

THE CITADEL
The Military College of South Carolina
171 Moultrie Street
Charleston, SC 29409

MEMORANDUM
NUMBER 5-005

20 July 2015

DELINQUENT STUDENT ACCOUNTS POLICY

1. PURPOSE

The purpose of this Memorandum is to establish a policy and procedures by which the Finance department of The Citadel (the College) addresses delinquent student accounts. Delinquent student account balances are a significant issue for colleges and universities. Accounts receivable must be carefully managed to ensure efficient and effective collection of debts owed to the College.

2. REFERENCE

[Governmental Accounting Standards Board \(GASB\) Statement No. 34](#)

3. DEFINITIONS

For the purposes of this policy and procedures, the following definitions apply:

- A. Account Holds: restrictions placed on student accounts prohibiting registration for classes, receipt of transcripts, and receipt of diplomas until balances are paid in full or satisfactorily settled.
- B. Account Write-off: accounts that have been determined to be uncollectible; this does not eliminate the legal obligation of the student to pay.
- C. Debtor: any student who is liable for a debt or against whom there is a claim for a debt by The Citadel.
- D. Discharge Date: the date that the Citadel Registrar issues the student their respective withdrawal.
- E. Student: any individual who was previously or is currently enrolled in The South Carolina Corps of Cadets, The Citadel's Evening Undergraduate Studies, or The Citadel Graduate College.
- F. Student Accounts Receivable: an obligation resulting from a consumer transaction including but not limited to student tuition, fees, room, board, and other transactions on campus.

4. POLICY

A. Enrolled students with delinquent balances:

1. Citadel Corps of Cadets Procedure.

a. The following procedures will be used for the billing and collection of outstanding balances for Corps of Cadets students currently enrolled at The Citadel:

1) Fall semester payments are due by August 1st and Spring semester payments are due by December 15th.

a) All returning and incoming students are sent a letter during the Summer informing them of upcoming Fall and Spring semester billing due dates.

b) Upperclassmen enrolling themselves online have an additional step online to acknowledge that they are responsible for paying any debt owed to the college.

2) Students with outstanding balances greater than \$500 as of September 15th for the Fall semester or January 31st for the Spring semester will be charged late fees; letters and/or emails will be sent to all cadets communicating the outstanding balance due.

3) Students with outstanding balances greater than \$500 as of October 15th for the Fall semester or February 28th for the Spring semester will have holds placed on their accounts and be charged a second late fee; letters and/or emails will be sent to all cadets reiterating the outstanding balance amount.

4) Students with outstanding balances greater than \$500 as of November 15th for the Fall semester or March 31st for the Spring semester will be charged a 3rd late fee; letters and/or emails will be sent to all cadets stating that they will be withdrawn at the end of the term if they still have a balance outstanding.

5) Students with outstanding balances greater than \$500 as of the last day of the Fall or Spring term will be withdrawn for nonpayment. See [Section C](#) for procedures for withdrawn students with delinquent balances.

b. Payment in full at any time during this process will remove a hold placed on a student's account. Students will then have the ability to register for classes, request transcripts, and receive diplomas as eligible.

