

Campus Debit Cards

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Financial Aid, Fees & Transparency

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**OREGON
STUDENT
ASSOCIATION**

Financial Aid Sources

- Oregon Opportunity Grants
- Federal Pell Grants
- Student Loans
- Private Scholarships & Grants

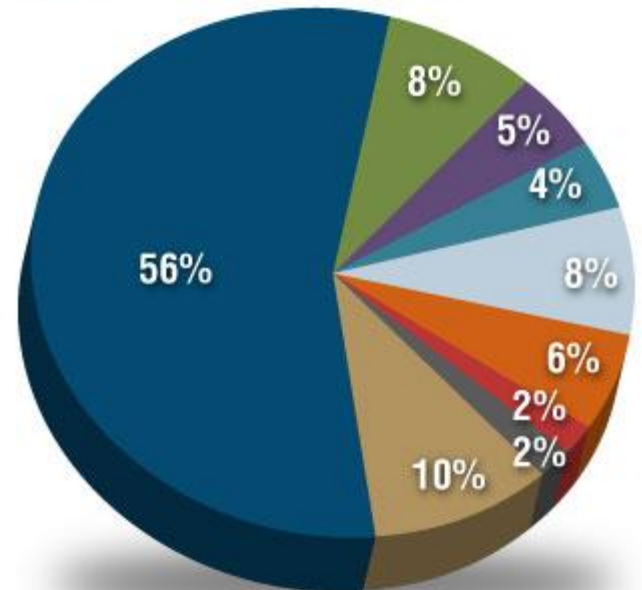
OVERVIEW

Oregon Public Institutions Contracted with Higher One:

- Oregon Institute of Technology
- Southern Oregon University
- Portland State University
- Lane Community College
- Rogue Community College
- Mount Hood Community College

*other campuses use similar services

Higher One dominates campus debit market



Share of market based on number of students

Source: GAO analysis

CreditCards.com

Higher One Profits & Fee Schedule

- Fee Schedules Include:
 - \$0.50 debit transaction fee
 - \$2.50 non-Higher One ATM fee
 - Plus, *decline fee* and *balance inquiry fee*.
 - \$29.00 insufficient funds fee
- Higher One, Inc. - Revenue
 - \$211 million in 2013, 64% from *Account Revenue* line item.
 - \$197 million in 2012, 76% from *Account Revenue* line item.¹

1. <http://www.sec.gov/Archives/edgar/data/1486800/000148680014000018/one10k.htm>



Process of Choosing Alternatives

1. Receive Debit Card in the mail.
 - a. Also acts as Student ID on some campuses
2. Create account online.
3. Select alternative (EFT or paper check).
4. Enter bank account information.
5. Print and sign form authorizing transfer.
6. Mail or fax signed form to Higher One.
7. 1-2 weeks to process EFT set-up and receive financial aid refund.

Your choices for refund delivery are listed below. Join more than 2 million people who have already selected same business day deposit to one of Higher One's checking accounts.

Same business day deposit to the OneAccount	Deposit to another account	Paper check via US mail
<p data-bbox="282 401 662 486">University Releases Money</p> <p data-bbox="282 501 662 586">Money Available to Spend</p> <p data-bbox="272 608 672 686">Money Deposited into Account Same Day</p>	<p data-bbox="759 401 1139 486">University Releases Money</p> <p data-bbox="759 501 1139 586">Submit ACH Information to Higher One</p> <p data-bbox="759 608 1139 686">Higher One Sends Money to Federal Reserve</p> <p data-bbox="759 708 1139 786">Federal Reserve Sends Money to 3rd Party Bank</p> <p data-bbox="759 808 1139 886">Money Available to Spend</p> <p data-bbox="784 908 1114 943">2-3 Business Days</p>	<p data-bbox="1228 401 1609 486">University Releases Money</p> <p data-bbox="1228 501 1609 586">Check Printed</p> <p data-bbox="1228 608 1609 686">Higher One Mails Check Within One Business Day</p> <p data-bbox="1228 708 1609 786">U.S. Postal Service Delivers Check</p> <p data-bbox="1228 808 1609 886">Receive Check in Mail</p> <p data-bbox="1228 908 1609 986">Check Cashed</p> <p data-bbox="1228 1008 1609 1086">Money Available to Spend</p> <p data-bbox="1253 1108 1584 1143">5-7 Business Days</p>

