

Cashless Buyback at St. Louis Community College Stores

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ABSTRACT

The campus stores at St. Louis Community College (STLCC) were handling over \$800,000 in buyback cash during the December 2009 buyback. Campus police picked up the cash (provided by the buyback vendor) from the bank and delivered it to each store where it was stored in the safe and then given to students during buyback. The Florissant Valley Campus Police voiced their concern over the large signs advertising CASH FOR BOOKS at their campus, located adjacent to a major interstate. Their concerns were heightened when two armed robberies occurred in the immediate vicinity of the campus, one of which resulted in a homicide. The police had also responded to numerous book theft complaints each term during buyback.

Laura Stevens, Campus Auxiliary Manager at Florissant Valley, created a solution with our buyback vendor, Nebraska Book Company, to give buyback students a prepaid debit card loaded with their buyback dollars during the spring and fall terms of 2010. It was an acceptable stopgap measure, but we needed a long term solution for the safety of our students and staff.

Ms. Stevens and Jill Hussey, then Campus Business Manager, began to work with our new buyback vendor, Missouri Book Company (MBS), to find a solution that would place the student's buyback funds directly onto their St. Louis Community College identification card. The STLCC identification card, contracted with Higher One, is also a debit card and is the primary method for the College to refund federal financial aid. Each student receives a Higher One card and must activate it and choose where they want to send their monies to receive their financial aid. Students not receiving financial aid are encouraged to activate the card as it is used throughout the College as an id card for access to the libraries, labs, and other services.

The 2011 spring and summer cashless buybacks at Florissant Valley were the beta tests for the STLCC-Higher One- MBS collaboration. The success at the campus resulted in implementation at all six campus stores in the fall of 2011. The process, in brief, has MBS prefund buyback at Higher One with an ACH transfer. The student presents their Higher One card at buyback and MBS creates a file with the student ID, name and buyback amount. The buyback file is transferred from MBS to STLCC and then the college uses normal refunding processes to upload the student files to Higher One. The student will typically see their buyback monies within 2 to 24 hours.

The cashless buyback has had a number of unanticipated results beyond increased safety and security. The reconciliation time each day is much simpler since there are not thousands of dollars to be counted. Book theft at the end of the semester is non-existent. Payroll has decreased because campus police are no longer needed to staff the buyback area. The buyback line moves more quickly. We are able to track student monies and if there are errors correct them much more quickly. Most importantly, most students are happy with the new processes and understand our reasons for not giving cash.

Introduction of the Organization

St. Louis Community College is the premier provider of education and workforce training in the St. Louis metropolitan area. Since its founding in 1962, more than 1.2 million students have benefited from courses and services offered by the college.

STLCC is the largest community college system in Missouri and the second largest institution of higher education in Missouri. The college serves an area of more than 700 square miles that includes St. Louis City, St. Louis County, and portions of Franklin and Jefferson counties.

More than 81,000 individuals annually enroll in the traditional college programs as well as continuing education and performance enhancing programs sponsored by employers. STLCC's four campuses – Florissant Valley, Forest Park, Meramec and Wildwood – are shaped by their urban and suburban communities, and many programs are planned for the needs and special interests of their surrounding areas. STLCC also has education centers in south St. Louis County and north St. Louis City. The STLCC Corporate College in Bridgeton and Center for Workforce Innovation at Florissant Valley offer programs and services focused on workforce needs. STLCC also offers courses and training in area businesses, industrial, neighborhood and educational sites.

STLCC offers associate degree programs in art, fine arts, science, applied science and teaching, as well as certificates of proficiency and specialization. In the past seven years, the college has awarded students with more than 14,700 degrees and certificates in programs such as allied health, business administration, general transfer studies, information systems, life sciences, engineering and technology-related areas. Approximately 1,800 STLCC students annually transfer to Missouri four-year colleges and universities. Nearly 90 percent of all STLCC graduates remain in the region

STLCC is a founding member of the League for Innovation in the Community College, an international organization promoting the value of community colleges.

STLCC is a vital element of the local, regional and state economy through innovative partnerships and state-of-the-art programs. The total economic impact of St. Louis Community College is more than \$2.5 billion annually.

Statement of the Problem/Initiative

Student book buyback at our four campuses and two satellite locations required that we deliver to and secure over \$800,000 in cash at our campus stores. The presence of this large amount of cash was a security risk for campus police when they picked up and delivered the funds. Our stores do not have an adequate amount of security to house these funds and we were always

concerned about a break-in or robbery. Buyback employees, STLCC employees and our students were also more vulnerable to robbery. We addressed these vulnerabilities by providing a non-cash alternative at our buyback counters that provides the students with quick and easy access to their funds. We accomplished our goal through a creative collaboration among College departments and two vendor partners, Missouri Book Company (MBS) and Higher One.

Design

This was a unique collaboration among three large institutions: St. Louis Community College, our wholesale vendor, Missouri Book Company, and Higher One, a provider of financial services to the educational community. MBS had to create an effective and efficient means of turning buyback data into cash for the students without the physical use of cash.

The initial design required input from many of the college business officers, MBS financial analysts and programmers, and Higher One employees. Store managers and employees, along with our Student Life offices, were primary points for educating students about the upcoming changes. We worked with a short window of time during the fall of 2011 to ensure that we would be ready for our December buyback and there were many conference calls, emails and meetings among various internal and external constituents. We wanted to eliminate the element of surprise for our students. One of the major issues for us continues to be that students do not always open their emails from the College. Despite our best efforts many students come to buyback without their Higher One card or without knowing whether they have activated their card.

