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Associated Students
The University of Montana

ASUM SENATE AGENDA
October 30, 2002 - 6:00 p.m.
UC 331-332

1. CALL MEETING TO ORDER
2. ROLL CALL
3. APPROVAL OF MINUTES - October 16 and October 23, 2002
The minutes of October 23 should be amended to reflect that the minutes of October 16 were approved in error, as they were not yet transcribed.
4. PUBLIC COMMENT
5. PRESIDENT'S REPORT
 - a. Eldridge Moore, Greek Life
 - b. Joel Zarr, UC Director
 - c. Election Day - November 5, 2002
 - d. Neighborhood Council - December 3, 2002
 - e. Commissioner Crofts - 2 p.m. October 31, 2002
 - f. Same Sex Health Insurance
 - g. Other
6. VICE-PRESIDENT'S REPORT
 - a. Committee Appointments
 - b. Food Bank
 - c. Breakfast - Wednesday, November 6, 7:30 a.m.
 - d. Other
7. BUSINESS MANAGER'S REPORT
STIP - \$99,928.52
Travel Special Allocation - \$11,271.60
Zero-based Carryover - \$73,892.55
Special Allocation - \$6,501.00
 - a. Special Allocation Request - Student Escort Services \$20,591/50
 - b. SB8-02/03 Resolution to Amend Fiscal Policy 14.0
 - c. SB14-02/03 Resolution to Amend Fiscal Policy
 - d. Environmental Action Community - Zero-base Request \$800/\$350
 - e. Other
8. COMMITTEE REPORTS
9. UNFINISHED BUSINESS
To see a list of resolutions with the action taken on them noted and the resolutions currently being considered in their entirety, please go to <http://www.umt.edu/asum/government/resolution.htm>
 - a. SB10-02/03 Resolution on Free Speech Area
 - b. SB16-02/03 Resolution Improving Campus Relations by Creating a Taskforce to work with Administrators on a UM Student Memorial Monument
 - c. SB21-02/02 Resolution in Support of MontPIRG's Predatory Leading Coalition
 - d. SB22-02/03 Resolution regarding Memorandum of Understanding
10. NEW BUSINESS
11. COMMENTS
12. ADJOURNMENT

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15-3-1

Amendment
9-1032 SB22
16-3

ROLL
CALL

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Un- renewed	-	-	-	-	-
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6:10	y	y	n	y	n
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6:08	y	y	n	y	n

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Antelope Valley

ASUM SENATE MINUTES
October 30, 2002
UC331-332 - 6:00 p.m.

Chair Schilke called the meeting to order at 6:05 p.m. Present: Swan, Schilke, O'Loughlin, Alvarez, Burwell, Delamater, Frost, Hankinson (6:13), Mendrey (7:15), Naasz, Ouedraogo (6:10), Price, Rosenleaf, Tabibnejad, Welsh, Wilcox, Wolff, Wollersheim, Yao (6:12) and Zhou (6:08). Unexcused were Lane and Lee.

The meeting minutes for October 16 and 23, 2002, were approved.

Public Comment

*SPA Director Matt Jennings circulated a sign-up sheet for election volunteers. They will be tabling, preparing white boards, making posters and phone-banking. Discussions on "safe ride home" from downtown for students are in progress. Talk to OT Director Nancy McKiddy if you have opinions/ideas.

*Campus Rec Director Keith Glaes gave an update on the Rec Center and said the towel rentals should be going to \$10/year.

The Chair recognized the presence of Zhou, Ouedraogo, Yao and Hankinson.

President's Report

- a. Eldridge Moore of Greek Life introduced himself and gave an update on Greek activities. There will be a Masquerade Ball November 4 from 6-10 p.m. in the UC Ballroom and an orientation in the UC Theater at 5 p.m. November 6. They are working on more positive PR, a community Halloween and getting involved in other groups.
- b. UC Director Joel Zarr distributed a copy of the UC Strategic Planning Directions and Initiatives: and answered questions about the information desk area to be remodeled and empty vendor areas.
- c. UC Associate Director Lee Clark introduced himself.
- d. Senators were asked to sign up to assist SPA in election activities.
- e. The Paxson district Neighborhood Council will meet December 3rd at 7 p.m. in Paxson School.
- f. Swan reminded Senate about the meeting with Commissioner Crofts at 2 p.m. tomorrow in UC329.
- g. The lawsuit brought against the University regarding same sex health insurance will go to court soon. In the past, ASUM reaffirmed their support.
- h. There will be campus meetings on the proposed late night busing from downtown. Swan is thinking about STIP interest with Main Hall support to fund it.

