

21.01.04.R0.01 Student Accounts Receivable

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Next Scheduled Review: October 4, 2028



Procedure Summary

This procedure provides guidelines for the extension of credit, collection efforts, and referral of delinquent accounts to The Texas A&M University System Office of General Counsel or the Attorney General of Texas.

This procedure establishes the method for the prudent collection of student accounts receivable in the best interest of Texas A&M University-Commerce, The Texas A&M System, and the state of Texas. Although this procedure primarily applies to student account receivables, including certain university-issued short-term loans, procedures stated herein may be used to process other delinquent receivables from vendors and non-student accounts. This procedure does not apply to the write-off of any federal loans.

Procedures and Responsibilities

1 GENERAL

A&M-Commerce is responsible for determining whether the extension of credit in specific cases to students is appropriate and in the best interest of the University to do so. It is the responsibility of the Bursar and Director of Student Accounts to establish the following:

- 1.1 A process to ensure that the requested extension of credit is not a prohibited transaction.
- 1.2 A process to ensure that any extension of credit (installment plan contract, short-term loan request, or repayment agreement) is done so in a prudent manner, including the use of standardized credit applications and legal authority required for approval of the requested credit.
- 1.3 Processes for managing and monitoring the billing and collection activities on student accounts.
- 1.4 Processes for recording and monitoring credit extended and subsequent payments received on student accounts.

- 1.5 Processes to ensure that amounts reported as receivables on the financial statement are recorded in accordance with generally accepted accounting principles.

2 EXTENSION OF CREDIT

A student account receivable will be recognized (recorded in the University's financial records) when:

- 2.1 A student is admitted to the University or has been registered for classes by the University;
- 2.2 A student has incurred charges for costs (tuition, fees, housing and meal charges, book purchases, etc.) from which a benefit to the student is derived;
- 2.3 Payment is due to the University from the student or a third party;
- 2.4 The accounts receivable does not represent an extension of credit that is prohibited by law.

3 RECORDING AN ACCOUNT RECEIVABLE IN THE FINANCIAL RECORDS

- 3.1 An account receivable for tuition and student fees associated with enrollment is recorded in the financial records automatically by the registration process. Charges for housing, meal plans, or other fees are entered by the office responsible for administration of those programs. These entries credit the appropriate revenue accounts and debit the appropriate account receivable accounts in the University's accounting system.
- 3.2 In the event that a student withdraws during the semester, the accounts receivable outstanding balance for tuition and student fees is reduced by the appropriate percentage refund rate relevant at the time of withdrawal. Reduction or removal of other charges such as housing, meal plans, orientation fees, or other balances is completed by the office that posted the original charge.
- 3.3 In the event that a student drops from classes, the receivable is reduced in accordance with university processes based on the date of drop. Reduction or removal of other charges such as housing, meal plans, or other balances is completed by the office that posted the original charge, if there is a reduction allowed.

4 INTERNAL CONTROL

The Financial Management Office ensures information, record-keeping, and control systems used for decision-making are accurate and reliable to protect the university's assets.

5 COLLECTING ACCOUNTS RECEIVABLE

- 5.1 The size of the account receivable may influence the collection efforts. The expenditure of time, effort, and money to collect large accounts receivable is appropriate; however, the same efforts expended on very small accounts receivable may not be economical. However, all debts are placed on state warrant hold in accordance with Reporting of State Debts and Hold Offset Procedures (APS028).
- 5.2 An account will be considered delinquent or in default if the account balance remains unpaid approximately 30 days after the end of the semester.
- 5.3 Collection Efforts
 - 5.3.1 Approximately 30 days following the end of the term - Bursar's office will communicate past due balance amount to students.
 - 5.3.2 Approximately 60 days following the date of the first communication, Bursar's office will mail a demand letter to students with balances of \$200 or more, giving students 30 days to pay any outstanding balance prior to turning over account to collection agency.
 - 5.3.3 Approximately 120 days following the end of the term - Bursar's office will place accounts with a balance of \$200 or more with an outside collection agency.
 - 5.3.4 Approximately 120 days – Bursar's office notifies Texas Comptroller of Public Accounts to initiate warrant hold process, ensuring that no treasury warrant is issued to the indebted student (Texas Government Code, §403.055).
 - 5.3.5 120 – 365 days following the end of the term - collection agency actively pursues collection. Collection agency fees may be added. Payments in this time period to either the university or the collection agency will be subject to the collection agency fees.
 - 5.3.6 One year following placement with the collection agency, accounts may be returned from collection agency. Bursar's office may refer account to alternate collection agencies for second or third referral (at Bursar's office discretion).
- 5.4 Accounts placed with a collection agency are subject to fees which are calculated and added upon receipt of payment. These fees will be determined in advance with the collection agencies and are subject to approval from the Texas Attorney General's Office.

