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NACUBO

Analyzing the Results of the Tuition Payment by Credit Card Survey

August 2004

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Acknowledgements

The findings in this report are based on a survey conducted by NACUBO in July 2003. NACUBO appreciates the representatives of the nearly 500 institutions that completed this survey. Many of these individuals provided detailed explanations about the impact of credit card acceptance for their institutions. Their participation ultimately gives NACUBO a better understanding of the impact of this practice.

NACUBO would like to acknowledge the work of Nate Dickmeyer, principal consultant in Dickmeyer Consulting, LLC. Mr. Dickmeyer conducted the statistical analysis of the survey results and wrote a detailed discussion of his findings, which was used as the basis for this report. Anna Jackson, research associate at NACUBO, contributed to the survey analysis and produced this report. Ms. Jackson worked in conjunction with Anne Gross, Anna Marie Cirino, and other NACUBO staff and members to gather background research on this practice and develop the survey tool used for collection.

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Notes on Data

Participation. The Tuition Payment by Credit Card Survey was conducted online in July 2003. All NACUBO Regular Members were sent an e-mail with information about the survey, including a link to complete the survey online. Information about the survey was sent to NACUBO primary representatives – generally the chief business/financial officer at higher education institutions. Information regarding the survey was sent to 2,098 individuals and 495 responded for a response rate of 24 percent.

Survey Format. The Web-based survey consisted of 36 questions, with some questions tailored to participants based on their acceptance of credit cards and/or whether the institution contracts with a third-party provider. The survey focused solely on credit card payments for tuition and fees. Fiscal year 2003 data were requested.

Data Errors. The conclusions drawn from these survey results will be in error to the extent that institutions included the expenses of non-tuition and fee transactions or generally misestimated the expense of credit card transactions.

Data Review. Due to the nature of the survey tool used for collection purposes, duplicate and blank responses were submitted. These responses were deleted as necessary. In cases where institutions did not provide key information, such as the state or type of institution, the appropriate information was added, either from the Internet or from the *Higher Education Directory*.

Significance. Throughout the report, the term "significant" is used to denote a 95 percent probability that the difference between two sets of descriptors is not due to randomness.

Statistics and Correlations. In analyzing the survey results, the Student's t-Test was used to assess the significance of the difference between two sets of data. The one-tailed formula is used only when the data are forced to have a minimum or maximum (as when data cannot go below zero and zero is a probable answer). Most often the test is applied to the difference between the two averages of two samples. The Pearson Correlation was used to draw simple correlations, with significance of 95 percent.

Data Interventions. Adjustments were made to eliminate contradictory data. The average transaction amount multiplied by the number of transactions should equal the total amount paid by credit card for tuition and fees. In cases where the initial multiplication was off by more than 5 percent, the value that seemed most out of line was adjusted. More than 100 institutions were off by more than 5 percent when comparing the multiplication to their entry for the total: one-third of the entries where all data are available for a calculation.

A second check was made of credit card volume responses by estimating credit card data from other information. To obtain this estimate, the total number of students was multiplied by the estimated average tuition price (the midpoint of each bracket and $27,500 for the highest tuition bracket) and that result was multiplied by the percentage of tuition and fees paid by credit card. In some cases, this calculation showed that the volume number was in need of correction, not the number of transactions or average transaction size. Adjustments were made as necessary.

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Major Findings

Public institutions have seen more growth in credit card volume than independent institutions. Public institutions are more likely to have cited growth in credit card receipts in excess of 25 percent over the last three years (26 percent) than independent institutions (17 percent).

Public institutions are more likely to accept credit card payments. Public institutions are more likely to accept credit cards for payment of tuition and fees (92 percent) than independent institutions (74 percent). Institutions that charge tuitions of less than $5,000 (94 percent) are more likely to accept credit cards than institutions that charge tuitions of $20,000 to $25,000 (66 percent) and institutions that charge more than $25,000 (52 percent).

Among independent institutions, the higher the tuition rate, the less the likelihood of accepting credit card payments. Independent institutions that charge $5,000 to $10,000 (84 percent), $10,000 to $15,000 (92 percent), and $15,000 to $20,000 (82 percent) are more likely to accept credit cards than independent institutions that charge more than $25,000 (47 percent).

Acceptance also varies by region. Institutions in the Mountain (95 percent) and South (90 percent) regions are more likely to accept credit cards than institutions in the Midwest (77 percent), Pacific (73 percent), and New England (65 percent) regions.

The external credit card processing costs per dollar collected are lower for institutions with higher volume. Institutions with credit card expenses as a percentage of volume above one standard deviation from the mean of the ratio had a credit card receipts volume ($4 million) lower than the volume of institutions with lower expense ratios ($12 million).