The College already had financial relationships with MBS and Higher One that required electronic transfer of large sums of money. For buyback, MBS had traditionally provided the College with buyback funds. Now, the funds are still transmitted to the College on an ongoing basis during buyback. MBS had to create programs that would read the barcode on each student Higher One ID card and then add the buyback amount to the student file. These programs then have to be loaded onto the MBS buyback computers. The laptops also have to have more open access to our wireless network, so special passwords need to be created each semester.

The buyback audit trail reports are batched twice a day by MBS and submitted securely to the College via an FTP SITE. The College then transfers the funds to Higher One to be distributed to the student accounts using the same processes that we use for any refund. The students receive their buyback dollars on their Higher One card or through a refund preference that they have chosen when they activated their Higher One card. The students receive their buyback dollars within 2 hours to several days, depending on whether the funds go directly to their Higher One account or their own bank account.

Each day a list is generated through Higher One of the student accounts that were not able to receive the funds, either because of an incorrect entry of id information at buyback or the lack of student compliance on activating their card and selecting their refund preference.

The months preceding the December 2011 implementation required that the College notify students in as many methods as possible about the upcoming changes. The cashless buyback information was posted prominently on the College main page, on each campus store website,

on the STLCC Higher One website, signage located throughout the campuses, postcards mailed to the student address, and several emails sent to their campus email address. Students frequently do not read all their College emails so we expected some difficulties during the first buyback. We did have some difficult students and we decided that we would be lenient and do a cash buyback if necessary. The December 2012 buyback reflects that almost all the students understand the need to have their ID card present to complete their buyback transaction. We give cash only under unusual circumstances and never within sight of other students in the buyback line.

Implementation

SPRING AND FALL 2010 BUYBACKS: Florissant Valley store partners with Nebraska Book Company to issue prepaid debit card at buyback. Hidden fees by card issuer required refunds to students for ATM fees.

SPRING AND SUMMER BUYBACKS: Beta testing with Missouri Book Company and Higher One at Florissant Valley.

FALL 2011:

- Meetings with Higher One, MBS and STLCC key players
- Meetings to instruct store staff, Student Life about changes
- Design communication campaign and disseminate

Preparation is the key to any successful buyback and this is even of greater necessity with cashless buyback. We discovered that using the barcode on the back of the ID card required that MBS program their scanners to remove two characters from the ID number that STLCC uses for other functions.

FALL 2011 BUYBACK (DECEMBER):

The first day was problematic because of confusion about the processes. The first few transfers from MBS to the College were not completed promptly and accurately requiring some rework at the campus level. The largest problems at that buyback and what continues to be problematic are:

- Students who have Higher One cards but have not activated them,
- Students who have activated their Higher One card but not chosen a refund preference,
- Students who have never received or who have lost the Higher One card, and
- Students remain unaware despite bookmarks, emails, and signs.

The students at our two primarily urban campuses who were without a banking relationship do not have many problems with the cashless buyback as they use their Higher One card as a primary debit card. Students at our suburban campuses often have other banking relationships and do not receive any financial aid on their card. They often lose their cards or choose not to activate them. The College has not yet created a strong enough incentive to activate the cards for students on these campuses. Two of our campuses, serving our suburban students, continue to find that the students (and their parents) are non-compliant with the College requirement that the student activate the Higher One card and choose a refund preference.

Students who come to buyback without a card can sell their books back using only their student ID number, although we discourage the practice. ID numbers that are hand-keyed, rather than scanned, into the system result in a higher error rate in the transmission of funds. The store provides students with information at each buyback on the process to activate their card and who to contact if they do not receive their monies. The problem comes when the refund is rejected by Higher One because the student has not activated their card. The store staff then has to contact the student by phone or email. This can be a time-consuming process at the back end and we are looking at ways to consolidate and stream line these processes for the district.

Benefits

The cashless buyback model has resulted in:

- A more secure buyback without the need for hundreds of thousands of dollars on hand that might result in theft from both students, buyers and outsider sellers
- Elimination of wrong number of bills being handed from buyers to students from miscounting
- A higher level of accountability for buyers and students
- The ability for students to spend their buyback funds anywhere MasterCard is accepted without fees
- The ability to work with students in their most popular form of payment, i.e., a debit card

- The elimination of campus police stationed at buyback allowing them to focus on other needs on campus
- Elimination of buyback cash delivery fees
- Quicker buyback closeout with no money to be counted
- Audit reports matched with bank wires virtually eliminating errors

Retrospective

This has been a highly successful innovative project, although not without technical issues, customer conflicts and staff resistance. The decline in our overall book buyback is offset by greater accuracy and efficiency for the buyers and greater safety for all.

We moved quickly as a reaction to a local issue. We have since discovered that many administrators and police are unaware of the large amounts of cash flowing through their college system at buyback and the risk to their employees and students. Several colleges in Missouri have exposed significant fraud and theft in their college stores in the last few years that focused on the easy access to the buyback cash. Our program eliminates the opportunity for internal and external theft and robbery. It meets the students where they are in terms of their cashless lifestyle. The use of our College ID as the means of payment reinforces the importance of activating and maintaining the student's card.

We are proud of our innovative and collaborative solution to our buyback problems. The National Association of College Stores (NACS), the National Association of College Auxiliary Services (NACAS), Higher One and MBS have featured our project and our staff in national

articles. Our staff has presented at the national conferences for these organizations and user groups.