Back

Select OneAccount

Show Options

2-3 Business Days

5-7 Business Days

**Same business day
deposit to the
OneAccount**

Receive your refunds the
same business day they
are released

Select

**Deposit to another
account**

Receive your refunds in
2 to 3 business days

Select

**Paper check via US
mail**

Receive your refunds in
5 to 7 business days

Select

Back

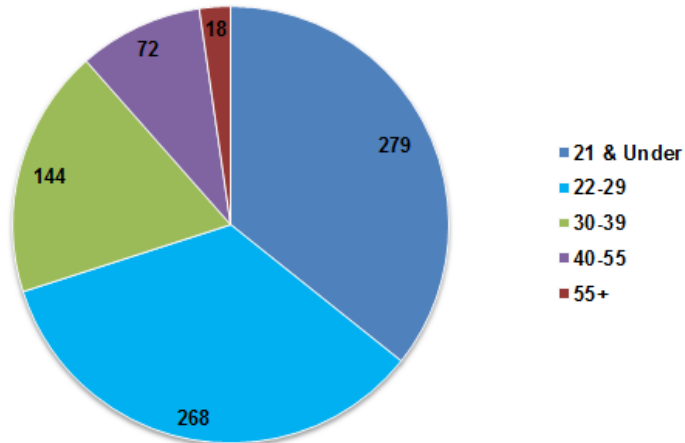


ASPSU Student Survey

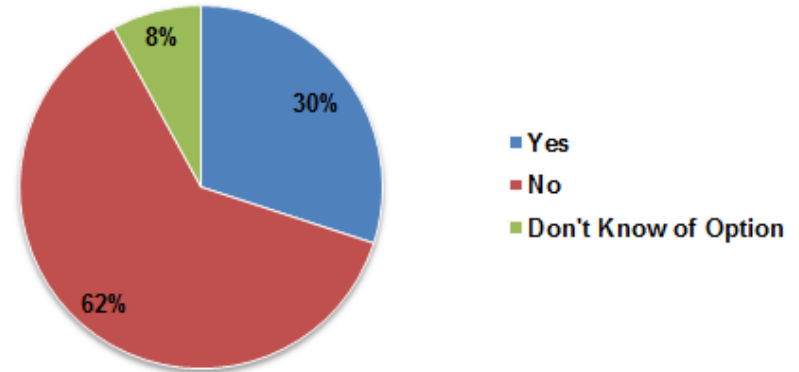
- October 2013
- Collected 860 survey responses.
- In response to PSU-Higher One contract renegotiations & student priority.
- 10 questions related to ATMs, Distribution, Returned/Assessed Fees, Customer Service, and Demographic Data.

Survey Results

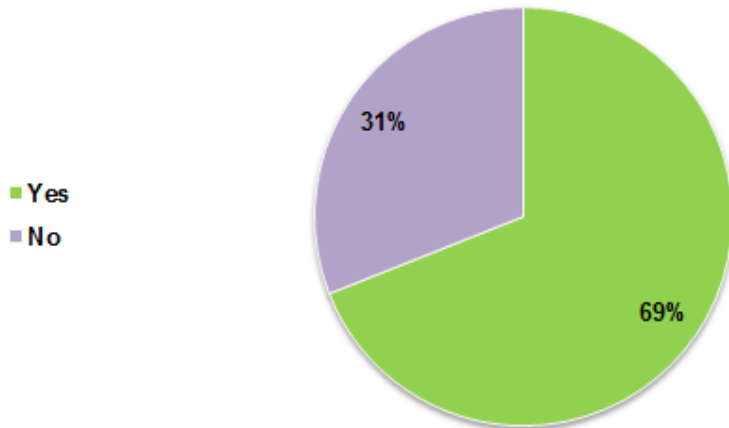
Respondents' Age



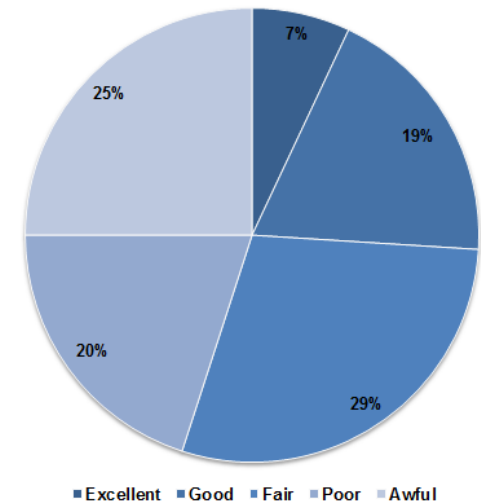
Have you used Higher One's customer service?