Vice President's Report

- a. There were no committee appointments.
- b. A sign-up sheet was distributed for working at the Food Bank next Tuesday between 1:30 and 3:30.
- c. Senators who signed up for the breakfast November 6 at 7:30 a.m. were reminded to attend.
- d. Senator Heidi Loendorf has resigned to work at the Women's Center.
- e. The Charitable Giving Campaign Committee requires a one-year commitment.
- f. Schilke thinks the towel service price reduction is a good compromise.

Business Manager's Report

STIP - \$99,928.52

Zero-Based Carryover - \$73,892.55

Travel Spec. Allocation - \$11,271.60

Special Allocation - \$6,501

a. Student Escort Services Special Allocation Request \$20,591/\$0 - in committee.

b. SB8-02/03 Resolution to Amend Fiscal Policy 14 - in committee.

c. SB14-02/03 Resolution to Amend Fiscal Policy - in committee.

d. Environmental Action Community Zero-base request for \$800 was amended to \$350 by the Board on Budget and Finance. After previous question calls by **Price** (failed) and **Rosenleaf** (passed), the amended request passed 15-3-1 on a roll call vote (see Tally Sheet).

e. An invitation to Diwali for November 15 was issued by Shailesh Agarwal.

Committee Reports

a. ASUM Relations & Affairs (Zhou) - They need ideas for blue boards. They have written a mission statement with five main goals.

b. ASUM IT (Frost) - No meeting was held.

c. Board on Membership (Naasz) - There was no quorum.

d. COT (Tabibnejad) - A meeting is tentatively scheduled for tomorrow.

e. Off-Campus Housing (Rosenleaf) - They are discussing rental seminars, good neighbor award, co-op housing; tool library.

f. Interview (Wolff) - She asked members to meet briefly after Senate.

g. Publications Board (O'Loughlin) - They talked about the Kaimin budget, their purpose and how to resolve any issues that might arise.
h. SPA (Price) - The forum was good but not well attended. Help is needed to get out the vote.

i. Transportation (Mendrey) - They are discussing ideas for the night bus.

j. UC Board (Naasz) - The next meeting is tomorrow at 3:30 in UC207.

k. University Affairs (Hankinson) - SB10 is in committee, SB16 was withdrawn, and SB22 received a "do pass" recommendation.

l. Suggestion box (Mendrey) - No messages.

Unfinished Business

To see a list of resolutions with the action taken on them noted and the resolutions currently being considered in their entirety, please go to:

<http://www.umd.edu/asum/government/resolution.htm>

a. SB10-02/03 Resolution on Free Speech Area - in committee.

b. SB16-02/03 Resolution Improving Campus Relations by Creating a Taskforce to work with Administrators on a UM Student Memorial Monument - in committee - withdrawn.

c. SB21-02/03 Resolution in Support of MontPIRG's Predatory Lending Coalition (Exhibit A) was moved by **O'Loughlin-Tabibnejad** and passed 15-1-2 on a roll call vote (see Tally Sheet) after a previous question call by **Price**.

d. SB22-01/02 Resolution regarding Memorandum of Understanding (Exhibit B) was moved by **Rosenleaf-Tabibnejad**. Committee/author amendments included: Resolution - delete "is" and insert "become" in third whereas; add "s" to "limitation" and insert "of" after "because" in fourth whereas; Memorandum - Change "Council" to "Counsel" in third bullet; delete "the following occurs:" in the sentence before the last paragraph and continue with the first bullet to make a sentence, with the second bullet deleted. Also, "recognize" in that last sentence was changed to "recognizes." A friendly amendment by **O'Loughlin** to add "well advertised" after "two" in the third paragraph of the Memorandum was accepted. A friendly amendment

by **Hankinson** to add another bullet to the list in the Memorandum saying "Decisions that affect the disabled community on campus" was not accepted. **Hankinson-Rosenleaf** moved the same. After previous question calls by **Hankinson** (failed) and **Swan** (passed), the motion to amend failed 9-10 on a roll call vote (see Tally Sheet). After a previous question call by **Swan**, the resolution passed 16-3 on a roll call vote (see Tally Sheet).

New Business

- a. Resolution on Disability Student Services
- b. Resolution to reaffirm stance on same sex health insurance
- c. Resolution to amend Fiscal Policy (4)
- d. Resolution on language requirements
- e. Resolution regarding on-line graduation forms
- f. Resolution on fee for class schedules
- g. Resolution on upper division writing assessments
- h. Resolution on disability rights

Comments

The meeting adjourned at 9:36 p.m.

