SARBANES, Mr. HINOJOSA, Mr. FARR, Ms. MATSUI, Mr. DANNY K. DAVIS of Illinois, Ms. SCHAKOWSKY, Mr. CARSON of Indiana, Ms. SPEIER, Ms. BROWN of Florida, Mr. VAN HOLLEN, Mr. HONDA, Mr. CLAY, Mr. DEFazio, Ms. FRANKEL of Florida, Ms. FUDGE, Mr. GENE GREEN of Texas, Mr. YARMUTH, Mr. BRALEY of Iowa, Mr. RUSH, and Mr. GARAMENDI) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Higher Education Act of 1965 to establish requirements for preferred banking arrangements, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Curbing Abusive Mar-
5 keting Practices with University Student Debit Cards
6 Act” or the “CAMPUS Debit Cards Act”.

7 **SEC. 2. PREFERRED BANKING ARRANGEMENTS.**

8 Section 487 of the Higher Education Act of 1965 (20
9 U.S.C. 1094) is amended—

10 (1) in subsection (a), by adding at the end the
11 following new paragraph:

12 “(30) In the case of an institution that has en-
13 tered into a preferred banking arrangement, the in-
14 stitution will meet the requirements of subsection
15 (k).”;

16 (2) in subsection (i), by adding at the end the
17 following new paragraph:

18 “(7) PREFERRED BANKING ARRANGEMENT.—

19 “(A) IN GENERAL.—The term ‘preferred
20 banking arrangement’ means an arrangement
21 or agreement between a financial institution
22 and an institution of higher education under
23 which the institution of higher education di-
24 rectly or indirectly recommends, promotes, or
25 endorses to its students, or requires the delivery

1 of funds awarded under this Act to its students
2 through, the deposit accounts or the general-use
3 prepaid cards of the financial institution or the
4 financial institution in general.

5 “(B) FINANCIAL TERMS.—For purposes of
6 this paragraph—

7 “(i) the terms ‘bank’ and ‘savings as-
8 sociation’ have the definition given those
9 terms, respectively, under section 3 of the
10 Federal Deposit Insurance Act (12 U.S.C.
11 1813);

12 “(ii) the term ‘credit union’ means a
13 Federal credit union and a State credit
14 union as those terms are defined, respec-
15 tively, under section 101 of the Federal
16 Credit Union Act (12 U.S.C. 1752);

17 “(iii) the term ‘financial institution’
18 means a bank, savings association, credit
19 union, or a person who has entered into an
20 agreement with a bank, savings associa-
21 tion, or credit union; and

22 “(iv) the term ‘general-use prepaid
23 card’—

1 “(I) means a card or other pay-
2 ment code or device issued by any
3 person that is—

4 “(aa) redeemable at multiple
5 merchants or service providers,
6 or automated teller machines;

7 “(bb) purchased or loaded
8 on a prepaid basis; and

9 “(cc) honored, upon presen-
10 tation, by merchants for goods or
11 services, or at automated teller
12 machines; and

13 “(II) does not include an elec-
14 tronic promise, plastic card, or pay-
15 ment code or device that is—

16 “(aa) used solely for tele-
17 phone services;

18 “(bb) a loyalty, award, or
19 promotional gift card, as defined
20 by the Secretary;

21 “(cc) issued in paper form
22 only (including for tickets and
23 events); or

24 “(dd) redeemable solely for
25 admission to events or venues at

1 a particular location or group of
2 affiliated locations, which may
3 also include services or goods ob-
4 tainable at the event or venue
5 after admission or in conjunction
6 with admission to such events or
7 venues, at specific locations affili-
8 ated with and in geographic prox-
9 imity to the event or venue.”;
10 and

11 (3) by adding at the end the following new sub-
12 section:

13 “(k) REQUIREMENTS FOR PREFERRED BANKING AR-
14 RANGEMENT.—

15 “(1) IN GENERAL.—An institution of higher
16 education that enters into a preferred banking ar-
17 rangement with a financial institution shall—

18 “(A) develop a code of conduct with re-
19 spect to the preferred banking arrangement
20 with which the officers, employees, and agents
21 of the institution of higher education shall com-
22 ply, that—

23 “(i) prohibits a conflict of interest
24 with the responsibilities of an officer, em-
25 ployee, or agent of the institution of higher

1 education with respect to such arrange-
2 ment;

3 “(ii) requires each such officer, em-
4 ployee, and agent to act in the best inter-
5 ests of the students enrolled at the institu-
6 tion of higher education in carrying out
7 such arrangement; and

8 “(iii) at a minimum, includes the pro-
9 visions described in paragraph (2);

10 “(B) publish such code of conduct promi-
11 nently on the website of the institution of high-
12 er education;

13 “(C) administer such code by, at a min-
14 imum, requiring that all of the officers, employ-
15 ees, and agents of the institution of higher edu-
16 cation with responsibilities with respect to the
17 preferred banking arrangement be annually in-
18 formed of the provisions of the code of conduct;
19 and

20 “(D) provide effective enforcement of such
21 code.

