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2011 SENATE EDUCATION

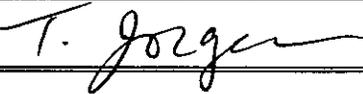
SCR 4026

2011 SENATE STANDING COMMITTEE MINUTES

Senate Education Committee
Missouri River Room, State Capitol

SCR 4026
March 9, 2011
15059 and 15111

Conference Committee

Committee Clerk Signature 

Explanation or reason for introduction of bill/resolution:

A concurrent resolution directing the Legislative Management to study the use of specialized companies to manage student financial aid refund operations and the online financial and banking services that the companies are offering to students.

Minutes:

You may make reference to "attached testimony."

Chairman Freborg opened the committee hearing on SCR 4026 on March 8, 2011.

Senator Schneider, District 42. Prime Sponsor SCR 4026. Testimony #1.
Shane Gerbert, Testimony #2
Tyrone Grandstrand, Itr Testimony #3
David Barta, Testimony #4
CNBC. Com article, Testimony #5

Senator Heckaman: To your knowledge is UND the only one that is using this system right now? **Senator Schneider:** I think NDSU uses it to. No. There are other campuses that use it.

Senator Flakoll: Do you have any inkling of how many or what percent of the students at UND or other places get some type of overage they need to deal with? **Senator Schneider:** Peggy Lucke can answer all of that. Back when I was going to school a lot of people were paying their own way and getting money for books, rent, everything else and they also received an overage from their financial aid for those purposes. **Senator Flakoll:** You indicated that it would include funds that they take out of the student loan. I didn't really notice that in the resolution. But is it just in case it is more than just grants and those kinds of things? **Senator Schneider:** I think the way financial aid works is that it goes from your lender to the schools and then it is distributed that way. So it's not like Wells Fargo is giving you a check to go to school. It does go through the financial aid office first. Any amount left over after you pay tuition and fees then goes out to Higher One in the form of a paper check.

Peggy Lucke: Associate Vice President for Finance and Operations at UND. Our arrangement with Higher One for refund management is in one the departments. The university entered into the agreement with Higher One back in fall 2008. That agreement was a result of about a two year process that started with the university issuing a request

for information for a sponsored banking relationship and we we're looking for a way to expedite delivery of excess financial aid to our students. Our process was very labor intensive. We dealt with a lot of issuing checks so we had checks mailed. We had issues with addresses, returned mail, not being able to get the money to the students in a timely manner. We were looking for a solution to provide better service to our students. The process that we went through involved first the request for information and then requests for proposals and students and staff was involved in that process. Certainly one thing we have learned from this experience is that students are very busy and there are a lot of demands on students and we look for them to participate on committees. That takes more time and when something goes over an extended period of time, for two years, you often have two different sets of students or more and so, the continuity and communication is a challenge. From the universities perspective we looked at a vendor to provide this service for our students, essentially we are outsourcing a function. We want to provide an electronic means for our students to receive their funds. One of the primary reasons we selected Higher One was because they were the only vendor available to us at that time who had a card that wasn't a credit card. We did not want to be involved with a credit card. We went with a program with a MasterCard/Debit card. A couple of reasons that compelled us to take a look at this: 1) Cost avoidance where we were asked to do more with less all the time and what kind of tools we're available to do that for us. Customers were more demanding. Students want on line apps, online access, timely information, to be able to directly access their information. 2) Data security- whether it be FERPA, privacy laws, fraud kind of situations, identity theft or PCI compliance which is a huge challenge for us, as well as the federal regulations and the federal compliance when you're dealing with Title IV student aid. Where we ended up with the Higher One arrangement was it faster and had better access to funds for our students, safe and secure transactions, compliance with Department of Education regulations and PCI, efficiency and customer service. We spend a lot of time to educate our students about what the kinds of things they need to do to protect their financial information and to make good use of the funds they have available to them. 3) 3rd class of freshman students has gone through. We advise students to pay attention, provide online FAQ's, links to publications; that includes a family guide to using the UND Higher card on the one account. We encourage them to have their funds direct deposited to their personal bank account if that works for them. They would select that preference only one time, and they will be taken care of through their career with the university. If the students decide for their own personal reasons to open the one account, then they have to open another bank account with Higher One, then their UND Pride Card serves as a MasterCard/Debit card. For students who choose the ACH option, they only need to use that card the one time to select their preference to have their funds direct deposited. If they see benefits to having a one account, certainly that's the students' option. The program is designed to be of no cost to the institution and no cost to the students. The only fees we pay to Higher One are \$1.50 per paper check issued. The fees that the students are subject too are not unlike fees that are charged by other banks. Senator Schneider mentioned two fees, one is the abandoned account fee and that is a \$19 month charge and if there's been no activity in a students' account for 9 months then this abandoned account fee is assessed. But in the meantime the student would have received at least one email a month notifying them that their account is inactive and that they are going to be subject to those fees. There is an overdraft fee. We've done comparative studies on banks in Grand Forks and around the state and those fees are very similar. We do put a lot of time and effort into trying to educate our students and provide them with all

of the information they need to be successful. Higher One was the only company providing service in the country. All they do is Higher Education. Since that time there are a number of other companies that are providing a similar service and we're finding more and more institutions of higher education are going that route. Again, it's the technology; it's the online apps for students. With Higher One, whether our students select direct deposit or the one account they can go on line anytime and can track where their money is. As for us providing personal information to an external organization, we provide very limited information, only the information that is necessary for the company name, address, and last four digits of social security number and then send the money. There is no designation with the dollars about what the source of those funds. Another benefit to UND as a result of this arrangement, is that our student account services office which used to be essentially a paper handling office is now able to be a customer service center. Our staff is now able to work with students which I call a value added kind of situation so working with them through their financial challenges, working with them and their parents, helping them make plans and steering we hope down the right path.

Senator Heckaman: Is there an option for these students to return any of these funds or the university to return these funds to the lender? **Peggy Lucke:** If the student doesn't want the money? **Senator Heckaman:** Let's say the loan comes in at \$8000, and the student needs \$6,500, is there an option for that student to reject that part and leave it with the lender and not have it as part of their loan or not? **Peggy Lucke:** My understanding of that situation senator, would be that the student applies for a loan, the student accepts the loan, the student signs paperwork with their lender? Their lender sends the money to the university and it is our job to disperse the money to the student. At first we take off the top of their tuition fees and any other room and board and other costs with the university. The excess aid, the refund then goes to the student. It would be the student's prerogative to use those funds. We don't control how the student uses those funds, nor is it our option to do that. So the student if they had really excess, excess funds, I believe the student would have the option of contacting their lender and making a payment on their loan. **Senator Heckaman:** What are the sizes of these overages that you're seeing per semester or per year per student? **Peggy Lucke:** Because we have an aviation program, we have students who have some very significant loans. I think nationally the average is about \$1300 for a student a semester. I would say refunds range from \$10.00 to \$15,000, just a ball park figure. In fiscal year 2010, we processed \$62 million dollars in refunds at UND. Of those 55% of the students had them direct deposited, 38% had opened a one account with Higher One and 7% received paper checks.

William Woodworth, Legislative Lobbyist for the North Dakota Student Association.
Testimony #6.

Senator Gary Lee: What do the other universities use in terms of getting the excess funds back to the students? **William Woodworth:** As far as I understand it right now, they would be receiving the paper checks. With the use of the BJC Beyond card at least, if you don't activate the cards you can still receive paper checks and in fact that is what I did for my first round of excess financial aid. Later when NDSA gave me a stipend for this position the Higher One ended up sending automated phone calls to my house and my parents urged me to activate the card, because they didn't want to receive the phone calls while I was at

school. At BSC you can technically still receive paper checks but it's very much encouraged to use the BSC Beyond Card.

Closed the hearing on SCR 4026.

2011 SENATE STANDING COMMITTEE MINUTES

Senate Education Committee
Missouri River Room, State Capitol

SCR 4026
March 9, 2011
15111

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A concurrent resolution directing the Legislative Management to study the use of specialized companies to manage financial aid refund operations and the online financial and banking services that the companies are offering to students.

Minutes:

You may make reference to "attached testimony."

Discussion:

Chairman Freborg opened the Senate Education Committee meeting for SCR 4026.

Senator Flakoll: This is an area that would benefit from some discussion. A lot of debt that comes out for students after they graduate or whether in school; is debt they could avoid if they knew more about different things. If this were to be studied, I would hope that they would also look at a way we can utilize the Bank of North Dakota to provide some of these services. I think that would be important, because in some cases we're running some of the funding through them and rather than have all these various stages where money passes and we hire a FTE's to take care of things passing from one to the other. Perhaps we could maximize some of the cost savings and be efficient at the same time.

Chairman Freborg: Did she say how much money went back to pay on the loan. It was \$52 million dollars returned but how much of it did they pay on their loan? She didn't say that. That is a lot of borrowed money that didn't go toward their education at least directly.

Senator Flakoll: I think the \$62 million could come from a variety of sources including student loans, but also financial aid., scholarships, My worry is they had that \$62 million and we get a lot of nice flat screen televisions purchased with that and not paying down loans, not using to buy books, not using them for high academic pursuits.

Chairman Freborg: Was it \$62 or \$52 million dollars? \$ 62 million, okay.

Senator Flakoll: I move for a Do Pass to SCR 4026.

Senator Heckaman: 2nd

Roll call vote: 7 Yeas, 0 No, 0 Absent

Carrier: Senator Flakoll

REPORT OF STANDING COMMITTEE

SCR 4026: Education Committee (Sen. Freborg, Chairman) recommends DO PASS
(7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SCR 4026 was placed on the
Eleventh order on the calendar.

2011 HOUSE EDUCATION

SCR 4026

2011 HOUSE STANDING COMMITTEE MINUTES

House Education Committee
Pioneer Room, State Capitol

SCR 4026

03/22/11

15812

Conference Committee

Committee Clerk Signature



MINUTES:

Chairman RaeAnn Kelsch: We will open the hearing on SCR 4026.

Sen. Mac Schneider: sponsor. (Testimony attachment 1).

Vice Chair Lisa Meier: Is this card used on a lot of college campuses?

Sen. Mac Schneider: It is a publicly traded corporation. Essentially their margin is based on being the middle man between students and their financial aid.

Rep. Joe Heilman: I'm not familiar with these services. When I went they just cut me a check when I had an overage. Why does it need to be on a debit card?

Sen. Mac Schneider: I think that is an excellent question and one I would hope the study would focus on answering. This isn't something that is being adopted by every single campus in the state. I think it would be interesting what the benefits are of use this and if there are any.

Rep. Joe Heilman: Do you have any perspective why they chose to use this service instead of issuing a check?

Sen. Mac Schneider: I do want to say that we have very conscientious financial aid administrators at UND. I imagine it is a matter of convenience here if you can outsource your operations and have a company do these refunds. I imagine that convenience is why you would do this.

Chairman RaeAnn Kelsch: Cutting checks costs money. It is not an inexpensive endeavor.

Rep. Phillip Mueller: You referenced UND but you also alluded to the fact that there may be others. Can you be more specific about that?

Sen. Mac Schneider: I think the only other institution to use this is BSC.

Chairman RaeAnn Kelsch: Further questions?

Rep. Corey Mock: cosponsor. I think Sen. Mac Schneider is spot on when he speaks about many of the reasons that this resolution was introduced. Representing the same district as Sen. Mac Schneider which includes the entirety of UND, one of the most commonly mentioned issue from our constituents related to the university is the Higher One issue. This has been going on for a few years where it has been in place but as you can see from Sen. Mac Schneider's attached article, it is something that has got national attention since a couple hundred universities have signed onto this service. The troubling part is the fees. As a graduate student at UND, when I was still here we had already signed onto this program. I was mailed this MasterCard. I didn't have the chance to opt out. The only way to opt out would have been to contract the headquarters and wait on hold and go through many hoops to be removed from the process. With almost 14,000 students enrolled at UND, many of the students aren't aware of the process to simply receive their financial aid once all their tuition and fees have been paid through the university. It is money that, for many students, is part of their debt load. I think this would be an interesting topic for us to study as we are looking into the cost of higher education. I hope this committee will give SCR 4026 a do pass.

