The Cashless and Paperless Business Office

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Abstract

Faced with ongoing challenges in billing and receiving payments from over 60,000 students each quarter, The Ohio State University pioneered mandatory, dynamic online billing, and later implemented a cashless business office. Early in 2003, The Ohio State University replaced paper bills with online billing, and in 2009, the Office of the University Bursar discontinued the acceptance of cash. These two initiatives led to improved efficiency, increased cash flow, decreased expense, and streamlined operations

Online billing was originally implemented in 2003, through a business partnership with Infinet, now known as Nelnet. Conversion to the PeopleSoft Student Information System in 2009 led to recent improvements to the online bill process, and OSU's technical staff was able to extract key data items and values from the student financial tables in the new PeopleSoft student information system to develop an online, real-time, dynamic billing statement which students can access via OSU's self-service portal, Buckeye Link. The online statement is a PDF document students can save, email to a parent or guardian, present to a third party sponsor for payment, or print for later reference and payment information.

Research began in early 2008 on the concept of a cashless business office. By the middle of 2008, a plan began to come together in draft form and later in 2008 the plan was completed. Early in 2009, the decision not to accept cash in the Office of the University Bursar was finalized, with signoff and support from the Treasurer and the Executive Vice President/Chief Financial Officer. Campus-wide efforts were made to educate and inform students about the change, and provide guidance and assistance with other accepted forms of payment. Avoiding cash payments was particularly appealing to those who counseled international students, who would advise them *not* to bring large amounts of cash to our urban campus. We began advertising the change to "cashless" six months before the actual implementation, which began during the summer quarter, 2009.

Introduction of the Organization

The Ohio State University's main Columbus campus is one of America's largest and most comprehensive. More than 55,000 students select from 14 colleges, 175 undergraduate majors, and 240 master's, doctoral, and professional degree programs. As Ohio's best and one of the nation's top-20 public universities, Ohio State is further recognized by a top-rated academic medical center and a premier cancer hospital and research center.

The university's total research expenditures recently topped $716 million, ranking Ohio State 13th nationally, second in industry research, and ninth among public universities, according to the National Science Foundation. The university's innovative prowess attains world-class status, particularly in critical areas such as global climate change, cancer, infectious disease, advanced materials, and ag-bio products that feed and fuel the world.

An additional 8,200 students attend Ohio State's regional campuses in Lima, Mansfield, Marion, and Newark, and the Agricultural Technical Institute in Wooster. Founded as a federal land-grant institution in 1870, the university has awarded 622,368 degrees since 1878. Its legacy extends to more than 465,000 living alumni.

Statement of the Problem/Initiative

Prior to 2003, creating and mailing paper invoices to students cost OSU over $200,000 annually and maintaining up-to-date addresses for students, who tend to move every year, was problematic, resulting in large stacks of returned mail. Since bills were printed based upon a point-in-time, they were frequently out of date at the time they were delivered, especially if the student had added a class, received additional financial aid, or changed a meal plan. These challenges were common among other universities as well, but the size of Ohio State and expense associated with creating and mailing over 60,000 invoices each quarter and monthly in between, led OSU in an early search for a better method to communicate financial information and expectations of payment to our students.

In 2009, OSU did not accept credit card payments and we had a large, and growing, population of international students who frequently brought large amounts of cash to campus, sufficient to pay their out-of-state tuition bills. In our urban environment, we were very concerned about personal safety and the potential for theft. In addition, as Ohio State moved toward an enrollment services model "one-stop" in 2009, the question of who could accept payment became an interesting topic. Ideally, staff at the one-stop wanted to provide all essential services to students, including accepting payments, however those of us on the financial services/treasury side understand the need for strong internal controls, including separation of duties, and requiring two people to be present whenever cash is counted, making it impractical for our one-stop staff to accept student payments (especially cash). Although cash transactions represented less than one-half of one percent of our total payment processing

activity, the administration and internal controls required were significant. The decision was made to implement a secure Payment Drop Box for checks only in the one-stop location, and eliminate cash payments completely. Also in 2010, we were planning to relocate to a new Student Services Building, with six floors – each dedicated to:

1. Student one-stop

2. Bursar

3. Office of Diversity and Inclusion

4. Financial Aid

5. Registrar

6. Administration, reporting, and enrollment analysis

We were vacating a space that incorporated teller windows and bullet proof glass to move to a more unified, customer friendly space. By eliminating the acceptance of cash in the office, we not only relieved the expectation that One Stop or Bursar staff would handle personal cash payments, but we would also be able to slightly relax the physical security requirements in the new building.

