Seamless Adoption of ED Regulations

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Higher One by the Numbers

• Founded in 2000 by three college students
• Focused on streamlining payments and refund disbursements on college campuses
• Serves 1,250+ campuses nationwide
  550+ use OneDisburse® Refund Management®
    – Disbursed $28.7B in refunds since inception
  400+ use CASHNet Payment Processing
  500+ use Campus Labs
• Approximately 10.5 million students are enrolled at schools that benefit from one or more of the services offered by Higher One
What is Negotiated Rulemaking?

- Brings together representatives of various interest groups and a federal agency to negotiate the text of a proposed rule

  - Who is included?
    - The regulated public
    - Community and public interest groups
    - Representatives from the federal agency

The goal is for the committee to reach consensus on the text of a proposed rule
Original Timeline...

- Initially this was the projected timeline:
  1. **April 29**- Announcement of Neg. Reg.
  2. **May 23, 2012**- ED hearing at South Mountain Community College, 7050 South 24th Street, Student Union Building, Room 100-ABC, Phoenix, AZ 85042.
  3. **May 31, 2012**- Higher One presenting comments at the Department’s Offices in DC
  4. **Early to Mid June**- announcement of nominating period (likely)
  5. **Early to Mid July**- announcement of neg. reg. committee (likely)
  6. **Early September**- committee convenes, agenda established, rulemaking begins
  7. **October through December**- public comment and evaluation on the proposed rules
  8. **Sometime in January**- final rules published

- The committee has not been selected yet, so we are still on step 4
Dear Colleague Letters (DCL)

- ED issues DCLs to alert institutions of issues and provide guidance
- Two have been issued recently related to Federal Student Aid Programs:
  - **October 2011 DCL**
    - Guidance to address potential fraud in the Federal student aid programs
  - **April 2012 DCL**
    - General guidance to institutions that contract with third-party servicers to administer Title IV aid
What will they discuss?

- The two recent DCLs have provided insights into what will be discussed
  - Fraud Prevention and the use of EFTs
  - The use of debits cards and other banking mechanisms for disbursing FSA funds
  - Streamlining campus-based FSA programs
  - Students having a greater role in the decision making process for contracting with providers; particularly in view of costs and fees.
Will there be new rules?

• Most certainly, there always are...
  – But there won’t be surprises
  – We are already building features
  – Ear to the ground
  – Speaking on your behalf
What will Higher One do?

• Fraud prevention with Higher One
  – Feature rich solution
  – Initial Offering
    • Proprietary Analysis using:
      ➢ Full Data Base Audit
      ➢ Collective Database Comparison
        • Crowd Sourcing technology
  – Utilize Campus Labs
We’ve been there before...

- In 2007 ED held a Negotiated Rulemaking session that lead to rule changes related to refund disbursements
  - We helped craft the changes
  - We anticipated new rules
  - Helped our clients and the industry realize greater efficiencies
Rule changes & clarifications in 2007

• There were many changes, however these were most notable...
  – Institutions can opt to disburse refunds through only electronic means
  – The “21 Day Rule”
  – Check for pick-up
  – An offering CAN include an new account as an option
How we adapted and improved...

- Institutions can opt to disburse refunds through ETFs only
  - Option A or Option B
- The “21 Day Rule”
  - UFO Checks
- Check for pick-up
  - Instant Issue Checks
- An offering CAN include an new account as an option
A Case Study: Hillsborough Community College

- Established 1968
- 5 Main Campuses; 2 Centers
- Serves 48,000 students annually (FTE: 23,000)
- 5th largest of Florida’s Community College System (28 schools)
- Annual Operating Budget: In excess of $110 million
- Financial Aid issued: In excess of $75 million
Challenges Facing the College

- Increased enrollment
- Decreased funding
- Budget constraints
- Hiring freeze
- Need to become more progressive in utilizing technology
- Need to re-engineer business processes
- Students expect convenience when doing business with College
Goals for College

• Provide exceptional service to our students
• Implement effective and efficient business operations
• Avoid reduction in force
• Speed up delivery of financial aid refund disbursements
• Make the College more customer service oriented
Process for Student Refunds

• Paper checks produced weekly throughout each semester
  • In excess of 50,000 checks per year

• Checks mailed to students
Problems with Student Refund Process

• Labor intensive
• Costly process (equipment, check stock, toner, postage, etc.)
• Unclaimed refund checks
• Stop payments; replacement checks
• Delay in availability of funds for students to purchase books
• Weather challenges
• Department became “refund factory”
Solution to Refund Disbursement Problem

- Partnered with Higher One in 2005
- First of the 28 community colleges in the Florida system to offer this service to our students
- Other schools followed after observing our success!
Implementation Process

- Continuous guidance from Higher One Project Manager
- Created two committees:
  - Refund Committee
  - Marketing Committee
- Involved Administrators, Staff, and Students
- Weekly Conference Calls with Project Manager
- Higher One prepared Agendas and Minutes
Electronic Refund Process

- File sent to Higher One
- Student ID’s and amount of disbursement
- Wire transfer of funds
- Students notified funds available
Benefits to Students

• Receive funds in a fast, efficient, and secure manner
• Provides choice re: delivery of funds
  • Direct deposit to any bank
  • Higher One OneAccount: checking account/debit card
  • Paper Check (Eliminated after 2008 ED Rule Change)
• Purchase books and cover expenses in timely manner
Benefits to Students cont...

- Eliminates inconvenience of receiving and cashing checks
- Students previously without a checking account can now avoid check cashing fees
- Parents can send funds to student’s OneAccount
- Students are familiar with use of debit card
- Improved customer service
Benefits to College

• Cost effective and efficient electronic processing
• Contributes to providing exceptional service to our students
• Enhanced communication to students
• Higher One collects and maintains sensitive banking data
• Eliminates concern of meeting federal deadlines due to acts of nature
• Finance Dept. staff members now available to focus on other projects
Final Thoughts

• Throughout my financial management career spanning 38 years (banking; manufacturing; distribution; higher education), the implementation of

  Higher One’s OneDisburse Refund Management Program is the most efficient, customer oriented financial product and process I encountered

• REGRETS?? “Why didn’t we do this sooner?”
Thanks for attending!