

Discussion on Colonel 1 I.D. Cards
Faculty Senate - 02-04-08

SENATOR NOBLITT

I'd like to ask a question on the Colonel 1 ID cards which was included in the chair's report.

SENATOR EAKIN

Debbie Newsom from Financial Affairs is here and can comment on that.

DEBBIE NEWSOM

I didn't hear the question, but I'm assuming it was asking for clarification on the Colonel 1 card?

SENATOR NOBLITT

Yes and what the program is?

DEBBIE NEWSOM

I'll try not to go into too many details, but certainly if you have questions jump in. Essentially we've had a work group working together for about a year in terms of looking at a better way to process student refunds. Currently, let me explain what student refunds are, that may sound like an obvious thing. But essentially if a student gets a tuition bill and so on, if it is over paid for any reason and that includes once financial aid is applied to it, in many situations it creates a credit. A further example would be if you have a student who is living off campus but has a stafford loan that they take out to actually pay for their living expenses, it's very common for those students to have credit created on their account. We process approximately 40,000 refunds a year. Back to your question, we were looking for a better way to number one, be more efficient but overall to better serve the students. U of L is doing this, we've looked at it, we are partnering with a group called Higher One who specializes in this sort of thing. But what it does essentially, we will be re-issuing this spring new I.D. Cards. They will, you may know our current I.D. Cards, the Colonel 1 cards obviously can be used for all the normal I.D. purposes as well as can be used in dining services and the library and so on. This card will do exactly the same thing except it will give the students the opportunity to have their refund "loaded" onto a debit card. That is to say, they actually have three choices. They can have a check cut and statistically we understand that maybe twelve to fifty percent of them will choose that. They can have it direct deposited to their bank account or create a bank account with Higher One. So they can have a check cut, have it direct deposited, or have it electronically loaded onto this I.D. Card. It does have a MasterCard logo on it because it is a debit card. Now some of the reaction we've gotten is gee doesn't that sort of give students this 'wow I have this credit card in my hand' sort of thing. I think, if we think realistically, there is really little difference other than convenience in handing a student a check versus actually giving them the reimbursement via a debit card. I think in working with the students, you all know that students in this day and age are very savvy in terms of the electronic way of things. I can only speak for my own 23 year old son who hasn't seen his checkbook in probably a year now because he's an electronic kind of

DEBBIE NEWSOM (continued)

person. He understands a debit card, he understands a credit card, he understands what that means and in today's world that seems to be what the students want. Again, we are not giving them any thing that we are not giving them currently, except just a more convenient way rather than having to come over to Accounts Payable, be processed, be mailed, go through the whole routine, they have to take it to the bank. It's actually going to be electronically loaded on or it will be direct deposited into their account or, if they choose to get a check they can. Let me take it one other step, in order to be able to do this, we are going to actually re-I.D. the whole campus this spring. So everyone will be getting new I.D. Cards. Now we are in the process of rolling this out. We would like to have a faculty representative to serve on this work group to make sure this is rolled out appropriately. For faculty and staff it means nothing different other than you will get a new I.D. Card. You can choose to have your current picture on it, or have a new picture taken. But essentially no action is required on the part of faculty and staff.

SENATOR NOBLITT

Can students go in debt with this card?

DEBBIE NEWSOM

No, it is a debit card. When they run out of money, it is gone. So I guess in one sense of the way it's, I suppose they could write a cold check if they chose to and it would bounce, but if there is \$2500 in refund on this card, that is all they get. Once it's gone, it's gone.

SENATOR SHASBY

Will the new faculty I.D. Card also have the MasterCard logo on it?

DEBBIE NEWSOM

It will because they all have to be uniform. There is a, if faculty and staff choose to load money on it and use it as a debit card, that is fine too. We are not promoting that at all. Again, it will be just an I.D. Card like the student's card. And, I will be honest with you, that was one of the major hesitations we had with this card. We have been discussing that for a year, but we think it is not only a much better service to the students, we are constantly reminded that we need to be more efficient on the administrative side. I think you can imagine that by moving in this direction and eliminating the processing and mailing of 40,000 checks, as well as the initiative that we have recently done with the direct deposit all total, if we looked at that, the fact that we've eliminated all those checks, we have saved processing about 100,000 checks a year as well as the mailing and plus just the hassle of just having to go to the bank and so on.

SENATOR MILDE

If a student gets a refund on that card can he or she goes to the bank and put it in their checking account once they put it on the card?

DEBBIE NEWSOM

No, and again they could do that but they also have the option, if they choose, to have it direct deposited to their account rather than having it loaded on this card.

SENATOR WINSLOW

What is the relationship between ECU and Higher One?

DEBBIE NEWSOM

There is a situation, it's a rather small group that specializes in this sort of thing. U.S. Bank happens to be another one. We went out on an RFP on this and reviewed either three or four providers for this. There was no cost to the University for this.

SENATOR WINSLOW

I know the law says that ECU has to give out the name and address of all its students and faculty to anyone who requests it with a credit card company. Is Higher One getting access to that list in a special way without the processing fee for any reason?

DEBBIE NEWSOM

No. The question I sometimes get is OK how are they making their money? Are they just being generous? The answer truly relates to the float, although the float isn't nearly as cool as it used to be. For instance today if we issued a half million dollars in student refunds, students might not expend that money for the whole semester or throughout the whole semester so therefore Higher One, we would give them the \$500,000 today, so they actually have that money and that is really where they make their money. And, they're doing this at U of L right now.

SENATOR SHAFFER

How is this affecting the students at Model Laboratory? Are they going to be issued new cards as well this spring? Or, are they going to wait for the new school year?

