

# A Better Approach to Student Refunds

Implementing a refunds disbursement model that is beneficial for both students and the institution



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Students today want more options when it comes to their refunds, and institutions are looking for disbursement methods that limit students' exposure to fees. In addition, the increased scrutiny and mounting regulatory pressure regarding student refunds disbursement is creating an even greater need for higher ed leaders to reexamine the refund processes at their institution.

With this in mind, Cornell University chose to take a new approach to student refunds, providing a more effective option that improved student and family services, reduced administrative workload, and created a more progressive process. This new approach ensured compliance and reduced risk for the university.



**Paul Aries**

Regional Vice President,  
Nelnet Campus Commerce

**Paul Aries:** Nelnet Campus Commerce serves over 900 colleges and universities nationwide. We are a stable and well-established publicly traded company with the ability to bring effective and innovative campus commerce products to the marketplace.

We have more than 25 years of higher education experience, PCI DSS Level 1 validation, and strong partnerships and integration capabilities with all major ERPs.

Our strong partnerships encourage open discussions on the process and regulations behind student refunds, allowing us to address key institutional concerns in the products we create. The first concern revolves around issuing refunds to a debit card tied to a traditional (DDA) account. Fortunately, because of our commitment to providing student-friendly refunds, our Student Choice Refunds product falls outside of the recent regulatory changes.

The other key area of concern for institutions relative to refund disbursement is the expense of paper checks. The cost of printing, mailing, and overall administration of the paper check process can be a real challenge for some institutions. Many institutions want to get out of the check writing process. We allow them to do that.

Lack of options can also be a problem, because several vendors don't offer a choice to students. Instead, their business model has been to automatically sign the student up for a debit card - in essence, forcing a banking relationship, and giving students the impression that the only way to access their refund is via that card/account.

Finally, regulations are constantly evolving. Nelnet Campus Commerce works proactively to meet new requirements, and our program is reviewed by regulatory bodies to ensure proper compliance.

Our Student Choice Refunds product is specifically developed with an eye toward compliance and taking into account the changes that have occurred in the marketplace. We have options for:

- **ACH deposit to an existing bank account, which is the quickest and most efficient way to disburse a refund.** A notification is sent to the student the day we receive the request from the institution so they know the refund is coming. There are no fees to the student for this.
- **Reloadable debit cards or prepaid cards.** Nelnet Campus Commerce allows a student to choose a card they already have, or they can seek out a new card on the open financial services market.
- **Paper checks.** Nelnet Campus Commerce will process the funds and issue a check within two business days. This check can be issued to the address provided by the institution or the student can provide a mailing address. There are also no student fees for choosing this option.



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# “The big difference with Nelnet is the freedom of choice.”

- Cindy Morehouse, Associate Bursar, Cornell University



**Cindy Morehouse**

Associate Bursar,  
Cornell University

**Cindy Morehouse:** Prior to Nelnet, we used a different third-party vendor for refunds. That vendor had relied heavily on the issuance of debit cards to students. There came a point when we were no longer comfortable with that process due to heavy scrutiny by regulatory agencies. We knew we needed to partner with a new vendor and simply offer students the option to receive their refund via check or ACH.

We chose Nelnet because they had what we were looking for. Plus, the processing time is much quicker – two business days – before students have their direct deposits in their account. Checks take a little bit longer, maybe three or four days.

The convenience and support are great, too. We went with the single sign-on option from Nelnet, which has made a world of difference. We don't have to reset usernames and passwords when students lose them. Nelnet has a wonderful team of associates and a call center that is willing to help our families with any questions, problems, or issues – and really, there haven't been any.

The big difference with Nelnet is the freedom of choice. They offer many options. We talked to our parents and students about debit cards and they actually didn't have any interest in using them. So even though Nelnet offers refunds to existing prepaid cards (if the student elects the method), Cornell offers only ACH deposits and paper checks.

This solution does a great job of allowing students to keep track of their refunds. They can go into the Nelnet system any time to find out the status of their refund. It has cut down on the number of times we're asked: "When will I get my refund? Where's my refund?"

Nelnet sends correspondence to the students, which has cut the workload for the bursar's office. The students get an email confirming their election of direct deposit or paper check, as well as a reminder that they can change their refund if desired. Students also receive a notification once their check has been approved, and reminders if their check has not been cashed. These are the kinds of emails Cornell used to send out, and now we don't have to.

One of my other favorite things about Nelnet's refund product is the reporting. We use reporting to benchmark students on direct deposit as well as for marketing issues, reconciliations, and daily functions (such as stop payments and refund research). We have an audit requirement that we have to review any refund over \$2,500. So we pull reports in the morning and look at who has a refund over \$2,500 and they get reviewed.

Nelnet mails checks to our office daily and students come to pick them up. This allows us to discuss the convenience of receiving their refunds via direct deposit. Also, we have found this decreases stop-payments due to lost checks.

Since implementing Student Choice Refunds, we've had very positive results. The majority of our students who receive refunds are on direct deposit - and that's going up every day.

We've had no complaints from students and staff. The students like it because they are able to easily navigate the system, the user interface is great, and the signup process is easy. To sum things up, our accounting office is thrilled because reconciliation is much easier, our expenses have decreased, and we can now work on other projects because we're spending less time answering questions.