Rep. David Rust: It says that the legislative management shall study the extent, and some of the other things I have seen used in terminology is "shall consider." Is this an absolute directive that cannot be altered?

Rep. Corey Mock: My understanding is this because I had a resolution last week. It was a study resolution so they don't use the term "shall consider" because it is a resolution. It is always optional in the form of a resolution. Now if it is an amended bill down to a study resolution you would use the terminology "shall consider." That is my understanding..

Chairman RaeAnn Kelsch: That is correct.

Rep. Phillip Mueller: To your knowledge has the university student body taken a stance on the issue and if so what was it and what have they done?

Rep. Corey Mock: My understanding is that this has been in contract roughly 3 years and I believe it is a 5 year contract. I can't speak to anything beyond that because we contractually obligated to remain with this company for the next 2 years. I know there have been many concerns brought to the student governing body at UND. I don't know that they have taken any formal action one way or the other. Again the institution has explained it to the governing body that it is under contract and they would review it when it expires.

Chairman RaeAnn Kelsch: I am guessing if you want specifics we can get that. Further support?

Robert Vallie – NDSU: I find it interesting talking about where the information is at and it was a request by the Senate Appropriations Committee that I look into this on their behalf since NDSU doesn't have a system where it has gone with the privatized financial refund service. In looking at some of the materials presented both by UND and BSC, the students at NDSU do support the passage of SCR 4026 for a couple of reasons. The first is that over the last decade the refund management industry has grown leaps and bounds. Since 1999

to 2000 when Higher One was formed, it has grown exponentially in working with colleges and universities across the U.S. Higher went from, in 2002, dealing with 356 million dollars in refunds to students with financial aid to, in 2009, dealing in excess of 6 billion dollars in refunded financial aid and serving over 2 million students. What you can see here is that over the last several years with the economic downturn, states haven't necessarily had the resources to provide to higher education institutions. What that means is different departments such as financial aid departments have had to figure out ways to be more efficient with the dollars they have and the resource personnel that they have. Any financial aid office will tell you that when refund time comes around they have additional individuals that they need to bring in to deal with the processing with checks. These privatized industries do offer the potential for greater efficiency. With any kind of privatized entity it can be used properly and it can be beneficial if you know exactly what you are dealing with and we don't. Some of the information I have received talked about some of the fees that are placed on a Higher One account. You do have the option to have the overages or refunds paid out through direct deposit, however what was made clear in some of the information is from the time of March of 2008, to August of 2008, when Higher One was given the opportunity to advertise that this new system was coming out, it wasn't necessarily that it is was an optional system to use the debit card. There are fees for using the card as a debit card in order to withdraw cash, there are fees if you lose the card, and there are fees for paying bills online. There are ways around some of these fees however it isn't something that is properly communicated to students and that is where I think the problem lies. I think this system opens up a lot of questions.

Vice Chair Lisa Meier: If this card is used as a credit card, what is typically the credit limit on these?

Robert Vallie – NDSU: I am not sure on the limit. I know that if you were to withdraw cash it has a maximum of 500 dollars you can take out at any given time.

Chairman RaeAnn Kelsch: It is not a credit card so it doesn't have a credit limit.

Rep. Corey Mock: I believe the option is if you were to use the card at an ATM to withdraw money, that is where the transaction would be. But I imagine if you were going through the check card at a grocery store or something and you are using that to pay you have the option to select debit or credit. If you select credit there would be no fee. If you select debit then that is when you would have the fee. That would be my understanding about the difference in the use of the card. I do have a question for Mr. Vallie. The 19 dollars a month for an inactive account, if an account had insufficient funds is there a penalty the student is charged? This is money that is from their financial aid and if that account has been left dormant and they are accessed that fee, what happens if there is not enough money? Are they charged additional fees?

Robert Vallie – NDSU: My understanding of this is that they will charge that fee after a certain amount of months of inactivity in an attempt to either cancel the account or to get you to use it. I am not quite certain if there would be an additional fee or penalty if you didn't have the money to cover the fee.

Chairman RaeAnn Kelsch: Further questions? Further support? Opposition? Neutral?

William Woodworth – North Dakota Student Association: (Testimony attachment 2).
25:17

Rep. Phillip Mueller: Does BSC have a policy regarding credit card companies coming on campus and promoting their product?

William Woodworth – North Dakota Student Association: I believe it would be similar to their other policies for private corporations. As a student at BSC I can say I haven't seen any advertisements for cards on campus.

Chairman RaeAnn Kelsch: Is there additional neutral testimony?

Tamara Barber - BSC: (Testimony attachment 3).

Rep. Corey Mock: You mentioned that it is a quicker process with Higher One and it was a quicker turn around for receiving financial aid. Prior to that the only way students received excess student financial aid was through a paper check and you said that took up to 7 days. All things held constant, how is that a faster process if a student opts for paper check through Higher One?

Tamara Barber - BSC: I wouldn't say it is a faster process. Part of what we are trying to do is to move away from paper. We are trying to encourage students to use the electronic options.

Rep. Corey Mock: In looking at some of the fees and it was brought up in testimony about the 50 dollar lack of documentation fee, 20 dollars for a replacement, a 10 dollar replacement inactive fee, a 19 dollar a month inactive fee, 50 cents for a transaction, 2.75% convenience fee for paying your student bills online, and all the various fees I am seeing in this documentation. My question would be did BSC shop around to local institutions to provide similar services that had lower fees?

Tamara Barber - BSC: Quite honestly when BSC started looking at this process we had understood that UND had gone through Higher One. At the time there were no issues or concerns from the students and they were very pleased with Higher One and what they were providing. They had gone through a diligent process and I believe the local banks were able to participate in that. In terms of timing and our own resources we chose to follow in the footsteps of UND.

Rep. Joe Heilman: Does BSC have to pay a servicing fee to Higher One to handle these transactions?

Tamara Barber - BSC: Yes. BSC is under contract with Higher One for 5 years. We have a per transaction fee when we transmit the money to Higher One. Each excess payment will have a fee for the transaction.

Rep. Joe Heilman: Is there an annual fee?

Tamara Barber - BSC: There is a monthly maintenance fee. What we have determined from this is that in terms of actual dollars it does cost us a little more each year to process in this fashion but in terms of staffing and resources, we save on those areas.

Rep. Joe Heilman: If BSC wanted to implement their own direct deposit, what would it cost BSC? Have you looked into doing it that way?

Tamara Barber - BSC: Yes. Under the old system we did provide that option or a check. Most students chose the check and our costs were running high and the information that was coming from the students and that was a huge staffing issue.

Chairman RaeAnn Kelsch: Further questions? Further neutral testimony? We will close the hearing on SCR 4026.

2011 HOUSE STANDING COMMITTEE MINUTES

House Education Committee
Pioneer Room, State Capitol

SCR 4026
03/29/11
16132

Conference Committee

Committee Clerk Signature



MINUTES:

Chairman RaeAnn Kelsch: We will open on SCR 4026.

Rep. Joe Heilman: I would like to say that I think this issue needs to be studied. That is really all this resolution does. I wasn't aware that some of the institutions were doing this and while it does provide a lot of inconvenience to the universities in the processing of refunds, I am afraid that some of these financial institutions that provide these services milk the financial aid system and the monies that come through that. I've read reports that some are set up almost solely to milk the financial aid system. That doesn't have much to do with this but what I am saying is there are companies out there that survive solely on federal student aid revenues and this is a step in that direction. I think if there are frivolous fees being charged to students for using a debit card with their dollars in there I have a hard time with that. That is why I think it should be studied. With that I will move a do pass on SCR 4026.

Rep. Corey Mock: Second.

Chairman RaeAnn Kelsch: Committee discussion? If we get unanimous we will place on consent calendar?

Rep. Joe Heilman: Yes.

Chairman RaeAnn Kelsch: Further committee discussion? We will take the roll on a do pass on SCR 4026. Motion carries and we will place on the consent calendar. We will close on SCR

14 YEAS 0 NAYS 1 ABSENT

DO PASS

Place on Consent Calendar CARRIER: Rep. Joe Heilman

Date: 3-29-11
Roll Call Vote #: _____

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SCR 4026

House EDUCATION Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt
Amendment

Rerefer to Appropriations Reconsider

Motion Made By REP. HEILMAN Seconded By REP. MOCK

Representatives	Yes	No	Representatives	Yes	No
Chairman Kelsch	X		Rep. Hanson	X	
Vice Chairman Meier	X		Rep. Hunsakor	X	
Rep. Heilman	X		Rep. Mock	X	
Rep. Heller			Rep. Mueller	X	
Rep. Johnson	X				
Rep. Karls	X				
Rep. Rohr	X				
Rep. Rust	X				
Rep. Sanford	X				
Rep. Schatz	X				
Rep. Wall	X				

Total (Yes) 14 No 0

Absent 1- REP. HELLER

Floor Assignment REP. HEILMAN

If the vote is on an amendment, briefly indicate intent:

PLACE ON CONSENT CALENDAR

REPORT OF STANDING COMMITTEE

SCR 4026: Education Committee (Rep. R. Kelsch, Chairman) recommends DO PASS and BE PLACED ON THE CONSENT CALENDAR (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SCR 4026 was placed on the Tenth order on the calendar.

2011 TESTIMONY

SCR 4026

TESTIMONY OF SEN. MAC SCHNEIDER (DISTRICT 42 – GRAND FORKS)
SENATE EDUCATION COMMITTEE
SCR 4026

Mr. Chairman and members of the committee, my name is Mac Schneider and I represent District 42 in the North Dakota Senate. I am the prime sponsor of Senate Concurrent Resolution 4026, which would provide a study of the way universities use private companies to manage student financial aid refund operations.

This study resolution is the result of numerous concerns expressed to me by University of North Dakota students regarding UND's use of the "Higher One" corporation to administer refunds of excess financial aid. So that the committee may better understand this issue, let me first offer a bit of background.

Historically, students who received financial aid over and above the amount necessary for tuition and fees were issued a paper check or received the funds via direct deposit. The student, very simply, then used these funds to buy books, pay rent, cover daily expenses and otherwise support themselves during their time in school. However, in 2008, UND contracted with Higher One to administer refunds of excess financial aid.

This changed the way in which students were able to access these funds. As noted in the written testimony of UND student Shane Gerbert (attached), there are essentially three ways in which to receive excess financial aid in the age of Higher One:

- 1) Excess financial aid is deposited on the "Pride Card." Under this scenario, student financial aid is placed upon what is essentially a debit card, requiring students to live up to the terms and conditions that accompany the card. While the Pride Card is optional, according to former Student Body President and current Grand Forks City Council Member Tyrone Grandstrand (testimony attached), "students are continuously being told that the Higher One Account is much easier" and are subjected to an "intense level of marketing."
- 2) Financial aid is sent through Higher One to student bank accounts. Students who opt out of the Pride Card may elect to have Higher One send excess financial aid to private bank accounts. However, students have complained that financial and other private information is unnecessarily shared with a third party under this option.
- 3) Paper check. Students may still elect to receive a paper check under the Higher One regime, but students have accused the company of taking up to three weeks plus mailing to receive excess financial aid that they need to purchase books or buy the necessities of life.

Given these three options, many students choose the Pride Card method of receiving excess financial aid.

With the Pride Card, students allege, and national media reports confirm, that young people are subjected to fees that range from irritating to outright substantial. For example, as documented by CNBC (attached), “Higher One charges \$20 to replace a lost card [and] \$19 a month for [an] account that has been inactive for nine months, and 50 cents any time a customer keys in a PIN instead of swiping the card[.]” UND student Shane Gerbert alleges that a so-called “Lack of Documentation Fee” is \$50. As Mr. Gerbert understandably told CNBC, he does not “like the fact that someone’s taking money from money” that is “borrowed.”

Given the swiftness with which this company has become a part of the financial aid system in North Dakota and its impact on students’ ability to draw upon funds needed to support themselves, I think a legislative study into this issue is appropriate. And I hope you will take the time to read the attached CNBC article entitled “Put that Pizza on My Student Loan.” It provides a compelling look at how Higher One markets itself and how students are using its product in ways that, quite frankly, it probably should not be used.

Thank you for your consideration. I would be happy to answer any questions.

