

CLARK ATLANTA UNIVERSITY

Policy 7.14: Student Debt Collection



CLARK ATLANTA UNIVERSITY		
POLICY AND PROCEDURES	Subject: Student Debt Collection	
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1.0 Policy Statement

Students are responsible for the payment of all charges incurred at Clark Atlanta University (CAU) by the stated payment deadline. Students who have not paid their financial obligations for the prior term by the end of registration for the next term may be entered into the collection process. The University administers all loan programs in accordance with applicable federal and state laws and regulations.

2.0 Procedure Narrative

The collections process for student debt is performed and/or managed by the Debt Management/Loan Collection Department of the Office of Student Accounts Receivable. Students who have not met their financial obligations to CAU may be prohibited from enrolling in courses and programs at the University until their debt has been settled. In addition, students may be prohibited from using University academic and administrative services. These services include but are not limited to computing facilities, library services, housing, dining, career center services and the release of official and unofficial academic transcripts. Student may not be permitted to re-enroll at CAU until all financial obligations are met.

Collections on Perkins loans are completed by the Billing Servicer. For these loans the University acts as the liaison between the Billing Servicer, the collection agency and the student borrower.

2.1 Initiation of Collection Process

Each month a billing process is run to post bill dates and due dates on current accounts receivable transactions as they are added throughout the term. If a balance on the transaction remains unpaid by the due date, the entire account balance is considered delinquent and the internal collections due diligence process is initiated.

2.2 Billing Statements

On the first business day of every month an electronic billing letter of the account is sent by the Debt Management/Loan Collection Department to students with a past due balance identifying the due date for outstanding funds. The due date for outstanding funds is designated by the University each term.

2.2.1 Due Dates

The following are the due dates by which a student must have cleared their outstanding receivables:

Fall Semester – November 1

Spring Semester – April 1

Summer Semester – First day of class

2.3 Allowance for Uncollectible Accounts

The Associate Controller reviews the list of uncollectible accounts and calculates the allowance for bad debt for the identified accounts at 100%. The accounts deemed 100% uncollectible are identified in Banner with the code BAD DEBT (TWOB). An account is deemed to be uncollectible when they have been at a collection agency for one year.

2.4 Internal Collections

Students with a balance over \$25.00 on their account, 90days after the Add/Drop Date for each term, will be sent to Recovery Select and coded with an AR hold. Students who are identified as owing a balance will be coded EC for (Account to Come-ECSI) on TSAACCT in Banner.

Recovery Select will begin the process of sending out letters, emails, and making calls to students on behalf of the university regarding the balances due. Once payment is received by Recovery Select, the payment detail code ECSI Recovery Select is applied in TSAAREV on Banner for the amount paid towards balance. Weekly funding of the payments received by Recovery Select will be sent to our PNC Bank. Reports pulled from Recovery Select Portal will allow Debt Management Office to reconcile the payments received monthly. After 180 days the delinquent account is transferred to an external collection agency.

Under desktop procedures, Step 3: would need to be updated as well to include Recovery Select. I have provided that information below as well.

The Recovery Select generates communication letters to students:

- a) 30 day past due email/phone call and letter (day after new/reactivated debtors loaded)
- b) 60 day past due email /phone call and letter (31 days after new/reactivated debtors are loaded)
- c) 90 day past due email/phone call and letter (61 days after new/reactivated debtors are loaded)
- d) 120 day delinquent email /phone call and letter (91 days after new/reactivated debtors are loaded)
- e) 150 day delinquent email/phone call and letter (121days after new/reactivated debtors are loaded)
- f) 170 day final demand printed letter (151 days after new/reactivated debtors are loaded)

g) Students have 10 days to make a payment before the account is forwarded to an external collection agency on day 181 of delinquency.

2.5 External Collections effort

The University utilizes three separate third-party collection agencies to assist with the collection of outstanding student accounts receivables delinquent over 180 days and 120 days for Perkins Loans. Students who have an account placed with an outside collection agency are required to pay the outstanding principal balance placed with the agency and any additional collection costs and/or attorney fees. All expenses associated with external collection agencies are passed on to the borrower.

