

## COLLECTIONS, WRITE-OFFS, AND ALLOWANCES FOR DOUBTFUL ACCOUNTS

### Purpose

This policy provides guidance for the collection, write-off, and allowance of doubtful accounts as it applies to the University of Mary's portfolio of student accounts and non-student miscellaneous receivables. Other receivables are not addressed in this policy.

The University of Mary Collections, Write-offs, and Allowance for Doubtful Accounts Policy establishes guidelines for the collection of receivables/debt owed to the University. Such receivables arise from circumstances including but not limited to educational expenses such as tuition and fees, residence life charges, or miscellaneous charges (fines, bookstore charges, study abroad, parking violations, etc.).

### Statement of Policy

#### Collections

A receivable becomes past due if payment is not received by the payment due date. A concerted effort is made to collect accounts, including the current amount due applicable to installment payments. Collection actions may include but are not limited to sending additional notices, making phone calls, and referring the account to an outside collection agency. Any efforts to collect overdue account receivables by University of Mary employees are documented and are conducted according to the provisions to the Federal Fair Debt Collection Practices Act.

If a student debt arises, standard Office of Student Accounts collection practices will be followed. Please see *Collection Procedures for Student Receivables*.

#### Write-Offs of Uncollectible Accounts

While routinely executing collection procedures, some receivables may be determined uncollectible. Accounts deemed uncollectable must be submitted to the Director of Student Financial Services and Director of Student Services.

Either director will notify student accounts that the request has been approved. Upon approval, the balance owed is removed from the debtor's account, and a permanent account hold is added.

#### Bad Debt and Allowance for Doubtful Accounts

The process of calculating the estimate for uncollectable balances requires a rational estimate that follows Generally Accepted Accounting Principles (GAAP). At the end of each fiscal year, an allowance for doubtful accounts will be calculated based on various percentage rates of aged receivables. The Vice President for Financial Affairs, Director of Financial Services, Director of

Student Financial Services, Director of Budget, and Student Accounts will annually review the calculation to ensure the calculation method produces a “net receivable” balance that is deemed collectible. The formula used in the calculation will be adjusted, when needed, to assure accountable amounts are included in the University’s financial statements.

Collection Procedures for Student Receivables

Prompt collection of student account receivables ensures reduced liability and increases cash flow to the University of Mary. The following procedures are for controlling and collecting student debt.

General collection activity during the semester:

Preliminary statements are mailed to student’s legal address (designated LHP in Jenzabar), prior to the start of the upcoming term.

Electronic notices are sent to students on a schedule to remind them of payment due dates.

A late payment fee of \$50 will be assessed each of the following months after classes start if a student has not paid in full, has not enrolled in a payment plan, is in arrears on their payment plan, has not completed a Student Account Authorization Agreement to have their net Work Campus earnings applied to their student account, or does not have enough financial aid to cover the balance owed. For the fall semester, the fee will be assessed in October, November, and December; for the spring semester, in February, March, and April; for the summer semester, in June, July, and August.

The University of Mary utilizes internal and external third-party collections to collect accounts with past due balances.

Late fees will not be assessed on any account balances after they have been submitted to third-party collections.

Collection Activity on Past Due Accounts

Approximately 90 days after the last day of classes for the fall, spring, and summer semesters, students who have a balance due greater than \$200 are sent collection letters informing them that their account is delinquent and must be paid in full within 30 days, or their account will be sent to a collection agency.

Delinquent accounts from the fall semester are submitted to collections at the end of March, accounts from the spring semester are sent at the end of July, and those from the summer semester are sent at the end of December.

When the debt has been placed with the collection agency and the agency has not been able to collect on the account for 365 consecutive days, the account will be considered uncollectible.

Any accounts sent to collection where payment of the full outstanding balance is received will be considered paid in full, and any student account holds will be removed when the University of Mary receives the full account payment from the collection agency.

Uncollectable Accounts

Each April, all accounts deemed uncollectible will be submitted to the Director of Financial Services and the Director of Student Financial Services requesting the approval for the accounts to be written off.

If approved, the balance will be removed from the student's account and a permanent account hold will be added. The permanent account hold prevents students from registering and obtaining an official transcript.

The hold will be lifted when the student has paid their balance in full.

Approved

*20 July 2022 by the President of the University*