To Whom It Concerns:

Noted musician Al Steward once said "Nothing that's forced can ever be right, if it doesn't come naturally, leave it." This is the stance that I have argued since 2008, when the Pride Card reared its head at UND. This is the stance that students, faculty and staff have agreed with. This is an issue that has garnered attention from such media outlets like CNBC, The Washington Post, *The Mike McFeely Show* on The Mighty 790AM as well as various local newspaper and news stations. All of this media attention certainly isn't a fluke nor a set of coincidences, for when several media outlets take note of this "new" way of distributing a student's excess financial aid.

The company came on to UND with not a bang, nor a whimper, but amidst a mountain of questions. The summer of 2008, when most students got their first introduction to Higher One can be noted as the summer of zealous notifications, including copious letters, phone calls and e-mails that misled students into thinking that not dealing with Higher One and using the "Pride Card" would mean that they would not be able to get their excess financial aid.

Higher One has been a constant strain on a student's financial planning process. Not only does our excess aid, which used to take the logical, direct deposit route to our bank accounts now takes a set of three possible routes from the institution.

The first way is that the money goes from the institution to Higher One and then to something called a "Pride Card" which is a fee-ridden debit card where students can spend their excess financial aid anywhere a Master Card is accepted.

A second way is for the money to go through Higher One to our bank accounts, where our sensitive information, such as bank accounts, drivers license information is given to a superfluous third party.

The third method of getting our financial aid from Higher One is by far entails the longest wait-a paper check. This way takes up to 21 days for Higher One to cut a check-not including the lead time for mailing to the student. Twenty one days is a terribly long time to wait-especially if students who do not have a job that use excess financial aid to assist in living expenses.

What is egregious about this entire process with Higher One is that they charge fees to students for using this, and on top of those fees they make money offering shares on the New York Stock Exchange. For example, last June Higher One's initial public offering was 9 million stocks at \$12/share valued at a total of \$108 million. All of this money is made from just being a middle man for other people's money.

Fees are a horrible bane to the student existence in dealing with Higher One. Online bill pay? Twenty-nine cents. A "Lack of Documentation Fee"? Fifty Dollars. If a student goes to, say Wal-Mart, buys something, and checks out using the "Debit card" option at the checkstand? That's a fifty cent charge *every time*.

I have attached a document for your review, namely a term paper going in-depth on Higher One. Please review this as you see fit. Thank you for your time.

Sincerely,

Shane Gerbert

#2 SCR 4026

Schneider, Mac J.

From: Tyrone Grandstrand [tyrone.grandstrand@gmail.com]
Sent: Monday, March 07, 2011 1:53 PM
To: Schneider, Mac J.; Gerbert, Shane Darrell
Subject: Some final information regarding Higher One (At least read the attached document, if nothing else)
Attachments: How to Prove Higher One is good.rtf

Mac,

Please use the attachment as you please. I wrote it as an LTE to the Dakota Student.

I won't make it to Bismarck, but here are a couple of extra points that might help you make the case:

1. Students personal information is sent to Higher One without students explicitly giving permission.
2. While choosing between Direct Deposit or the Higher One Account, students are continuously being told that the Higher One Account is much easier. They even call it the "Easy Refund." This intense level of marketing is done under the "protection" that most people expect the University to provide, and at least personally I think it is a violation of the trust put into the University by parents and students alike.
3. As I mentioned in the letter - even if this is proven to be a financially intelligent decision compared to doing nothing, there are other potential alternatives that would keep the student money and the jobs created by them inside the state. (That's an important separate point, this outsourcing creates jobs outside of ND at the expense of jobs inside ND.)
4. I can tell you definitively that students were substantially not involved in the decision-making process.

They were asked for input but after the vendor had been selected, which takes them out of the majority of the process.

If they claim to have involved students here is what they have to back that position.

- A. An email statement from Jay Fisher as SBP, but he was the only student aware of Higher One at that point.
- B. A resolution passed by ARH - they said they supported it but with the understanding that receiving a paper check was an option (now it is not something they allow you to choose.)
- C. 2 meetings outside of Student Senate where student senators were invited to hear about Higher One.

Students were not substantially involved in the decision of whether or not to outsource, nor were they completely aware of what it meant to contract with Higher One, even as some of them supported it. They were simply expressing their trust generally in the professionals that run the University. Similar to the trust the legislator and the State Board puts in the Universities to run their own budgets - which as we all know can sometimes be violated.

Sincerely,

Tyrone Grandstrand
1603 10th Ave N

(#3)

Testimony on the Higher One Pride Card: Tuesday March 8th, 2011

David A. Barta

Recently, I authored two news stories describing the decision process, benefits, costs, and overall net impact of the Higher One Pride Card for the Dakota Student. After spending a great deal of time researching the issue, I've come to the conclusion that Higher One was a prudent decision for UND. Based upon numerous interviews and discussions, as well as a wealth of other information, I believe that those in charge exercised their due diligence throughout the process and have no doubt that the Pride Card has helped make UND Student Account Services and the Financial Aid Office more efficient. That being said, the controversy surrounding the issue is not one that is specious or without legitimate and considerable merit.

The first issue involves the economic benefits of the Pride Card. Based upon all available information, it is clear that the current electronic disbursement process is more efficient by a variety of measures. However, these measures are almost exclusively qualitative, and although compelling, the lack of substantive quantitative evidence prior to Higher One means that a cost benefit analysis of the proposed decision could not have been and was never performed at the administrative level. Even after the fact, these changes were never quantified, and as such I believe it made convincing students of the Pride Card's benefit much more difficult. The fact is, when we can put dollars and cents behind our decisions, we can far more easily show the benefits involved.

The second issue involves the difficulty I had obtaining the information needed to independently come to the conclusion that the Pride Card was the best decision to make. Certainly large institutional changes nearly two years in the making are marked by complexity, but the lack of transparency on this issue considerably increased the difficulty of my effort to understand it in its entirety. Further the extensive redaction of public documents by the UND Legal Counsel, which I obtained through an open records request, is also of concern. Many pages were completely blacked out, nearly 40 in total, leaving it impossible to determine what the information was even generally about, let alone what it described specifically. And while I do not doubt the information was privileged I fail to see how section headings, sub-point descriptions, and every "and", "or" and "but" within these pages could constitute an illegal exposure of privileged information.

The third issue involves how students work together with UND administrators. While administrators spent two years vetting this decision, fewer than 100 students (less than 1% of all the students at UND who receive financial aid) had only 36 days and Higher One promotional Materials to weigh in on whether this was a good change for all UND students. The fact is the student body at UND does not have an effective mechanism to communicate with the administration, as neither Student Government nor the campus email system effectively conveys student sentiment. I feel prudent utilization of student resources by the administration could dramatically improve both the capacity and economic efficiency of UND administration, as well as the quality of the education UND provides. Currently, I feel that UND does not effectively take full advantage of the considerable talents, energy, and passion of its student population. It is my opinion that an investigation into this issue would bring some of these problems to the forefront and ultimately result in improvements within the administration and the overall learning environment. I hope this testimony helps shed light on these issues and fosters a discussion on the best way to overcome them. I will be available at any time for questions by phone should anyone require additional information.

Sincerely,

David A. Barta

4



Put that Pizza on My Student Loan

STUDENT LOAN, COLLEGE, FINANCIAL AID, MASTERCARD, DEBIT, HIGHER ONE
 Hosted By: Scott Cohn | Senior Correspondent, CNBC
 CNBC.com | 22 Dec 2010 | 04:28 PM ET

It happened at a bar and restaurant in Grand Forks, N.D., but it could have been at any college campus in America.

College kids were enjoying pizza and beer, and paying for it all with a debit MasterCard. But this was not any debit card. The funds behind it come from student financial aid.

The card is the brainchild of Miles Lasater and Mark Volchek, who came up with the concept when they were students at Yale and turned it into a business called **Higher One**, which went public in 2010. Higher One reported \$75 million in revenue in 2009, and is on pace to more than double that in 2010, with some 700 colleges and 5 million students on board. And the business is built around that debit card.

According to the company, roughly half of student borrowers receive aid that covers more than their tuition. Those funds are supposed to cover books, housing and living costs. Schools are required to refund that money to students, and in the past did so in the form of a paper check.

Lasater, who was a computer science major at Yale, and Volchek, who studied economics, reasoned they could streamline the process for schools and students, while at the same time making money from MasterCard transaction fees collected from merchants and debit-card fees collected from students. Schools quickly signed on, including the **University of North Dakota**.

"We really looked at it as a pretty reasonable win-win kind of arrangement," University of North Dakota Vice President Peggy Lucke said.

But not everyone views it that way.

Higher One's fees have drawn the ire of some students, like University of North Dakota senior Shane Gerbert.

"I don't like the fact that someone's taking money from money I borrowed," Gerbert said.

And the money can add up. Higher One charges \$20 to replace a lost card. \$19 a month for account that has been inactive for nine months, and 50 cents any time a customer keys in a PIN instead of swiping the card, which is how Higher One earns transaction fees.

The company defends the fees as competitive, noting that students can avoid all fees if they use the card properly.

But is it wise to outfit students with a card that lets them access student loan funds with a simple swipe to spend on anything from books and housing to pizza and beer?

Lasater said students are capable of using the money wisely.

"The financial aid system is designed to provide living expense money as well," Lasater said. "So it's everyday money that you use, yes, to buy food, buy drink if that's appropriate."

University of North Dakota student Alexandra McLafin got her Higher One card right after her 24th birthday. She did not use all the funds for school.

"I kind of went out and spent some on clothes and shoes and went to the bar," she said. "But most of it I did try to save for some bills."

Not all of it, though.

"I did buy a new car," she said. "The interest rate was a little lower than through a car dealership."

A new car with student loan money?

Higher One still says it is reducing costs for schools by streamlining the financial aid process. But the schools are not necessarily applying all the savings to tuition costs.

In November, Higher One hosted a weeklong conference for college financial aid conference at the luxurious **Meritage Resort and Spa**, nestled on a private vineyard in Napa, California. While the company notes the conference included 20 hours of meetings and educational sessions over five days, there was also a lesson in wine tasting from one of the vineyard's experts, and time for spa treatments and tours of the Meritage's vineyards.

"This is a paid conference that people are attending for educational purposes," Lasater said. "This is not for entertainment."

The conference also included raffles with prizes, and dinner at an award winning Napa restaurant. But Volchek said that was not the primary focus for the attendees.

"Networking with other administrators is really important for them to learn about how other campuses use products and are more efficient," Volchek said.

The schools, many of them state institutions, paid for their administrators to attend. A spokesman for the University of North Dakota insisted the cost was "not out of line," though the roughly \$1,700 would cover approximately half a semester's room and board at a University of North Dakota dorm.

The Higher One debit card is optional for students, who can still choose to receive their funds as a paper check or an electronic transfer to a bank account. Higher One acknowledges it relies on colleges to help communicate the benefits of the debit card to students, and Lasater insisted the financial aid officers have their students' interests at heart regardless of the pampering in Napa Valley.

"I think university administrators are spending their time learning about a valuable service offering," Lasater said. "And we spent the time at the conference focused on that and talking with each other. There were some social events as you mentioned."

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However, that resolution does nothing more than express disapproval with the use, and requests the administration at BSC to aid the Board of Governors to educate students about it. This is mostly because BSC entered into a five year contract with Higher One. The meeting that the BSC Board of Governors had with the Finance representatives was a mutually educational meeting. The student government learned more of the justifications from the administration; the Finance representatives learned that students were having difficulty with the card. After that meeting they have made attempts to assuage the concerns of the students.

NDSA does formally oppose the use of third party services to distribute excess financial aid. The reason why I am giving neutral testimony on SCR 4026 is that NDSA feels the best recourse for this issue is in the university system. Each institution, not the State Board of Education or the Legislature, determines whether a third party service will be used. For instance, NDSU has been approached by Higher One and they have declined to implement it. At least at BSC, students have just now been expressing their disapproval, and the administration has taken steps to solve these issues. NDSA is not necessarily opposed to the study of the issue, but Legislative resources might be used more efficiently resolving other issues during the interim.

This concludes my neutral testimony on SCR 4026.
Thank you for your time.