2.5.1 – 1st Placement (Preferred Agency)

Accounts are worked at the 1st placement collection agency for up to one year. After one year the collection agency closes the account on their books and returns the uncollected accounts to the University to be sent to a Second Placement Agency. These accounts are then coded as 2nd Placement. On a monthly basis the Debt Management/Loan Collection Department evaluates the delinquent accounts that are eligible to move to a 2nd Placement status and determines if they should be moved, closed or written off. Accounts uncollected at this stage in the collection process that are deemed to be 100% uncollectable are sent to the Associate Controller for review and approval to be written off.

2.5.2 – 2nd Placements (Second Placement Agency)

Accounts currently at 1st Placement that are at 180+ days past due and have gone through the internal collections process are moved to the next phase in the collection process. All 2nd Placement accounts are reported to at least one national credit bureau by the Second Placement Agency. Delinquent accounts worked by the Second Placement Agency that are still overdue after one year plus 180 days are reviewed and one of three actions are taken:

- The account is moved to a Third Placement Agency, or
- The account is written off (Perkins Loans must meet the write-off criteria),
or
- Legal action is taken

2.5.3 3rd Placements (Third Placement Agency)

Accounts currently at a Second Placement agency are reviewed by the Debt Management/Loan Collection Department and a decision is made as to whether they should be moved to a Third Placement Agency. After an attempt at collection by a Third Placement Agency accounts are deemed uncollectable and are reviewed by the Debt Management/Loan Collection Department and a decision is made to

either recommend them for account litigation by the University's Legal Department or to write them off. Accounts placed with a Third Placement Agency are evaluated on a monthly basis.

2.6 Reconciliation of Internal and External Collection Efforts

The Debt Management/Loan Collection Department reconciles internal collection results on a weekly basis by comparing the Billing Servicer account placements with the student account balances in Banner. The Debt Management/Loan Collection Department performs a monthly reconciliation between the collection agency placement records and the University's Banner accounts receivable account balances.

2.7 Perkins Loan Program

The Federal Perkins Loan is a need-based, low interest federal loan administered by the Office of Student Accounts Receivable. Selection of recipients is the responsibility of the Office of Financial Aid and is done in accordance with federal regulations. Administration of Perkins Loans including collections, is the responsibility of the Office of Student Accounts Receivable. Management of the Perkins Loans process is outsourced by the University to the Billing Servicer.

Although this loan is made with government funds, CAU is the lender. Please see CAU Policy 8.10.21.A for more on Perkins Loans

2.8 Updating Student Loan Files

The University utilizes the National Student Loan Data System (NSLDS). The NSLDS is the U.S. Department of Education's central database for student aid. NSLDS receives data from schools, guaranty agencies, the Direct Loan program, and other Department of Education programs. NSLDS Student Access provides a centralized, integrated view of Title IV loans and grants so that recipients of Title IV Aid can access and inquire about their Title IV loans and/or grant data.

2.9 Student Payment of Outstanding Debt

If at any point in the collections process a student borrower pays his or her account in full, the student's status is automatically updated in Banner by removing the AR hold. After the student's status is updated the student resumes all rights accorded students in good standing.

2.10 Student Privacy

The Family Educational Rights and Privacy Act (FERPA) prohibits the University from providing information regarding a student's bill to anyone other than the student unless a signed release is on file. Please see the University's FERPA policy for more.

3.0 Entities Affected By This Policy

The Office of Financial Aid, the Office of Student Accounts Receivable, General Accounting, the Office of the Registrar

4.0 Definitions

Account Balance – The account balance refers to the total charges and payments on a student’s account regardless of the effective date. The account balance can include past, current and future charges.

Argos Computer Systems – A data processing system that handles financial transactions.

Banner System – Banner Unified Digital Campus is a product offered by SunGard Higher Education. Banner unifies student activities, financial aid, finance, human resources and institutional advancement into one system. Through Banner, users are able to retrieve data from a single database to run performance reports and analytics.