22 “(2) CODE OF CONDUCT REQUIREMENTS.—The
23 code of conduct requirements described in this para-
24 graph are as follows:

1 “(A) BAN ON REVENUE-SHARING AR-
2 RANGEMENTS.—

3 “(i) PROHIBITION.—The institution of
4 higher education shall not enter into any
5 revenue-sharing arrangement with any fi-
6 nancial institution.

7 “(ii) DEFINITION.—For purposes of
8 this subparagraph, the term ‘revenue-shar-
9 ing arrangement’—

10 “(I) means an arrangement be-
11 tween an institution of higher edu-
12 cation and a financial institution
13 under which—

14 “(aa) a financial institution
15 provides deposit accounts or gen-
16 eral-use prepaid cards to stu-
17 dents attending the institution of
18 higher education or to the fami-
19 lies of such students; and

20 “(bb) the institution of high-
21 er education recommends, pro-
22 motes, utilizes, sponsors, or oth-
23 erwise endorses the financial in-
24 stitution or the deposit accounts
25 or general-use prepaid cards of

1 the financial institution and in
2 exchange, the financial institu-
3 tion pays a fee or provides other
4 material benefits, including rev-
5 enue or profit sharing, to the in-
6 stitution of higher education, or
7 an officer, employee, or agent of
8 the institution of higher edu-
9 cation; and

10 “(II) does not include an ar-
11 rangement under which a financial in-
12 stitution pays a fair market price to
13 an institution of higher education for
14 the advertising or marketing of the fi-
15 nancial institution to the general pub-
16 lic by the institution of higher edu-
17 cation.

18 “(B) GIFT BAN.—

19 “(i) PROHIBITION.—No officer, em-
20 ployee, or agent of an institution of higher
21 education who has responsibilities with re-
22 spect to a preferred banking arrangement
23 or has other responsibilities with respect to
24 a financial institution shall solicit or accept
25 any gift from the financial institution.

1 “(ii) DEFINITION.—In this subpara-
2 graph, the term ‘gift’ means any gratuity,
3 favor, discount, entertainment, hospitality,
4 loan, or other item having a monetary
5 value of more than a de minimus amount.
6 The term includes a gift of services, trans-
7 portation, lodging, or meals, whether pro-
8 vided in kind, by purchase of a ticket, pay-
9 ment in advance, or reimbursement after
10 the expense has been incurred.

11 “(iii) EXCEPTIONS.—The term ‘gift’
12 shall not include any of the following:

13 “(I) Standard material, activities,
14 or programs on issues related to a
15 loan, default aversion, default preven-
16 tion, or financial literacy, such as a
17 brochure, a workshop, or training, but
18 only if such materials, activities, or
19 programs do not promote a product or
20 service of a financial institution.

21 “(II) Favorable terms, condi-
22 tions, and benefits on the financial
23 products of the financial institution
24 made available to all employees of the
25 institution of higher education if such

1 terms, conditions, or benefits are com-
2 parable to those provided to all stu-
3 dents of the institution of higher edu-
4 cation.

5 “(III) Entrance and exit coun-
6 seling services provided to borrowers
7 to meet the responsibilities of the in-
8 stitution of higher education for en-
9 trance and exit counseling as required
10 by subsections (b) and (l) of section
11 485, as long as—

12 “(aa) the staff of the insti-
13 tution of higher education are in
14 control of the counseling (wheth-
15 er in person or via electronic ca-
16 pabilities); and

17 “(bb) such counseling does
18 not promote the products or serv-
19 ices of any specific lender.

20 “(IV) Philanthropic contributions
21 to an institution of higher education
22 from a financial institution that are
23 unrelated to the deposit accounts or
24 the general-use prepaid cards of the
25 financial institution or the financial

1 institution in general or any contribu-
2 tion from the financial institution that
3 is not made in exchange for any ad-
4 vantage related to the financial insti-
5 tution.

6 “(V) State education grants,
7 scholarships, or financial aid funds
8 administered by or on behalf of a
9 State.