- 5.5 If a debtor with a delinquent account makes a payment of approximately 10% of outstanding balance, the debtor will be treated as an “active” student and will not be turned over to a collection agency. To stay “active” the debtor must make monthly payments. If the debtor has received a 30-day warning letter and begins making payments but then stops making payments, the debtor’s account(s) may be sent to an outside collection agency without further notice to the debtor.
- 5.6 A collection hold will be put on accounts that are placed with outside agencies, which blocks registration and obtaining transcripts, until balance is paid in full. Accounts not placed with an outside agency will have a transcript hold placed on the account until the balance has been paid in full, and a registration hold will be placed until the balance is \$750 or less.
- 5.7 All communications will be in compliance with applicable collection laws. If an address correction is provided by the United States Postal Service, the demand letter should be mailed to the corrected address prior to the referral procedures described above. Demand should be made upon every debtor prior to referral of the account to an outside collection agency and placement of a State warrant hold.

5.8 Exceptions:

If the student account accrues a balance of \$200 or more after the first communication has been sent, the Bursar’s office may include these accounts in the collection cycle of the following term.

6 SETTLEMENT OF AN UNCOLLECTIBLE ACCOUNT

The following accounts may be subject to settlement:

- 6.1 Accounts receivable up to \$2,000.00 may be settled with the debtor by the Bursar and Director of Student Accounts if all collection efforts have been completed and the account has been outstanding for four years.
- 6.2 Accounts receivable greater than \$2,000.00 may be settled with the debtor by the Bursar and Associate Vice President of Finance and Administration/Controller if returned as uncollectible and the account has been outstanding for four years.
- 6.3 Accounts receivable outstanding less than four years must be referred to the executive level of the University for settlement approval. Requests for settlement should include name, amount, school term, and a statement as to why that accounts receivable has been determined to be uncollectible.
- 6.4 All student accounts that have been settled will be noted as such in the student system and a registration hold will be placed on these student accounts.

7 FORGIVENESS OF ACCOUNTS

Charges will be forgiven and the student's account will be marked as paid in full for deceased debtors. The delinquent obligation should be classified as uncollectible and permanently written off.

8 FORGIVENESS OF DEBT VERSUS WRITE-OFF OF UNCOLLECTED ACCOUNTS

The write-off of an uncollected account is a bookkeeping entry only and does not relieve the debtor from his or her financial responsibility to the University. Although the uncollected account has been removed from the financial books and records (i.e., written off as uncollectible), the University may still have a claim against the debtor and may still see legal remedy (i.e., file suit for collection in a court of law). Therefore, it is the responsibility of the Financial Management Office to maintain adequate records regarding legal financial obligations (debts) owed to the University.

9 ALLOWANCE FOR DOUBTFUL ACCOUNTS

The University records an allowance for doubtful accounts on past due accounts for all accounts that have not been written off or forgiven. Prior to closing each fiscal year's books, the Financial Management Office will analyze and adjust the allowance for doubtful accounts, with offsets to the appropriate revenue accounts or bad debt expense, in accordance with accounting guidelines. An allowance for doubtful accounts will be set up as a contra-receivable in each appropriate general ledger.

Related Statutes, Policies or Requirements

Texas Government Code §[403.055](#)

Texas Admin. Code, Title 1, Part 3. §§[59.2](#), [59.3](#)

Comptroller of Public Accounts, [Accounting Policy Statement 027](#), *Accounting for Uncollectible Accounts*

System Policy [21.01 Financial Policies, Systems, and Procedures](#)

System Regulation [21.01.04 Extension of Credit](#)

Revision History

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Contact Office

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