

Kent State University



Established in 1910, Kent State University (Kent, Ohio) today has seven regional campuses and is the third largest university in the state.

Over the last 20 years university administration has worked hard to meet the increasing needs of its expanding student base and has continually looked for ways to expand its services, increase convenience to students and bill payers, and improve staff efficiencies—without greatly increasing costs to the university.

Situation Analysis

Cash and check payment transactions and processing for tuition payments were taking up great blocks of time, creating a never-ending workload for administrative employees, especially during peak registration times. Employees were concentrating more heavily on payment transactions and processing than on student servicing. The university was even forced to hire temporary workers at additional cost to ease this workload.

A high incidence of returned checks created the need for collection and dunning efforts—as well as significant increases in time and cost. Temporary workers, albeit helpful, did not significantly decrease the workload of the full-time university staff, and added to overall costs.

“As a state university, we need to always consider new methods of growth without sacrificing service. That’s the way a university is most successful.”

—Les Carter
Bursar
Kent State University

More and more students were asking for credit card payment options for tuition, university programs, and special events.

Accepting credit cards for tuition payments was one way the university provided convenience to its students, and credit card transactions were easier to process, which made it easier on the staff. But credit card tuition payments were not enough. Students wanted the flexibility of paying by credit card at all university-related sites, departments, and events. University officials wanted to maintain and expand student retention and attraction; therefore, they began exploring the option to extend credit card acceptance to all university areas.

The Challenge

In order to increase student servicing, bill payer convenience, and overall effectiveness of university staff, Kent State University needed to expand credit card acceptance into all areas of the university.

Staff responsibilities currently include billings, payment processing, student servicing, and situations requiring collections and dunning. Cash and check payment transactions were proving to be cost prohibitive and time consuming.

Accepting credit cards at more university locations seemed like the solution. Payments by credit cards would be simpler and faster. Reimbursement could be realized in one to two business days, as opposed to at least five business days with checks. With an expected increase in student enrollment, administration officials knew the current staff would need more time for student servicing, and credit card transactions were easier to process. Extending credit card acceptance to all areas seemed a viable option and a possible solution.

With the goals in place, Kent State University and its local bank designed a full-scale credit card acceptance program for the 1989–1990 academic year. And although there were some costs involved with a credit card plan, these costs were well worth the high rate of return, faster reimbursement levels, reduced collection costs for bad checks, and increased student servicing. Students could now use their credit card at the bookstore, golf course, ice arena, and at a number of auxiliary services the university provides for its students.

“Expanding our services was directly related to our continued growth for the university and for each department, and accepting credit card payment at all university sites enables us to maintain and expand that growth momentum.”

—Jack Craig
Manager of Cashiering
Kent State University

“It would be a negative not to accept credit cards as payment options. It’s simply the way business is conducted today.”

—Barbara Boltz
Senior Accountant
Kent State University

Results

The response was overwhelming. That year, a majority of payments for university-related services were paid with a credit card. By the Fall 1996 semester, more than 32 percent were paid for by credit card and, since then, credit card payment volumes have continued to increase.

The university realized a number of benefits with credit card usage:

- Students, parents, and bill payers preferred the convenience and flexibility of credit card payments
- Staff time was dedicated to student servicing
- Temporary staffing requirements were greatly reduced
- Faster reimbursement time (realized within 24 to 72 hours) than with check payments
- The volume of returned checks decreased dramatically, significantly reducing collection and dunning costs

Credit card payment allowed university workers to devote more time to the increasing needs of their students, which broadened the school's visibility and service in the community.

The school's 33 departments were also able to expand services to the surrounding area of Portage County, and many departments saw a dramatic increase in sales. Parents and bill payers greatly appreciated credit card acceptance. It gave them the convenience and ease of either full tuition payments or installment payment options.

And since many types of MasterCard cards offer usage benefits, parents and bill payers were enthusiastic about paying with credit cards. Further, parents can issue their child a credit card and eliminate the need for the student to carry large sums of cash. Today, Kent State students can use a credit card for virtually all university events, related sites, and tuition payments.

Credit card payments have grown consistently every year since the university first began accepting credit cards. Between 1993 and 1996, credit card usage increased in volume by 24 percent, and credit card payments now account for 32 percent of all payment transactions for Kent State University.

Kent State's Audiovisual Department decided to accept MasterCard cards in order to expand its services to the outlying community. "Not accepting credit cards was bad for business," said Jack Craig, Manager of Cashiering for Kent State University. "Most people are accustomed to completing a payment transaction over the phone, and credit card acceptance meant more business for the department."

Credit card acceptance not only expanded the department's current customer base and created higher levels of service, it increased sales. Today the university's Audiovisual Department is the largest AV operation in the state.

"Credit card acceptance has enabled us to better service our current student base, position us for additional growth and ensure our staff is as efficient as possible. It's good for business."

—Les Carter
Bursar
Kent State University

Conclusion

Because credit and debit card payments have a faster reimbursement time, Kent State's bottom line has become much stronger—and today the university continues to enjoy a solid financial base.

Currently employing over-the-phone registration, account information, and student servicing, Kent State is implementing an electronic, over-the-phone credit card payment system for the Fall 1998 semester.

Kent State's success with credit card acceptance prompted them to continually upgrade the payment transaction. Today the tuition bills have a card lockbox with an Optical Character Reader (OCR) code, so the bank is able to electronically process the transaction immediately.

Overall, credit card acceptance provided the university with the most effective means of service expansion and staff productivity. The 31 university-related sites that accept credit cards are an added convenience to students, and credit card tuition payments provide flexibility to parents and bill payers. The seamless processing transaction allows the Kent State staff to be more productive and more service-oriented for students.

With a current enrollment of approximately 25,000 undergraduate students, more than 4,600 graduate students, 31 degree programs, 400 major offerings, and plans for online payments via the Internet, credit card acceptance in the university medium will continue to ensure future success and growth.