October 4, 2007

Board of Regents request

The recent newspaper articles on student credit cards and negotiated bank-related payments to alumni associations have highlighted concerns about increasing student debts and disclosure of public arrangements.

The Regents have asked that the universities address the following issues:

1. **What relationships exist between the Alumni Association and the University?**
   **Describe current relationships.**

   There is an interdependent relationship. The University funds the salary for the director of alumni relations, a small operating budget for alumni relations and a publications budget. The University also provides office space and support services.

   The University’s director of alumni relations also serves as President/CEO of the UNI Alumni Association (UNIAA). The director reports to the Vice President for Advancement.

   The UNI Alumni Association is a 501 c 4 organization as defined by the IRS. That designation allows for collection of membership dues. The Association is technically an independent organization.

   **Do written agreements exist to define these relationships?**

   A contract for services exists between UNI, the UNI Foundation and UNI Alumni Association. It outlines responsibilities such as fundraising and data base management including exchange and sharing of information. There are no agreements between the Association and the University governing affinity partnerships such as Bank of America (BOA).

   The by-laws of the Association outline its mission to support and serve UNI alumni and in turn the University.

   **What information is shared between the two?**

   The aforementioned contract for services provides for database management including sharing of information about our students and our graduates between UNI and affiliated entities such as the UNI Alumni Association and UNI Foundation.

   The University is aware of the activities of the Association through updates and information provided by the UNIAA President to appropriate University officers.

   **What are the financial benefits to the university? To the alumni association?**

   There are no direct financial benefits to the university, though UNIAA provides an alumni relations program that benefits UNI indirectly. The revenue stream from affinity
partnerships, particularly with Bank of America, combines with dues revenue to allow the alumni program to provide campus and off-campus programming.

This programming includes career advisory services partnerships to provide internships and connections to alumni mentors, support of reunions, homecoming and affinity engagement programs. The Association sponsors recognition and awards programs - the Lux Student Service Award and Heritage Honours Alumni Awards. UNIAA offers a variety of student-orientated programming and earnestly promotes the value of traditions to UNI and to the State of Iowa.

The Association also increased its presence across campus by assisting with special projects such as purchasing safety mats for the cheer teams, promoting student pride as a sponsor of the University’s mascot – TC, and funding activities like the emerging Student Leadership Center and for the Free Stuff Store that provides materials to UNI teachers across the nation. The Association funded the motivational keynote speaker at the campus welcome activities. UNIAA teams with student organizations and with the Northern Iowa Student Government on several projects as well.

The UNIAA benefits from in-kind support provided by UNI in terms of office space, administrative systems support and supervision.

The UNI Alumni Association receives royalty payments and marketing fees from Bank of America. A majority of the UNIAA operating budget is provided by this affinity partnership. The agreement has provided significant growth in programming that has enhanced campus as well as programs and services for our alumni. Release of this specific contract information is prohibited by the confidentiality clause of the affinity credit card contract.

Are students members of the alumni association?

Students can join the Alumni Association through Students Today/Alumni Tomorrow (STAT). There are currently more than 2,000 members. Dues are $18 annually (Early orientation specials are offered for $10.)

2. Please provide the University policy on sharing mailing lists (names, addresses, phone numbers, email addresses) and identify charges associated with providing the lists to:

Alumni Association

The University shares directory information (name, year in school and local mailing address) about currently enrolled students with UNIAA for purposes of communicating about alumni-related programs, events and services on a case-by-case basis.
Outside vendors

The University of Northern Iowa releases directory information upon request when such release is deemed of potential benefit to students. While directory information might be considered public information, FERPA clearly states that release without consent is permissive. Thus, each request is individually reviewed.

The UNI Alumni Association shares information only for UNIAA sanctioned activities and projects such as affinity partnerships, and to volunteers for events, reunions and outreach. These requests are documented and require a signed memorandum of understanding that restricts use of the information.

Other parties

The University of Northern Iowa releases directory information upon request when such release is deemed of potential benefit to students. While directory information might be considered public information, FERPA clearly states that release without consent is permissive. Thus, each request is individually reviewed.

Associated charges

The fee charged by UNI for providing a ‘mailing list’ of students is $100 or actual cost whichever is greater. UNI waives this charge for the Alumni Association for the service they receive.

The Association does not have a service fee for information requests.

3. What student information is provided to the card vendor? Is this information otherwise accessible, i.e. through FERPA?

UNI provides only ‘directory information’ and only about students who have not requested additional privacy. FERPA clearly states that release of directory information without consent is permissive.