Carol Hayes
Carol Hayes
ASUM Office Manager

Exhibit A
SR21-02/03

Resolution in Support of MontPIRG's Predatory Lending Coalition

Whereas, payday loans are small, short term loans given in return for a post-dated check;

Whereas, payday lending preys on low and moderate income consumers;

Whereas, most University of Montana students are low or moderate income consumers;

Whereas, payday lenders charge an Annual Percentage Rate (APR), on average, of 600%;

Whereas, to other small, consumer loans that are capped at 36% APR;

Whereas, studies have shown that, on average, payday loan customers take out 10 loans per year;

Whereas, many customers get caught in a cycle of debt, often leading borrowers to take out one loan right after another;

Whereas, many lower income consumers are forced to use payday lending because they do not qualify for other forms of credit;

Whereas, lenders disguise the cost of these loans by not fully informing consumers about the loans they are entering into;

Whereas, MontPIRG is forming a coalition to pass legislation that will help to curb the worst practices of payday lenders;

Therefore, let it be resolved that the ASUM fully supports and hereby signs-on to MontPIRG's coalition to end predatory lending.

Authored by: Aaron Augsburger, student

Supported by: Heather O'Loughlin, ASUM Business Manager

Passed
10-30-02
15-1-2
(roll call vote)

Payday Loans: The High Cost of Quick Cash

Need Quick Cash? It'll Cost Ya'

In the last ten years, a new "financial services" industry has sprung up, both in the United States and abroad. They have names like "Quik Cash" and "Payday Advance" and they offer short term, small loans at incredibly high costs. In Montana, these "payday" lenders can charge up to 25% of the principal as a "finance fee". When this finance fee is calculated in terms of APR, the usurious nature of these loans becomes apparent. A two week loan with a 25% finance fee has an APR of 650%.

New Name, Old Scam

Though the payday lending industry has only emerged in the last ten years, the phenomenon of high cost, short term, small loans is not a new one. In the late 19th century salary lenders, known as "5 for 6 boys", would lend \$5 to workers for a \$6 repayment on their next payday, usually one or two weeks away. A two week \$5 for \$6 loan has an APR of 522%.

Some of the early salary lenders used a collection technique that involved having the borrower sign a bank check for the principal amount plus the fee, even though the borrower didn't have a bank account. If the borrower defaulted on the loan, the lender would attempt to cash the check, which, of course, bounced. The lender would then threaten to pursue criminal prosecution if the borrower didn't pay the loan. This is a direct antecedent of today's payday lenders.

Another collection technique involved the use of "ballerouts", women hired by the lenders to stand outside the borrowers place of employment and "ball him out" in front of his co-workers as he left work for the day. Unfortunately, this type of practice remains pretty much standard fair for the salary lenders of today. Richard Cooper of the Cooper Consulting Group, a firm that specializes in assisting payday lenders, has this advice for collecting from customers who default on their loan, "If you have any sense at all, you will read [the customer] the riot-act...CAUSING PUBLIC EMBARRASSMENT TO NSF CUSTOMERS IS YOUR ULTIMATE WEAPON!"

Salary lending was eventually banned due to the usurious nature of the loans and the unethical collection techniques used by the lenders. Unfortunately they've made a comeback, this time with a new name: payday loans.

Industry Claims Refuted

- **Industry Claim #1:** Customers only have the money for a few weeks, not a whole year, so quoting the annual percentage rate is misleading.

Fact: According to data from state banking regulators and the industry itself, 35-50% of payday loan borrowers take out more than 11 loans per year. John Caskey, Professor of Economics at Swarthmore College, reports that among long term Wisconsin payday loan customers, 50% take out more than 20 per year. If these customers borrowed the average amount for Wisconsin and paid the average fee, they would pay \$980 in finance fees to

keep a \$245 loan outstanding for most of a year, which amounts to 400% interest on the loan.

- **Industry Claim #2:** Payday lending is a risky business. Lenders have to be able to charge high rates to stay in business.

Fact: According to data provided to the Montana Division of Banking and Financial Institutions by the lenders themselves, only 1.3% of all loans are charged-off as unrecoverable. This compares quite favorably to credit card issuers who typically charge-off about 3% of their debts. The reason for the low default rates on payday loans is simple; the lender already has a signed check in hand. Because of this, borrowers will pay their payday loan before their other financial obligations to avoid bounced check fees from the lender and the bank and possibly losing their checking account.

- **Industry Claim #3:** Since banks and credit unions have stopped offering small loans and many borrowers have poor credit records, payday loan customers have no place else to turn for a quick source of credit. Payday lenders offer a real service to the low and moderate-income community.

