

Support HB 4102

Campus debit card firms are preying on students and profiting from public financial aid.



The Great Cost Shift

- As you know, public funding for higher education has declined extremely since 1990.
- Oregon spends \$3 per inmate for every \$1 on students.
- This cost shift has caused tuition to more than double, and students to rely increasingly on debt to pay for college.
- The average student debt in Oregon is \$26,000.

Shifting costs to students

- Declining public funding for higher education has caused campuses to cut costs by outsourcing services, largely to out of state vendors.
- Schools save money by cutting support staff that help students succeed..
- Financial institutions can offer cut-rate services to schools because they make 80% of their profits from passing fees on to students.

It's an epidemic

- There are about 900 schools that have campus debit card partnerships with banks or other financial institutions.
- These agreements cover over 9 million students.
- That's 2 in 5 students nationwide.



- By far the biggest player in this field Higher One.
- Higher One has contracts with almost 600 campuses that enroll 4.3 million students.
- 6 Oregon schools have contracts with Higher One.

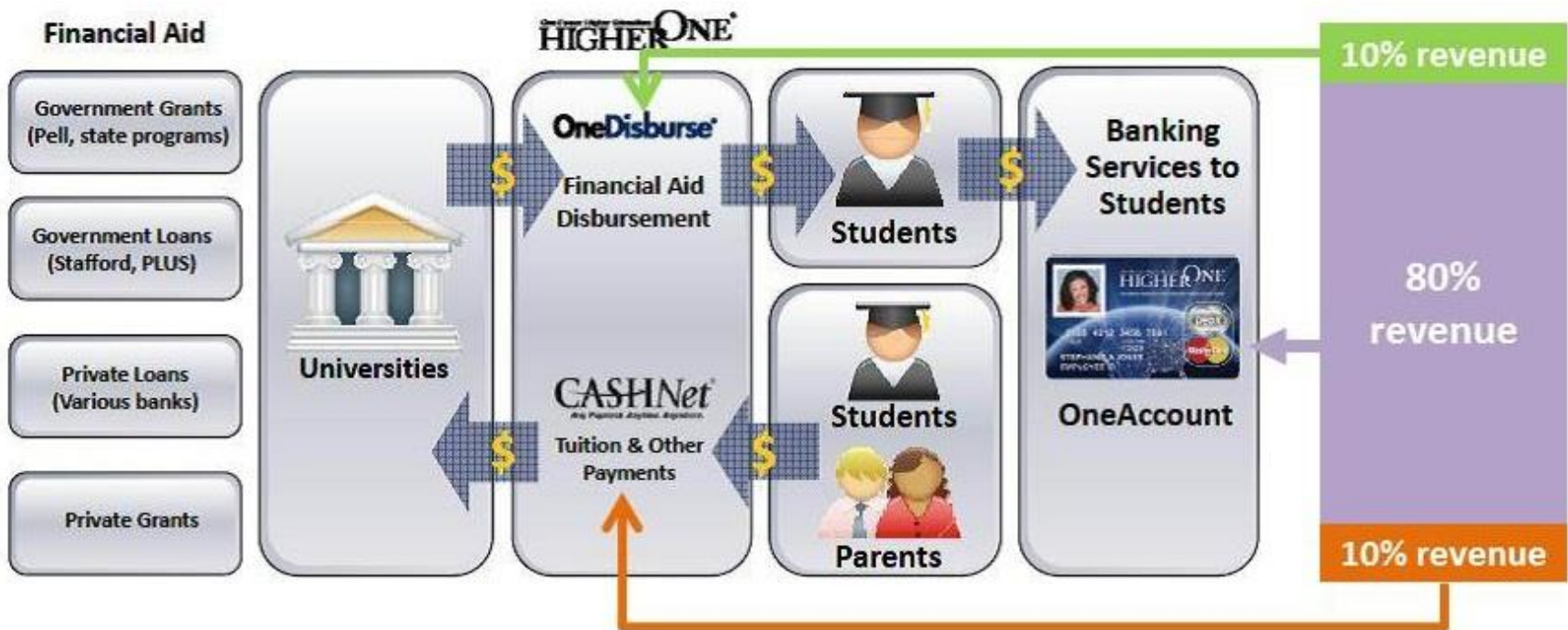
Many consumer protections don't apply to firms like Higher One

- Higher One grew rapidly after the financial crisis of 2008 led to regulation of predatory lenders.
- It's not a bank
- It's not a credit card
- It's not a lender

Profiting from student financial aid is
Higher One's entire business model.



How it works:



Where does the 80% come from?

- A \$.50 charge on an account when the card is used as a debit card, despite warnings on website reading 'THIS IS NOT A CREDIT CARD.'
- A \$25 transfer fee and a \$4.50 fee for using non-Higher One ATMs (only available in campus buildings).
- A \$19 inactivity fee, activated 9 months after the card is activated — just in time for summer vacation.

This is not the kind of firm Oregon should do business with.

- In 2012, the FDIC settled with Higher One for alleged “unfair and deceptive practices in violation of the law.”
 - Multiple NSF fees for a single transaction.
 - Multiple NSF fees allowed to accrue for extended periods of time.

They forced HO to pay restitution to 60,000 students and pay civil penalties.

Students' options are not clear.

Don't Toss It!

This envelope is the key
to your refund!



- Many campuses require students to use their Higher One card as their student ID card.
- Opting for direct deposit or paper check takes longer to get your refund, and often has a fee.
- Opting out is not always a clear or convenient option.

Campuses aren't protecting students.

- Many contracts include profit-sharing.
- Some contracts include cash bonuses for schools to recruit students.
- Some schools have enrollment quotas, and pay a hefty fee if usage falls.
- Schools charge licensing fees of up to \$25 million for card companies to use their logo.
- Schools get discount contracts in exchange for student data.

Schools say they have to use Higher One, or tuition would go up.

- According to economist Jerry Zhao (2012), schools spend \$30-150 per student to disburse financial aid themselves.
- They spend about \$4 per student per year on Higher One.
- Isn't it worth \$26 a year to find an alternative that would create jobs in our local economy?

Support HB 4102A.

- Oregon should act to protect our investment in students, and keep public education high quality and affordable.
 - HB 4102A places regulations on contracts that institutions enter into with firms like Higher One.
 - No Debit Swipe Fee
 - A clear and concise schedule of fees.
 - No profit sharing.

Call them!

- The Consumer Financial Protection Bureau was created after the 2008 mortgage crisis.
- Unlike most federal bureaus, they will actually protect you from unscrupulous corporations.
- The geeky geniuses that work there are really nice and so helpful.
- They will act against a company if they get complaints.

For more info:

- Oregon Working Families
salloy@workingfamilies.org
- Oregon Student Association
mario@orstudents.org
- The Consumer Financial Protection Bureau
www.consumerfinance.gov
- USPIRG: The Campus Debit Card Trap