

Testimony on HB 4102

Background

Oregon Tech originally contracted with CashNet, a subsidiary of Higher One for student bill pay services and then entered into an amended contract with Higher One Payments, Inc. (Higher One) on July 14, 2011 for an enhanced service of disbursing student account credit balances as dictated by federal regulation. Student account credit balances result from receipts of financial aid or other sources of funds in excess of tuition, fees, and other charges on student accounts (books, fines, etc.). Higher One provides demand disbursements on the student accounts and additional banking services, if the student opts in to utilize the service. Higher One benefits the university by significantly reducing business office traffic, processing time, and other resources involved in disbursements. Benefits to the university are eventually benefits to the student as well (by not having to increase tuition & fees, etc.). Higher One allows the students to benefit with quick access to funds, options in how those funds are disbursed, and banking services for students who might otherwise be unable to obtain such services.

Process

The way the process works from start to finish for Oregon Tech is as follows:

1. The student registers for classes. This triggers us to send the student information to Higher One. If a student attends a registration event, there is a session on Higher One refunding and CashNet bill pay that they can attend.
2. Admitted students receive a Higher One card from the above "trigger."
3. The literature with the card indicates you need to activate your "refund" preference by signing into Higher One.
4. The student logs onto the Higher One website and chooses their refund preference. All information about how to select a refund preference by Automated Clearing House (ACH or wire) to an existing bank account, by paper check, or by opening a bank account (OneAccount) with Higher One is provided on the website. This should all happen before the student ever sets foot in a classroom.
5. At the beginning of the term, the financial aid is disbursed and the refunds are processed on the student account. That night, a listing of the credit amounts available for refund on the student accounts is sent to Higher One. The next morning a wire is transmitted to Higher One in the amount of the total refunds due to students.
6. The students who have opted to receive funds via OneAccounts receive their money the same day we transmit funds to Higher One. The students that requested ACH or direct transfer receive their money the next business day and students who have selected paper checks are mailed a check within 2 business days of Higher One receiving the funds. Students with no refund preference are sent an email saying they have funds at Higher One and are asked to indicate their refund preference. If they do not respond, checks are automatically sent after the 14 day period. This is to give the students a chance to select direct transfer (ACH) to an existing account or to open an OneAccount bank account prior to defaulting to a paper check.

OneAccount Fees and Information

If the student opts for their refund to be deposited into a OneAccount, there are certain fees (banking fees – See Appendix 1) associated with the usage of that card. However, there is no fee for swiping the OneAccount as a credit card up to the credit balance or utilizing the on campus OneAccount ATM. Fees are associated with using the OneAccount in an out of network ATM, swiping the OneAccount card as a debit card for purchases, and for non-sufficient funds. These fees are only related to the bank services provided with the OneAccount if the student opts into that program.

Impact of the bill on the process and on students

HB4102 Section 1. (2) (a) would preclude HigherOne from charging students customary fees associated with the banking services provided along with the OneAccount option. We are uncertain if Higher One would consider making these modifications to our existing agreement. Our current agreement would not fall subject to this bill, but when it expires in 2016 this bill would likely preclude Oregon Tech from renewing our agreement with Higher One. Higher One also provides our online method of receiving payments from students. If required to enter into a contract with a new provider, there would be a substantial investment in installation and other set up costs as a result.

As the bill would not allow a financial firm to charge normal banking industry fees it would prevent Oregon Tech from entering into any agreement that would assist students with obtaining banking services and limit the refund options available to students in the future to ACH or paper check, as the other option of a pre-paid debit card carries additional costs to the institution that could not be absorbed.

Conclusion

HigherOne currently offers many refund options with no fee. HigherOne's OneAccount also provides students with the ability to build credit status, usage of an on campus ATM, and other benefits. We believe the benefits of the HigherOne program are substantial to the student and to the university. This legislation may make it difficult for Oregon Tech to draft an agreement with HigherOne in the future, and continue to provide these benefits to our students.

Oregon Tech does not receive any compensation or rebates from Higher One. We have worked with Higher One and our students to provide transparency in the process and to provide as many options as possible for students. Oregon Tech supports the intent of this bill, to provide students with their financial aid funds as quickly and efficiently as possible, at the lowest cost.

Appendix 1 – Fee Analysis – Banks and Pre-Paid Card Providers

Provider	Higher One OneAccount	National Bank Offerings	Regional Bank Offerings	Prepaid Cards
OUT OF NETWORK ATM*	\$ 2.50	\$0-\$2.50	\$0-\$3.00	\$2.00-\$2.50
MONTHLY FEES	\$0 for students (\$3.95 for others)	\$0-\$12	\$0-\$11	\$0-\$9.95
POINT-OF-SALE SIGNATURE	\$ -	\$ -	\$ -	\$ -
POINT-OF-SALE PIN	\$ 0.50	\$ -	\$ -	\$ -
MINIMUM BALANCE/ OTHER TO AVOID FEES	Student or \$100 direct deposit per month	\$0-\$1,500	\$0-\$1,500	N/A
CREDIT CHECK	NO	YES	YES	NO
MINIMUM OPENING BALANCE	\$ -	\$0-\$50	\$0-\$100	N/A
INACTIVE OR ABANDONED ACCOUNT FEES	N/A	Varies by state law	Varies by state law	N/A
OD FEE FOR NON RECURRENT DEBIT CARD PURCHASES & ATM WITHDRAWALS	\$ -	\$0-\$36	\$25-\$37	\$0-\$15
FIRST OD/ NSF FEE FOR OTHER TRANSACTIONS	\$ 29.00	\$25-\$36	\$25-\$37	\$0-\$15
CLOSING FEE	\$ -	\$ -	\$0-\$25	N/A**

* All ATM transactions are considered Out-of-Network for providers without an ATM network.