Smaller public institutions had higher external credit card processing costs per dollar collected. Institutions that have a credit card expense ratio above one standard deviation were more likely to have total enrollments below 4,000 (60 percent) than institutions with lower expense ratios (43 percent). While the same is true of public institutions in particular (32 percent of the high expense ratio group has enrollments below 4,000, and 13 percent of the lower expense ratio institutions had enrollments below 4,000), the relationship between small size and higher credit card expense ratios did not hold for independent institutions.

Institutions that negotiate fees are less likely to have higher costs per dollar collected. Institutions that had high credit card expense ratios were less likely to have negotiated their Visa rates (57 percent) than institutions with lower ratios (64 percent).

Public institutions are more likely to charge students or parents a fee for paying with a credit card. Public institutions were more likely to charge students or parents a fee for paying with a credit card (17 percent) than independent institutions (11 percent).

Major Findings (cont'd)

Larger institutions are more likely to charge a fee. Institutions larger than 10,000 in total enrollment are more likely to charge a fee for paying with a credit card (20 percent) than smaller institutions (13 percent). Public institutions larger than 16,000 in total enrollment are more likely to charge a fee for paying with a credit card (26 percent) than smaller institutions (13 percent). Independent institutions larger than 3,400 in total enrollment are more likely to charge a fee for paying with a credit card (18 percent) than smaller institutions (9 percent).

Institutions with high volumes of credit card payments are more likely to charge a fee. Institutions with more than $25 million in credit card volume are more likely to charge a fee (32 percent to 15 percent). Public institutions with more than $15 million in credit card volume are more likely to charge a fee (30 percent) than public institutions with lower volume (17 percent). Independent institutions with more than $3.6 million in credit card volume are more likely to charge a fee (19 percent) than independent institutions with lower volume (9 percent).

Institutions that accept credit cards online are more likely to charge a fee. A higher proportion of institutions that accept credit cards online charge a fee (19 percent) than institutions that do not accept online (9 percent).

Independent institutions are more likely to have stopped accepting credit cards. While 6 percent of all institutions that have ever accepted credit cards have stopped, only 3 percent of public institutions have stopped, while 9 percent of independent institutions have stopped. Three percent of institutions charging less than $15,000 have stopped accepting credit cards. Of those institutions charging tuitions above $15,000, 11 percent have stopped accepting credit cards. Institutions are more likely to have stopped accepting credit cards in New England (16 percent) and the Midwest (7 percent) than in the South (1 percent) and Mountain (0 percent) regions.

All the findings above are statistically significant at .05 probability level.

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Analysis and Discussion

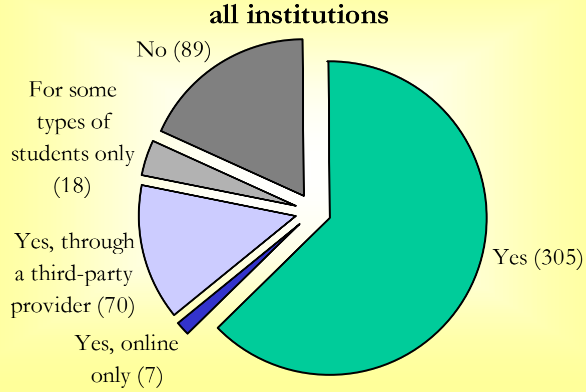
This report is based on the results of the Tuition Payment by Credit Card Survey, which was sent to approximately 2,100 NACUBO member institutions and conducted online in July 2003. The survey focused solely on college and university credit card acceptance practices, policies, and results for the 2003 fiscal year. The 495 responses corresponded to a return rate of 24 percent and came from all sectors of the higher education community: large and small; public and independent; high and low tuition rate; four-year colleges, universities, and community colleges; and all 50 states.

In general, the results of the survey indicate that acceptance of credit cards for tuition and fees payments is widespread among colleges and universities; use of third-party vendors to handle credit card payments is increasing; and the effective rate that institutions pay because of credit card transactions is related to the credit card dollar volume.

General Credit Card Acceptance Data

More than 80 percent of respondents in the NACUBO survey accepted credit cards either directly or through a third-party provider for tuition and fees in the 2002-03 academic year. Among the 95 institutions that accepted credit cards, 70 contracted with a third-party provider, 18 accepted credit cards for some students only (such as non-degree, summer session, or graduate), and seven institutions reporting accepting credit cards online only.

