

Student Development Committee
March 11, 2010
Rock Creek Campus, Building 5, Room 136
2:30pm – 4:00pm
Meeting Minutes Submitted by Stephen Arthur

Attendance: Stephen Arthur, Cami Bishop, Laurie Chadwick, Wendy Connelly, May Donohue, Doreen Hanna, Heather Lang, Carey Larson, Hal Lee, Sharon Morgan, April Nording, Wendy Palmer, Erin Petrequin, Bonnie Skolfield

Guest: Michele Cruse, Manager of Accounts Receivable

1.0 Approval of Agenda and Meeting Minutes

Agenda: The agenda for the March 11th meeting was reviewed and approved by the committee.

Minutes: The meeting minutes from the February 11th meeting were reviewed and approved by the committee.

2.0 Updates

2.1 Educational Advisory Council (EAC) update – Cami

* There is some discussion and preliminary research happening at the state level on costs of converting from terms to a semester system. This is in the very early stages and we will be updated regularly. There would be advantages for advising in that they would have 3 instead of 4 crunch times. Students might save money on texts, although some of the texts used now are for 3 terms and a longer term may require more texts. One institution reported a very large start up cost, so with the current economy, this may not be the best time. Students at Sylvania's Senate liked the idea because it put them more in line with institutions they might transfer to outside of Oregon.

* The bylaw changes will be reviewed by the EAC leaders on March 15. A question was raised about why the EAC would need to approve our bylaws.

* Fall registration will happen on June 25. Concern was expressed about how this was being publicized, since most SDC members had not received anything formal yet.

2.2 Deans – Heather will report on the Academic Standards and Progress at the April 8 meeting.

2.3 Bursar Update – Doreen - Michele Cruse, the district manager of accounts payable in the Bursar's office, is here to report on a proposed convenience fee for students using a credit card to pay tuition. (4.1 for full report)

2.4 Library Update – Erin – The “Friends of the Library” is trying to raise \$25,000 for scholarships, and currently has \$14,500.

The library is also trying to promote new Sunday hours at Sylvania.

The Reverend Jackson Reading Room was dedicated at Cascade Library last month. All of the reverend's papers and letters are on display in the Reading Room. Currently the library is looking for volunteers to create digital backups for the materials.

The submission deadline for the "Friends of the Library" Scholarship contest is April 3rd, with the winners will be announced during Art Week in May.

2.5 Update on Veteran's Program Session from ACUI – Postponed until next SDC meeting.

2.6 Facebook Alert Possibilities (What you need to know) – Carey – Marketing and the Web Team have been contacted and are collecting resources. The key issue now is to decide how the SDC wants to move forward. Does the committee want to work as a group and collaborate with the marketing team, or does the committee want to assign a small number of people to work on this and report back?

Next Steps: The committee decided to appoint a small group to work with the marketing and web teams. It was also decided that this group should include students.

2.7 District Student Council (DSC) – Bonnie – The DSC discussed the results from the "Election vs. Selection" forums that were held on each campus. Although there was a small majority of students that preferred the idea of elections, the overall turnout for the forums was small. So the DSC decided not to pursue the issue.

The DSC has created subcommittees to look into the following topics: Outreach, Child-care, Transportation, Sustainability and the Dream Act. Each of these of these committees will have members from each of the four campuses.

3.0 Discussion Items

3.1 Textbook Update and Return Policy – Tsionah Novick will report on this at the next SDC meeting.

3.2 Student Election Discussion – Bonnie – Information about the "Election vs. Selection" forums was previously covered in update 2.7.

3.3 Grade Change Policy – Bonnie – An issue arose when a student enrolled in a course as an audit and was also mistakenly enrolled in the same course for a grade. When the student attempted to withdraw from the graded course, the audit course was removed instead and the student was left enrolled in the graded course. This appears to be a systems error since the new grading policy has been enacted in Winter term, and should be correctable. Heather said that Rebecca Mathern is the person to appeal the decision to. Heather said she was meeting with Rebecca the next day so she would bring it up with her.

4.0 Other Business

4.1 Proposed Convenience Fee – Michele – Currently, \$44 million is paid to the college via credit cards. This costs the college \$514,000 in processing fees. This demonstrates that credit cards are the preferred method of payment for college, with 67% of tuition payments being made by credit card, and an increase in this trend will also increase the college's overall administrative costs.

The Bursar's Office has been conducting a feasibility study into charging a 2.65% convenience fee for all tuition payments made by credit card. No revenue would be created by this fee; all of the money generated would go to covering costs incurred by the college for processing credit card payments.

Currently, the college accepts Visa and Mastercard. If the college implements the convenience fee, then it will no longer be able to accept Visa. However, the college will be able to accept payment via Mastercard, American Express and Discover.

