

Campus Debit Cards - Financial Aid, Fees & Transparency

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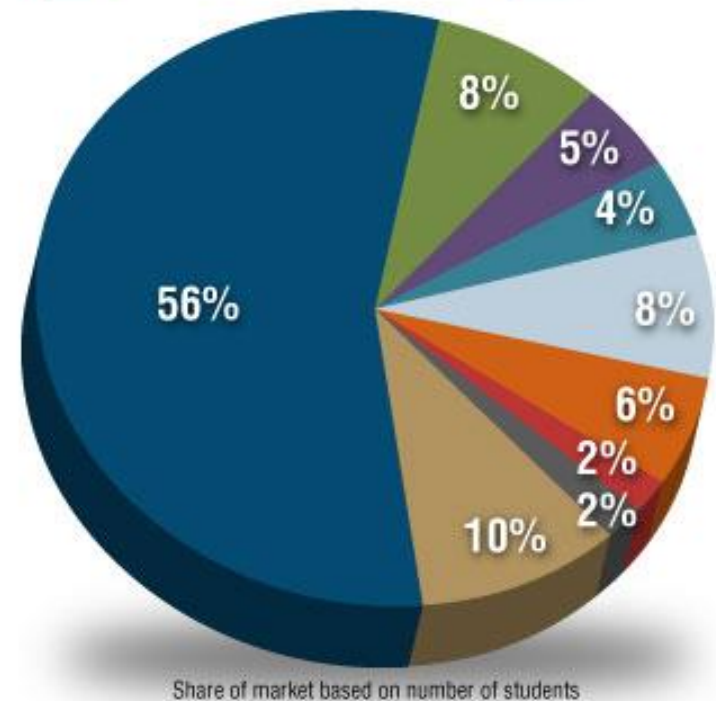
Overview - Student Debit Cards

- Oregon Public Institutions Contracted with Higher One:
 - OIT, SOU, PSU, LCC, RCC, MHCC
- Fee Schedules Include:
 - \$0.50 debit transaction fee
 - \$2.50 non-Higher One ATM fee
 - Plus, *decline fee and balance inquiry fee.*
- Higher One, Inc. - Revenue
 - \$211 million in 2013, 64% from *Account Revenue.*

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



Higher One dominates campus debit market



Source: GAO analysis

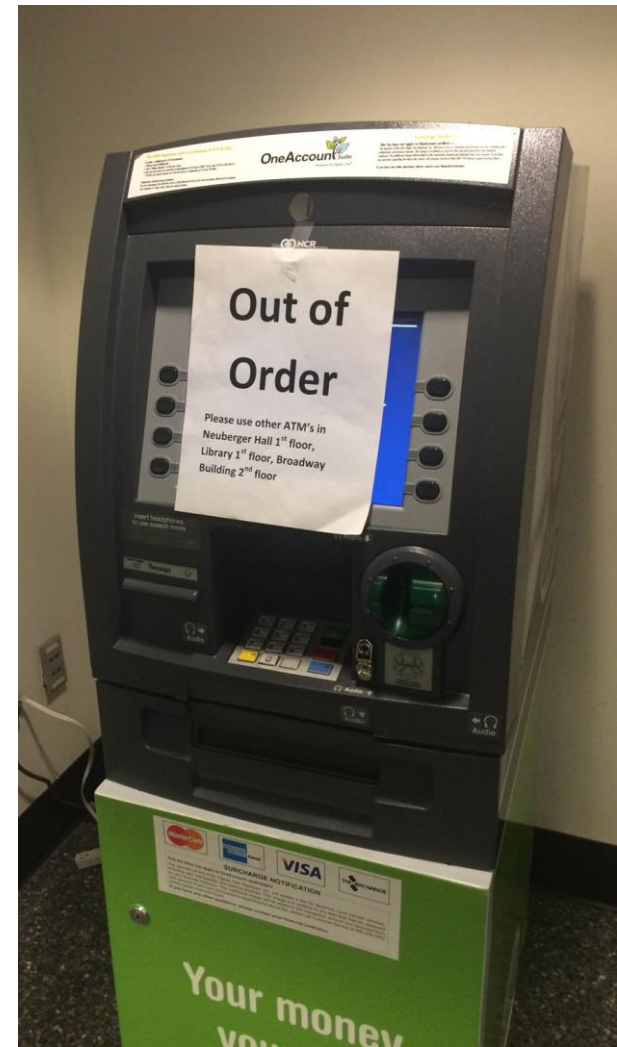
CreditCards.com

Excessive Fees & Delayed Transfers

- “Fee schedules are not provided to students when changes occur and we are forced to use this account without being able to competitively shop for lower fee options. ”
- “It takes a week from the time Higher One gets my money to actually have it transferred into my Chase account. This makes it harder for me to buy textbooks in a timely fashion because I have to wait until the last minute to order them online. Which means I have to either buy them at the bookstore (which costs more than ordering online) or order them online and have them not come in in time for classes.”