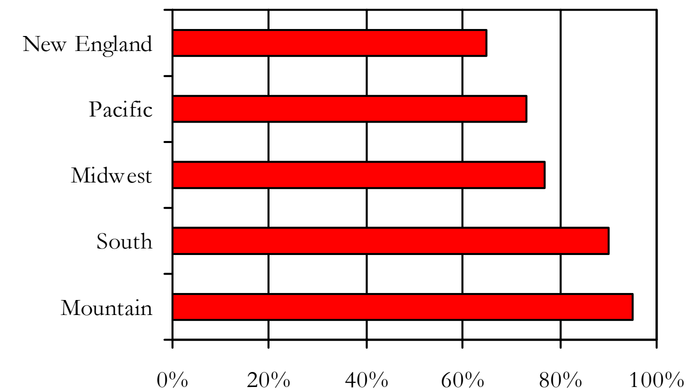
Chart 1: Acceptance of credit cards among all institutions



Credit Card Acceptance Variants

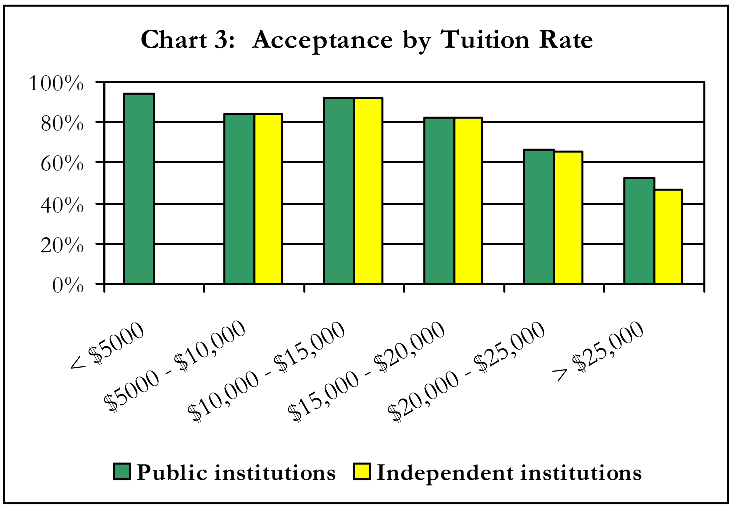
The practice of accepting credit cards for tuition and fee payments is not a new one, but the volume of credit card transactions has increased greatly over the past three years. Responses to the survey came from all sectors of the higher education community and all 50 U.S. states. While the responses may not be representative of the higher education community as a whole, there is a large enough response pool to draw significant correlations. Thus, the survey results indicate that institutional acceptance of credit cards for tuition and fee payments vary by institutional control, region, and tuition rate.

Chart 2: Overall Acceptance by Region



Among responding public institutions, 92 percent accepted credit cards, while only 74 percent of independent institutions did so in fiscal year 2003. At the same time, independent institutions are more likely to have stopped accepting credit cards, possibly due to higher tuition rates.

The survey results indicate regional differences among institutions in their credit card acceptance policies. The Mountain region had the highest level of credit card acceptance at 95 percent of institutions, while the New England region had the lowest level of acceptance at 65 percent. Some of the differences in acceptance are significant, such as the different policies between the Mountain and the New England regions and between the South and Pacific regions. These correlations probably reflect the differential distribution of independent institutions.



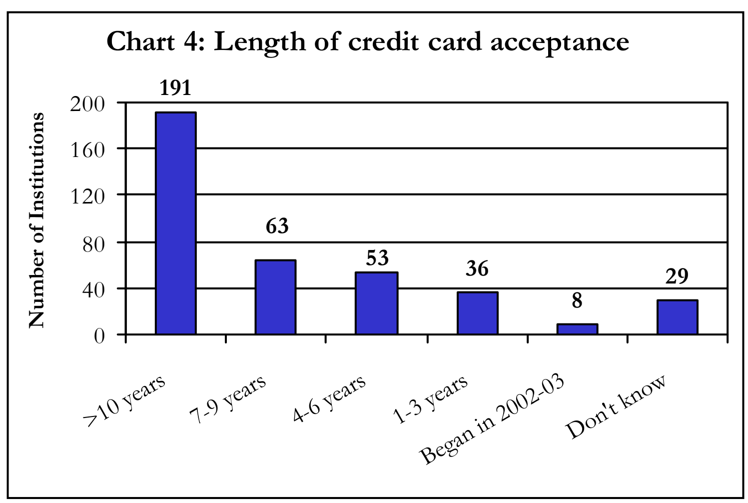
The rate of credit card acceptance at all institutions that participated in the NACUBO survey declines as the tuition rate increases. Institutions with tuition and fees less than $5,000 had a credit card acceptance rate of 94 percent, while only 52 percent of institutions with tuition rates greater than $25,000 accepted credit cards.