This recommendation for a convenience fee follows a number of other schools in the Pacific Northwest region that currently charge a percentage fee, or a flat fee, for using credit cards to pay tuition. Other institutions that have created convenience fees for credit cards show that credit card usage goes down once a fee is implemented, and that the use of electronic checks increases.

In a sense, we are trying to discourage credit card use and encourage using real money in a student's checking account. This is beneficial to the institution by saving money in processing fees. The fee could also benefit students because it will encourage them not to carry a high balance on a credit card with a high interest rate, and the estimated \$514,000 in savings could be used to enhance student services or given to the foundation for scholarships.

It is also important to note that this change will not affect most students on financial aid, and that there are other options available to students to avoid paying the fee. In order to avoid the fee, students can provide a checking account number and a routing number to pay by electronic check. PCC Pay goes through Bank of America, and is another option to avoid the fee. There is also the 50/50 payment plan, where students pay half of their tuition upfront and the other half becomes due later in the term without interest applied. Unfortunately, the 50/50 payment plan appears to be underutilized. It is not certain if this is because students are unaware of the plan, do not understand the plan or feel the plan will not work for them.

Key Questions

- When will the convenience fee be proposed to the Board for a vote?
- How will we collect student input about the proposed convenience fee before it goes to the Board?
- Will payment with Debit Card avoid the convenience fee?
- Will the college still be able to accept payments from Debit Cards with the Visa logo?

Committee Suggestions

- Collect student input about the convenience fee as soon as possible (perhaps a pop-up window on MyPCC)

Attachment: Convenience Fee Proposal

Executive Summary: In response to cabinet discussions on cost containment, the bursar's office was asked to investigate the feasibility of implementing a convenience fee on credit card payments made to student accounts.

A 2.65% convenience fee would be assessed on all credit card payments posted to the student account received by the business office or through the College's existing payment gateway, PCC-Pay. There would be no fee on payments made to other college operations, such as the bookstore, food services and parking. *No revenue will be generated as a result of this program.*

The student cost varies according to the actual amount paid. For example, the fee for a student who used a credit card to pay for 12 credits plus parking would be just under \$27 based on current tuition rates. If current payment amounts are any indication, however, most students will pay a lower fee as the average transaction is below \$300, which translates to a fee of \$8 or less. The fee will be clearly disclosed and students will have the choice to accept the fee or chose another payment option.

An important student service consideration, however, is that this type of convenience fee violates the terms of Visa's Operating Regulations and the College would no longer be able to accept Visa cards as a form of payment. It is understood there will be an element of student dissatisfaction. The College will continue to

accept Mastercard and is actively investigating expansion of payment options to include American Express and Discover cards.