- c. Any requests to deviate from this procedure must be sent to The Citadel Vice President for Finance via a formal letter.
 - d. Any approved waivers of this procedure will be tracked by The Citadel Office of the Treasurer until collection or write-off and reported to the Citadel Director of Financial Services on a quarterly basis.
 - e. The Citadel's Internal Auditor has full authority to review any exception tracking report at any time upon formal request.
2. Citadel Graduate College / Evening Undergraduate College Procedure.
- a. The following procedures will be used for the billing and collection of outstanding balances for Citadel Graduate College and Evening Graduate students currently enrolled at The Citadel:
 - 1) Fall semester payments are due by August 1st and Spring semester payments are due by December 15th. All returning and incoming students are sent a letter during the Summer informing them of upcoming Fall and Spring semester billing due dates.
 - 2) Students with outstanding balances greater than \$50 as of September 15th for the Fall semester or January 31st for the Spring semester will be charged late fees; letters and/or emails will be sent to all students communicating the outstanding balance due.
 - 3) Students with outstanding balances greater than \$50 as of October 15th for the Fall semester or February 28th for the Spring semester will have holds placed on their accounts and be charged a second late fee; letters and/or emails will be sent to all students reiterating the outstanding balance amount.
 - 4) Students with outstanding balances greater than \$50 as of November 15th for the Fall semester or March 31st for the Spring semester will be charged a 3rd late fee; letters and/or emails will be sent to all students reiterating that they will be withdrawn at the end of the term if they still have a balance outstanding.
 - 5) Students with outstanding balances greater than \$50 as of the last day of the Fall or Spring term will be withdrawn for nonpayment. See [Section C](#) for procedures for withdrawn students with delinquent balances.
 - b. Payment in full at any time during this process will remove a hold placed on a student's account. Students will then have the ability to register for classes, request transcripts, and receive diplomas as eligible.

- c. Any requests to deviate from this procedure must be sent to The Citadel Vice President for Finance via a formal letter.
- d. Any approved waivers of this procedure will be tracked by The Citadel Office of the Treasurer until collection or write-off and reported to the Citadel Director of Financial Services on a quarterly basis.
- e. The Citadel's Internal Auditor has full authority to review any exception tracking report at any time upon formal request.

B. Withdrawn students with delinquent balances:

1. The following procedures will be used for the billing and collection of outstanding balances for students who have been withdrawn for any reason from The Citadel.
 - a. Upon notification of withdrawal, The Office of the Treasurer will use the Student Refund Rate Table and work with Financial Aid on the Return to Title IV calculation to determine the amount of charges incurred by the student up to the discharge date in that term and any applicable refunds that can be granted.
 - 1) See [Annex A](#) for Student Refund Rate Table.
 - 2) Campus operating units, such as Citadel auxiliaries, have 10 business days to report any charges or credits due to the student's One Card restricted account.
 - 3) The discharge date is provided by the Registrar's Office. In certain cases, the President's Office may adjust the date for calculation based on extenuating circumstances. These circumstances may be due to a delayed hearing or other administrative delays. Any appeals of the date used for discharge should be directed to the President's Office.
 - 4) Medical discharges: If a student is discharged for a medical reason –as determined by the Campus Assessment Team (CAT) – the student will receive a 100% refund of tuition for the term. Room and Board would be prorated for the time that the student was in the barracks. Discharges for any other reason than medical in nature would follow the refund schedule set forth in [Annex A](#).
 - b. The Office of the Treasurer will send a discharge letter providing an itemized bill for any outstanding charges for which payment has not been received. The Treasurer's Office will keep a log of all student withdrawals for tracking purposes.
 - c. Students with any outstanding balance at the time of withdrawal will have a hold placed on their account.

- d. In the month following the letter issuance, The Citadel's Collection Accountant will contact student to initiate in-house collection procedures. Students will be offered the chance to make payments against their account to prevent it from being placed in "Pre-Collect" status.
 - e. Students with outstanding balances greater than \$100 after 45 days from notification of withdrawal will be referred to a collection agency if they have not arranged a payment plan with The Citadel's Collection Accountant.
 - f. After 75 days from notification of withdrawal, the collection agency will begin collection efforts on the student account within the Fair Debt Collection Practices Act.
 - 1) At this time the student will incur personal credit implications by having a delinquent account in active collection.
 - 2) See [Section C](#) for procedures for settlements on student accounts in collections.
2. Payment in full, including applicable collection costs, at any time during this process will remove a hold placed on a student's account. Students will then have the ability to request transcripts and receive diplomas as eligible.
 3. Any requests to deviate from this procedure must be sent to The Citadel Vice President for Finance via a formal letter.
 4. Any approved waivers of this procedure will be tracked by The Citadel Office of the Treasurer until collection or write-off and reported to the Citadel Director of Financial Services on a quarterly basis.
 5. The Citadel's Internal Auditor has full authority to review any exception tracking report at any time upon formal request.