10 “(iv) RULE FOR GIFTS TO FAMILY
11 MEMBERS.—For purposes of this subpara-
12 graph, a gift to a family member of an of-
13 ficer, employee, or agent of an institution
14 of higher education, or to any other indi-
15 vidual based on that individual’s relation-
16 ship with the officer, employee, or agent,
17 shall be considered a gift to the officer,
18 employee, or agent if—

19 “(I) the gift is given with the
20 knowledge and acquiescence of the of-
21 ficer, employee, or agent; and

22 “(II) the officer, employee, or
23 agent has reason to believe the gift
24 was given because of the official posi-
25 tion of the officer, employee, or agent.

1 “(C) BAN ON STAFFING ASSISTANCE.—

2 “(i) PROHIBITION.—The institution of
3 higher education shall not request or ac-
4 cept from any financial institution any as-
5 sistance with any office or department of
6 the institution of higher education.

7 “(ii) CERTAIN ASSISTANCE PER-
8 MITTED.—Nothing in this paragraph shall
9 be construed to prohibit the institution of
10 higher education from requesting or ac-
11 cepting assistance from a financial institu-
12 tion related to—

13 “(I) professional development
14 training for financial aid administra-
15 tors;

16 “(II) providing educational coun-
17 seling materials, financial literacy ma-
18 terials, or debt management materials
19 to borrowers, provided that such ma-
20 terials disclose to borrowers the iden-
21 tification of any financial institution
22 that assisted in preparing or providing
23 such materials; or

24 “(III) staffing services on a
25 short-term, nonrecurring basis to as-

1 sist the institution of higher education
2 with financial aid-related functions
3 during emergencies, including State-
4 declared or federally declared natural
5 disasters, federally declared national
6 disasters, and other localized disasters
7 and emergencies identified by the Sec-
8 retary.

9 “(D) CONTRACTING ARRANGEMENTS PRO-
10 HIBITED.—

11 “(i) IN GENERAL.—Except as pro-
12 vided in clause (ii), an officer, employee, or
13 agent of an institution of higher education
14 who has responsibilities with respect to a
15 preferred banking arrangement or has
16 other responsibilities with respect to a fi-
17 nancial institution shall not accept from
18 any financial institution any fee, payment,
19 or other financial benefit (including the op-
20 portunity to purchase stock) as compensa-
21 tion for any type of consulting arrange-
22 ment or other contract to provide services
23 to or on behalf of the financial institution.

24 “(ii) EXCEPTION.—Clause (i) shall
25 not prohibit an institution of higher edu-

1 cation from permitting an officer, em-
2 ployee, agent, or contractor of a financial
3 institution to serve on a board of directors,
4 or as a trustee, of the institution of higher
5 education, if the institution of higher edu-
6 cation has a written conflict of interest pol-
7 icy that requires such a board member or
8 trustee to recuse themselves from any deci-
9 sion regarding deposit or prepaid accounts
10 or a preferred banking arrangement at the
11 institution of higher education.

12 “(E) INTERACTION WITH STUDENTS.—The
13 institution of higher education shall not deny or
14 cause unnecessary delay in the disbursement of
15 a loan or grant under this title based on a stu-
16 dent’s selection of a particular financial institu-
17 tion.

18 “(F) ADVISORY BOARD COMPENSATION.—
19 An employee, officer, or agent of an institution
20 of higher education who has responsibilities
21 with respect to a preferred banking arrange-
22 ment or has other responsibilities with respect
23 to a financial institution, and who serves on an
24 advisory board, commission, or group estab-
25 lished by a financial institution, shall be prohib-

1 ited from receiving anything of value from the
2 financial institution, except that the employee
3 may be reimbursed for reasonable expenses in-
4 curred in serving on such advisory board, com-
5 mission, or group.”.

6 **SEC. 3. DISBURSEMENT OF CREDIT BALANCE.**

7 Part G of title IV of the Higher Education Act of
8 1965 (20 U.S.C. 1088 et seq.) is amended by adding at
9 the end the following:

10 **“SEC. 493E. DISBURSEMENT OF CREDIT BALANCE.**

11 “(a) ESTABLISHMENT OF SYSTEM FOR DISBURSE-
12 MENT.—Not later than 3 years after the date of enact-
13 ment of the CAMPUS Debit Cards Act, each institution
14 of higher education that enrolls a student who receives a
15 grant or loan under this title shall establish a system for
16 the disbursement of credit balances in accordance with
17 subsection (b).