Among independent institutions, the acceptance rate variations are similar to that of all institutions. Less than half of independent institutions with tuition and fees greater than $25,000 accepted credit cards in fiscal year 2003, while 92 percent with tuition rates between $10,000 and $15,000 did so. As illustrated in the graph below, independents with tuitions less than $10,000 had high levels of acceptance, but not surprisingly, their cohorts were smaller than other tuition levels. At the higher tuition rate institutions (tuition and fees greater than $20,000), the likelihood that an institution does not accept credit cards is significantly higher than at other tuition rates. For these campuses in particular, the fees connected to credit card acceptance play a big role in this decision.

Regardless of control, higher tuition marks a decline in credit card acceptance for tuition and fees. Unlike independent institutions, however, the acceptance rates among participating public institutions did not differ significantly at the various tuition levels. Not surprisingly, there are too few public institutions in the higher tuition brackets (with tuition rates greater than $20,000) to draw significant conclusions.

Credit Card Market Expanding

As indicated, a majority of survey respondents accepted credit card payments for tuition and fees in the 2002-03 academic year. Despite reports in recent years, credit card acceptance is not a new phenomenon. Slightly more than half of responding institutions (54 percent) that accept credit cards have done so for 10 years or more, 18 percent have accepted them for seven to nine years, 15 percent for four to six years, and 10 percent for one to three years. Meanwhile, one-third of respondents witnessed an increase of less than 10 percent in credit card usage between 2001 and 2003, while 46 percent have seen growth between 10 percent and 25 percent. Nearly a quarter of the respondents (22 percent) reported increases in the volume of transactions greater than 25 percent.



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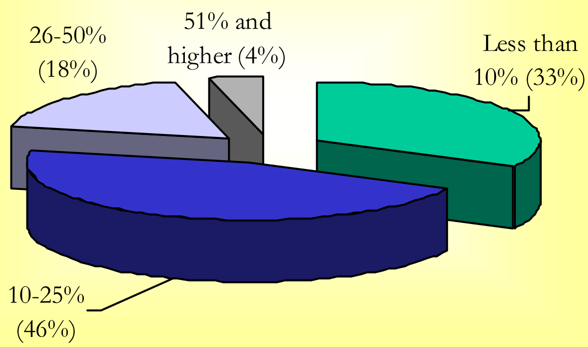
Despite higher education's label as an "emerging market," the volume of tuition and fee transactions of responding institutions was not negligible in fiscal year 2003. In fact, the dollar volume of tuition and fees paid by credit card to these colleges and universities was as high as $200 million with an average volume of $4.2 million. Half of the respondents accepting credit cards had payment volumes in excess of $10.4 million. The percentage of the total volume of tuition and fees that was paid by credit card for respondents in FY03 averaged 18 percent. Institutions reported processing as many as 1.3 million credit card transactions with an average of 17,000 transactions per institution, with half of the respondents processing fewer than 3,500 credit card transactions. While some institutions had a large volume of transactions, half of the credit card accepters had average transactions of less than $1,000.

Chart 5: Growth in credit card payments between 2001 and 2003



In spite of numerous reports of parents charging tuition and fee payments to amass frequent flyer miles and other perks, survey respondents also described other pressures to expand the market for credit card acceptance. Customer convenience was the most common reason cited for accepting credit cards. Other popular reasons include convenience of online and phone payments, decreased tuition receivables, followed by increased efficiency, pressure from parents and students, and reduced cost due to faster payment. Institutions with lower tuitions tended to cite customer convenience more than those with higher tuitions.

Credit Card Expense Rates

In addition to general variations in credit card acceptance policies, the NACUBO survey shows that credit card expenses vary substantially among institutions of higher education. Respondents were asked to estimate four key items: the dollar volume of tuition and fees paid by credit card, the percentage of the total volume of tuition and fees that was paid by credit card, the number of credit card transactions, and the total amount of charges paid to credit card companies. See Table 1 for additional information.

Using these data points, each institution's credit card rate was calculated by dividing the reported total credit card expense by the reported total dollar volume of tuition and fees paid by credit card. The average credit card rate (among 294 institutions with relevant data) was 2.1 percent, with two-thirds of the respondents having rates between 1.4 percent and 2.8 percent. As verification, this rate, which included flat fees and fees charged by all companies, correlated with the reported Visa fee. This indicates that those paying a high Visa fee also had a high calculated credit card expense rate, although the two numbers varied.

Based on each institution's credit card expense rate, three groups were defined:

- Low credit card expense rate group: Credit card expense rates lower than one standard deviation from the mean credit card rate, below 1.42 percent (28 institutions).
- Medium credit card expense rate group: credit card expense rates within one standard deviation of the mean, greater than 1.42 percent and less than 2.73 percent (223 institutions).
- High credit card expense rate group: credit card expense percentages above one standard deviation from the mean, above 2.76 percent (43 institutions).