C. Settlements:

1. The following procedures will be used for the settlement of outstanding balances for students who have been withdrawn for any reason from The Citadel.
 - a. For accounts currently in collections, all settlement requests must be communicated by the collection agency directly to The Citadel's Collections Accountant.
 - b. For accounts not currently in collections, all settlement requests must be communicated by the debtor directly to The Citadel's Collections Accountant.

- c. The Citadel's Director of Financial Services has the authority to approve, disapprove, or negotiate the terms of any settlement requests.
 - d. For reporting purposes, Citadel Collections Accountant will provide a report on a quarterly basis to The Citadel's Vice President for Finance of all settlements approved by the Director of Financial Services.
 2. Students who have settled previous debts with The Citadel will be prohibited from re-enrolling to take future classes at The Citadel until the original balance waived upon settlement is paid in full. Students who enter into a Contingent Settlement Agreement will also be prohibited from re-enrolling until the original balance is paid in full.
 3. The Citadel's Internal Auditor has full authority to review any settlement reports upon formal request.
- D. Write-offs / Allowance for Uncollectible Student Accounts: The Director of Financial Services will use the following procedures for accounting for delinquent student account balances:
 1. Accounts Receivable Accounting:
 - a. Student accounts receivable aged less than 1 year is considered current.
 - b. Student accounts receivable aged between 1 year and 3 years will be reserved against via the allowance for uncollectible student accounts.
 - c. Student accounts receivable aged greater than 3 years will be written off.
 - d. Allowance for uncollectible student accounts will be revalued on an annual basis as of the June 30th year-end financial statement date.
 2. Student account balances that have been written off will continue to have holds placed on them and collection efforts will continue to be pursued until these accounts have been paid in full or satisfactorily settled to include tax offset.
- E. Reporting / Annual Metrics: The Citadel's Director of Financial Services will provide an annual report to The Citadel's Vice President for Finance, President, and Board of Visitors on the following items after the audited financial statements have been issued:
 1. Fiscal Year-end Balance of Student Accounts Receivable.
 2. Fiscal Year-end Balance of Allowance for Uncollectible Student Accounts.

3. Bad Debt Expense for the 12 months ended of the most recent Fiscal Year-end.
 - a. Portion of bad debt expense relating to current year write-offs.
 - b. Portion of bad debt expense relating to a revaluation of the allowance for uncollectible student accounts.
4. Total account settlements and the percentage of balances settled.

5. COMPLIANCE

Willful failure to comply with this policy shall result in disciplinary action, including but not limited to termination of employment.

6. NOTES

A. Dates of Official Enactment and Amendments:

Approved by the Vice President for Finance and Business on 20 July 2015.

B. Responsible Department:

Financial Services.

C. Responsible Official:

Citadel Treasurer.

D. Cross References:

None.

7. RESCISSION

None.

8. REVIEW

Review this policy on a biennial basis.

FOR THE PRESIDENT:

OFFICIAL

//signed, JG, 20 July 2015//
JOSEPH L. GARCIA
Colonel, UMSC
Vice President for Finance and Business

Attachment
Annex A, Student Refund Table

Annex A
Student Refund Rate Table

Tuition & College Fees / Auxiliary Activity Fees / Room & Board Fees			
Timeframe	Balance Owed**	Balance Refunded	Total
Matriculation – First Day of Classes	\$300	Total Balance Owed less \$300	100%
First Day of Classes to End of Week 1*	25%	75%	100%
End of Week 1* to End of Week 2*	50%	50%	100%
End of Week 2* to End of Week 3*	75%	25%	100%
End of Week 3* to End of Term	100%	0%	100%

* End of week is determined by the 7th calendar day after the first day of classes within a term

** In addition to the above fees, the balanced owed may also include one-time charges on student One Cards or student accounts such as , parking fines, and infirmary fees, for example.