

BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT NO. 508

COUNTY OF COOK AND STATE OF ILLINOIS

AMENDMENT TO STUDENT PAYMENT PROCESSING SERVICES

NELNET BUSINESS SOLUTIONS, INC.

(AMENDMENT TO BOARD REPORT 30506)

(RENEWAL OPTION)

OFFICE OF FINANCE

DISTRICT WIDE

THE CHANCELLOR RECOMMENDS:

that the Board of Trustees authorizes the Chair to: 1) amend the existing agreement with Nelnet Business Solutions, Inc., to provide interest-free automatic payment processing services for students for the period from August 5, 2010 through August 4, 2013, at an additional cost of \$46,500 for a total cost of \$175,000 for the current contract term; and 2) exercise the option to renew the agreement with Nelnet for an additional 2 year period from August 5, 2013 through August 4, 2015, at a total cost not to exceed \$445,435.

VENDOR: Nelnet Business Solutions, Inc.
121 South 13th Street, Third Floor
Lincoln, Nebraska, 68508

USER: District Wide

ORIGINAL TERM:

The term of the original agreement commenced on August 5, 2010 and will end on August 4, 2013.

RENEWAL TERM:

The renewal term of the agreement will begin on August 5, 2013 and end on August 4, 2015.

SCOPE OF SERVICES:

Nelnet Business Solutions, Inc. (Nelnet) acts as the custodial agent for the City Colleges of Chicago (CCC) to process, transfer, collect, and deposit funds to CCC's bank account. Services include a user-friendly management tool for both, students and CCC, with a precise, transparent and simple process for all stakeholders.

The request for additional funds through the end of the current term and the increase in funds requested for the renewal term of the agreement is due to the increase in student usage of the payment plans offered now that Nelnet has provided more flexible payment plan options.

Nelnet Business Solutions, Inc. will specifically provide the following services, which include but are not limited to:

- Electronic registration for payment plan by students, The payment plan has no interest,

qualifying criteria, or credit check and uses a variety of payment options including checking accounts and credit cards.

- Customer service 24 hours a day, 7 days a week, including online support, assistance by telephone, an online reference guide, and an ability to retrieve a copy of the agreement and monitor one's account online.
- Marketing materials, timely access to data and reports, integration with PeopleSoft, and flexible payment plan design.
- Collection of payments from students and ensuring payments are deposited into CCC's bank account for ACH and/or settlement account for credit card. No cost is assessed to CCC for the collection of payment by ACH method.
- Adherence to applicable rules and regulations including Red Flag, PCI Compliance, FDIC Insurance, and SAS 70 Auditing Standards.

BENEFIT TO CITY COLLEGES OF CHICAGO:

Over the last five fiscal years, Nelnet has performed as the District's service provider in offering and processing students' payment plans that are both affordable and flexible. Working closely with the District and the Business Office staff at the Colleges, Nelnet has accommodated all requests from CCC. Additionally, the vendor has recently improved their customer service support by hiring additional staff. Because CCC is now offering more flexible payment plan options, student usage of the payment plans has increased greatly. Therefore, it is crucial that this contract be extended and additional funds be allocated so that students can continue to take advantage of this option for financing their tuition and fees.

VENDOR SELECTION CRITERIA:

Pursuant to Board Report 30506 adopted August 5, 2010, the Board approved an agreement with Nelnet Business Solutions as the District's student payment process provider. Request for Proposal (RFP) DT1005 was publicly advertised on April 22, 2010. Seven (7) firms responded: 1) SecureNet Payment Systems – Chicago, IL; 2) Tuition Management Systems-Warwick, RI; 3) CASHNet-New Haven CT; 4) TouchNet Information Systems-Lenexa-KY; 5) Sallie Mae Higher Ed Sales-Reston VA; 6) Nelnet Business Solutions-Lincoln-NE; and 7) Fidelity Information Services- Jacksonville, FL.

All proposals were reviewed, evaluated and ranked by staff which included Student Finance, Truman College Business Office, Olive Harvey Business Office, Financial Systems, and Procurement. The fees are as follows:

- 1.95% per credit/debit card transaction dollar amount paid for an estimated total amount of \$128,500 based on the amount of fees paid in FY 2010 plus a 6% increase due to projected enrollment increase.
- Nelnet will charge students a \$30 application fee per semester, of which \$5 per plan will be sent to CCC to cover a portion of the credit/debit card transaction fee.

MBE/WBE COMPLIANCE:

The Office of M/WBE Contract Compliance has reviewed the above agreement renewal request and

Nelnet Business Solutions, Inc., due to the complex regulatory banking security issues this contract, is limited to the firm's liability risk in this industry. Therefore, this service does not allow subcontracting to M/WBE vendors. Although the firm currently does business with a certified SBA, WBE Union Bank and Trust Company, in the State of Lincoln, NE, the Office of M/WBE Compliance recommends that a waiver of direct MBE/WBE participation be granted in compliance with the Board Approved Participation Plan.

GENERAL CONDITIONS:

Inspector General- It shall be the duty of each party to the agreement to cooperate with the Inspector General for City Colleges of Chicago in any investigation conducted pursuant to the Inspector General's authority under Article 2, Section 2.7.4(b) of the Board Bylaws.

Ethics – It shall be the duty of each party to the agreement to comply with the applicable provisions of the Board's Ethics Policy adopted January 7, 1993, and as amended by the Board.

Contingent Liability – Pursuant to Section 7-14 of the Illinois Public Community College Act, all agreements authorized herein shall contain a clause that any expenditure beyond the current fiscal year is subject to appropriation in the subsequent fiscal year.

FINANCIAL:

Total FY13: \$46,500

Total FY14-FY16: \$445,435

Charge To: Each College

Unrestricted Funds: Education Fund

Respectfully submitted,

**Cheryl L. Hyman
Chancellor**

December 7, 2012 - Office of Finance – District Office