Using these three credit card expense groups as a basis for analysis, the survey results indicate significant variations in terms of acceptance characteristics. In particular, the institutions in these groups vary by volume paid by credit card, enrollment size, use of third-party providers, and the practice of negotiating rates, though not all variations are statistically significant.

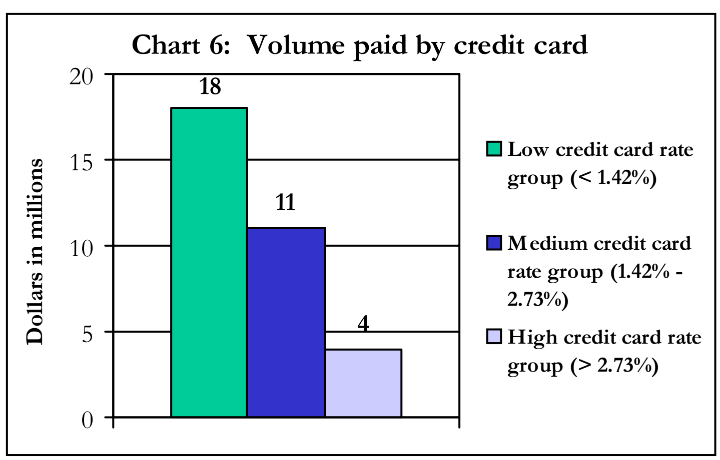
In total, respondents to the NACUBO survey reported paying $60 million in transaction fees to credit card companies in fiscal year 2003. This represents a significant expense for many institutions, with an average amount paid of $200,000 and a median of $83,500. One public institution paid $2.5 million in charges. By comparison, the average credit card volume for the 28 institutions in the low credit card expense rate group is $18 million, $11 million of the 223 institutions in the medium expense rate group, and only $4 million among the 43 institutions in the high credit card expense rate group. These data indicate that the processing costs per dollar collected are significantly lower for those institutions with higher volume. Conversely, the average dollar volume is significantly lower for institutions in the high credit card expense group.

When public and independent institutions are analyzed together, institutions with enrollments below 4,000 are significantly more likely to be in the high credit card expense rate group. In particular, 60 percent of the high fee expense rate group institutions have small enrollments, while 43 percent of the combined low and medium fee expense rate group institutions are small. For publics, institutions below 4,000 in enrollment are significantly more likely to be in the high credit card expense rate group than the other two groups. The association is reversed for independent institutions. Independent institutions *above* 4,000 in enrollments are significantly more likely to be in the high credit card expense rate group.

There are also significant differences among the three credit card expense rate groups in their propensity to accept Visa cards and to pass fees along to students or parents. The low and medium expense rate groups are significantly more likely (64 percent) to have negotiated Visa rates than those in the high expense percentage group (57 percent). Those institutions that pass along credit card fees in some form

Table 1: Credit Card Volume, Transactions, and Expenses

	Total volume of tuition and fees paid by credit card ($)	Percentage of total volume paid by credit card (%)	Number of credit card transactions	Total amount of charges paid to credit card companies or banks ($)	Average amount of a credit card transaction ($)
Maximum	$200,000,000	75%	1,300,000	$2,500,000	$15,280
Minimum	$145	Less than 1%	1	$500	$15
Mean	$10,347,170	18%	17,000	$194,679	$1,587
Median	$4,230,581	12%	3,460	$83,500	$1,000



to students or parents are significantly less likely to belong either to the high or low credit card expense percentage groups (8 percent passed on charges) than the medium group (23 percent passed on charges). This result resists interpretation.

Net Credit Card Expenses

In an effort to better understand the net effect of credit card acceptance on institutions participating in the study, a true cost of acceptance was calculated. To do so, the "additional fee charged to students or parents for credit card transactions" was subtracted from the institution's calculated credit card expense rate. This calculation can be done assuming that nearly all transactions have this fee attached. It is not clear that all respondents understood these questions; 15 institutions may have inserted their own Visa or similar fee. This would cause the net credit card expense percentage to go toward zero. Of course, this would also happen if the institutions charge the students exactly what they are charged by the credit card companies.

