

**RCW 28B.10.287 Postsecondary institution financial aid disbursement by third party.** (1) For purposes of this section and RCW 28B.77.270, "postsecondary institution" means the institutions of higher education as defined in RCW 28B.10.016 and any degree-granting institution, for-profit institution, or for-profit vocational institute, operating in the state and offering instruction and training beyond the high school level for gainful employment in a recognized profession.

(2) A postsecondary institution that disburses a student's federal or state financial aid balance by means other than directly depositing the student's balance into the student's existing account or issuing a check directly from the postsecondary institution must comply with the requirements of this section.

(3) The postsecondary institution must:

(a) Provide the student, in a readily noticeable way and a reasonably understandable format, a summary of the key features associated with the debit card, access device, or financial account associated with the student's financial aid disbursement and the commonly assessed fees that the student may incur, such as surcharges if a student uses an automated teller machine that is not affiliated with the third-party servicer or financial institution issuing the disbursement. The notice may be provided by a link to a public website;

(b) Provide the student with information on the location of every surcharge-free automated teller machine located on campus that the student may use to access the student's financial aid disbursement funds without incurring a fee and whether the machines are accessible twenty-four hours a day;

(c) Provide the student with full disclosure of the contract the postsecondary institution has entered into with a third-party servicer or financial institution in the disbursement of student financial aid balances. The disclosure may be provided by a link to a public website;

(d) Provide easily understandable and prominent notice to the student of the student's rights as a consumer and notice of a complaint process for students to file complaints with the postsecondary institution if the student is being charged excessive fees or is unable to access his or her funds without incurring fees;

(e) Develop and maintain a complaint resolution process to be used by students who have complaints regarding the timeliness of the student's financial aid disbursement or fees charged related to the disbursement. The process must include procedures for students to have the student achievement council review unresolved complaints; and

(f) Comply with the rules or requirements for participation in the state financial aid programs adopted by the student achievement council, as authorized under RCW 28B.77.270.

(4) The federal laws and regulations that apply to the disbursement of federal financial aid using third-party servicers or financial institutions also applies to the disbursement of state financial aid using third-party servicers or financial institutions.

(5) Nothing in this section requires a postsecondary institution to duplicate notices or disclosures or provide additional notices or disclosures on federal financial aid that would otherwise be required under federal law. [2018 c 13 s 2.]

**Finding—Intent—2018 c 13:** "(1) In the last few years, there has been an increase in the number of postsecondary institutions entering into agreements with financial account providers to disburse students' federal financial aid. Disbursement of financial aid often is made using access cards, such as debit cards or prepaid cards, that have fees associated with the use of those cards. Recent reports from the federal government and consumer groups have documented troubling practices used by some financial account providers, such as providers prioritizing disbursements to their own affiliated accounts over the student's preexisting bank accounts, providers and schools giving students the impression that signing up for the financial provider's card account is required to receive financial aid, and students being charged unavoidable fees to access their funds. The federal government adopted regulations in 2015 to address these issues. The legislature intends for sections 2 and 3 of this act to be compatible with federal rules.

(2) The legislature finds that although the federal regulations provide some protection for students, Washington's postsecondary institutions must ensure that students are treated fairly and that one hundred percent of state financial aid awards be available to students for purposes for which aid is granted, rather than for fees or other costs incurred by the student to access their aid awards. The legislature intends to strengthen protections for students by requiring that postsecondary institutions give students full disclosure and notice, comply with all federal and state rules and regulations, and operate their student financial aid disbursements in a manner where students bear none of the financial weight of accessing their own funds and are not discouraged from having funds disbursed to them in the manner that provides the greatest ease of access. The legislature intends to extend similar protections required under federal rules for federal financial aid to the disbursement of state financial aid." [2018 c 13 s 1.]