

United States Senate

WASHINGTON, DC 20510

July 12, 2012

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American Association of Community Colleges
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Washington, DC 20036

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American Association of State Colleges and
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American Council on Education
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Association of Public and Land Grant Universities
1307 New York Avenue, NW, Suite 400
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Dr. David L. Warren, President
National Association of Independent
Colleges and Universities
1025 Connecticut Ave, NW, Suite 700
Washington, DC 20036

Dear leaders of the higher education community:

The U.S. Public Interest Research Group Education Fund recently issued a troubling report entitled “The Campus Debit Card Trap,” which examined how financial institutions have been increasingly pushing debit and prepaid card programs on campus. The report highlighted a number of unreasonable fees and practices associated with some of these programs. We hope to work with the higher education community to take steps to ensure that these card programs are fair, transparent and reasonable. We ask for your assistance in this effort. Specifically, we ask that you urge your member institutions to address four areas of concern and to develop and share with us best practices to be implemented on their campuses.

First, to promote transparency in debit card contracts that educational institutions have with financial companies, we urge that such contracts be fully and clearly disclosed to the campus community so that students can be confident that the institution negotiated a fair deal on their behalf with respect to fees and terms and that there are no conflicts of interest in the arrangement. While some institutions already make these contracts publicly available, all institutions should do so and ideally should post the contracts on their website.

Second, all institutions should negotiate with financial companies to ensure that student fees are reasonable and that students are not charged inappropriate fees such as PIN debit usage fees, ATM balance inquiry fees, inactivity fees, and unreasonable overdraft fees. These types of fees are not necessary to operate a campus debit card program and serve as an obstacle to responsible student behavior.

Third, when a student's federal financial aid has been disbursed via a prepaid or checking account that the university has endorsed or assisted a student in setting up, it is troubling that a portion of that disbursement would then be taken from the student via fees. Such fees deviate from the principle that taxpayer-subsidized student aid dollars should be used to help students pay for the cost of attendance for their education, which does not include banking services. We urge the higher education community to seek to eliminate bank fees that are deducted from disbursed federal financial aid.

Finally, we are concerned that the agreements between educational institutions and financial companies may endanger students' privacy. Educational institutions that partner with financial companies and hand over students' personal and financial information should ensure that this information is not used by financial companies to market unrelated services or sold to third parties without students' affirmative, opt-in consent. Equally important, students' purchases with a campus debit card must not be used to track students' purchasing behavior or build marketing profiles of students without their knowledge and consent.

While well-operated campus debit and prepaid card programs can provide efficiencies and benefits for institutions and their students, the U.S. PIRG report has highlighted how some programs have served more to the benefit of banks than to the maximum benefit of students. We urge you to contact your member institutions that partner with financial companies and work with them to ensure that campus debit and prepaid card programs operate efficiently, transparently and fairly.

Thank you for your consideration of this request.

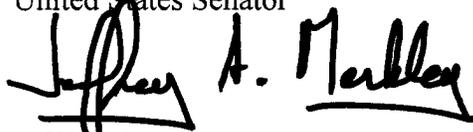
Sincerely,



Richard J. Durbin
United States Senator



Robert Menendez
United States Senator



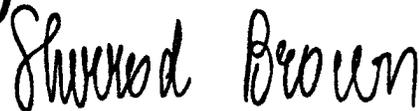
Jeff Merkley
United States Senator



Barbara Boxer
United States Senator



Jack Reed
United States Senator



Sherrod Brown
United States Senator



Richard Blumenthal
United States Senator