School defends use of firm's debit cards for students

By Chris Vetter and Julian Emerson

MENOMONIE — UW-Stout officials are pleased with the services offered by a company that issued debit cards to university students and plan to continue their agreement with Higher One despite a scathing new report that states the company hits students with many hidden fees.

A report released Wednesday by the U.S. Public Interest Research Group Higher Education Fund was critical of Higher One, saying the company charges students $50 if an account is overdrawn, $10 per month if the student stops using his or her account for six months, and 50 cents if a student uses a PIN, instead of a signature system, at a retail store.

The research group contends that Higher One is adding to the mountain of debt students are compiling on their way to earning a degree. In return, colleges and universities receive sometimes significant payments from companies issuing students debit cards, the research group reports.

For instance, Ohio State University will receive $25 million plus other monetary benefits over 15 years as part of its contract with Huntington Bank, according to the report.

The report lists other financial institutions, such as Wells Fargo and US Bank, as having deals with universities steering students toward the services they offer.

Doug Mell, UW-Stout spokesman, said the company provided debit cards to all 9,356 students at the university this school year. While the primary use of the card is for handling financial aid, students use those cards for everything from checking out textbooks to making copies to gaining access to university buildings. The cards are the primary, official university identification card.

"Every (student) had these cards," Mell said. "Whether they used them for financial transactions is up to them. If we didn't contract with Higher One, we'd have to issue these cards ourselves."

Mell said 10 or fewer students complain about Higher One cards each year. Some of the complaints are about difficulties closing Higher One accounts.
UW-Stout started working with Higher One on Jan. 3, 2003, and the university renewed its contract in 2008, which calls for the company to pay the school for the service. In 2010-11, UW-Stout received $8,048 from Higher One, Mell said.

"It's very convenient for the students and it saves us an incalculable amount of time," he said. "We don't have to send out all these financial checks. They do that."

UW-Stout isn't alone among U.S. colleges and universities that offer students payment cards that carry fees and other costs, the report states, noting as many as 900 higher education institutions push students into using the payment cards.

Students at UW-Eau Claire use Blugold ID cards to access such services as the library and food service. The cards are issued as part of a deal between U.S. Bank and UW-Eau Claire.

"There are no added fees or costs for students unless they choose to exercise some options and engage in banking services with U.S. Bank," said David Gessner, assistant chancellor for budget and finance at the university.

Students are advised about how the cards work prior to their issuance, Gessner said.

"So I don't think any (students) would incur any fees without their knowledge," he said.

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