Billing - Billing refers to that series of actions the University routinely performs to notify borrowers of payments due, remind them of overdue payments, and demand payment of overdue amounts.

Collection Agency – A company that is hired by the University to recover funds that are past due or to collect on accounts that are in default.

Collection Hold – A collection hold is used when a student’s account has been placed in collections. These holds are placed by the Office of Student Accounts Receivable.

Credit Bureau – A credit bureau is a business which collects and sells information about the creditworthiness of individuals. Individuals are assigned a credit score based on their payment history. Credit scores are used by lenders to determine if a prospective borrower should be given a loan and what the interest rate on the loan should be. The higher the credit score the more creditworthy the borrower.

Default - Default is defined as the failure of a borrower to make an installment payment when due or in the case of Perkins Loans to comply with the terms of the promissory note or written repayment agreement.

Financial Obligation – The amount a student has agreed to pay the University.

Hold – The process by which CAU prevents a future student activity

Outstanding Balance – The amount a student owes the University after all payments have been applied to a student’s account.

Past Due – An account is said to be past due when the financial obligation agreed to by the student has not been paid by the agreed upon date.

Student Accounts Receivable Hold (AR) – Student Account holds are placed on a student’s account when the student’s financial obligations have not been met. A student is notified by phone or e-mail when a hold is placed on their account. When a student pays an outstanding balance she or he is told at that time that the Student Account hold has been removed.

5.0 Desktop Procedures

Student Debt Collections (excludes collections on Perkins Loans)

Step	Action
1	Student Accounts Receivable facilitates the collections process
2	Billing: <ul style="list-style-type: none"> a) Create files to be posted to the billing Servicer b) In Banner posts an IC deli code in TSAACCT and XUADELI c) A scheduled process pulls the files from the shared network directory and imports the files d) The Billing Servicer is checked daily to make sure files have imported correctly
3	The Debt Management/Loan Collection Department generates communication letters to students: <ul style="list-style-type: none"> a) 30 day past due email (day after new/reactivated debtors loaded) b) 60 day past due email (31 days after new/reactivated debtors are loaded) c) 90 day past due email (61 days after new/reactivated debtors are loaded) d) 120 day delinquent email (91 days after new/reactivated debtors are loaded) e) 150 day delinquent email (121 days after new/reactivated debtors are loaded) f) 170 day final demand printed letter (151 days after new/reactivated debtors are loaded) g) Students have 10 days to make a payment before the account is forwarded to an external collection agency on day 181 of delinquency h) Printed letters are mailed daily. <p>The Billing Servicer is to check daily to confirm distribution of communications</p>
4	Student Accounts Receivable places an A/R Hold on the student's account at the end of each semester for accounts with balances.

5	<p>Accounts that meet that are 180+ days past due are placed in a “Forwarding” queue by the Debt Management/Loan Collection Department. The following must happen to have accounts in the “forwarding” queue placed as 1st placements:</p> <ul style="list-style-type: none"> a) An automated workflow checks the Billing Servicer database each day for accounts that meet the following criteria: <ul style="list-style-type: none"> – Active account (not including forwarded, closed, disputed, bankrupt, etc) – Balance is \$300 or more – Account is 180+ days past due b) Run a mass action query to find accounts that are in the queue c) Export the accounts in this query to an Excel file d) Compare this query with the SA - Past Due Balance Reconciliation Report.rpt in Argos <ul style="list-style-type: none"> 1. Identify accounts in the Billing Servicer’s query that are not in the Argos report 2. Identify accounts in the Argos report that do not show up in the Billing Servicer’s query 3. Resolve any variances e) After variances have been resolved, process the “Forwarding” queue to the Billing Servicer to create the Excel file and: <ul style="list-style-type: none"> 1. Send the file to the agency 2. Post Collections (AC) holds 3. Update Deli Codes in TSAACCT and XUADELI in Banner 4. Update Bill Code in TSAACCT in Banner
6	<p>The Associate Controller calculates the allowance for bad debt for the identified accounts at 100%. The accounts deemed 100% uncollectible are identified in Banner with the code of BAD DEBT (TWOB)</p>
7	<p>Accounts currently at 1st placement that meet the defined criteria are moved to the next phase in the collection process which is 2nd placement. All 2nd placement accounts have credit bureau reporting. On a monthly basis the Debt Management/Loan Collection Department evaluates accounts for the following to determine if they are eligible to move to the next phase:</p> <ul style="list-style-type: none"> a) All accounts with a balance that have been through the internal collections process (these accounts have been mailed three letters) and have been at 1st placement for 12 months and are not on a negotiated payment plan are coded XUADELI in Banner as “Write-Off”. b) Review the monthly “Close & Return” report from the 1st placement agency. c) Run the SA - Past Due Balance Reconciliation Report.rpt in Argos to identify any other accounts coded with the 1st placement agency code in Banner and compare it to the monthly inventory report for the 1st placement agency. This process is to identify any accounts not included on the “Close