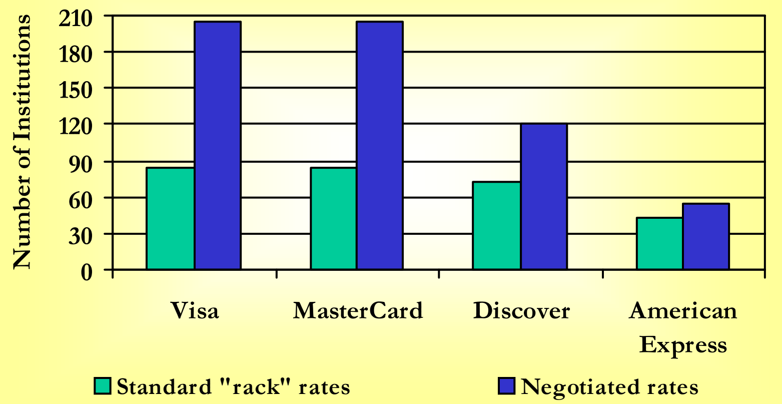
This analysis can be used to assess the characteristics of those institutions with a higher true cost, assuming that the credit card fee expense reported are not offset by the fees charged to students. The true cost would be the expense reported minus the revenue collected. This cost is made comparative by using the percentage of net expense as a percentage of total tuition and fee dollar volume collected from credit card transactions. The results indicate that overall, the external processing costs per dollar collected are higher for institutions with enrollments less than 4,000. This is particularly true for public institutions, but not independents. One contributing factor for these high net expense institutions is a significantly lower volume on average than their counterparts.

The effect of netting out the estimated revenue collected from fees assessed students or parents for the use of credit cards is negligible. A slightly lower proportion of institutions below 4,000 in total enrollment are in the high expense group. The netting caused a number of smaller institutions to have a smaller cost proportion. Netting out the revenues does not appear to have any important effects on the conclusions based on the credit card expense rates alone.

Negotiating Rates

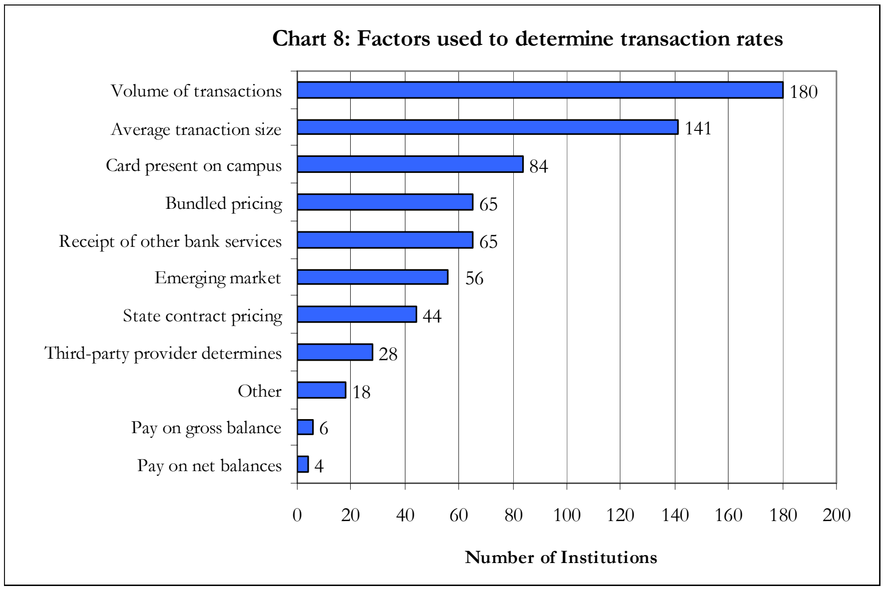
Negotiated rates were more common among participating institutions regardless of the credit card company used.

Chart 7: Determination of rates by credit card



Approximately two-thirds of the respondents reported negotiating rates with Visa, MasterCard, and Discover, while a slightly lower percentage reported negotiating rates with American Express (56 percent). The most common factors cited in determining credit card rates were volume of transactions and the institution's average transaction size.

In the absence of a universal higher education fee structure for credit cards, fees vary depending upon the credit card company and the contract each institution has with each company. Some institutions pay a flat merchant fee, others pay a fee per transaction, while others have a combination of both. The average merchant fee paid to credit card companies is approximately 2 percent, regardless of the company or type of institution. Across all credit cards, institutions were more likely to negotiate rates than take the standard "rack" rate offered by the company. Institutions that negotiated fees were less likely to have higher costs per dollar collected. In particular, institutions with high credit card expense rates were significantly less likely to have negotiated their Visa rates (57 percent) than institutions with lower ratios (64 percent). Therefore, negotiation could be one method that higher education institutions can use to cut some of the costs of credit card acceptance, especially if they have sufficient bargaining power.



Responding institutions cited several factors that are used to determine transaction rates with credit card companies. The most commonly used was volume of transactions (65 percent), followed by average transaction size (51 percent), and card present on campus (30 percent). More independent institutions than publics indicated that the average transaction size or the volume of transactions was used to determine the rates.