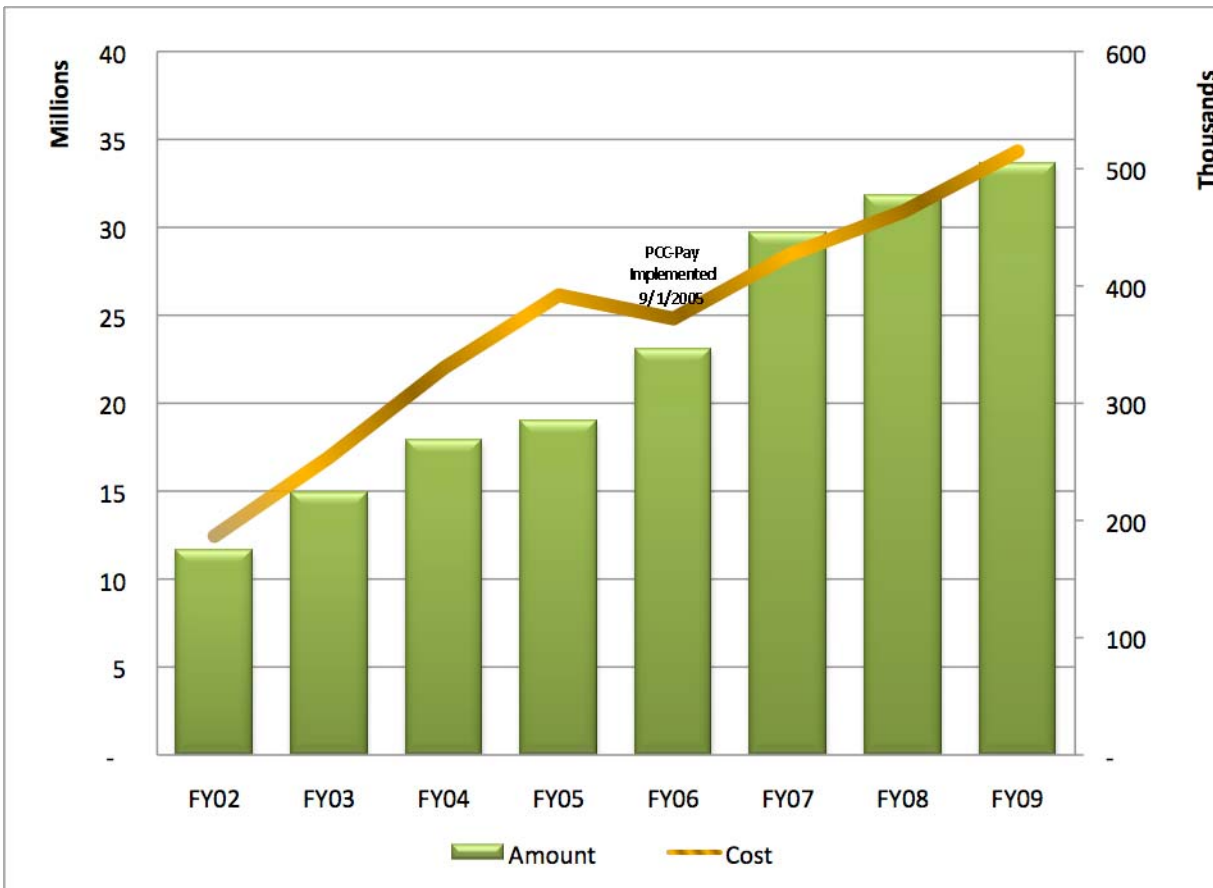
The plan is to implement the convenience fee effective Fall term 2010. Dee Wilson has been assigned as project lead and is forming three teams to handle the implementation and communication plans. A Business Process team will include representatives from accounting, registration and the business office. The Implementation team will include TSS and bursary staff and representatives from the product development team at NelNET. The Communications team will include managers and staff in enrollment services, the bursar's office and student services, including at least one student representative.

Background: In FY 09, the College received \$40 million in credit card payments at a processing cost of \$514K. Student payments represented approximately 82% of the total dollar amount of all credit card payments accepted, with auxiliary services accounting for most of the remaining balance. An average of 126K transactions were received via PCC-Pay over the last three years, 96% of which were by credit card. It is clear that without a pricing differential, PCC students will continue to select credit cards as their preferred method of payment.

Prior to implementing PCC-Pay, the college processed just over \$19 million in tuition payments by credit card. By the end of FY09, the amount nearly doubled to more than \$34 million. During this same period payments by check, which previously accounted for about 60% of direct student payments, continued to decline. Today credit cards account for approximately 67% of all direct student payments received.

As Table 1 (below) illustrates, the College has had some success in slowing the pace of fee increases. However, unless the College takes measures to curtail the use of credit cards, processing costs will continue to escalate as tuition rates rise and student continue to favor credit cards over lower cost payment options.

Graph 1: Credit card processing costs associated with student account payments



CONVENIENCE FEE OPTIONS

Each credit card company set the terms and conditions for credit card acceptance. While all allow government and higher education clients to charge a convenience fee, the method is tightly regulated by the card company agreement, with Visa being the most restrictive.

The College will be contracting with our existing e-commerce vendor to process its credit cards at a pre-determined rate which is passed through to the student as a convenience fee. The transaction is handled by the vendor's merchant processor. Upon accessing the payment site, a message is displayed advising the student that the college no longer accepts credit cards for tuition payments, but as a convenience, it has contracted with secure payment processor to offer the service for a fee. A fee disclosure screen displays and if accepted, the student is directed to a credit card payment page. No fee is posted to the student account. The student's credit card statement reflects two transactions – the tuition payment made to the College, and a transaction fee payable to the vendor, thus providing a clear distinction between the two.