** Prepaid cards may charge up to \$5.95 to send a check for a remaining refund balance.

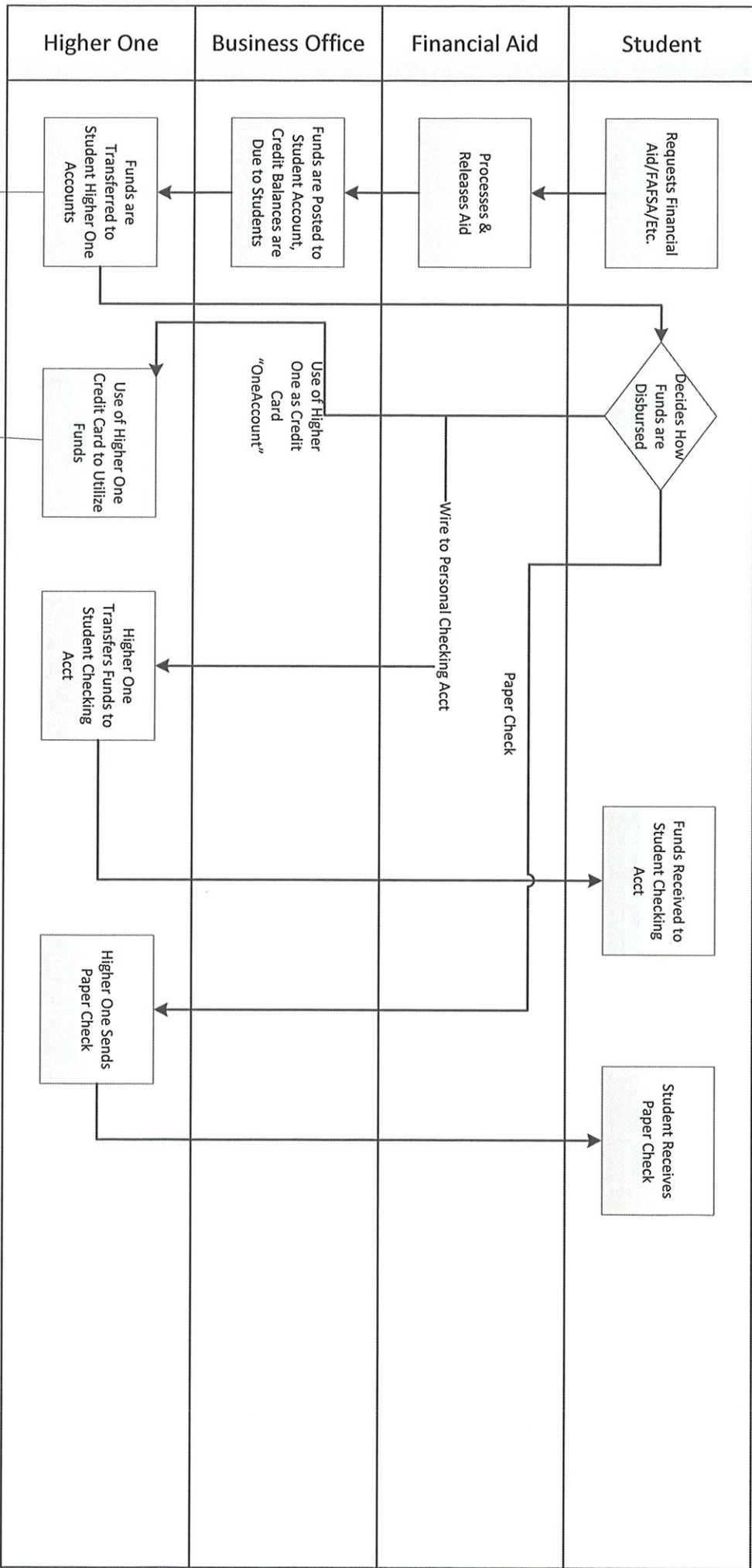
Source: http://www.higherone.com/images/stories/bretton_woods_study_2013.pdf

Appendix 2 – Oregon Tech Fall Term Refund Statistics

Type of Refund	No. of Refunds Processed (Annual)	%
OneAccount	3,166	40%
ACH	3,359	43%
Paper Check	1,373	17%
Total	7,898	100%

Higher One Refund Process

Phase



Fee Associated with Requesting a Replacement Card

Fees Associated with Swiping Higher One Card as Debit