UNIAA does not direct market the affinity card to students. Marketing to students in the past was sporadic. When provided, the credit card vendor received an electronic list of directory information only. Each list was restricted by contract to one-time use.

The decision to not direct market to students was made by the President of the UNI Alumni Association as part of an annual program review in May 2007.

How are eligible students and parents notified of their rights under FERPA?

Students and parents are informed of their FERPA rights at orientation and in the following:

- University catalog
- Each term’s ‘Schedule of Classes’
- Parent website
- Office of the Registrar website
- Office of the Vice President for Educational and Student Services website
- Privacy statement on University home page
• The online Student Handbook
• MyUNIverse – student portal
4. Describe how the alumni association selected the credit card vendor. Was the university a party to the selection?

The selections included an RFP process and was guided by industry standard/best practices and direct negotiation. This affinity card program dates to at least 1988.

UNIAA signed an agreement with MBNA in September 1993. It was amended in 1994, extended in 1998 and 2003. Bank of America acquired MBNA in the last two years. The decision to contract with MBNA was based on customer service, financial benefit and based on significant discussion with alumni professionals at other associations and universities.

The University, according to UNIAA records, did not participate in the selection but was aware of the process and decision through organizational reporting lines.

5. Describe what financial literacy education is available to students.

The following Financial Aid programs are promoted to student organizations and residence hall students each year:

- How to complete the FAFSA
- Student employment opportunities
- Loan consolidation
- Debt management (budgeting, loans, credit cards, consequences of poor credit)
- Common on-line scholarship application
- Understanding financial aid

Bulletin boards in the residence halls have focused on budgets and money management during Fall 2007.

A local banking representative presented information on money management to all halls in Spring 2007.

A new program sponsored by Financial Aid, targeted to students in the residence halls, will be offered in all halls during the second and third weeks of November. The focus of the program will be how to manage money, with particular attention to consumer debt and credit cards.

The Alumni Association has sponsored several financial literacy programs through the years. The next such program is scheduled for mid-October and is sponsored by the UNIAA student alumni organization (CATS – Connecting Alumni To Students).

Additionally, BOA has a comprehensive credit education program that includes inserts in all student credit card packages. They have also partnered with Monster.com to offer the “Ultimate Money Skills” program.

BOA offers a broad range of information to students at www.bankofamerica.com/StudentCreditTips
6. Are credit card companies allowed to market on campus; set up a table, recruit students to solicit, and/or promote through giveaways? Are other private companies allowed to market on campus? If so, please provide examples. Do any of the additional examples have financial implications?

Generally, credit card vendors are not allowed on-campus. Commercial solicitation is permitted in the University’s Maucker Union, however that policy prohibits credit card solicitation.

Banks and other businesses use tables and rooms in Maucker Union for various other promotional/informational activities and for employee recruitment.

The UNIAA contract does not prohibit other credit card companies from “tabling.” (Tabling is to set up a table with the intent to promote a program or service.) The contract does allow for BOA to table at UNI events (not targeting students but with the alumni and friend base in mind.)

The Association holds the contract for the official UNI Ring. Balfour markets the ring by direct mail and tabling. The Association receives a royalty for marketing and promoting for each ring sold. Last year’s revenue was approximately $420.

There is no “on-campus component” to other agreements. Everything is direct mail. The UNIAA holds affinity agreements with:

- American Insurance Administrators for a full range of insurance programs including gap insurance for new graduates and those between jobs;
- Balfour for the UNI ring (mentioned above); and
- Non-binding agreements with travel tour companies.

7. What is the financial impact if the card vendor agreements are vacated?
To the university? To the alumni association?

Should the UNIAA be unable to continue this or a like affinity relationship, there will be a drastic reduction in alumni engagement with a corresponding loss in relationship management initiatives including volunteer networks, outreach, campus initiatives like support of student leadership and education, and reunions to strengthen ties between alumni and university.

The alumni program would focus on dues membership acquisition and focus programs and services to its 8,000 members only.

There is potential for alumni staff layoffs depending on the direction of the alumni program.

Although unlikely, the contract being vacated could result in legal action and include a return of the marketing fees and royalties.
How many cards have been issued to students through the Card Vendor/Alumni Association agreement? What is the average debt carried by those cards?

Bank of America has authorized release of the student information: BOA holds 69 open student accounts, 55 of which are active. The total debt load on these accounts is $79,258 for an average of $1,148 per open account.

The 55 accounts represent .0044 of the UNI student population.