Design

The decision to implement paperless billing was straightforward. OSU wanted to reduce stationery, handling, and mailing expenses associated with traditional paper bills. Additionally we hoped to provide more timely and up-to-date information for students, in order to facilitate prompt and accurate payment. Finally, depending on mail delivery for 60,000 college students who tend to move at least once per year was highly impractical, and resulted in many undeliverable bills.

While we didn't have the technical infrastructure and resources at the time to implement an in-house solution that would comply with all regulatory requirements including FERPA, the Graham-Leech-Bliley Act, and other industry standards for transmitting sensitive data, we knew there were service providers who would be willing to do this for us. We selected Nelnet (then known as Infinet) as our business partner in the process. While there were costs to this solution, the fees to our service provider would be far less than the amount for stationery, handling, and mailing.

Electronic bill presentment (paperless billing), especially dynamic billing, was innovative in 2003. Our decision was supported by administration, and we even received approval for a "cold turkey" conversion to paperless billing. Once we implemented online billing, we never printed another paper bill for a currently enrolled student! (We do, however, send paper statements to debtors who are over 90 days past due. These are typically former students, since outstanding balances over 30 days keep them from enrolling in future semesters).

The decision to move to a cashless business office was slightly more complex, and involved planning across the University. We knew that we would have to

communicate the change clearly to all stakeholders, and plan for a more gradual transition to the cashless environment so students, particularly international students, could be prepared with other payment arrangements.

Educating students about the upcoming change began early in 2009, when we began posting signs around campus, put an article in The Lantern student newspaper, advertised the change on our website and through the students' self-service Buckeye Link, and delivered personal messages in our office whenever someone brought cash into our office that beginning in summer, we would no longer accept it. We did outreach with the Office of International Education, First Year Experience programming staff, and others to help promote our message.   Effective in summer, 2009, if a student presented us with cash, we still accepted it but with a solid message that it would not be accepted in the future, and we held to our statement. By autumn quarter, 2009, we were completely cashless for student payments.

In addition to student cash payments, departments across campus frequently delivered cash receipts from their operations to our office for safekeeping and armored car pickup and transmittal to our depository bank. Fortunately, other locations on campus could provide the necessary safety, security, and armored car pickup for the departmental deposits. Locations that accept these deposits include the Ohio Union, the on-campus Blackwell Hotel, Athletics, and Housing and Dining.   The transition to the new locations was simple, since some areas were already using those "deposit centers", and the Blackwell Hotel was located next door to our building, which made it convenient for departments with deposits in our north campus area.

Construction of our new student services building was underway in the summer of 2009, when our no-cash policy took effect. Planning for occupation of our new space on the second floor included a more open, inviting floor plan. In 2010, we moved into a space without teller windows and bullet-proof glass! We did implement security cameras and panic buttons at workstations, but fortunately their use has been infrequent.

The final phase of the cashless plan design was to eliminate our daily trips to the bank, for which we were still using armored car service to deliver daily check deposits. During the summer of 2011, we implemented remote capture to enable a more efficient and timely process for depositing paper checks.

Implementation

The project evolved in stages, the first being the implementation of online billing. We recognized that vendor selection and communication to students were critical to the success of the project, and considerable technical support would be required from our central IT staff as we extracted data from our legacy system to share with the service provider we would select.

Online dynamic billing for colleges and universities was leading edge in 2003, so vendors available to provide a product meeting the needs of a large university were few. However, several were excited at the opportunity to provide this service to such a large institution. We selected Infinet (now known as Nelnet) to be our service provider.

The communication plan was laid out, and students were informed throughout the planning stages with signage, articles in The Lantern student newspaper and *OSU Weekly* newsletter, information on our website, and direct contact via email. We did personal outreach to students attending Freshman Orientation, as well as international students, and prepared and presented colorful pamphlets with detailed directions about due dates and requirements for accessing the new online bills. The decision was made, and supported by administration and the other student service offices (Admission, Registrar, Financial Aid, Housing and Dining), to do a complete, one-time conversion to paperless billing for students. We would continue to send paper bills to former students, who no longer attended OSU but may have left with a balance. We partnered with our loan servicing provider, ECSI, to create and mail these bills for us, since they were already billing our former students for student loan repayment.