William Woodworth

North Dakota Student Association, Legislative Lobbyist

#6

TESTIMONY ATTACHMENT 1

TESTIMONY OF SEN. MAC SCHNEIDER (DISTRICT 42 – GRAND FORKS)
HOUSE EDUCATION COMMITTEE
SCR 4026

Madam Chair and members of the committee, my name is Mac Schneider and I represent District 42 in the North Dakota Senate. I am the prime sponsor of Senate Concurrent Resolution 4026, which would provide a study of the way universities use private companies to manage student financial aid refund operations.

This study resolution is the result of numerous concerns expressed to me by University of North Dakota students regarding UND's use of the "Higher One" corporation to administer refunds of excess financial aid. So that the committee may better understand this issue, let me first offer a bit of background.

Historically, students who received financial aid over and above the amount necessary for tuition and fees were issued a paper check or received the funds via direct deposit. The student, very simply, then used these funds to buy books, pay rent, cover daily expenses and otherwise support themselves during their time in school. However, in 2008, UND contracted with Higher One to administer refunds of excess financial aid.

This changed the way in which students were able to access these funds. There are essentially three ways in which to receive excess financial aid in the age of Higher One:

- 1) Excess financial aid is deposited on the "Pride Card." Under this scenario, student financial aid is placed upon what is essentially a debit card, requiring students to live up to the terms and conditions that accompany the card. While the Pride Card is optional, according to former Student Body President and current Grand Forks City Council Member Tyrone Grandstrand, "students are continuously being told that the Higher One Account is much easier" and are subjected to an "intense level of marketing."
- 2) Financial aid is sent through Higher One to student bank accounts. Students who opt out of the Pride Card may elect to have Higher One send excess financial aid to private bank accounts. However, students have complained that financial and other private information is unnecessarily shared with a third party under this option.
- 3) Paper check. Students may still elect to receive a paper check under the Higher One regime, but students have accused the company of taking up to three weeks plus mailing to receive excess financial aid that they need to purchase books or buy the necessities of life.

Given these three options, many students choose the Pride Card method of receiving excess financial aid.

With the Pride Card, students allege, and national media reports confirm, that young people are subjected to fees that range from irritating to outright substantial. For example, as documented by CNBC (attached), “Higher One charges \$20 to replace a lost card [and] \$19 a month for [an] account that has been inactive for nine months, and 50 cents any time a customer keys in a PIN instead of swiping the card[.]” I have also heard students allege that a so-called “Lack of Documentation Fee” is \$50. As one UND student, Shane Gerbert, understandably told CNBC, he does not “like the fact that someone’s taking money from money” that is “borrowed.”

Given the swiftness with which this company has become a part of the financial aid system in North Dakota and its impact on students’ ability to draw upon funds needed to support themselves, I think a legislative study into this issue is appropriate. And I hope you will take the time to read the attached CNBC article entitled “Put that Pizza on My Student Loan.” It provides a compelling look at how Higher One markets itself and how students are using its product in ways that, quite frankly, it probably should not be used.

Thank you for your consideration. I would be happy to answer any questions.

Put that Pizza on My Student Loan

STUDENT LOAN, COLLEGE, FINANCIAL AID, MASTERCARD, DEBIT, HIGHER ONE
 Hosted By: Scott Cohn | Senior Correspondent, CNBC
 CNBC.com | 22 Dec 2010 | 04:29 PM ET

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TESTIMONY ATTACHMENT 2



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This concludes my neutral testimony on SCR 4026.

Thank you for your time.

William Woodworth

North Dakota Student Association, Legislative Lobbyist

TESTIMONY ATTACHMENT 3

Testimony on SCR 4026
House Education Committee
March 22, 2011

Chairperson Kelsch, members of the House Education Committee, my name is Tamara Barber and I am the associate vice president for finance and operations at Bismarck State College. I am before you today to provide background information on the purpose of the 3rd party refund management system currently utilized by BSC and UND. In their absence, UND has provided several documents that explain the history of the card at UND, the purpose of the refund management system and some information that is provided to students and parents on the UND Pride Card. BSC's information is similar, so we chose not to inundate you with BSC specific paperwork.

In an article in your packet entitled A Bursar's Best Friend, which appeared in the February 2011 issue of University Business, the author did a great job of explaining the dilemma that many college and university student finance offices face with regard to providing refunds and excess financial aid to students. In the current economic climate, campuses are being forced to do more with less. Additionally, more and more students are applying for and receiving financial aid (about 40% of all students), generating more and more refunds and excess financial aid payments. The ever increasing security and privacy concerns have also placed a heavy burden on campuses with costly and arduous regulations. All these factors play into the decision by colleges and universities to outsource their refund and excess aid distribution services to a 3rd party vendor.

3rd party vendor arrangements provide many benefits to students. For those students who are unable to obtain a bank account, a 3rd party relationship allows them to have an FDIC insured bank account with access to funds utilizing a debit card and an ATM machine. With the 3rd party vendor, students are able to access their refunds and excess financial aid much quicker. The traditional paper check refund process handled by the campus resulted in students receiving refunds and excess financial aid distributions in 7 days on average. 3rd party electronic refund management systems provide students with faster electronic refunds. If the student chooses the 3rd party bank account, their funds are available within hours of the funds being released by the campus. If the student chooses to retain their existing bank account, funds are received within 1-3 days. Additionally, 3rd party refund management vendors have the staffing and systems in place to ensure safe and secure delivery of funds to students.

The benefits to the campus are evident as well. The burden of complying with PCI regulations over data and information security and Department of Education requirements is shifted from the student finance office to the 3rd party vendor who has the staffing and expertise to ensure compliance. By using a 3rd party vendor, the inefficient and manual process of issuing refunds and excess financial aid and following up on returned and unclaimed checks has been eliminated. The result is a reallocation of staffing time and effort from paper processing to customer service. At BSC, our growing enrollment has put pressures on our limited staff. By outsourcing our refund and financial aid distribution process, staff have been freed up to do other tasks, allowing us to avoid adding a new position.

In the selection of Higher One as our refund management vendor, we wanted to ensure flexibility for our students. HigherOne has extensive experience with colleges and universities and provides students with a choice of how to receive their funds. The student may either elect to direct deposit their refund or excess financial aid to their existing bank account or open a OneAccount with HigherOne (an FDIC insured checking account). If a student chooses the OneAccount, their funds are accessible at no charge at the HigherOne ATM located on campus or by using the related debit card at MasterCard locations worldwide. Fees for other services, transfers, overdrafts, etc., are comparable with other banking institutions. HigherOne discloses fees and instructs students on how to avoid fees. In addition, they have a wide selection of financial literacy tools to assist students in managing their money. The BSC Beyond Card and the UND Pride Card are not credit cards and do not allow the students to incur debt.

BSC is in its first full academic year of using the 3rd party refund management system. While there have been some transition bumps and a few communication concerns, they are not insurmountable. To ensure a win-win solution for students and BSC, our student finance office is working with our student government to provide more targeted communication and education on the options available to students with regard to the BSC Beyond Card.

At this time I will entertain any questions from the committee.

SCR4026, Provided to House Education 3/22/11

Contact: Alice Brekke, UND VP for Finance and Operations (701-777-4454)

UNIVERSITY OF NORTH DAKOTA UND PRIDE CARD

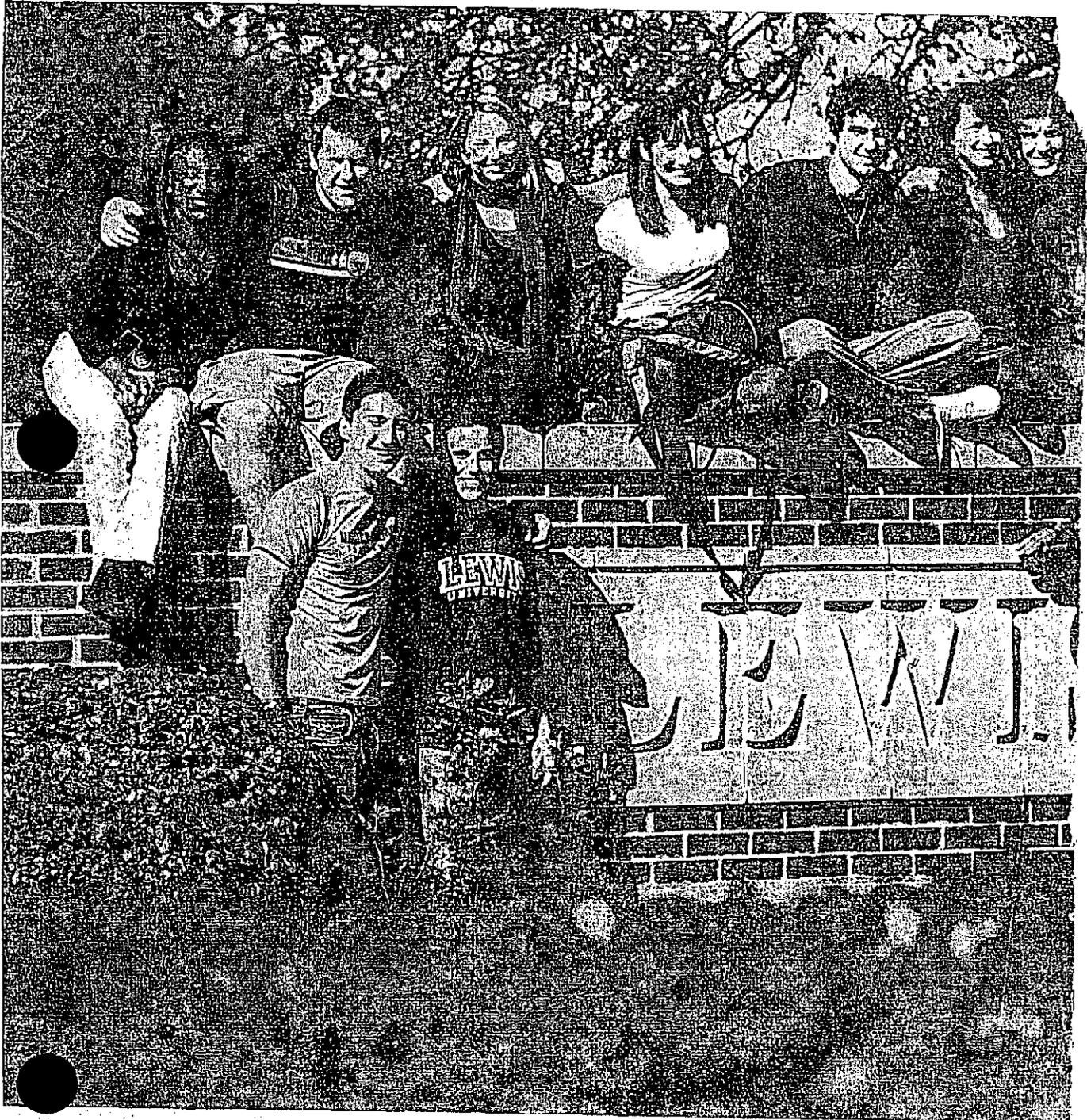
- UND is in its third year of electronic refund management through Higher One
 - UND issued a Request for Information for a sponsored banking relationship to expedite delivery of student refunds in November 2006
 - UND issued a Request for Proposal in June 2007 and received responses from 8 vendors
 - UND entered into a contract with Higher One in March 2008 for electronic refund services

- UND sought out a better solution for refund management for the same reasons mentioned in the February 2011 University Business article: *A Bursar's Best Friend*:
 - Need for cost avoidance (do more with less)
 - More federally financially aided students
 - More demanding customer
 - Trickier data security compliance regime

- With the arrangement with Higher One, UND is able to:
 - Provide students with faster, better access to their funds
 - Ensure safe, secure transaction for the delivery of the funds to the students
 - Ensure compliance with Department of Education requirements and PCI regulations
 - Eliminate an inefficient manual process for fund disbursement
 - Transform Student Account Services (business office) from a paper processing office to a customer service center

- Quick Facts (Fiscal Year 2010):
 - UND processed \$62 million in refunds
 - 55% of our students opted for direct deposit to their personal bank account
 - 38% of our students opted to open a OneAccount with Higher One
 - 7% of our students received a paper check

A Bursar's Best



Friend

Why and how campuses are implementing automated refund management

By Tom Robinson

THERE ARE 18 MILLION COLLEGE STUDENTS, 40 percent of whom receive federal financial aid every spring and every fall. The average student, after class drops and other adjustments, gets 2.5 refunds totaling \$1,300. That's a lot of money and a lot of transactions that have to be made according to a stringent set of regulations.