DEBBIE NEWSOM

That is a very good question and I don't have the answer to that one, but I will follow up. That is an excellent question. We will not allow the Model students to use it as a debit card.

SENATOR RAINEY

If we're getting the cards with the MasterCard logo, does this mean that if someone steals our card they can try to go and use it, or can they use it as a debit card against us somehow? Does this make our cards more vulnerable somehow?

DEBBIE NEWSOM

No. Not any more than anything else. For example, I have no intention of using mine as a debit card so there will be nothing out there to spend. So therefore if they pick up my card, first of all it's going to have my picture on it, and secondly if they go to WalMart or somewhere to use it, there's nothing on it. So unless, and of course with a debit card you have to have a pin number as well to be able to use that.

SENATOR HOUSTON

I assume that students have to go and set up an account with Higher One? I assume that faculty just will not, if they don't want to use it, just wouldn't set up an account. But what you just said sort of put that into question for me. I assume we are going to have no account with Higher One if we so choose not to?

DEBBIE NEWSOM

Yes that is correct again. It's my understanding with faculty and staff if you just want the good ol' I.D. Card, you do nothing. If you want the same picture, you don't actually go in and set up an account with Higher One. We will coordinate that information with them. The students will have to though.

SENATOR HOUSTON

So again, I'm not 100% clear with your answer. Is it that everyone, would we have a \$0 balance with Higher One or we would have absolutely zero record with Higher One with our new MasterCard logo?

DEBBIE NEWSOM

I think that the answer would be a zero anything with them. Again we are coordinating with them to issue these I.D. Cards. The students will have the accounts with them. If faculty and staff choose to, they can have a debit account. But again that's not something we are promoting at all. Our intent in all of this is a focus on the students to give them a much more efficient way to get their refunds and to give them options there. As well as again to promote the administrative efficiencies. Faculty and staff should pretty much remain the same unless you choose to do something with Higher One. Again I think it will be pretty transparent.

SENATOR HUNTER

I appreciate the zeal to help students. My only concern is that if we are going to have an account with them, will this account show up on my credit history. And I ask that question after you said that we will have an account and since last year or the year before we had an issue with Blue Cross where lots of personal information was lost and faculty were placed at a disadvantage. If this opens me up to the opportunity, then I would like to say that I don't think I'm comfortable with that unless you tell me that that's not the case.

DEBBIE NEWSOM

That is not the case. Again, I'm trying to think of our current system, they will speak to each other. Again we are re-issuing new I.D. Cards for the whole campus so that you're able to load money on there for Aramark and meals and all of that stuff if you choose to--just like we're doing now. But this is not a situation where you will be at risk.

SENATOR HUNTER

But you just said that we will have an account with their MasterCard logo.

DEBBIE NEWSOM

You will have a card through our I.D. System.

SENATOR HUNTER

But you said we will have a MasterCard account, is that correct?

DEBBIE NEWSOM

No. It will have a MasterCard logo on it because again many students will choose to do that.

SENATOR JOHNSON

If our system talks to their system, will any of our faculty and/or staff private information, if we don't set up an account, such as social security number, things of that nature, go through them at all?

DEBBIE NEWSOM

No and we've made sure about that. I guess I know you'll have lots of questions. I know it's something different and if I were sitting there I would as well. I think probably the best approach is to have a representative from this group, if you choose to do so, actually sit in on that working group so that person can report back monthly, or whatever, more concisely and get these questions answered. Certainly I will take them back to the work group as well. I think there are some excellent questions.

SENATOR EAKIN

So some of you who are really concerned about this need to volunteer to be on that work group for us.

SENATOR KRISTOFIK

I was just wondering if that flow money doesn't earn them enough, will they come back to you and say we want to change the plan in some form or fashion, it's not paying us to do this. That's one thought. And then the other one is, right now you don't have faculty doing that, but could you anticipate, for example, putting money on a debit card for a faculty who wants to travel to a conference or something of that sort?

DEBBIE NEWSOM

You mean their personal funds or University funds?

SENATOR KRISTOFIK

University funds.

DEBBIE NEWSOM

Let me answer your first question. We have a contract in place that will not cause the first problem you indicated. In terms of the second question, that is quite an interesting question and I'm hopeful at this point, but as you all know currently we have expanded the use of the University Procard to include travel. So that might be a better alternative.

SENATOR CHAPMAN

If I get my card, if I shred that card, then that will end my association with Higher One.

DEBBIE NEWSOM

And your association with the University. That is going to be your I.D. Card, so you don't want to do that. It does get confusing. Again I would say it is a different prospective from the students versus the faculty and staff because it is your I.D. Card.

SENATOR REED

One of the classes I teach is white collar crime and we spend some time on credit cards. One of the remedials I chose has a professor of contract law cautioning that current set up. These companies typically can change that contract and send you a quick notice; and you've got two weeks to either terminate or not. So I just caution you. The hooks that have been allowed by the United State Supreme Court and our Congress will blow you away.

DEBBIE NEWSOM

I do want to emphasize that we have not taken any of this lightly. This discussion has been going on for more than a year and we have checked references very extensively on this particular company. I will say that in the interview process they were far and away the best one.

SENATOR EAKIN

Obviously this kind of feedback is necessary. It's raised questions with you and short of reading the contract detail by detail, line by line you'll probably not be satisfied. However, if you will continue to talk with Debbie, I'm sure she will be happy to answer any more questions. Thank you for your discussion. Those of you who are concerned, we really do need a volunteer to sit in on that work group.

SENATOR NOBLITT

I'll volunteer to serve on the work group.