Problems with ATM Access

- “All of the Higher One ATMs are indoors, in buildings that are locked after hours and during holiday breaks. I have checked my balance online, used my last bit of cash money to ride the bus to PSU to use the ATM, and been unable to get into the building. Then I have had no choice but to use a non-Higher One ATM, get charged by Higher One, as well as the fee the owner of the ATM charges, so that I can take the bus home.”

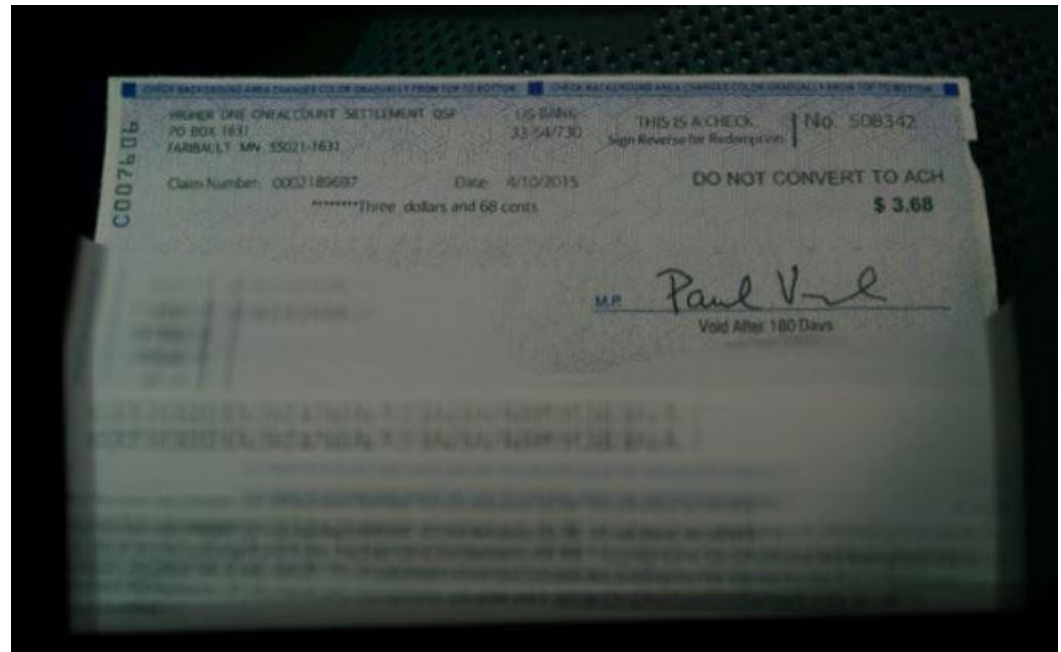


Additional Barriers for Students

- Accounts are provided for students before they receive financial aid and without the student's knowledge.
- Students have no choice or marketplace options to receive the refund service.
- Transparency with the refund process, fee schedule and the contract with a third-party financial firm varies between institutions.
- Excessive and unusual fees assessed to students who utilize debit cards.
- Lack of access to and poor customer service.

Student Legal Action

- 2012 FDIC Settlement \$11M - excessive nonsufficient funds fees
 - 2012 Class Action Filed in Superior Court of California
"Targeting financially unsophisticated students with excessive bank fees -- and using scarce financial aid money to pay those fees -- is unethical and immoral, and makes it more difficult for students to meet legitimate educational expenses."
- Settled in 2014
\$15 Million



Proposed Solutions - HB 2832

- Governing boards will review contracts based on CFPB and DoE guidelines and policies;
- Prohibit revenue sharing, fee charged for paper check or EFT, debit transaction fee, and inactivity fee;
- Require that contracts be made publicly available on institution's website;
- Create a private right of action for students;
- Universities and community colleges will make reasonable efforts to establish collaborative agreements to negotiate services.

Questions?

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