	<p>& Return” report that may need to be moved to the next phase. Check for past due balance, no active payment plan for 12 months.</p> <p>d) After variances have been identified create an Excel file and:</p> <ol style="list-style-type: none"> 1. Send the file to the agency 2. AC hold and Bill Code remain 3. Update Deli Codes in TSAACCT and XUADELI in Banner
8	<p>Accounts currently at 2nd placement that meet the defined criteria are moved to the next phase in the collection process. Accounts deemed uncollectable are reviewed and recommended for account litigation with the University’s Legal department. On a monthly basis the collection unit evaluates accounts that may be eligible to move to the next phase:</p> <ol style="list-style-type: none"> a) Review the monthly “Close & Return” report from the 2nd placement agency. b) Run the SA - Past Due Balance Reconciliation Report.rpt in Argos to identify any other accounts coded with the 2nd placement agency code in Banner and compare it to the monthly inventory report for the 2nd placement agency. This process is to identify any accounts not included on the “Close & Return” report that may need to be moved to the next phase. <ul style="list-style-type: none"> o Check for past due balance, no active payment plan for 12 months. c) Once variances have been identified create an Excel file and: <ul style="list-style-type: none"> o Send the file to the agency o AC hold and Bill Code remain o Update Deli Codes TSAACCT and XUADELI in Banner
9	<p>After an account has gone through 1st, 2nd, and 3rd placement and the past due balance remains the Debt Management/Loan Collection Department pulls the account out of the due diligence cycle and codes it as “Due Diligence Complete”.</p> <ol style="list-style-type: none"> a) All uncollected accounts are written off per the University’s “Write off Policy” by the Associate Controller after the completion of due diligence <ul style="list-style-type: none"> o Deli Code in TSAACCT is changed to “DC/PC”, and “DC/PC” also added in XUADELI in Banner o Bill Code in TSAACCT is removed in Banner o AC hold removed (AR hold remains) b) Accounts with balances are written off by the Associate Controller (if they haven’t been already) <ul style="list-style-type: none"> o Deli Code in TSAACCT is now “WO” in Banner o Deli Code “DC/PC” is added in XUADELI in Banner o Bill code in TSAACCT is removed in Banner o AC hold removed (if applicable – AR or notification hold (AN) remains) c) Annually these accounts get a reminder letter that they still have a past due debt with the University
10	Internal Collections Weekly Reconciliation

