STUDENT ACCOUNTS RECEIVABLE COLLECTIONS

For the purposes of the policy, Cal State San Marcos defines a student account receivable as monies owed for educational related University services. These receivables are considered to be valid as due and payable and for which there is no apparent disagreement over the validity of the claim or the amount at the time it was established.

Prompt collection of accounts receivables ensures reduced liability, minimizes the utilization of University resources without proper compensation, and increases cash flow to the University.

Authority

State Administrative Manual Sections 8776.2 – 8776.6; 8790.1 – 8790.8

California Government Code Sections 12419.2 – 12419.11

Federal Fair Debt Collection Practices Act

Scope

This policy is to ensure the timely and systematic collections of delinquent student accounts receivable resulting from dishonored items, financial aid overpayments, financial aid deferments that do not cover fees in full, third party receivables, and unpaid emergency loans.
**STUDENT ACCOUNTS RECEIVABLE COLLECTIONS**

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**Procedure:**

On the first of each month, a student accounts receivable aging report will be extracted from Banner showing all student receivables due to the University to include future receivables. The following actions are taken based on the age of the receivable:

### Student Accounts Receivable 31-60 Days Past Due

A student accounts receivable is determined to be delinquent if the amount has been posted to the account for 30 days with no payment. A **First Notice** is sent to the student advising him or her of this financial obligation with instructions to pay within 15 calendar days from the date of the letter. If payment is not received by this date, a $15 late fee is assessed to the student account. The student’s account status is updated in Banner with a delinquency code to track the collection activities as they occur. A financial hold is also placed on the account to prevent the student from utilizing further University services until the debt is paid in full.

### Student Accounts Receivable 61-90 Days Past Due

If no payment is received by the 60th day, the student accounts receivable goes into the 61-90 days past due category. A **Second Notice** is sent to the student in a more urgent tone than the **First Notice** indicating that the student account remains delinquent. If payment is not received within 15 calendar days from the date of the notice, an additional $15 late fee is assessed to the student account. The student’s account status is updated in Banner with a delinquency code to continue the tracking of collection activities as they occur.

### Student Accounts Receivable 91-120 Days Past Due

If no payment is received by the 90th day, the student accounts receivable goes into the 91-120 days past due category. A third and **Final Notice** is sent to the student referencing the prior two notifications. The language in the **Final Notice** is progressively stronger by indicating that if payment is not received within 15 calendar days from the date of the notice, the account will be assessed an additional $15 late fee and referred for further
For student accounts receivable that are 120+ days past due, the University has the option of assigning these accounts on an annual basis to the Franchise Tax Board (FTB) Intercept Collections Program. This program intercepts the state tax refunds of Californians who owe delinquent amounts to state and local agencies. FTB also intercepts California State Lottery prizes. On October 15 of each year, the University submits an intent to participate letter to FTB. By October 31, the University must send pre-intercept notices to those students who will be sent on December 2 of that same year if payment is not received in full. By January 15 of the next year, the University will receive a listing of the accounts that have been accepted by the program. The intercept program ends July 31 with additions, modifications and deletions occurring throughout the period of January 15 through July 31. All funds collected through the intercept program are disbursed to the University via the State Controller’s Office. A delinquency code updates the student’s account status in Banner that the account has been sent to FTB.

Outside Collection Agencies

The CSU Chancellor’s Office has contracted with five collections agencies to provide collection services on behalf of the California State Universities. Only those accounts that are over 120+ days past due will be considered for assignment to a collection agency. Prior to assigning the debt to a collection agency, the University is required to notify the student in writing at the address of record that the accounts receivable debt will be turned over for private collections unless the debt is paid or appealed within the specified time period. This is accomplished with a Pre-Collect letter that is sent by the collection agency referring the student to the University to arrange payment. If the debt is paid within 15 calendar days from the date of the Pre-Collect letter, no collection fees will be assessed to the student. Collection agencies charge a contingency fee which is approximately 22% of the account balance assigned to the agency. This additional collection fee is assessed and paid by the student. Collection agencies use a variety of techniques to locate, contact, and collect from debtors. However, these agencies must comply with the Federal Fair Debt Collection Practices Act at all times. In order for the University to assign an account to an outside collection agency, the student must have a valid social security number on file. A
delinquency code updates the student’s account status in Banner that the account has been referred to an outside collection agency.

California Victim Compensation and Government Claims Board: Write Off Approval for Accounts Over $1,000

The University has local authority to write off student accounts receivable it deems uncollectible after all reasonable means of collection have been exhausted if the aggregate value of the receivable is less than $1,000. For accounts that are over $1,000 aggregate value (including all amounts due the University), the University may request discharge from accountability of uncollectible amounts due from private entities. The University is required to file an Application for Discharge from Accountability Form STD 27 with the SCO, Division of Collections. It is the policy of the University to review accounts an annual basis for discharge with approval from the Associate Vice President, Finance and Business Services, prior to submission to the California Victim Compensation and Government Claims Board.

See Attachment: Student Accounts Receivable Collection Letters