Automated tuition credit balance refunding, with its demanding security regulations, complex IT integration and unwanted media scrutiny, might seem like a responsibility with a lot of "must do's." Yet for those who have mastered it, it's a story of "can do's" with a repurposed bursar's office staff.

Kathy Woods is the Bursar at Texas Woman's University. In 2005, her department was still cranking out paper checks and suffering from the staff-stressing, tedious seasonal ramp-up known as tuition refund time. They suffered from the familiar manual exercise of calculating credit balances, issuing checks, dealing with the endless telephone inquiries of "where's my check" and long lines of irritated students. Meanwhile, the student population of 14,000 was doubling. Her staff of five was not.

To her rescue came automated refund management. In this case, in the form of Higher One, although today, college and university campuses seeking refund management services have several vendors to consider.

Lewis University (Ill.) Bursar Pam Maciulewicz switched to Sallie Mae's ACH system in September 2009. The value to her students is obvious. The office runs the report on a Monday, and students have their money direct deposited to their checking account by Wednesday. The value to the department is also obvious. "Students called the office repeatedly. 'Have you processed my check?' 'Can I get my check early?'" she recalls. "Once the new system was put in place, e-mails began going out telling students their money was in their account, and the calls stopped."

The Lewis business office uses e-bill, online payments, and other automated accounting functions, as well. Staff members that used to be saddled with repetitive clerking functions are now free to do other, more high-value tasks and projects. "The [job of the] bursar's office used to be 'here's your bill,' then 'pay your bill.'" Maciulewicz reconfigured the staff and now has two student account counselors working with families to solve problems stemming from their unique situations.

Urgent Need for a Better Mousetrap

Refund management—the usually innocuous step in the revenue cycle—is about to become a bigger deal. Several forces have increased pressure on bursar's offices everywhere. For those schools that still manually process refunds and print and mail paper checks, life is going to get harder, for four basic reasons. ➤



Efficient bursar's offices help keep students happy, as Lewis University officials know first-hand.

A Bursar's Best Friend

- The need for cost avoidance. Do more with less is an all too familiar refrain. The problem is compounded by the semiannual ramp-up required to manage the two waves of refunds. How do you staff for such wild swings in labor demand? Work study students are not a good source of labor, given the sensitive nature of their colleagues' student records and financial information.
- More federally financially aided students. With increasing tuition and decreasing family income, more students receive financial aid. There's an ever-increasing number of Title IV recipients resulting from the shift from private lenders to direct lending.
- A more demanding customer. Students want more choices, more convenience, more coddling ... all at no incremental cost. What is good for the efficiency of the bursar's office has not always been good for the customer service desires of a student body.
- A trickier data security compliance regime. Colleges with their natural tendency for openness and access are extremely vulnerable to data thieves and other ne'er-do-wells. While Payment Card Industry (PCI) compliance regulations have been in place for some time, there are newer and tougher ones, and there's more scrutiny of protective measures against identity theft and liability for breaches.

For schools with a high number of Pell Grant recipients, there's a new kicker beginning July 2012. David Bergeron, the acting deputy assistant secretary for policy, planning, and innovation in the federal Office of Postsecondary Education explains, "There is a limited provision that a school must provide a way for a Pell Grant-eligible student to receive credit balance funds by the seventh day of a payment period to be able to buy books and supplies. It would

Students like debit cards' convenience and speed for access to their funds, although the exposure to fees can be an issue.

generally apply most to low-cost colleges where federal aid is greater than tuition and fees, but it applies to any college where this is the case." The current window is 14 days. That extra week allowed for a lot of inefficiency—but not anymore.

The Compliance Conundrum

With automation comes new responsibilities. The PCI Data Security Standards (PCI DSS) were created by a consortium of financial services companies to assure the integrity of data being handled through their credit card network. The standards also apply to any institution that stores, processes, or transmits a primary account number. Security consultant Walt Conway of 403 Labs says PCI is nearly impossible to avoid, given the number of transaction types on campus—tuition payments, books, dining and laundry services, and tickets to the big athletic event of the week. Online payment, card terminals, telethon donations, and one cards are all included in



Texas Woman's University Bursar Kathy Woods (front right) and her staff shifted from tedious manual have-to chores to high-value can-do functions, through electronic refunds and other process improvements.

the scope of the regs. New standards require hardware containing sensitive personal information to be identified and scrubbed. Add to this the enhanced PCI PA-DSS that requires software developers, including those that patch your ERP systems or do workarounds, to comply with their own set of security regs.

In most colleges, the responsibility rests with the treasurer or controller and typically includes the IT team. There are consultants and third-party sources willing to take on parts of the portfolio. The Treasury Institute for Higher Education was formed about 10 years ago by Dennis Reedy at Indiana University. It offers symposia and two- and three-day courses on PCI compliance management. NACUBO likewise provides training. While not easy to comply, it is not impossible either.

The Debit Card Debate

Electronic transactions trump paper checks, hands down. The ACH (Automated Clearing House) electronic funds transfer, directly to the student's checking account, is currently the preferred method. It is relatively easy, secure, cheaper, and faster—it saves three to five days in the mail.

A newer device has come to market in the past decade with a degree of success: the debit card. Refunds are electronically added to a student's account and can be used for transactions at any merchant that takes MasterCard or VISA or has a card swipe terminal. Many of these cards are cobranded by the school and MasterCard. Some double as a one card for student ID, building access, and dining privileges, etc.

Proponents of this approach cite the savings to the college over the paper check process, which can cost \$20, or as much as \$40, per student. They also say that this works for nearly all students, including those who are "unbanked," meaning someone who doesn't have a checking account can't take an ACH deposit. Students like

A Bursar's Best Friend

the convenience and speed at which they get access to their funds.

Detractors say it is illogical to make the 92 percent of students take a debit card (and bank account it's connected to) they may not want to accommodate the 8 percent of students who are unbanked. The real issue, however, is students' exposure to fees. Some vendors charge ATM usage or inactivity fees. Charging students a fee to get access to their student loan money is offensive to many. Indeed, there has been negative press in *USA Today* and the *Washington Post*, for instance. New York Governor Andrew Cuomo, formerly attorney general, a force to be reckoned with in the financial aid office, has been inquiring. U.S. Department of Education regulations specifically require that students not be charged a fee for accessing their own money.

The debit card concept was pioneered by Higher One. Administrators at Higher One client schools acknowledge the potential for fees, but note that the vendor actively instructs students how to avoid fees and has even amassed a significant library of free financial literacy tools to teach students money management. There's even an interactive game to engage students. Others have noted that banks often charge students for checks and fees of various sorts. Students without local bank accounts are at the mercy of check-cashing services that charge exorbitant fees.

Early adopters of automated refunds in general and debit cards in particular ran into problems with parents, students, and their own administrations. Change is hard for everyone, even if it makes things better. Parents balked at giving their kid a "credit" card, even though it wasn't one. Administrators worried about attaching the school's brand to a third-party vendor. Fearing lack of control, IT departments and business offices cringed at giving sensitive data to a vendor.

In the beginning, Woods herself was a naysayer. Now a believer, she says the key is convincing students and their families that the change is for their benefit: faster, better access to funds; safe, secure transactions; compliance; efficiency; and customer service.

There are exceptions that justify the paper check. Texas Woman's University has many Mexican students who do not have permanent U.S. addresses and cannot open a checking account. Parents receiving refunds for Plus loans don't want a debit card; they want the cash, direct deposited or in paper form. Furthermore, regulations say schools have to offer a paper check option.

What's New for 2011?

The market is maturing, and more vendors, including Nelnet Business Solutions, are adding the debit card option. Expect refund and e-payment functions to be added to the campus one card currently being used for student ID, building access, dining, etc. The education department is suggesting that. "We encourage innovative ways, like the use of stored-value cards, to get funds to students more rapidly and without added expenses," reports Bergeron. "With that said, students should be fully apprised of and understand the terms and conditions imposed by card issuers



Recent Account Activity

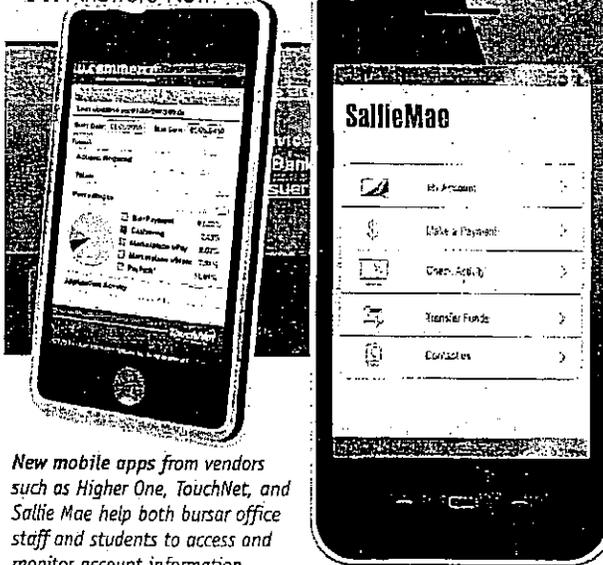
\$0.00 Available as of 1/24/2010

Refund Status

Current Preference: Easy Refund

EasyHelpSM

Get Answers Now!



New mobile apps from vendors such as Higher One, TouchNet, and Sallie Mae help both bursar office staff and students to access and monitor account information.

to avoid fees and penalties."

Look for new features tied to student checking/debit accounts that offer convenience, access, and control. Sallie Mae will be offering an FDIC-insured account with no minimum balances and no low balance or inactivity fees. Students will be able to make no-fee withdrawals and balance inquiries through a 40,000 ATM-network via Allpoint. Banking services include bill pay, check writing, transfers, and links to other bank accounts, and SMS text messaging.

Mobile applications from Higher One, TouchNet, Sallie Mae, and others will offer students access to accounts, facilitate transfers, even optically scan checks for deposit remotely without an ATM or branch nearby. Bursar and business office staff can view history and direct activity from anywhere.

Advice from the Initiated

There are no readily available statistics to indicate the number

of schools or students being serviced with paper checks. Vendor marketing departments think that as many as half are still operating with no or limited automation. For administrators at those institutions who may be contemplating a switch, experienced bursars and category experts offer these tips:

- Get buy-in at the top levels
- Involve IT and the business office
- Bundle it with other automated business processes, i.e., e-bill, e-payment, cashiering, etc.
- Carefully integrate it with the ERP platform
- Actively market it to students and families
- Stress the benefits: access, communications, control, convenience, low or no cost
- Use multiple channels frequently: orientation, e-mail, website, social media, snail mail for parents
- Choose a reliable partner that has proven experience in the college space

If this sounds scary, take heart. Bruce Boyle, the bursar at Columbia College (Mo.), doesn't understand why schools get worked up about this technology and security compliance, or even feel the need to outsource the functions. Columbia has two traditional semesters, plus eight two-week sessions, 30,000 online students, and multiple campuses in different states. In essence, disperses funds every week of the year. He manages it all using TouchNet's software running with a Datatel ERP. "Two weeks ago, we distributed \$18 million to 9,000 students. It took two hours max," he says.

While many institutions that have adopted automated refund management would not likely go back, there are institutions at which the trend hasn't yet caught on that are still using paper checks. Cathy Foland, the bursar at Southern Illinois University, Edwardsville, says she plans to switch to an ACH-based refund distribution. But she has to wait for limited IT resources to become available. "We just implemented an ACH payment system," she reports. "ACH refunds are next." 

Tom Robinson is a freelance writer specializing in higher education. He resides in St. Augustine, Fla., and Charleston, S.C.