	<ul style="list-style-type: none"> • Billing Servicer vs. Banner Balance: A Collection Specialist prepares a reconciliation report comparing balances and deli codes in the Billing Servicer to Banner. Any differences (variances) must be resolved. • A Collection Specialist runs the SA - Past Due Balance Reconciliation Report.rpt for accounts that are 30 or more days past due to audit the due diligence process and make sure all past due accounts are moving through the process appropriately. The SA - Past Due Balance Reconciliation Report.rpt is compared to the Billing Servicer inventory report.
11	<p>External Collections Monthly Reconciliation</p> <ul style="list-style-type: none"> • A Collection Specialist runs the SA - Past Due Balance Reconciliation Report.rpt and compares it to each agency’s inventory report. The Collection Specialist checks to make sure records are in sync: <ol style="list-style-type: none"> 1. Deli code matches collection agency and accounts have “NO” bill code in Banner 2. Accounts on the inventory report have AC/AR holds 3. Banner balance matches principle balance on agency’s inventory report • Use the SA - Past Due Balance Reconciliation Report.rpt to identify accounts 180 or more days past due, to check for aging of accounts and to check for any accounts that should be in the collections process (1st, 2nd or 3rd placement) but are not. • All variances must be resolved: <ol style="list-style-type: none"> 1. Update holds, deli codes, bill codes as needed 2. Troubleshoot accounts that are supposed to be in the collections process but are not. Update accounts, place accounts as appropriate. 3. Report any payments made to Clark Atlanta University to the appropriate collection agency so that they can invoice the University for the collection cost. Remind agencies that they must invoice the University for direct payments and that they should not deduct the amount from the monthly payment file. 4. RULE: ALL COLLECTION PAYMENTS MUST BE PAID TO THE COLLECTION AGENCY (NOT TO THE UNIVERSITY ONCE ACCOUNT IS PLACED WITH THAT AGENCY). 5. Report any updated balances due to adjustments to charges or late financial aid payments to collection agency. 6. Report any deceased students to the appropriate collection agency and request it be closed and returned to the University. 7. Notify appropriate department(s) and personnel(s) of the updated information.

12	<p>Payment Processing</p> <p>At the beginning of each month the University receives the following from each collection agency:</p> <ul style="list-style-type: none"> • Statement (details of payments received) • File to load payments to the collection agency’s system • Wire transfer (received and verified by the CAU Accounting Department) <p>After all three have been received, the transactions are reviewed for the following:</p> <ul style="list-style-type: none"> • Review accounts for any write offs so that the write off amount can be reversed before the payment is posted; • The dollar amount reported on the statement and the sum of the transactions in the file to load in the Billing Servicer must match the amount of the wire transfer from the collection agency. If they do not, the agency must be contacted immediately for resolution. Payments are not posted until they match; and • Review the statement for any accounts that are paid in full (PIF) at the agency. Any PIF accounts must have the AC Hold, Bill Code, and Deli Code removed the day after payments have posted (so that the Billing Servicer can be updated with transaction details). Agencies are notified that they need to indicate PIF accounts on the monthly statements.
13	<p>Invoice Processing</p> <p>For payments made directly to Clark Atlanta University, each agency invoices the University for the collection cost due to them.</p> <p>Upon receipt of the invoice:</p> <ul style="list-style-type: none"> • A collection cost charge transaction is posted to each affected student’s account • Payment to the collection agencies is processed for the total amount of the collection cost charge posted to student’s accounts.
14	<p>Customer Service/ Day-to-Day Collector Activity</p> <p>The following customer service tasks may be completed daily or as needed:</p> <ul style="list-style-type: none"> • The collection unit collects money daily that is owed to the University using telephone and mailing techniques to meet the objective set by the Collection Manager through the Billing Servicer. • The collector works from a list that is prepared by the Collections Manager that is based on the needs and objectives of the Debt Management/Loan Collection Department The Collection staff manages a daily work list that defines those accounts that are in need of attention. The daily work lists can be built based on the balance amount, the age of the account, the last