Charging Fees to Students and Parents

In the NACUBO survey, respondents were asked how their institution accounted for the fees associated with credit card acceptance. The following graph illustrates that the most common method for accounting for these fees is for the institution to absorb the cost. To offset the fees associated with accepting credit cards for tuition and fee payments, many colleges and universities have chosen to charge users a fee. Respondents reported an average fee of approximately 2 percent to bill payers, which is either a flat fee or a percentage rate of the total transaction.

Due to the complexity of regulation in some states, many institutions may have been reluctant to disclose information regarding these so-called "convenience fees." Among the 57 institutions that reported charging such a fee, the findings indicate that public institutions, institutions larger than 10,000 in total enrollment, high credit card payment volume institutions, and those that accept credit cards online are more likely to charge a fee than their counterparts.

According to the survey results, public institutions were much more likely to charge a fee for paying with a credit card (17 percent) than independent institutions (11 percent). Institutions larger than 10,000 in total enrollment were more likely to charge a fee (20 percent) than were smaller institutions (13 percent). The same held true for public institutions larger than 16,000 and independent institutions larger than 3,400 in total enrollment.

The relationship between size and the tendency to charge a fee also held when size was measured by credit card dollar volume. Institutions with more than $25 million in credit card volume are significantly more likely to charge a fee - 32 percent versus 15 percent. Furthermore, compared to their counterparts, public institutions with more than $15 million in credit card volume were significantly more likely to charge a fee (30 percent to 17 percent) and independent institutions with more than $3.6 million in credit card volume were significantly more likely to charge a fee — (19 percent compared to 9 percent).

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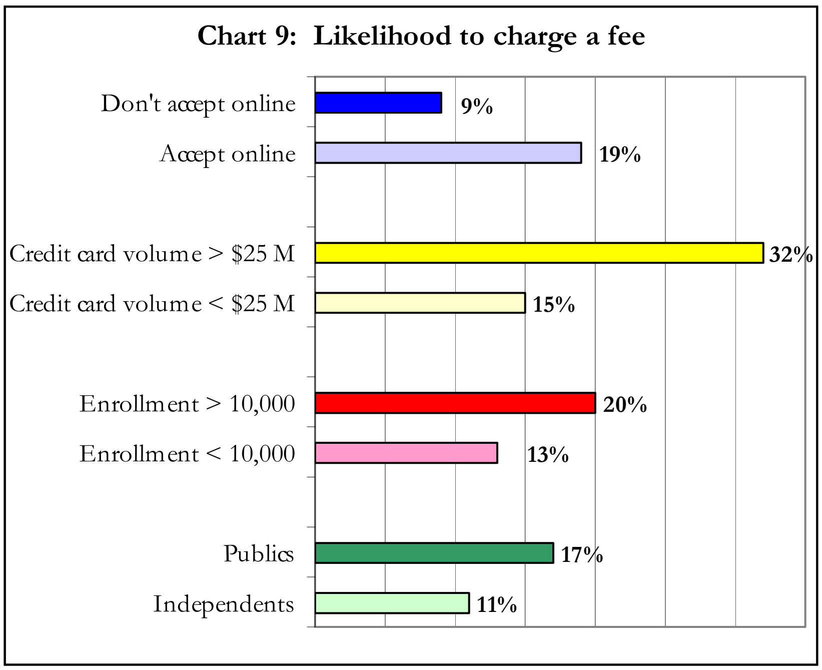
Institutions that accepted credit cards online were also more inclined to charge a fee. Nineteen percent of institutions that accept credit cards online charged a fee, while only 9 percent of those that do not accept credit card payments online charged users. However, no such relationship was established with the proportion of tuition and fees collected.



The legal ramifications of charging a fee to parents/students are still in flux and vary by state. Some states have statutes that directly prohibit surcharges for credit card transactions. Many institutions are prohibited from such activities by their merchant agreements with the credit card companies. Besides preventing abuse, such a policy would prevent the credit card companies from policing merchants in regulated states only. Furthermore, some colleges and universities may circumvent this issue by providing a "cash discount" in lieu of charging a "convenience fee" specifically to credit card users. State regulations seem to condone this distinction. In other cases, the institution may contract with a third-party provider to avoid absorbing the transaction fees.

According to Financial Strategies Online, at least 10 states prohibit merchants from adding surcharges to credit card transactions: California, Colorado, Connecticut, Florida, Kansas, Maine, Massachusetts, New York, Oklahoma, and Texas. However, there does not appear to be a great deal of uniformity from state to state.