Resources

403 Labs, www.403labs.com
 Allpoint, www.allpointnetwork.com
 Camps Logic, www.campuslogic.com
 ECST, <http://com.ecst.net>
 Higher One, www.higherone.com
 Hyland Software, www.hyland.com
 NetNet Business Solutions, www.netnetbusinessolutions.com/
 Sallie Mae, www.salliemae.com
 SunGard Higher Education, www.sungardhe.com
 TouchNet, www.touchnet.com
 Treasury Institute for Higher Education, www.treasuryinstitute.org

Doing More With Less: Campus Snapshot

AUTOMATING REFUNDING AND OTHER BILLING AND PAYMENTS makes even more sense in this age of doing more with less. Those not in the business office may wonder about bursar operations. According to the team of five at Texas Women's University, that office is responsible for:

- Development and maintenance of tuition and fee rate schedules for each semester or term and for all student categories
- The facilitation and maintenance of tuition and fee billing tables in the ERP system
- Billing compliance for all state- and board-approved programs
- Administration of the payment gateway and billing suite
- Electronic billing
- Student accounts
- University emergency loans
- Payment plans
- Credit card transaction adjustments
- Daily reconciliation of all online transactions, student accounting, and departmental transactions
- Student accounting (analysis of billing and payment transactions, application of financial aid, housing and other charges)
- Providing documentation and rationalization when required
- Providing customer service (to students and departments)
- Face-to-face service
- Phone contacts
- E-mail and other correspondence
- Third-party/sponsor programs
- Acquisition of documentation
- Application of awards
- Invoicing and collection
- University-wide cash-handling training
- Departmental deposit processing
- Management of all returned payment items (paper and electronic)
- New student orientations
- Refund disbursements
- Collections (current and past due receivables)
- Administration of outsourcing uncollectible balances
- Support of state and federal reporting
- Development and maintenance of the department website
- Cooperative development and coordination of business processes between various student business and enrollment service offices to assure customer service excellence
- Veterans' programs (cooperative involvement with the registrar and other university components)
- Other duties, as assigned

A Family Guide

To The UND Pride Card & OneAccount

What families should know about the UND Pride Card and the OneAccount.

As involved families of college students, you probably have many questions about how your students will cope on their own. Will they be able to handle the pressures of balancing academics with social freedoms? How will they manage their money? While UND will help students adjust to college life, Higher One can help students manage their money. This document will provide information for those students that choose to open a OneAccount with Higher One. Additional information can be obtained at www.UNDPrideCard.com or by contacting UND Student Account Services at studentaccounts@mail.und.nodak.edu.

Introducing The UND Pride Card & The OneAccount

The UND Pride Card is required to select a refund preference for receiving excess financial aid or other refunds from UND. Your student can choose how to receive refunds. Refund preferences include:

1. Direct Deposit (ACH transfer) to your existing bank account - this refund preference takes approximately 2-3 banking days. There are no fees associated with having your refund direct deposited to your existing bank account.
2. Easy Refund by opening a OneAccount with Higher One - this refund preference is the fastest way to receive your refund.

Higher One, Inc. has partnered with UND to offer students financial products and services, including a FREE FDIC insured checking account, called the OneAccount. Opening a OneAccount enables the UND Pride Card to serve as a Debit MasterCard (NOT A CREDIT CARD), allowing students to make purchases at millions of locations worldwide and online, wherever Debit MasterCard is accepted. Carrying the UND Pride Card is safer than carrying around a lot of cash, and making purchases with a debit card is easier than writing a check. There are no fees associated with the

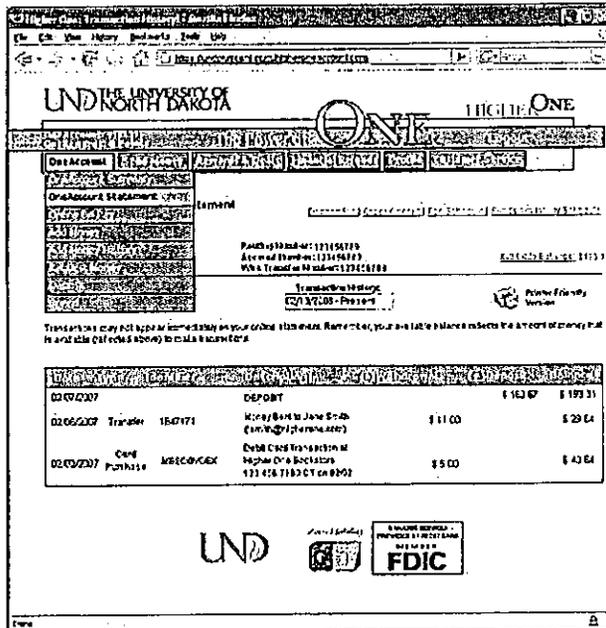


conventional use of the account. Students are not required to maintain a minimum balance and there are no fees when the UND Pride Card is used at Higher One ATM machines. Any fees associated with the OneAccount are indicated on Higher One's fee schedule, located at www.UNDPrideCard.com. In addition, all student debit purchases show up directly on the OneAccount online bank statement so they'll always know how much money they've spent, where they've spent it and how much is left in their OneAccount. Usually, a student would need to pre-qualify for a Debit MasterCard, but UND students can get the power of Debit MasterCard as another benefit of being enrolled.

If your student has selected Easy Refund as their refund preference, your student will find the card useful for:

- ☐ Making purchases, fee-free cash withdrawals at Higher One ATM's (located at Wilkerson Hall, Memorial Union, and the UND Parking Ramp).
- ☐ Purchasing clout & universal acceptance of a Debit MasterCard® at millions of locations world wide.
- ☐ FREE FDIC Insured checking account and 24 hour 7-day-a-week banking.
- ☐ The most convenient, powerful and easy-to-use combination to help manage your student's finances.

The OneAccount



It's simple and convenient for your student to track their spending with the OneAccount Online Statement.

Zero Liability!

Just notify Higher One immediately if the card is lost or if your student suspects unauthorized usage. A \$20 fee will be assessed to the student for a replacement card.

The Convenient OneAccount

Personal checks are sometimes the preferred method of payment for rent or other expenses, so your student may need a checking account. Chances are this will be at a different bank than yours, which can be inconvenient when you need to deposit money into your student's account. Your student can simplify their banking with the OneAccount from Higher One.

- ❑ Get a free traditional checking account that is FDIC insured.
- ❑ Bank with no monthly fees and no minimum balance required.
- ❑ Make deposits easily with electronic fund transfers from any other bank account.
- ❑ Bank online 24 hours a day, 7 days a week.
- ❑ Track deposits, checks and debit purchases easily with the detailed online statement.
- ❑ Order checks online at www.UNDPrideCard.com.

Easy RefundSM

The UND Pride Card provides a choice of methods to receive excess financial aid or other refunds, including Easy Refund. With Easy Refund, the refunds are deposited directly into the OneAccount the same day as UND releases it. Easy Refund is the fastest and easiest way for your student to gain access to their refunds.

EasyHelpSM

Occasionally, students may have questions about using their OneAccount. The answers to many of these questions are available online with "EasyHelpSM." EasyHelpSM is an interactive "Frequently Asked Questions" system that enables UND Pride Card holders to quickly and easily find answers to questions about the UND Pride Card and the OneAccount. EasyHelpSM is available anytime online and provides immediate answers to the most frequent program questions....even answers to some "not-so-frequently" asked questions. It's not just for the students, either. Families can use EasyHelpSM as well, anytime, by logging on to: www.UNDPrideCard.com, then selecting the EasyHelpSM link.

Simplify Life With Recurring Bill

Payments For Cell Phone & Other Bills

With the OneAccount and the UND Pride Card, students can pre-authorize automatic deduction of recurring payments such as cell phone bills, cable TV, utility bills and more. With recurring bill payments, the student budgets the money to make the payments, but somebody else makes sure they're paid every month...and on time! Recurring payments save time and money because there are no stamps to buy and no time wasted stuffing and addressing envelopes. Your student will find a convenient list of companies that accept Debit MasterCard payments when they login to their OneAccount. From the main menu bar select "OneAccount", then "Spend", then look for "Recurring Payments."

Easy Ways To Manage Money

You Or Others Can Easily Send Money To Your Student. Here's How!

When your student needs money, you want to make sure he or she gets it immediately. The OneAccount allows you to send money to your student electronically, where it will be directly deposited into his or her OneAccount. It's easy to do and doesn't require any special trips to your bank. Just log on to www.UNDPrideCard.com and click on the "Sign Up To Send Money" button, then follow the instructions. Once you've added and confirmed a funding account, such as your own checking or savings account, you'll be able to transfer money electronically to your student.

Where Does The Money Go?

We all know that a college education is not cheap. However, it is absolutely one of the best investments you can make for your student's future. Surely you've asked the question "Where DOES the money go?" There are tuition payments, housing, meals, clothing and extras such as laundry, furniture for the dorm, books and supplies, computer hardware and software, entertainment and well; we could go on. The point is, there are a lot of expenses. How do you keep track of them? If your student pays for most of these things with their UND Pride Card Debit MasterCard®, keeping track of spending will be very easy. The OneAccount online statement will show every deposit, every money transfer, every Debit MasterCard® purchase or automatic bill payment, and every check written will be clearly identified. Students will be able to see any trends in their spending habits. If the trend is bad, they can take steps to correct it. Conversely, if their spending habits are good, they can see why and keep up the good work. The ability to track spending easily, and the convenient anytime access to the OneAccount makes planning and sticking to a budget simple while they learn how to manage their money.

Keep this page and copy your login information below so it's always handy

Here Are A Few Great Reasons To "Send Money" To Your Student Throughout The School Year

Log on to: www.UNDPrideCard.com

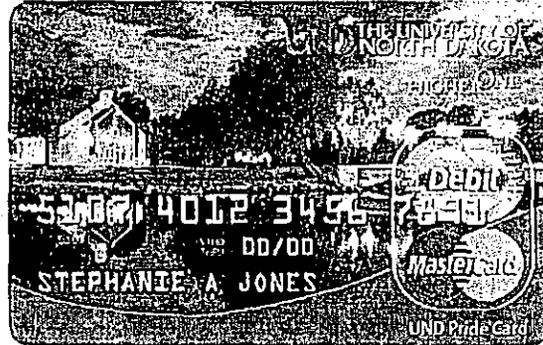
User Name (e-mail address): _____ Password: _____

Student's Birthday	A special gift to celebrate their day.	Amount to Send \$ _____
September	The start of the Fall semester for books and supplies.	Amount to Send \$ _____
November	The upcoming holiday season.	Amount to Send \$ _____
December	A special gift the student can purchase for themselves during exams.	Amount to Send \$ _____
January	The start of the Spring semester for books and supplies.	Amount to Send \$ _____
February	A special "hang in there" gift for mid-terms.	Amount to Send \$ _____
March	"Spring Break!"	Amount to Send \$ _____
April	A special gift the student can purchase for themselves during exams.	Amount to Send \$ _____
May	A special "end of the year" reward.	Amount to Send \$ _____
Other Occasions		Amount to Send \$ _____

Let's Review

A Powerful Combination

When you think of the simplicity and convenience the UND Pride Card and OneAccount offers to full time or part time students, not to mention families, it won't take long to recognize what a powerful combination it is. The combination of a Debit MasterCard and online account statement is the most convenient way for students to control spending and learn to manage their finances while in college. Plus, the OneAccount coupled with an "Easy RefundSM" provides your student with the absolute fastest and easiest way to receive his or her excess financial aid or other refunds. The safety and convenience of students using their UND Pride Card instead of carrying a lot of cash, and the ability to securely send money to your student online 24/7 will provide you with peace of mind.



With all these benefits, why not take advantage of the UND Pride Card and OneAccount today?

Send Your Student More Than Money!

"Send Money" To Your Student And We'll Give Them 50 OneRewards Points

Higher One has set up partnerships with merchants and various online merchants, as well. Whenever your student uses his or her UND Pride Card at any of these participating merchants, he or she receives bonus points called OneRewards points. OneRewards points can be redeemed for free merchandise at our online redemption center. Families can sign up online to send money to a student's OneAccount. It's safe, secure and easy to do. Just log on to www.UNDPrideCard.com, then click on the "Sign Up To Send Money" button, then follow the directions. The first time you send your student \$50 or more, Higher One will award your student 50 bonus OneRewards points*.