18 “(b) ELECTRONIC PAYMENT SYSTEM.—Each institu-
19 tion of higher education described in subsection (a) shall
20 establish a system for disbursement of credit balances
21 through electronic payments to a deposit account or a gen-
22 eral-use prepaid card (defined in section 487(i)(7)) with
23 the protections afforded under the Electronic Fund Trans-
24 fer Act (15 U.S.C. 1693 et seq.).

1 “(c) DISTRIBUTION OPTIONS.—The Secretary of
2 Education, in consultation with the Secretary of the
3 Treasury and the Bureau of Consumer Financial Protec-
4 tion, shall conduct a pilot program on providing students
5 with the option of receiving credit balances by using the
6 Treasury Direct Express system established under section
7 3336 of title 31, United States Code, or through any other
8 low-cost alternative as determined by the Secretary.

9 “(d) CREDIT BALANCE.—In this section, the term
10 ‘credit balance’ means the amount of program funds under
11 this title credited to a student’s ledger account at an insti-
12 tution of higher education that exceed the amount as-
13 sessed the student by the institution for allowable institu-
14 tional charges, as defined by the Secretary.”.

15 **SEC. 4. PREVENTING UNFAIR AND DECEPTIVE MARKETING**
16 **OF FINANCIAL PRODUCTS TO STUDENTS OF**
17 **INSTITUTIONS OF HIGHER EDUCATION.**

18 (a) IN GENERAL.—The Consumer Financial Protec-
19 tion Act of 2010 is amended by inserting after section
20 1031 the following:

21 **“SEC. 1031A. PREVENTING UNFAIR AND DECEPTIVE MAR-**
22 **KETING OF FINANCIAL PRODUCTS TO STU-**
23 **DENTS OF INSTITUTIONS OF HIGHER EDU-**
24 **CATION.**

25 “(a) DEFINITIONS.—In this section:

1 “(1) FINANCIAL INSTITUTION.—The term ‘fi-
2 nancial institution’ means any institution that offers,
3 provides, or issues financial products, including
4 banks, savings associations, and credit unions.

5 “(2) INSTITUTION OF HIGHER EDUCATION.—
6 The term ‘institution of higher education’ has the
7 meaning given that term in section 102 of the High-
8 er Education Act of 1965 (20 U.S.C. 1002).

9 “(b) DISCLOSURE REQUIRED.—

10 “(1) DISCLOSURE BY INSTITUTIONS OF HIGHER
11 EDUCATION.—An institution of higher education, or
12 an alumni organization or foundation affiliated with
13 or related to an institution of higher education, shall
14 publicly disclose (including on the website of such in-
15 stitution, organization, or foundation) any contract
16 or other agreement made with a financial institution
17 for the purpose of marketing a financial product—

18 “(A) in the case of a contract or agree-
19 ment entered into before the date of enactment
20 of this section, by not later than 90 days after
21 such date of enactment; and

22 “(B) in the case of a contract or agree-
23 ment entered into on or after such date of en-
24 actment, by not later than 90 days after the in-

1 stitution, organization, or foundation enters
2 into the contract or agreement.

3 “(2) REPORTS BY FINANCIAL INSTITUTIONS.—

4 “(A) IN GENERAL.—Each financial institu-
5 tion shall submit an annual report to the Bu-
6 reau containing the terms and conditions of all
7 contracts or other agreements made with an in-
8 stitution of higher education, or an alumni or-
9 ganization or foundation affiliated with or re-
10 lated to an institution of higher education, re-
11 lating to any financial product offered to stu-
12 dents at such institution of higher education.

13 “(B) DETAILS OF REPORT.—The report
14 under subparagraph (A) shall include—

15 “(i) any memorandum of under-
16 standing between or among the financial
17 institution and an institution of higher
18 education, alumni organization, or founda-
19 tion that directly or indirectly relates to
20 any aspect of any agreement referred to in
21 subparagraph (A) or controls or directs
22 any obligations or distribution of benefits
23 between or among any such entities;

24 “(ii) the amount of any payments
25 from the financial institution to the insti-

1 tution of higher education, alumni organi-
2 zation, or foundation during the period
3 covered by the report, and the precise
4 terms of any agreement under which such
5 amounts are determined; and

6 “(iii) the number of financial products
7 covered by any such agreement that were
8 originated during the period covered by the
9 report, and the total number of financial
10 products covered by the agreement that
11 were outstanding at the end of such pe-
12 riod.

13 “(C) AGGREGATION OF INFORMATION.—

14 The information required to be reported under
15 subparagraph (A) shall be aggregated with re-
16 spect to each institution of higher education or
17 alumni organization or foundation affiliated
18 with or related to such institution of higher
19 education.