Fact: While it may be true that payday loan customers often have no other place to turn for a quick source of cash, it does not follow that payday lenders should be allowed to exploit these "captive customers" by forcing them to accept usurious interest rates. The fact that these customers often have no other options makes them easily exploitable which is why the government has historically protected these consumers with usury limits. Most small consumer loans are capped at 36% APR. However, in Montana payday lenders can charge up to a 25% finance fee, with no cap on the APR of the loan. This is one of the highest allowable limits in the nation.

Fixing a Broken Law

In 1999 the state Legislature passed the Deferred Deposit Lending Act (DDLA), making payday lending legal in the state. While the DDLA did include a number of strong consumer protections, banning some of the industries most egregious practices, the maximum permissible finance fee allowed under the Act is one of the highest in the nation. Also, the lack of a statutory minimum term for payday loans allows for outrageous APRs and hinders the borrower's ability to repay the loan when due.

MontPIRG is proposing a number of changes to the DDLA, which will help to better protect consumers from these "legal loan-sharks".

First, the maximum allowable interest rate should be lowered to 36% APR, the same as other small consumer loans. Second, lenders should be required to allow a minimum term of 2 weeks for every \$50 loaned, to ensure that borrowers will have an adequate amount of time to repay their debts. Finally, lenders should be required to conspicuously display the APR of their loans, so customers can easily compare the cost of payday loans to other forms of credit.

Payday lenders have shown time and again that, given the opportunity, they will take unfair advantage of cash-strapped borrowers. It is time for the Legislature to reign in payday lenders with tougher regulations that provide real consumer protection.

If you have any questions or comments, please contact:

Josh Davis, MontPIRG Consumer Advocate, (406)243-2929, jdavis@pirg.org

Resolution Regarding Memorandum of Understanding

Whereas, the mission statement of The University of Montana reads:

"The University makes its decisions through a governance process involving all groups and constituencies on and off the campus. In its activities, the University accords the highest priority to the rights and opinions of all. As a free marketplace of ideas and a forum for bringing together the diverse cultures and views of the people of the State, nation, and world, the University recognizes no limit upon freedom of expression or opinion, but does expect people to respect the equal rights of others."

Whereas, recently students at The University of Montana are disappointed with the administration's effort to include student input and opinion in major decisions.

Whereas, current issues of concern for students, such as housing accessibility, are not being fully addressed due to the inability of students to comment before projects ^{are} a "done deal."

Whereas, the Coca-Cola Contract has been considered a "business decision," when in fact there are many policy implications being ignored. One such consequence is that students living in residence halls have no choice in beverage products because of the limitation of their meal plans.

Whereas, with the advent of rising tuition, students need to be informed of how and why specific percentage increases are determined.

Whereas, mandatory fee increases should be a matter of discussion in forums where students can come to a better understanding and/or offer solutions for problems of stagnant revenue streams and rising expenses.

Whereas, general education requirement changes should be a matter of discussion in public forums so that students can point out impacts and possible unintended consequences.

Whereas, while forums have been held on many important issues, they have been done after decisions have been made. This problem negates many suggestions from students, for they cannot be considered after the fact.

Therefore Let it Be Resolved, the Associated Students of The University of Montana strongly encourage the Administration to sign the following Memorandum of Understanding (MOU). The signing of this MOU signifies the administration's acknowledgement of the need to include student opinion in major decision making processes.

Passed
10-30-02
16-3
(roll call vote)

Memorandum of Understanding

This Memorandum of Understanding (MOU) relates to student input. One of the paragraphs of the mission statement of The University of Montana reads as follows:

"The University makes its decisions through a governance process involving all groups and constituencies on and off the campus. In its activities, the University accords the highest priority to the rights and opinions **of all**. As a free marketplace of ideas and a forum for bringing together the diverse cultures and views of the people of the State, nation, and world, the University recognizes no limit upon freedom of expression or opinion, but does expect people to respect the equal rights of others."

Equal-Advising
With the mission statement in mind, the administration is required to have at least two public forums for listening to recommendations when the following plans are being discussed and before binding decisions are made:

- New Buildings, on and off campus,
- Major renovations to existing buildings,
- Contracts that take away the choice of products on campus,
- Hiring of Vice Presidents,
- Hiring of Legal ~~Council~~ *Counsel*,
- Hiring of Associate Vice Presidents,
- Tuition increases,
- Mandatory Fee increases,
- General Education Requirement Changes, and
- Program Deletions/Additions.

This MOU is in effect upon signing indefinitely, unless the following occurs:

- ~~The~~ mission statement of The University of Montana changes so that it no longer recognize student input on decision making activities.
- Both the ASUM and Administration agree the good faith effort of this MOU is no longer valid.

Jon P. Swan
President
Associated Students of The University of Montana

George M. Dennison
President
The University of Montana