	<p>payment date, etc., and prioritized for appearance on the collector’s work list each day to ensure the highest priority accounts are always being worked.</p> <ul style="list-style-type: none"> • Set up internal collection payment plans through the Debt Management/Loan Collection Department for currently enrolled students. Students who are not enrolled can set up an internal collection payment plan through the Billing Servicer <ul style="list-style-type: none"> ○ A signed copy of the payment agreement must be received by the collection unit. Once the agreement is generated it can be mailed, faxed, or emailed to the student. If the Debt Management/Loan Collection Department does not receive the signed copy from the borrower within five (5) business days, the payment plan is canceled in the Billing Servicer. • Respond to information requests from agencies. • Respond to phone, email, and walk-in referrals from various departments • Process bankruptcy documents received by the Debt Management/Loan Collection Department: <ol style="list-style-type: none"> 1. Log them in the excel spreadsheet 2. Scan and save the document 3. Forward originals to the University’s legal department 4. Notify collection agency (if documents didn’t come from them) • Collectors are responsible for keeping track on an Excel spreadsheet of critical events such as promises to pay and call backs to students. • Collectors are responsible for making sure that all payment plan agreements are signed and filed in a timely manner. • Staff in the Debt Management/Loan Collection Department designs and generates regular monthly reports of account collection activity and maintains records of collection activities using Excel spreadsheets and aging reports on all outstanding balances. • Place delinquent accounts with collection agencies and maintain ongoing communications with collection agencies, including the status of accounts and payment information. • Research and Respond to disputes received and report the findings back to the students
15	The collection agencies send a check monthly to Student Accounts Receivable for the amount they collected during the previous month.
16	The collection agencies provide a monthly report. Some agencies provide on-line access to information with an accounting of a student’s payment. The report breaks out the fees paid to the agency, the amount paid by the student and the amount owed by the student.

Bankruptcy

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Step	Action
1	A student files for bankruptcy and notifies the Debt Management/Loan Collection Department.
2	The Debt Management/Loan Collection Department forwards the documents to the University's General Counsel
3	All holds are removed from the student's account pending a decision on the student's status
4	When the Debt Management/Loan Collection Department is notified of a dismissal all holds are put back on the students account.

Registration Agreement

This document is presented to all students before on line registration can begin each semester.

READ CAREFULLY, THIS IS A LEGALLY BINDING AGREEMENT.

This agreement is made between the Student and Clark Atlanta University, Inc. (Clark Atlanta).

In exchange for the opportunity to enroll in courses at Clark Atlanta University, to receive educational services from Clark Atlanta, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, I understand and agree to the following terms and conditions:

Terms and Conditions

I understand and agree:

1. That my eligibility to enroll in courses at Clark Atlanta University is expressly conditioned upon acceptance of all terms and conditions set forth in this Agreement.
2. To pay all tuition and fees when due to Clark Atlanta University (including, but not limited to, tuition, mandatory student fees, University Housing fees and meal plan fees, where applicable).
3. That I am personally responsible for payment of all sums when due regardless of my eligibility for financial aid or other financial assistance;
4. You agree to reimburse us the fees of any collection agency, which may be based on a percentage at a maximum of 33.3% of the debt, and all costs and expenses, including reasonable attorney's fees, we incur in such collection efforts.
5. I understand that a hold on my student account will prevent me from receiving grades, registering for courses, receiving a diploma and obtaining transcripts;
6. That Clark Atlanta University will deliver my IRS Form 1098-T electronically every year I have reportable transactions, and that I may view and print my IRS Form 1098-T by logging into bannerweb. I understand I must provide a valid social security in order to receive my 1098-T from Clark Atlanta University;
7. That I am subject to and responsible for complying with all Clark Atlanta University policies and procedures.
8. That this Agreement shall be governed by the laws of the State of Georgia without regard to choice of law provisions. I further agree that all actions and proceeding arising out of this Agreement will be filed and litigated exclusively in the appropriate state or federal courts in Atlanta, Georgia and I expressly agree to the jurisdiction of such courts.
9. That executing a document I submit to Clark Atlanta University knowing that it purports to be an acknowledgement of a lawful oath or affirmation may subject me to prosecution in a court of law for false swearing in accordance with O.C.G.A. §16-10-71 which provides that a person convicted of the offense shall be punished by a fine of not more than \$1,000 or by imprisonment for not less than one nor more than five years, or both. I further understand that such false swearing may subject me to immediate dismissal from the institution.
10. When providing my telephone number, I understand, agree and give express consent that Clark Atlanta University or anyone working on their behalf, including third party vendors, may contact me at a number provided by manually dialing the number or by using automated dialing technology.