August 15, 2012

Dear Colleague:

I am writing to make you aware of a letter we received July 12 from Sen. Richard Durbin (D-IL) and six other senators expressing interest in working with the higher education community to address concerns raised in a recent report from the U.S. Public Interest Research Group (PIRG), *The Campus Debit Card Trap*.

The PIRG report is highly critical of business arrangements between financial institutions and colleges and universities to produce student IDs that may also function as debit or prepaid cards and used to disburse financial aid. The report acknowledges that a well-structured debit card program can provide benefits, but it claims these arrangements may also subject students to high fees, which can consume the resources they need for education expenses.

Responding to the report, the senators outline four areas of concern they would like institutions to address:

- Promote transparency of these partnerships by publically disclosing the contracts with financial institutions to their campus communities;
- Negotiate the terms of these arrangements so that students are not charged unreasonable and inappropriate fees for actions such as debit swipes, ATM balance inquiries, inactivity and overdrafts;
- Take steps to ensure that bank fees are not deducted from disbursed federal financial aid; and
- Structure these partnerships to protect student privacy, in particular, negotiating a ban on the use of student data for commercial purposes unless explicit consent is given.

The senators also indicated they would like campuses to inform them about best practices being employed to protect students from exploitation.

Last week, one of the largest campus debit card providers agreed to refund approximately $11 million to students for fee overcharges and other debit card-related practices. And while there are a number of flaws in the PIRG report, we are taking steps to gain a fuller and more balanced understanding of the use of debit cards on campus. We also are working with other major higher education associations on this issue, including the National Association of College and University
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Business Officers, which currently is surveying its members about these partnerships in order to provide a more comprehensive picture of the landscape.

We have been and will continue to discuss these concerns with the senators and other members of Congress. We believe you share our collective goal of ensuring that all institutions follow fair and sound practices and that your students’ interests are protected. We will make you aware of any significant developments on this matter.

Sincerely,

Molly Corbett Broad
President

MCB/mjm

On behalf of:

American Association of Community Colleges
American Association of State Colleges and Universities
American Council on Education
Association of American Universities
Association of Public and Land-grant Universities
National Association of College and University Business Officers
National Association of Independent Colleges and Universities