How Students Claim Their Points

Once you have made your first deposit to your student's OneAccount, the student can claim the points by clicking on the "EasyHelp" link. Next, they click on the tab "Ask a Question" and type in this offer code: 32651723. Once received, we will award 50 OneRewards points to their account.

*Disclaimer: Offer limited to one per student.

If you have any questions, visit www.UNDPrideCard.com or contact UND Student Account Services via email at studentaccounts@mail.und.edu or by phone at (701) 777-3911.

EASYHELP

The *Fast & Easy* way to get help!
www.UNDPrideCard.com/easyhelp

UND THE UNIVERSITY OF
NORTH DAKOTA



HIGHER ONE

Be financially responsible: Keeping track of your account balance is easy and very important for you to do. Remember, avoiding overdrafts is your responsibility.

**UNIVERSITY OF NORTH DAKOTA
UND PRIDE CARD**

Frequently Asked Questions (<http://und.edu/finance-operations/student-account-services/pride-card-faqs.cfm>)

1. What is the purpose of the UND Pride Card?

The UND Pride Card is used as a means to distribute excess financial aid and other refunds to students. The student must choose their preference for receiving their refunds. Students have a choice of one of the following:

OneAccount with Higher One (Easy Refund) - This preference credits the student's OneAccount with Higher One on the same day the refunds are processed by UND. The OneAccount is a checking account with Higher One and offers many features for the student. Please visit UNDPrideCard.com to learn more about the OneAccount.

ACH (direct deposit) - This preference transfers the refund into the student's existing U.S. bank account. This preference takes approximately 2-3 banking days to credit to the student's bank account.

2. How do I get my UND Pride Card?

New students at UND will be mailed their UND Pride Card to their Home address as listed in Campus Connection within 2 weeks of your enrollment for the first time at UND.

3. What happens to my refunds if I don't select my refund preference?

It is recommended to select a refund preference to ensure the fastest delivery of your refund. If you choose to not select your refund preference and an excess financial aid refund or other refund is issued, you will receive an email notification that your refund is available. Within 21 days from the date of the email notification, a check would be issued by Higher One and mailed to the address UND provided to Higher One. This is the address used at the time the UND Pride Card was issued to you. In addition to the 21 days, you will need to allow for mailing time. There is no cost to the student for the paper check, however remember faster refund choices are available to you, One Account with Higher One (Easy Refund) and/or ACH (direct deposit) to any bank account you already use.

If you have not received a UND Pride Card within 2 weeks of enrolling in classes at UND for the first time, please contact the Student Account Services Office, as it may indicate an incorrect address on file.

4. What does activating the UND Pride Card mean?

The UND Pride Card is the "key" to selecting your refund preference on the Higher One website, undpridecard.com. The UND Pride Card number identifies the student in the Higher One system. Entering the card number allows the student to complete their preference for receiving refunds. Students have the choice of having their refunds disbursed by ACH (direct deposit) to their existing bank account or to their OneAccount with Higher One (Easy Refund).

5. Can I opt out of receiving my refunds via UND Pride Card?

No. UND has contracted with Higher One to issue excess financial aid and other refunds to UND students. Although you are not required to open a OneAccount with Higher One (Easy Refund), you will need to use your UND Pride Card for selecting one of the following for receiving your refunds:
OneAccount from Higher One (Easy Refund).
ACH (direct deposit) to your existing bank account.

6. If a paper check is issued by Higher One to an incorrect address, will the check be forwarded by the post office if the student is having their mail forwarded?

No, checks issued by Higher One are not forwarded by the post office. The check would be returned to Higher One and the student would be notified via email from Higher One. Please contact Higher One customer service for assistance.

Online Customer Support - [EasyHelp](#)

Call Higher One Customer Service at 1-800-815-8274

7. If a paper check is issued and the student loses the check or never receives it, what should they do?

Please contact Higher One Customer Service at 1-800-815-8274 for assistance. Higher One will assist you to ensure you receive your refund.

8. If I chose to have my refund direct deposited to my existing bank account, Higher One requires an ACH (direct deposit) form be submitted. What are my options for submitting my ACH (direct deposit) form to Higher One?

Options available to submit the ACH (direct deposit) form to Higher One are:

1. Drop the ACH form in the Higher One Communication Box that is located in the Memorial Union, next to the Higher One ATM machine. The contents of the Higher One Communication Box will be packaged and sent to Higher One via overnight courier. Items submitted Monday through Wednesday will be mailed to Higher One on Thursdays. Items submitted Thursday through Sunday will be mailed to Higher One on Mondays. **Do Not Send Cash!**

Drop the ACH form off at Student Account Services, located in Twamley Hall, Room 204. The form will be sent to Higher One via overnight courier on a daily basis.

Mail the ACH form directly to Higher One. The address is located on the top of the ACH form.

Fax the ACH form to Higher One at 1-866-309-7443. This is a secure server and access is limited to only those who require access as part of the processing. **You would still need to send the original form to Higher One (option 1,2 or 3).**

9. Is the UND Pride Card a credit card?

No it is **not** a credit card, the UND Pride Card may be used as a Debit MasterCard® if the student chooses the OneAccount with Higher One (Easy Refund) as their refund preference. The UND Pride Card is required in order to select the student's refund preference to obtain excess financial aid and other refunds from UND. During activation, the student must identify their preference for receiving their refunds. See FAQ #1 for available refund options.

10. Am I required to open a OneAccount with Higher One (Easy Refund)?

No, you may continue to have your excess financial aid and other refunds transferred via ACH (direct deposit) to your existing bank account. However, in order for you to do so, you will need to use your UND Pride Card to indicate your refund preference on UNDPrideCard.com.

11. Am I required to use the UND Pride Card as a Debit MasterCard®?

No, the UND Pride card may be used as a debit MasterCard only if you open a OneAccount with Higher One (Easy Refund). You may continue to have your excess financial aid and other refunds ACH (direct deposit) to your existing bank account. If you select your refund preference to ACH (direct deposit) to your existing bank account, the UND Pride Card **does not** serve as a Debit MasterCard®.

12. Are there any fees associated with the UND Pride Card?

If you select your refund preference to be ACH (direct deposit) to your existing bank account, there are no fees associated with your UND Pride Card.

If you select your refund preference as the OneAccount with Higher One (Easy Refund), there are generally no fees associated with the account. **The OneAccount is designed to be free.** Higher One provides a link on the main page named, 'How to use the OneAccount for free', as well as a link to the 'One Account Banking Fee Schedule'. However, Higher One does have fees similar to those at other banking institutions for additional fee based services. Some include: fees associated with overdrafts, wires, and transactions at non-Higher One ATM's. **Please Note:** A complete disclosure of all fees associated with Higher One banking transactions is located at UNDPrideCard.com on the [Higher One fee schedule](#).

13. If I choose the OneAccount with Higher One (Easy Refund) and want to use it at ATM's or other establishments that accept MasterCard, will there be any fees?

You may use the UND Pride Card at one of the three Higher One ATM's located on UND's Campus (Wilkerson Hall, Memorial Union, Southwest Tower of Parking Garage). It is free to access cash at these Higher One locations.

You may use your UND Pride Card at any ATM that is supported by Cirrus, Pulse, or MasterCard (some ATM's

are not approved on the network used by Higher One). You will be charged a withdrawal fee from Higher One and the bank that owns the non-Higher One ATM. A complete list of fees that could be incurred while using your OneAccount is located at <https://undpridecard.higheroneaccount.com/info/outfees.jsp>.

*****IMPORTANT***** When making a non-Higher One ATM withdrawal using your UND Pride Card, you will need to select "checking" as the withdrawal source.

If you open a OneAccount with Higher One (Easy Refund), you may use your UND Pride Card as Debit MasterCard®. The daily PIN-based transaction limit is \$500. So, if a student withdraws ATM cash **and** uses the card as debit, PIN-based, all of those transactions would be limited to \$500/day. To avoid a PIN-based transaction fee and to have the protection of the MasterCard Zero Liability Policy when making purchases, always remember to "Swipe and Sign." It's free, and to do so:

- Swipe your card
- Select credit (not debit)
- Sign

14. Where are the Higher One ATM's located and what are the hours of operation?

The Higher One ATM's are located in Wilkerson Hall, the Memorial Union, and the Parking Garage. The building hours of operation at each of these locations are:

Wilkerson Hall

- Summer Hours**
Sunday through Saturday, 8am to midnight
- Fall / Spring Hours**
24 hours a day / 7 days a week
- Holidays: CLOSED**

Memorial Union

- Summer Hours**
Monday - Friday, 7am to 5:30pm
Saturday and Sunday, Closed
- Fall/Spring Hours**
Monday - Thursday, 7am to midnight
Friday and Saturday, 7am to 9pm
Sunday, 11am to midnight
- Holidays: CLOSED**

Parking Garage

- Open 24 hours a day / 7 days a week

15. If I choose to open a OneAccount with Higher One (Easy Refund), will I receive monthly interest on my account balance?

No, Higher One does not pay monthly interest on your account balance. Instead, they do not require a minimum balance on the account and there are other features associated with the account that are free.

16. If I select my refund preference to be a OneAccount with Higher One (Easy Refund), can I transfer my refund to my existing bank account once the refund has been deposited to my OneAccount?

If it is your wish to have money deposited into your current bank account, you will want to choose ACH (direct deposit) to your existing bank account during the activation/registration process. It is not possible to ACH (direct deposit) money from your OneAccount with Higher One (Easy Refund) to another checking account. You may choose to send money to another account by using the wire transfer feature. There is a fee associated with this option. To learn more about the OneAccount, please visit www.UNDPrideCard.com.

17. Can I use my UND Pride Card as a Debit MasterCard® if I didn't open a OneAccount with Higher One (Easy Refund) as my refund preference?

No, your UND Pride Card will have no monetary value if you did not choose the OneAccount (Easy Refund) as your refund preference. The UND Pride Card can only be used as a debit MasterCard for purchases and cash withdrawals if you choose to open a OneAccount. You are responsible for ensuring that there are adequate funds

available in your OneAccount to cover your purchases and cash withdrawals. The daily PIN-based transaction limit is \$500. So, if a student withdraws ATM cash and uses the card as debit, PIN-based, all of those transactions would be limited to \$500/day. The daily purchasing limit using your UND Pride Card is \$2500 (Non PIN-based transactions). Please visit UNDPrideCard.com for more information.

18. I changed my refund preference from the OneAccount with Higher One (Easy Refund) to ACH (direct deposit) to my existing bank account, will the refund money that has already been deposited into my OneAccount be taken out and put into my existing bank account?

No, once the refund has been deposited into the refund preference that was in effect at the time the refund was issued, it does not automatically move to a different account if your refund preference is changed. The new refund preference selected will be effective for all future refunds issued.

19. What are the advantages of having my refunds deposited directly to a OneAccount with Higher One (Easy Refund)?

Depositing your refund to a OneAccount with Higher One (Easy Refund) is the quickest way to gain access to your money. To open a OneAccount, activate and choose Easy Refund. After your UND charges have been paid, excess financial aid or other refunds will be released by the University and directly deposited to your OneAccount.

The UND Pride Card is NOT A CREDIT CARD. It is a debit card. You may use the UND Pride Card to make purchases at all participating merchants that accept Debit MasterCard® including the bookstore on campus, access cash at an ATM, pay bills, and so much more.

Your family and friends can easily send you money online with the Send Money feature. There is a minimum transfer amount of \$25 per transaction when family or friends send you money. If you choose to transfer money from one of your existing bank accounts to your OneAccount with Higher One (Easy Refund), there is a minimum transfer amount of \$50 per transaction. You should review your existing bank's fee schedule to determine if your bank assesses fees for this type of transaction.

There is no charge to you for receiving your refund directly in your OneAccount and there is no monthly fee or minimum balance requirement.

20. How will I know when my financial aid or other refund has been directly deposited to my OneAccount with Higher One (Easy Refund)?

You will receive an email from Higher One when the refund has been direct deposited to your OneAccount (Easy Refund). You will also receive a status change alert when using ACH (direct deposit). Additionally, you will be able to view the details of your OneAccount by accessing your OneAccount statement on the website, or opt-in to receive a text message directly to your cell phone with Mobile Alerts.

