

ADMINISTRATIVE PRACTICE LETTER

SUBJECT: STUDENT ACCOUNTS RECEIVABLE - COLLECTION AND WRITE-OFF PROCEDURES

GENERAL:

The purpose of this letter is to set forth guidelines for the collection of past due student accounts.

GUIDELINES:

1. Administrative Sanctions: All students attending a University of Maine System university or affiliated program who fail to pay charges assessed or who have failed to make a satisfactory repayment plan for amounts greater than \$100 from any institution or program in the System will be subject to the administrative sanctions set forth below. These prohibitions apply for an assessed charge owed to another System university. These sanctions may also apply for amounts less than \$100 at the discretion of the university.
 - a. They are prevented from receiving an official certified copy of their transcript and diploma.
 - b. They are prevented from registration or pre-registration at any university in the University of Maine System.
 - c. The University of Maine System or its universities may disclose (directly or through its collection agencies) to a credit bureau organization that the student has failed to pay an assessed charge.
 - d. The University of Maine System or its universities may use in-house collection efforts, commercial collection firms, legal services, and the State of Maine Bureau of Taxation for collection of the accounts.
2. Timetable for Applying Sanctions (see Attachment I):
 - a. During the academic year (Fall & Spring Terms), Administrative Sanctions 1a and 1b should be imposed by placing a hold flag on the student's account after the fourth week of class (this may be done sooner at the discretion of the university) and no later than registration for the next semester. For other sessions Administrative Sanctions 1a and 1b should be imposed after the second week of class and no later than the last day of the semester.
 - b. At the time an account is placed with a collection agency sanction 1c may also be imposed; i.e., reporting the account to a credit bureau organization.
 - c. Within one hundred and eighty-one (181) days of the close of a semester or over 365 days on the aging report, students who have an outstanding balance due of \$100 or more should be referred to a collection firm. At the discretion of the University, accounts with balances below \$100 should be either written off or forwarded to a collection agency.

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- d. Accounts placed with a collection agency whose past due amounts have not been paid in full or reduced substantially within six months should be recalled from that agency. Those accounts should be sent to a second collection agency. If the second collection agency fails and the amount due is equal to or greater than \$500, at the discretion of the University the account may be litigated.
 - e. During the month of November, prepare data for December submission to the State of Maine Bureau of Taxation's Income Tax Setoff program. This would apply to students with a dollar balance of at least \$25.
 - f. In the event a debtor files for bankruptcy, all collection efforts should immediately stop. The university that receives the bankruptcy notification must notify the remaining System universities with the name of the student who has filed for bankruptcy. Each of these universities is then responsible for determining if the student is a debtor at that institution. If a prior debt to a university has been discharged through bankruptcy, the student is eligible to enroll in that university.
3. Accounting:
- a. All delinquent accounts must be written off within two years unless a satisfactory repayment agreement has been reached with the debtor. Collections from accounts which have been written off, regardless of the fiscal year, should be deposited back into the reserve account.
 - b. The Reserve for Doubtful Accounts should be funded at a level equal to 25% of accounts 181 - 365 days old, plus 85% of accounts 365 days old. A report calculating this reserve requirement is furnished to the Chief Financial Officers each month from the Office of Finance and Treasurer.

APPROVED:

Chief Financial Officer and Treasurer