Do you want an alternative to Higher One for your financial aid disbursement?

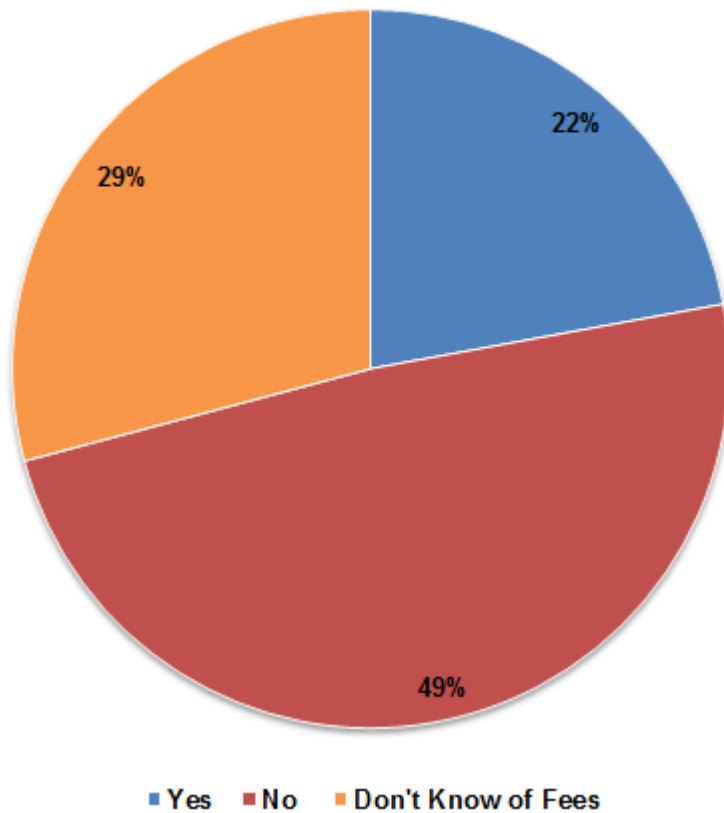


If so, what was your experience?

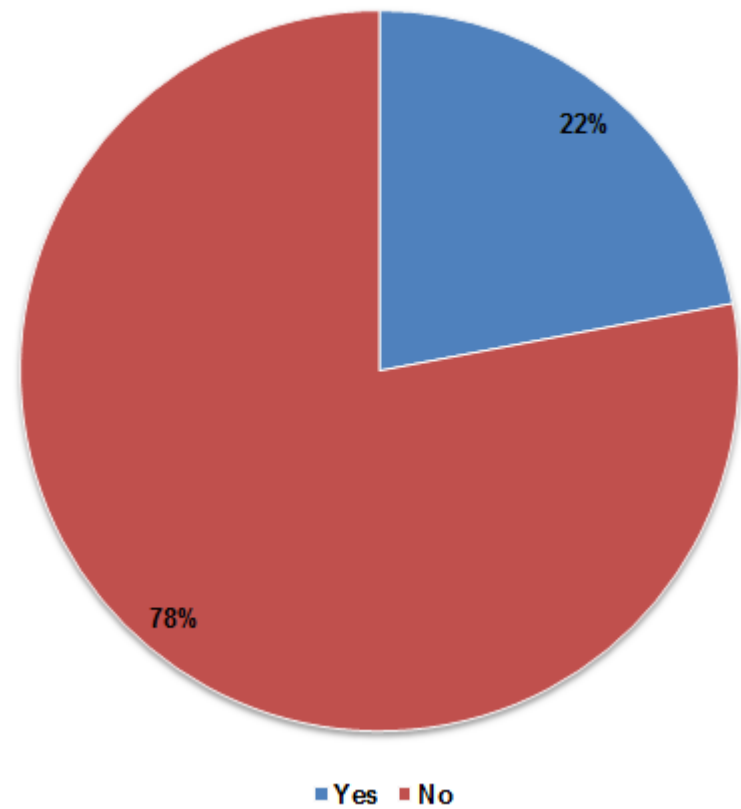


Survey Results

Are you confident that you know Higher One's fees?



