Collections and Write-off for Student Accounts and Loans Receivable

1. Purpose
   To set forth the University’s procedures by which the University will reserve and potentially write-off student accounts and loans receivable. Student accounts receivable consist of unpaid balances for tuition, mandatory fees, course and program fees, housing fees, dining fees, miscellaneous fees, and institutional loans (short term and long term).

2. Policy
   A. Establishment of Bad Debt Reserve Amounts
      1. Student Accounts Receivable
         Annually, Student Account Services will calculate the amount of bad debt reserve for student accounts receivable that should be established on the University’s financial records. The amounts will be calculated as follows:
            a. 50% of balances over 90 days remaining as owed from the immediately preceding spring and winter semesters, plus
            b. 70% of the balances remaining as owed from the immediately preceding fall and summer semesters, plus
            c. 80% of the balances remaining as owed from the previous twice removed spring, winter, fall and summer semesters, plus
            d. 100% of all other remaining balances owed except accounts in collection with Kentucky Department of Revenue, which will use 80%  
      2. Student Loans Receivable
         Annually, Student Account Services will calculate the aging of past due student loans receivable and provide data to General Accounting to calculate the amount of bad debt reserve. The amounts will be calculated as follows:
            a. Health Professions
               1) 10% for past due balances less than 120 days, plus
               2) 90% for all other past due balances
            b. Federal Perkins
               1) 25% for past due balances less than 270 days, plus
               2) 90% for past due balances 270 days to 5 years, plus
               3) 100% for past due balances greater than 5 years
            c. Institutional
               1) 100% of past due balances over 365 days
   B. Unpaid Student Accounts and Short Term Institutional Loans
      1. Account statements are provided once each month.
      2. A late fee of 1.5% on the unpaid balance will be assessed monthly beginning July 1, 2016
      3. Students enrolled in the Installment Payment Plan for the fall or the spring semester, in good standing with the terms and conditions of the plan, will not be assessed a late payment fee. Students not in good standing with the terms and conditions of the plan will be dis-enrolled from the plan and assessed 1.5% late fee on the unpaid account balance.
      4. A financial hold will be placed on the student's record approximately sixty (60) days after the account becomes past due. University services such as transcript requests, registration, or diplomas may be denied until the account is paid in full or other satisfactory arrangements have been made.
      5. Accounts with unpaid balances of $100.00 or more and past due at least six
6. If no response is received within thirty (30) days of this notice, the account will be referred to a collection agency or the Kentucky Department of Revenue.

7. If an account is referred to the Kentucky Department of Revenue for collection, a notification is sent requiring payment in full, payment arrangements, or formal appeal with documentation within 21 days.

8. Accounts that are past due may be written-off the student system and charged against the bad debt reserve account at least annually with the following considerations:
   a. Accounts with unpaid balances past due at least three (3) years or more not referred to a collection agency or the Kentucky Department of Revenue.
   b. Accounts with unpaid balances past due less than three (3) years with exceptional circumstances as determined by the Director of Student Account Services and approved by the Treasurer:
      1) Death, as documented by certified death certificate
      2) Total or permanent disability as documented by physician
      3) Incarceration, with documentation
   c. Accounts with unpaid balances less than $20.00 and past due less than three (3) years.

9. Financial holds will be maintained after the write-off for accounts with write-off amounts of $20.00 or greater. The write-off of the unpaid balance from the student account does not constitute a discharge of the obligation.

10. Accounts may be reactivated upon students’ requests for services (e.g.: transcripts, enrollment, etc.) or if recovery becomes apparent.

C. Unpaid Long Term Institutional Student Loan Accounts
   1. Account statements are provided once each month when the loan enters repayment status.
   2. Interest and or late penalties are assessed according to the terms noted on the promissory notes.
   3. A financial hold will be placed on the student’s record approximately sixty (60) days after the account becomes past due. University student services such as transcript requests, registration, or diploma may be denied until the account is paid in full or other satisfactory arrangements have been made.
   4. Accounts with unpaid balances of $100.00 or more and past due at least six (6) months will be sent a final demand notice. This notice will state that the account will be referred to a collection agency within thirty (30) days if not paid in full or other satisfactory arrangements have not been made.
   5. If no response is received within thirty (30) days of this notice, the account will be referred to a collection agency.
   6. If an account is returned by one collection agency, the account may be referred to a second collection agency.
   7. Accounts that are past due may be written-off and charged against the bad debt reserve account at least annually with the following considerations:
      a. All collection efforts have been exhausted
1) Internal
   a) Initial bill and past due notices attempted
   b) Financial holds placed on the accounts
   c) Address searches completed
2) External
   a) At least two (2) external collection agencies have closed and returned the account
   b) Litigation attempted, if applicable
b. Accounts with unpaid balances past due at least three (3) years or more.
c. Accounts with unpaid balances past due less than three (3) years or more with exceptional circumstances as determined by Director of Student Account Services and approved by the Treasurer:
   1) Death, as documented by certified death certificate
   2) Total or permanent disability, as documented by physician
   3) Incarceration, with documentation
d. Accounts with unpaid balances past due less than $20.00 and past due less than three (3) years.

8. Outstanding principal, interest, late fees, and collection costs, if applicable, will be written off by performing transactions in the billing service system (Heartland ECSI).

9. Detail of all accounts written off will be maintained by the billing service and made available if recovery becomes apparent.

10. Financial holds will be maintained after the write-off for accounts with write-off amounts of $20.00 or greater. The write-off of the unpaid balance from the borrower’s account does not constitute a discharge of the obligation.