20 “(D) INITIAL REPORT.—The initial report

21 required under subparagraph (A) shall be sub-
22 mitted to the Bureau not later than 1 year
23 after the date of enactment of this section.

24 “(3) REPORTS BY BUREAU.—The Bureau shall

25 submit to Congress, and make available to the pub-

1 lic, an annual report that lists the information con-
2 cerning the agreements submitted to the Bureau
3 under paragraph (2) by each financial institution,
4 institution of higher education, alumni organization,
5 or foundation.

6 “(4) RECORD REPOSITORY.—The Bureau shall
7 establish and maintain on its publicly available
8 website a central repository of all contracts and
9 other agreements contained in reports received from
10 financial institutions pursuant to this paragraph,
11 and such contracts and agreements shall be in a
12 form that is easily accessible and retrievable by the
13 public.

14 “(c) INDUCEMENTS PROHIBITED.—No financial in-
15 stitution may offer to a student at an institution of higher
16 education any tangible or intangible item to induce the
17 student to apply, purchase, or obtain a financial product
18 offered by the financial institution, if the offer is made—

19 “(1) on the campus of an institution of higher
20 education;

21 “(2) near the campus of an institution of higher
22 education, as determined by rule of the Bureau; or

23 “(3) at an event sponsored by or related to an
24 institution of higher education.”.

1 (b) RULEMAKING REQUIRED.—Not later than the
2 end of the 2-year period beginning on the date of the en-
3 actment of this Act, the Bureau of Consumer Financial
4 Protection shall issue regulations identifying as unlawful
5 unfair, deceptive, or abusive acts or practices in connec-
6 tion with any transaction with a consumer for a consumer
7 financial product or service, or the offering of a consumer
8 financial product or service, as described under section
9 1031 of the Consumer Financial Protection Act of 2010
10 (12 U.S.C. 5531).

11 (c) TECHNICAL AND CONFORMING AMENDMENT.—
12 The table of contents of the Dodd-Frank Wall Street Re-
13 form and Consumer Protection Act is amended by adding
14 after the item relating to section 1031 the following:

“1031A. Preventing unfair and deceptive marketing of financial products to stu-
dents of institutions of higher education.”.

15 **SEC. 5. STUDY OF FINANCIAL PRODUCT MARKETING.**

16 (a) STUDY.—The Bureau of Consumer Financial
17 Protection shall carry out a study on the marketing of fi-
18 nancial products to students enrolled in institutions of
19 higher education. Such study shall include an analysis
20 of—

21 (1) the extent to which financial institutions use
22 an institution of higher education’s name, emblem,
23 mascot, logo, or other words, pictures, or symbols
24 readily identified with such institution of higher edu-

1 cation in the marketing of financial products, includ-
2 ing deposit accounts, general purpose reloadable pre-
3 paid cards, and payment services;

4 (2) the extent to which institutions of higher
5 education provide access to campus facilities and
6 sponsored functions to financial institutions, includ-
7 ing orientation activities for new and prospective
8 students; and

9 (3) the extent to which agreements between fi-
10 nancial institutions and institutions of higher edu-
11 cation are accessible for inspection by students and
12 their families.

13 (b) REPORT.—Not later than the end of the 1-year
14 period beginning on the date of the enactment of this Act,
15 the Bureau shall issue a report to the Committees on Edu-
16 cation and the Workforce and Financial Services of the
17 House of Representatives and the Committees on Health,
18 Education, Labor, and Pensions and Banking, Housing,
19 and Urban Affairs of the Senate containing—

20 (1) all findings and determinations made in car-
21 rying out the study required under subsection (a);
22 and

23 (2) any legislative recommendations the Bureau
24 may have.

1 (c) RULEMAKING.—If, after conducting the study re-
2 quired under subsection (a), the Bureau determines that
3 financial products are not marketed to students enrolled
4 in institutions of higher education in a fair manner, the
5 Bureau shall issue regulations to ensure such products are
6 marketed in a fair manner.

7 **SEC. 6. SENSE OF CONGRESS.**

8 It is the sense of the Congress that financial products
9 marketed to students enrolled in institutions of higher
10 education should be presented in a fair and neutral man-
11 ner.

12 **SEC. 7. DEFINITIONS.**

13 For purposes of this Act, the terms “financial institu-
14 tion” and “institution of higher education” have the
15 meanings given the terms in section 1031A of the Con-
16 sumer Financial Protection Act of 2010, as added by sec-
17 tion 3 of this Act.

○