21. Is there a replacement card fee?

Yes, if you lose your card, a replacement card fee will be charged for an Inactive or Active card. Also, if you need to make a name change on your card, you will be charged the replacement card fee for an active card. If you need a replacement card, you may do one of the following:

Log into UNDPrideCard.com and select Customer Service > Lost Card, then follow the procedure for ordering your new card

Contact UND Student Account Services Office for assistance

Once the replacement card is ordered, it will take approximately 5-7 days to receive the new card by mail. It will be mailed to the primary address provided to Higher One at the time you order the replacement card. Updating your address with Higher One does not update your address in People Soft (and vice-versa). Is Primary Address a field in HO? Yes - that is what the student would see when they go into undpridecard.com under their Profile.

The fee for the replacement card will be charged to your Campus Connection account the following month. Payment can be made using any of UND Student Account Services' accepted payment methods. Details can be found under [Payment Options](#).

Inactive and Active replacement card fees are as follows:

Inactive Replacement Card Fee: \$10

An inactive replacement card fee applies to UND Pride Cards that have not been activated - the student has not selected a refund preference.

Active Replacement Card Fee: \$20

An active replacement card fee applies to UND Pride Cards that have already been activated by the student when selecting a refund preference.

22. Can I use my UND Pride Card to pay online via Campus Connection?

Yes. If you choose the OneAccount with Higher One (Easy Refund) as your refund preference, you may make an online payment to your Campus Connection account using the OneAccount. We recommend using the E-Check method of payment using your OneAccount banking information. To obtain the banking information for your OneAccount:

Obtain the bank routing and account number from your free online statement on the UND Pride Card website. If you are having difficulties finding this information, contact Higher One Customer Service at 1-800-815-8274 for assistance.

After obtaining your OneAccount bank routing and account number, log into Campus Connection and pay online for FREE using the E-check method of payment.

Your UND Pride Card may also be used as a Debit MasterCard®. If you make an online payment to your Campus Connection account using any debit card, you will be assessed the 2.75% convenience fee (not Higher One specific). We recommend that you use the E-Check method of payment, mentioned above, to avoid these fees.

23. What is the Higher One Communication Box and where is it located?

The Higher One Communication Box is a locked box that can be used for submitting documents and deposits (**No Cash Deposits**) to Higher One. This would include the ACH (direct deposit) forms that are required to be submitted to Higher One. The Communication Box is located in the Memorial Union next to the Higher One ATM machine, near the Internet Cafe. Documents submitted in the Communication Box will be sent to Higher One two times per week via overnight courier. Items submitted Monday through Wednesday will be mailed to Higher One on Thursday. Items submitted Thursday through Sunday will be mailed to Higher One on Monday. If a holiday falls on these days, the following day will be considered a Pick Up day. **Do not submit cash!**

24. If I currently have my payroll transferred by ACH (direct deposit) to my existing bank account, does activating the UND Pride Card and selecting a refund preference affect my payroll direct deposit information?

No, your payroll direct deposit will not be affected. Selecting a refund preference with the UND Pride Card only applies to excess financial aid and other refunds on your Campus Connection account.

25. What if I determine that my UNDPride Card was mailed to a wrong address? Will it be forwarded to my new address if I had submitted a "mail forwarding request" with the Post Office?

No. UND Pride Cards will **not** be forwarded to a different address, even if a mail forward instruction was submitted at the post office. Instead, the cards will be returned to Higher One. If a replacement card is requested, the student will be charged a \$20 replacement fee.

26. If I have already selected to have my refund preference be ACH (direct deposit) to my existing bank account and need to have my next refund the same day, can I change my refund preference to a OneAccount with Higher One (Easy Refund) in order to get my refund quickly and then change it back to direct deposit to my existing bank account?

Yes, but only if the refund has not yet been processed by Higher One. If the refund has not yet been processed by Higher One, you may change your refund preference on UNDPrideCard.com. After receiving your refund into your OneAccount, you may either leave your refund preference as OneAccount with Higher One (Easy Refund) or change it back to ACH (direct deposit) to your existing account. If you then choose to change your refund preference back to the same bank account that was previously indicated, you will **not** need to submit another ACH form.

27. If I have decided not to select a refund preference and wait for a paper check, is it possible to request that Higher One discontinue contacting me by phone to remind me to select a refund preference?

Students can contact Higher One Customer Service, 1-800-815-8274, to request that their phone number be removed. They can also contact UND Student Account Services for assistance in removing their phone number with Higher One.

Students that have made a refund selection may also manually update their information or remove their phone number by logging in to the site UND PrideCard.com

28. Can I close my OneAccount with Higher One (Easy Refund)?

Yes, you can close your OneAccount with Higher One (Easy Refund), but a zero balance is required. Accounts with negative or positive balances cannot be closed. For additional information on how to close your account and various methods for bringing your balance to zero, please refer to the UND PrideCard.com.

https://undpridecard.higheroneaccount.com/easyhelp/pta?basepage=std_alp.php&type=public

29. Is my U-card the same as my UND Pride Card?

No, your U-card is your official UND Identification card. The UND Pride Card is used for selecting your refund preference. You will need to maintain 2 different cards during your time at UND.

30. What kind of effects can a Higher One OneAccount have on a student's credit score?

No effects, as the UND Pride Card is NOT a credit card. Credit report inquiries are not initiated when the student selects their preference for receiving their refunds.

If after opening a OneAccount with Higher One (Easy Refund) and the student's OneAccount is in a negative balance for an extended period of time, similar to other banking relationships, the student's credit report will be affected. Higher One understands that this occasionally happens and actively works with students in this situation to reach an acceptable outcome.

Terms and Conditions

31. Is UND in compliance with FERPA regulations while transferring information to Higher One?

Yes. The University must not release FERPA information without written consent by the student and the student may restrict directory information; however, there are exceptions to this rule. School officials who have a legitimate need to know need not seek consent. Higher One is exempt from the written consent rule because it is a school official performing a business function on behalf of the University. In other words pursuant to FERPA, even if you block directory information, the University would be able to share information with Higher One.

32. Does Higher One sell UND students' personal information to credit card soliciting companies?

Higher One does not offer instruments of credit nor do we have partnerships with anyone who does. Rest assured that Higher One will never sell or share information with a company or entity that is not affiliated with Higher One. Cardholders can control how Higher One contacts them through the notifications page at UND PrideCard.com. Cardholders can logon and from the main menu bar select "Profile" then "Notifications." Higher One may, if necessary, share contact information such as name, address, phone number and email address with the University.

To view Higher One's privacy policy, please visit:

<https://undpridecard.higheroneaccount.com/info/outprivacypolicy.jsp>

33. Who is Higher One?

Higher One is a financial services company dedicated to serving higher education institutions and their students, faculty, staff, and alumni. Higher One believes in creating customized products to meet the needs of these customers. Higher One is led by a group of executives who have many years of experience in banking, higher education, and technology. [Learn more about Higher One.](#)

34. Why did UND contract with Higher One to issue excess financial aid and other refunds?

The University of North Dakota was interested in expanding electronic funds disbursements in order to provide students a faster way to receive their excess financial aid and other refunds. In addition, UND was also interested in streamlining the refund process, which had been labor intensive, costly, and inefficient. By streamlining the process, Student Account Services staff will be able to spend their time providing quality customer service to our students.

Since there are students that are unable to obtain a bank account, UND needed a vendor that could provide those students an account to receive their refunds electronically.

In addition, UND did not want to encourage the use of credit cards. Higher One offered those students selecting the OneAccount with Higher One (Easy Refund) a Debit Mastercard®, not a credit card.

Higher One's clear focus on higher education, experience with other schools and their expertise in navigating the changing regulations governing the disbursement of financial aid were some of the reasons Higher One was selected.

35. Was Student Government involved in the review process for Higher One?

Yes, Higher One representatives visited with student groups and administrative offices to provide information and seek input from students and UND departments on the services they offer. The Student Government meeting was held on January 31, 2008 at 3:30pm and the Association of Residence Halls meeting was held on January 31, 2008, at 5:00pm. After the meetings, feedback was requested from these groups.

36. What does Higher One do with a student's private information after that student graduates? (If they chose ACH, what does Higher One do with that info when they are no longer students, if they have a OneAccount, when does the OneAccount automatically close?)

In accordance with NACHA rules and regulations, Higher One keeps student ACH information on file for five years. At that time the information is destroyed.

The OneAccount is a fully-functioning, FDIC Insured checking account. Therefore, it will stay open as long as the student uses and maintains it, regardless of their enrollment at UND. However, if the OneAccount is not used or maintained, it will automatically close after meeting various criteria such as being at a zero balance, no activity for 45 days on accounts two years or older, and the account is in good standing.

37. What % of Higher One clients pay for the full expense of replacement cards and how many pass it along to the students?

Higher One clients (colleges and institutions) set up their programs based on their specific needs. Higher One assesses a fee for all replacement cards. Higher One does not track their client's decisions regarding replacement card fees; however, Higher One identifies three options institutions are utilizing:

- *Institutions assess a fee to the student that is greater than the fee for the replacement card assessed by Higher One. UND does not mark-up the replacement card fee.
- *Institutions charge the student for the replacement card fee. This is the option UND has selected to minimize discarding of the card.
- *Institutions absorb the replacement card fee.

38. Are any of the Higher One Banking fees negotiable?

The Higher One fee schedule is the same for all Higher One customers and clients. Higher One continually monitors the market to ensure any banking fees associated with the OneAccount are competitive. A listing of those fees is available at undpridecard.higheroneaccount.com/info/outfees.jsp.

Higher One understands that each student is different and will work with students on a case-by-case basis regarding incurred fees.

39. What is the student liaison and what does he/she do?

The student liaison is a Higher One employee who works closely with student groups and student leaders at each of the campuses Higher One serves to increase education and awareness of the card program and students' choices; as well as promote financial literacy and education, answer questions and take feedback about Higher

One and the program.

40. How many students were refunded through the OneAccount and how many students were refunded via ACH?

In the last year, refunds went to 7,917 OneAccounts; and 11,196 refunds were processed as ACH to the student's existing bank account.

41. How many bids came to the University of North Dakota during the RFI and RFP process?

At the direction of the Vice President for Finance and Operations (VPFO), a group of Finance and Operations staff began meeting in November 2006 with various financial institutions to explore a banking relationship (RFI or Request for Information). The group interviewed five vendors. The purpose of the interviews was to gather information.

The VPFO made a decision to appoint a smaller group to prepare a request for proposal (RFP) for a sponsored banking relationship. The group was also charged with the evaluation of the RFP responses and to make a recommendation to the VPFO. UND mailed RFP's to 47 vendors, 8 vendors responded with proposals.

Of the 8 vendors, the committee selected to bring 3 vendors on campus for presentations. Higher One was one of the three vendors. Of the 8 responding vendors, none offered a product similar to Higher One.

42. Why aren't all transactions that may cause an overdraft of a student's OneAccount automatically denied at the retailers point of sale?(like a prepaid debit card)

If a transaction is presented to Higher One and there is not enough money in the account, Higher One will reject the transaction. In addition, Higher One will not permit customers to overdraw their OneAccount at an ATM. If there is not enough money for the transaction, it will be declined. Further, if an ATM fee overdraws the customer's account, Higher One will automatically refund any overdraft charge.

Whenever possible, all point of sale transactions presented to Higher One at the time of sale are declined that would cause an account to be overdrawn. Unfortunately not all merchants have the capacity to verify account balances (present the transaction to Higher One) prior to the sale. When a merchant does not verify the balance prior to the sale, Higher One has no knowledge of the transaction. The accountholder can then go to another merchant, make purchases and, as such, overdraw their account. For this reason, it is very important for students to keep track of their account balance. This is no exception to other financial institutions.

Higher One offers online account access 24/7, mobile alerts and budgeting tools to help students manage their money responsibly and avoid overspending.

43. What if I have additional questions?

View an activation demo and get answers to other questions online by visiting UNDPrideCard.com/easyhelp, or contact the UND Student Account Services Office at 701-777-3911 or via email at und.studentaccounts@email.und.edu.