We met regularly with IT staff, defining our plan and included them in consultations with InfiNet, our service provider. We specified the business requirements (we wanted the online bill to be similar in format to our former printed billing statements), and our IT staff translated the business requirements to detailed technical specifications and an overall project plan. The project plan took about six months to complete, with go-live set for early 2003.

The implementation of the second stage, cashless, did not involve internal IT or a third party provider. Our first critical step was to gain support of the idea from a business and finance perspective. The Treasurer's Office, to whom the Office of the University Bursar reported, embraced the idea and advocated for the change. Also, we reached out to other areas of campus, particularly the Office of International Education and the new Student Service Center, and received their support. Gradually, we began phasing out some cash transactions: we stopped cashing checks and making change for customers, and we did not provide change funds for campus events.

The full implementation of cashless coincided with our implementation of PeopleSoft's student information system, ***and*** our conversion to a One-Stop student service center. Communication and planning were critical pieces in the implementation, and the focus was primarily on communication, which began early in spring quarter for our summer implementation. Communications included email blasts, information on the Office of the University Bursar website, university publications including The Lantern and *OSU Weekly*, and the Offices of International Affairs and First Year Experience communicated directly with international and first-year incoming students. Posters (see Apppendix 1) were displayed across campus and brochures were created and made

available to students at various locations. At the time we went cashless, we were truly only accepting cash for tuition payments, having already eliminated check cashing and change funds. The gradual phase in made it easier for us to go completely cashless, and we recommend it for others who are considering a cashless business office.

We also recognized a need to counsel students who may have come prepared to pay with cash after we discontinued its acceptance. Kiosks were available for students to make online payments, and staff to provide assistance, if needed, to students setting up electronic payments for the first time. Our "last resort" solution for students without a checking account from which they could make an online ACH payment, is directing students presenting us with cash to one of two convenience stores, located directly across the street from our office, who issue money orders. Fortunately, very few students attempted to present cash, and virtually none do now, since we implemented online credit card payments in 2010, and earlier this year we implemented a new solution through Western Union for a more convenient way for international students to pay from their home countries.

The final transition piece of the cashless implementation was the deployment of remote capture, which was necessary to eliminate trips to the bank and the expense of armored transport service. While it was something we had been considering for some time, we found it necessary to wait for adoption by officials in the Treasurer's Office, who were launching a pilot for the remote capture application in the Athletics Department. After the successful pilot in Athletics, our implementation moved forward and was completed within a month. We installed the remote capture equipment in a secure area of the office (monitored by a security camera), received training on the

equipment, developed a daily procedure to create the deposit, and implemented a secure

means of storing the checks for fourteen days, until they are destroyed.

<u>Benefits</u>

Many institutions have made the conversion to electronic billing since 2003. Our implementation is rather unique, in that the student initiates the creation of an online, real-time statement through our student self-service access portal, Buckeye Link. Students can generate new, up-to-date statements, anytime, as compared to static monthly electronic statements where students are notified by email each month when they are created. Also, an added advantage is that we are now able to do this within our PeopleSoft ERP and in-house technology, eliminating the added expense of a third-party provider. If we sent monthly paper bills to 60,000 students, we estimate the current annual cost savings to be $324,000 in postage alone, and as previously mentioned, there is no longer an additional cost for a service provider. Add the cost of stationery, envelopes, and handling, and the annual cost savings is at least $500,000 today. In addition, the timeliness of a dynamic, self-service statement is a valuable tool in collecting from students, who are also less likely to call or email questions about "what is my current balance?"

The benefits we attribute to a cashless environment include a more inviting space, and expedited service to students/payers, who no longer have to wait in line while we count cash and generate receipts. In fact, we no longer create paper receipts for any transactions – online payments generate email receipts, and checks are posted to students' accounts quickly, so students can generate an up-to-date statement of account that reflects any recent payment. There is less scrutiny by auditors, who like to perform "surprise" cash audits (usually at the busiest times of the year!), and it eliminates the need to file IRS form 8300 for cash payments exceeding $10,000 in any 12-month period.