Third-Party Contracts on the Rise

As mentioned in the previous section, some institutions contract with third-party providers in order to better manage credit card transactions and processing. Contracting with a third-party provider for credit card processing services appears to be a fairly recent yet growing phenomenon. In the survey, 14 percent of respondents used a third-party provider to accept credit card payments for tuition and fees in the 2002-03 academic year. Only two of these institutions had been with their vendor for more than three years. However, the survey found that 6 percent of all institutions plan to stop accepting credit cards *except* through a third party. These institutions perhaps anticipate the advantages of managing the fees associated with credit card acceptance.

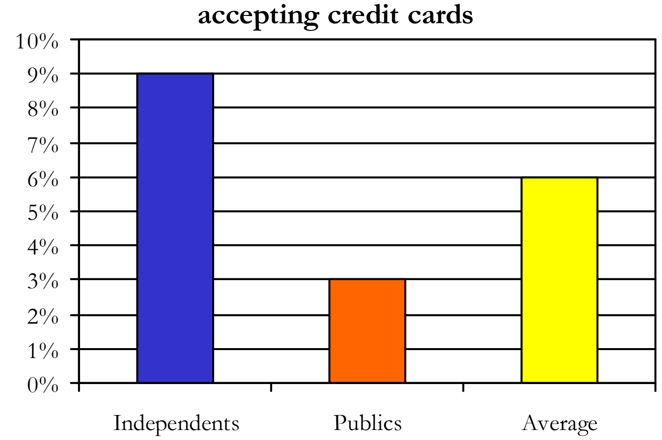
Respondents using third-party providers indicated two primary factors contributing to their decision to outsource: the fees the institution was paying to accept credit cards, and the enhanced ability to meet customer demand for credit card acceptance. Other reasons included the institution's inability to charge students convenience fees, increased efficiency, decreased paperwork, and an existing option through the state system. Commonly used providers include Tuition Management Systems, PhoneCharge, and Academic Management Services, among others.

Survey respondents indicated that the terms of third-party provider contracts also vary. Only five institutions reported that their provider collects payments for *all* tuition and fee transactions. Twenty-four respondents indicated that the vendor was reimbursed based on a percentage of volume. These percentages ranged from 1 percent to 4.5 percent. The wide range implies that for some institutions the reimbursement formula was complex.

Getting Out of the Market

The results of the NACUBO survey indicate that credit card acceptance and third-party contracts may be on the rise among higher education institutions. At the same time, however, the associated fees have caused some institutions to reconsider their acceptance policies. Independent institutions were significantly more likely to have stopped accepting credit cards than their public counterparts. Overall, 6 percent of respondents that accepted credit cards at one time have since stopped; only 3 percent of public institutions did so compared with 9 percent of independents.

Chart 10: Institutions that stopped accepting credit cards



Among institutions with different tuition rates and in different regions, the contrast is even starker. Three percent of institutions charging less than $15,000 for tuition have stopped accepting credit cards, while 11 percent of institutions charging tuitions above $15,000 have stopped doing so.

Among institutions in New England, 16 percent have stopped accepting credit cards, compared with only 1 percent in the South. These differences reflect the concentrations of independent institutions. Colleges and universities that formerly accepted credit cards cited the cost of doing so as an impetus for the change in practice. Some institutions would consider contracting with a third-party provider, while others reported that they would be interested in accepting credit cards if they could pass the fees along to users.

Alternatives

Across the board, participants in the NACUBO survey indicated that they are looking for alternatives to credit card payment for tuition and fees. Nine percent of institutions that accepted credit cards in fiscal year 2003 indicated that they would continue to do so but would encourage alternative payment methods such as electronic checks. While bill payers do not receive of a grace period between charging the bill and paying the ill, this method of payment is common in other industries. Automated Clearing House (ACH) payments could help institutions circumvent some of the fees assessed by credit card companies, but this alternative is not without problems. One large public institution reported that it would offer students online ACH transfer payments at no charge, but the institution was subsequently challenged by one of the major credit card companies to add a fee to such payments.

In addition to contracting with third-party providers, institutions are implementing other policies so that they may still accept credit cards for tuition and fee payments. One public institution uses a three-tier system, whereby online payments have a different transaction rate than other modes of payment or foreign credit cards. Others have partnered with banks to accept credit card payments. Another institution reported that it was changing to an unbundled price to save money.

Conclusions

The results of the NACUBO survey demonstrate both the popularity and the costs of credit card acceptance for tuition and fee payment.. These results provide evidence of the benefits of negotiating fees with the leverage of larger volume. The findings also illustrate a trend toward the use of third-party vendors for the credit card receiving function. The small but growing number of institutions using third-party vendors and the number of comments on the new acceptance of ACH transfers indicates that tuition and fee receipt practices are still very much in flux.