



Testimony on HB 2254

Summary of House Bill 2254:

Prohibits public or private post-secondary institution of education from entering into contract with student financial aid management firm unless contract meets certain requirements.

Prohibits public or private post-secondary institution of education from entering into contract with third party financial firm to manage student financial accounts unless contract is approved by Higher Education Coordinating Commission.

Background

Oregon Tech maintains a contract with Higher One (valid through 2016) for student bill pay services and as a pass through for disbursement of student account credit balances. 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 (e.g. scholarships, textbooks, student housing, fines, etc.). Oregon Tech's accounts receivable staff monitors all student accounts for credit balances and prepares the refund file for Higher One to process. Each student has the ability to select their refund preference – ACH to their own bank account, paper check or use of the One Account offered from Higher One. Students have the ability to change their refund preference at any time.

Using Higher One significantly reduces business office traffic, processing time, and other resources involved in disbursements. Benefits to the university are eventually benefits to the student as costs passed through to students via tuition and fees are minimized. In addition, Higher One allows the students the benefit of 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.

Higher One Process

1. Once a student is admitted to the university and enrolled in classes, Higher One is notified with a nightly process that provides them with the student name and address so that they can send out the card.
2. Literature is included with the card the student receives and is always available at the university Cashiers office, online at <http://www.oit.edu/faculty-staff/ba/ar/students/higher-one-easy-refund> and at an on-campus live session during registration events.
3. Once the student receives the card, the student logs onto the Higher One website and chooses their refund preference (ACH to student's own bank account, paper check, or use of One Account offered by Higher One). 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 (One Account) with Higher One is provided on the website. The Higher One website provides comparisons of refund options available to the students, a list of fees that are applicable (if the banking option is chosen) to the usage of the One Account.
4. At the beginning of the each academic term, financial aid is disbursed and refund balances are processed on the student account by the Business Affairs Accounts Receivable staff.

Each night after the business office processes the accounts with credit balances, a listing of refund amounts 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.

5. Students who have opted to receive funds via One Accounts receive their money the same day funds are transmitted to Higher One. Students who receive their funds via ACH or direct transfer to their own financial institution receive their money within two to three business days. Students who have selected paper checks are mailed a check within two business days of Higher One receiving the funds.
6. Students who have not selected a refund preference are sent an email saying they have funds at Higher One and are asked to indicate their refund preference. This is to provide students an opportunity to select their refund preference and receive their funds in a manner that is optimal to their financial situation. If they do not select a refund preference, checks are automatically sent after the 14 day period.

One Account Fees and Information

If the student opts to take advantage of the One Account option, as with any bank account, there are fees associated. The fees are listed on the website as well as in the section where the student monitors their account. There is no fee for swiping the One Account as a credit card up to the credit balance or utilizing the on campus One Account ATM. Fees are associated with using the One Account in an out of network ATM, swiping the One Account card as a debit card for purchases, and for non-sufficient funds. These fees are only related to the bank services provided with the One Account if the student opts into that program.

Impact of the bill on the University

HB2254 Section 4(a) A public or private post-secondary institution of education may not enter into a contract with a third-party financial firm to manage student financial accounts, unless the contract is submitted to and approved by the Higher Education Coordinating Commission.

This section limits the university's ability to contract with third-party firms without approval from Higher Education Coordinating Commission. The Governing Board of the University should maintain exclusive authority on contract approval.

All account management is done by the Accounts Receivable staff in the university's Business Affairs Office. It is Oregon Tech's standpoint that Higher One does not manage student accounts, but simply acts as a disbursement mechanism.

Conclusion

While Higher One provides a disbursement mechanism for Oregon Tech students, Oregon Tech continues to actively manage all student accounts to ensure refunds are promptly processed and disbursed to students.

Requiring the Higher Education Coordinating Commission to review and approve university contracts removes authority and management of Oregon Tech from the independent Governing Board and Administrators of the University.

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