Financially, the savings in security and armored car service is significant – daily armored car service for our department was $4,000 annually, and the staff time saved in logging deposits, trips to our vault, etc., adds to our efficiency. Deposits to the bank are more timely using remote capture, resulting in a modest increase in interest income due to expedited cash flow, which is particularly noteworthy during our peak payment processing periods. We no longer had to make change for departments. BUCKID and the Registrar's Office (and maybe a few others) would come to our office to get change. It took time to count what they gave us, go to the vault and get change, then count it back to them. Cashless also eliminated change orders with the bank.

In addition to a financial savings of over $500,000 annually since 2003, the impact of both initiatives, paperless and cashless, has streamlined our operation. We do not have cashiers. We avoid the cost of a sophisticated cashiering system and receipt printers, rather our processing staff post check payments to our student information system using PeopleSoft's delivered group post process, which is quicker and more efficient than cashiering. We run PeopleSoft queries daily (again, using delivered PeopleSoft functionality) to facilitate the reconciliation to our daily remote capture deposit with Chase, which replaced daily trips to the bank.   We do not run a monthly billing process, use a third party service provider for electronic bill presentment, or generate monthly emails letting students know that electronic bills are available to view. Our students know they can generate and view an up-to-date statement anytime via self-service, and our semester due dates are clearly posted and published. The efficiency gained enables us to increase our productivity in other areas – problem solving, continuously improving processes, data analysis and reporting, and providing excellent

service to customers. While eliminating staff was not a stated goal of the project, we

have been able to carefully analyze position duties when there is a vacancy, and we have

been able to reduce some staff through attrition. At the same time, other staff

experienced enhanced opportunities and job enrichment resulting from the changes.

<u>Retrospect</u>

Rather than a single project, this was part of a strategic initiative to streamline operations, increase efficiency, and improve service. During the course of our cashless and paperless implementation there were many other changes as well, including: merging the Office of Fees and Deposits and the Office of Loans and Collections into the Office of the University Bursar, implementation of the PeopleSoft student information system, the opening of a one-stop Student Service Center, relocation to a new building where all student services are now housed together, , implementation of online payment processing (including credit card payments with an associated convenience fee), several changes in leadership, and planning and later converting from quarters to semesters.

The time to complete the cashless and paperless project, from 2003 (first rollout of electronic bill presentment) through 2011, when we implemented remote capture for banking deposits, included many significant milestones for the initiatives mentioned in the preceding paragraph. These were needed changes which, combined with the cashless and paperless initiatives, allowed us to make significant progress in our quest to streamline operations, increase efficiency, and improve service, consistent with OSU's core values (see Appendix 2). In hindsight, we wish we had made the change to cashless much sooner! Handling cash quite cumbersome for the small percentage of customers who used it, and security for the students carrying the cash was definitely a risk. We believe that if handled as a single, focused, project initiative, a business office conversion to cashless and paperless could be achieved in a much shorter timeframe, perhaps in a year or less.

Appendix 2

Our Values

The Ohio State University

At The Ohio State University we are committed to:

EXCELLENCE – in the standards we set, the results we produce, the relationships we are in, and the dedicated service we provide.

COLLABORATING AS ONE UNIVERSITY – our aspirations demand we remove internal boundaries – we must share information, promote teamwork, and think creatively to make this happen.

ACTING WITH INTEGRITY AND PERSONAL ACCOUNTABILITY – we accept responsibility for our actions, we keep our word, we focus on solutions rather than fault and blame, and we take initiative to make things happen.

OPENNESS AND TRUST – our communication is direct and honest, we promote authenticity and transparency in our relationships and activities, we're open to feedback and coaching, and we give feedback with candor and respect.

DIVERSITY IN PEOPLE AND IDEAS – the health of our environment demands that we respect each other, that we are inclusive, and that we profound value who each of us is as a whole person and what each of us uniquely contributes.

CHANGE AND INNOVATION – these principles are our heritage and our future – we're curious, we're creative, and we embrace positive, constructive conflict.

SIMPLICITY IN OUR WORK – in the administration and management of our enterprise we are responsive, ethical, and transparent and we strive to make the functioning of this complex institution that we and those we serve expect of us.