

Best Practices in Collecting Receivables

COHEAO

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University of Michigan

Agenda

- Tuition Billing Process
 - Ann Arbor campus, Peoplesoft system
 - Dearborn campus, Banner system
 - Flint campus, Banner system
- Collection Procedures
 - During enrollment
 - After enrollment
- Conclusion

University of Michigan Overview

- Fall 2015 Enrollment on our 3 campuses
 - Ann Arbor (Main) 43,651
 - Dearborn 9,308
 - Flint 8,470

University of Michigan **Ann Arbor**

During Enrollment

- Tuition due dates
 - Fall Semester: Always August 31
 - Winter Semester: First Day of classes
- In-house tuition payment plan available
 - \$30 fee each semester to participate
 - Fall: June-October
 - Winter: November-March

University of Michigan **Ann Arbor** During Enrollment

- Billing process:
 - At the time of registration:
Students sign an authorization to conduct university business online
 - Students agree they are liable for tuition and fees
 - Email is sent with a link to their bill

University of Michigan **Ann Arbor** During Enrollment

- Billing process continued:
 - Students can designate friends and family to also receive email notification with a link to the student's bill
 - No paper bills are generated

University of Michigan **Ann Arbor** During Enrollment

- Total billed for FY 2015 was \$1.4 billion
- Penalties for non-payment:
 - \$30 late fee on balance \$60 or greater
 - Negative service indicator (hold credit) which prohibits future registration and University services (e.g. official transcripts, diploma)

University of Michigan **Ann Arbor** During Enrollment

- Students with unpaid balances receive:
 - Emails notifying them they have a bill available
 - Additional collection emails are sent at the beginning of the month and at pre-registration

University of Michigan **Ann Arbor** During Enrollment

- After the end of the semester if:
 - An account is 60 days past due
 - Not registered for next term
 - No ongoing charges (e.g. housing contract)
- Students are sent two letters, indicating their account is being moved to collections. The account is then transferred to Student Loan Collections.

University of Michigan **Ann Arbor** After Enrollment

- The amount transferred to the Student Loan Collections office for FY2015 was \$2.7 million
 - This represents .2% of the amount billed

University of Michigan **Ann Arbor**

After Enrollment

- When the account is transferred to Student Loan Collections, it is:
 - Placed on ECSI (Educational Computer Services, Inc.) system
 - Assigned an internal collector for 8 months
 - Uncollectible accounts are placed with a collection agency and reported to a credit bureau

University of Michigan **Ann Arbor** After Enrollment

- Collection costs are not added to the past-due accounts when placed with an agency
- Accounts are at an agency for one year and rotate through our agencies until the statute of limitation expires
- After the statute of limitation passes, we will write-off these receivables and place a permanent hold on the student record

University of Michigan **Ann Arbor** After Enrollment

- When an individual declares bankruptcy and their case is discharged, we code the account as bankruptcy, and do not pursue the debt further

University of Michigan Dearborn During Enrollment

- Tuition due dates
 - All Semesters: Due the third Wednesday at the beginning of each semester
- Externally managed payment plan available
 - \$40 fee each semester to participate
 - Student must sign up on line
 - Fall: July-November
 - Winter: December-March

University of Michigan Dearborn During Enrollment

- At the time of registration, Students agree to financial responsibility for all charges, and agrees to pay all fees and costs, including those incurred for collection and litigation
- Total Tuition billed for FY2015 was \$105 million

University of Michigan Dearborn During Enrollment

- Penalties for non-payment:
 - \$30 late fee on balances of \$120 or more
 - Hold which prohibits future registration and University services (e.g. official transcripts, diploma)

University of Michigan Dearborn During Enrollment

- Student with unpaid balances receive:
 - Monthly E-statements and past due reminders sent using Touchnet
 - Cancellation of their payment plans when payments are not made
 - Two letters sent by billing staff encouraging students to enter into a “Education loan payment plan contract”

University of Michigan Dearborn

During Enrollment

- Delinquent student accounts are transferred to the Ann Arbor Student Loan Collections office
- The accounts are zeroed out on the Banner system and uploaded into the ECSI system

University of Michigan Dearborn After Enrollment

- When delinquent accounts are transferred to Student Loan Collections (SLC), they are:
 - Assigned an internal collector for 8 months
 - Uncollectible accounts are placed with a collection agency (collection costs are charged and reported to a credit bureau if SLC cannot collect the debt)

University of Michigan Dearborn After Enrollment

- After a student's bankruptcy period, if a discharge is received, we resume collection on our outstanding account
- After the statute of limitation passes, we will write-off these accounts and place a permanent hold on the student record

University of Michigan **Flint** During Enrollment

- Bills are due the last Wednesday of the first month of the semester unless Students sign up for a payment plan
- Externally managed payment plan
 - \$42 fee each semester to participate
 - Fall: September-November
 - Winter: January-March

University of Michigan **Flint** During Enrollment

- Total billed for FY2015 was \$90 million
- Billing process:
 - An email is sent with a link to their bill
 - They have to forward this email to others if they want them to view their bill
 - No paper bills are produced

University of Michigan **Flint** During Enrollment

- Penalties for non-payment:
 - Late payment fee is 1.5% each month
 - Holds are placed which prohibit future registration and University services (official transcripts, diploma)
- Billing emails are sent for 6 months to students with delinquent accounts
- Bankruptcy discharges are written off

University of Michigan **Flint** After Enrollment

- After 6 months, delinquent accounts are placed with a collection agency
- No collection costs are added to the account
- The accounts are reported to a credit bureau 30 days after placement with the collection agency

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- Keep in mind that the best practice for receivables is not a one size fits all, but rather, should be done in a way that works best for your institution based on staffing and size



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Additional questions can be directed to:

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