Are their fees reasonable and acceptable to you?



Federal Studies on College Debit Cards

- US Government Accountability Office - "College Debit Cards Report"
 - *February 2014*
 - Reviewed federal laws and regulations and selected nine schools for data collection. Provided recommendations to Department of Education.
- US Department of Education - "Final Management Information Report"
 - *March 2014*
 - Studied four institutions, including Portland State. Provided report on HEA, Title IV compliance.

US GAO Report Recommendations

Congress should consider requiring that financial firms providing debit and prepaid card services to colleges file their agreements for public review and provide other relevant information. The Department of Education should

- **(1) specify what constitutes convenient access to ATMs or bank branch offices for students receiving federal student aid funds and**
- **(2) develop requirements for schools and card providers to present neutral information to students about their options for receiving federal student aid funds.**

The Bureau of Consumer Financial Protection agreed with GAO's matter for Congress. Education agreed with GAO's recommendations to it and said it will address these issues in an upcoming process to develop new rules.

US Dept. of Ed. Report Results

- "Schools that outsourced credit balance delivery gave servicers significant control over the Title IV funds delivery process and relied on them to meet Title IV regulations. However, **the schools did not appear to routinely monitor all servicer activities related to this contracted function**, including compliance with all Title IV regulations and student complaints. (Issue 1)
- **Schools did not prevent their servicers from using marketing and other strategies to persuade students to select their debit card over other available options.** (Issue 2)
- The schools' servicers appeared to deliver Title IV funds to students without charging fees. However, students who chose a servicer's debit card option could incur fees after the servicer deposited the funds into the student accounts. **In some cases, those fees appeared to be unique or higher than those of the alternative financial service providers.** (Issue 3)"

Report Results Continued

- **"Schools had financial incentives in their contracts with servicers that created the potential for conflicts of interest** that could influence school officials' decisions and actions at the expense of student interests. (Issue 4)
- Schools that contracted with Higher One had fee-free ATMs on campus, but one school that contracted with Sallie Mae did not. (Issue 5)
- **Schools provided, or servicers collected, student information that was not needed to deliver credit balances.** In addition, the schools did not monitor servicer activities for compliance with Federal requirements for handling personally identifiable information. (Issue 6)"

Overall Summary

- Lack of transparency and clarity with alternative methods of disbursement, fee schedules and institutional contracts.
- Access to financial aid should not have financial barriers.
- Stronger trust in financial aid disbursement systems needs to be a priority of decision makers locally.

Bill Summaries

HB 2254

- Requires a clear and concise fee schedule be presented to students.
- Provide students all methods of access to their financial aid.
- Provide students an option to receive refund via paper check, EFT or bank.
- Requires that refund is sent to student within three days of request.
- Prohibits charging a fee to receive funds via alternative methods described above.
- Prohibits debit transaction fee.
- Prohibits revenue sharing.
- May provide for a reasonable fee on wire transfers, if offered in contract.
- The contract must be submitted to and approved by the Higher Education Coordinating Commission.

HB 2832

- Requires institutions to make contracts with third-party financial aid firms public.
- Published on website at a minimum.
- Institution may redact information from disclosure if information meets certain requirements.

HB 3184

- The State Treasurer, with the HECC, shall negotiate a contract with one or more financial institutions to provide service to public universities and community colleges.
- Any public university or community college may use contract to provide disbursement services.

Amendment Summaries

HB 2254 Amendment

-2) Replaces the regulatory agency with the Attorney General and notes that costs incurred during review will be paid for by the post-secondary institution. Allows for costs to be paid in part or full by the third-party financial aid distributor.

HB 3184 Amendments

-1) Direct State Treasurer to convene a meeting of college and university financial officers to explore consortium based purchasing power to benefit students receiving financial aid, and provide technical assistance to any collaborative effort that results from such discussion.

-2) Authorizing Attorney General to review and approve terms of proposed contract.

-3) Direct State Treasurer to improve debit card contracts by assisting in any college or university procurement process related to student financial aid.

Additional Options

- Look to University Shared Services Administration to act as the regulatory body for the third-party contracts.
- Form a working group during session to review the bills and amendments to create a synthesized approach to the legislation.