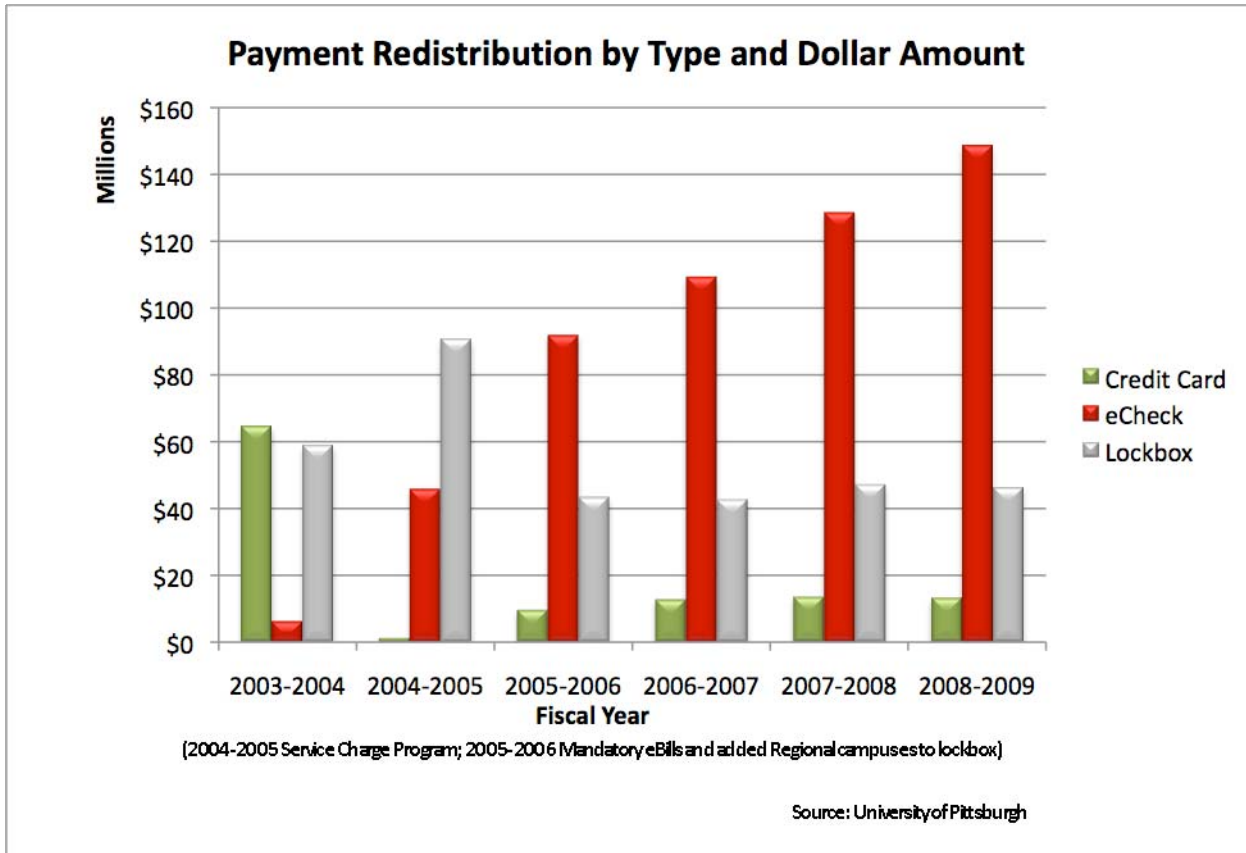
CONVENIENCE FEE TRENDS

Due to cost sensitivity, community colleges have been reluctant to directly transfer the cost of credit card processing to students via convenience fees. However, it becoming more common practice on the community college level to charge convenience fees for payment plans when contracting with an outside plan provider. There are certain pockets where fees are more likely to be charged, such as community colleges affiliated with university systems and various states.

The national trend colleges who accept credit cards, and many of them do not, is to charge a percentage based convenience fee as described above in Option 1. Most colleges and universities in the Northwest also charge a percentage based fee, including U of O, OIT, WSU, WOU, Reed, and Lewis & Clark. OSU was the only one located that charges a flat fee of \$35. Rates vary, but the most common percentage charged is 2.75%. PCC negotiated a rate with its vendor of 2.65%.

Beth Stack, Director of Student Financial Services, at the University of Pittsburgh shared the following graph which shows the redistribution of payments following the implementation of a convenience fees. This data supports information received from a variety of sources including e-commerce vendors, banks and colleagues.

Graph 2: University of Pittsburgh experience with change of payment patterns upon implementation of a convenience fee



RECOMMENDATION – To implement a 2.65% convenience fee and to add American Express and/or Discover as additional payment options.

Some of the key benefits that make this option as described above the best choice for PCC include:

- **Students have the choice to pay or avoid the fee.** Clear disclosures will display on the payment screen advising students of the fee. The bursar’s office will work with the College’s marketing team to ensure students receive ample notification of the change.
- **Reduces student dependence on credit.** As illustrated in Graph 2 there is a clear shift in payment patterns away from credit card usage upon implementation of a convenience fee. There is clear

evidence that when confronted with a large convenience fee students will chose free e-check payments over credit cards.

- **Appropriate fee distribution.** Credit card processing costs reduce the tuition dollars available for programs and services for all students, regardless of whether or not they use a credit card for tuition payments. Therefore, it is appropriate that those who continue to use credit cards should bear the cost of usage.
- Appendix A – Card Company Regulations on Convenience Fees