

ALLOWANCE FOR DOUBTFUL ACCOUNTS

POLICY NUMBER: RESERVED FOR FUTURE USE

RESPONSIBLE OFFICIAL TITLE: SENIOR VICE PRESIDENT OF ADMINISTRATION AND FINANCE

RESPONSIBLE OFFICE: ADMINISTRATION AND FINANCE

EFFECTIVE DATE: 4/27/2015

NEXT REVIEW DATE: 4/27/2016

SUPERSEDES POLICY DATED: 7/11/2012

I. POLICY STATEMENT

This policy relates to the university establishing an allowance for Bad Debt annually at fiscal year-end for any expected non-collections of the fiscal year's student accounts. All tuition and related fees on student accounts will be due and payable to the Student Account Services Office. Instances of unpaid balances will be monitored by the Student Account Services Office and appropriate collection steps followed throughout the year. Aging bracket in days with approximate billing and collection activity:

Active Students:

- 0-30: Payment in full is due unless student is approved for the NKU installment plan, or has other pending financial aid. Dunning 1 notice sent to the student email address. Transcript and registration holds are placed on the student account.
- 30-60: Dunning 2 notices sent to the student email address.
- 60-90: Dunning 3 notices sent to the student email address.
- 90-120: Dunning 4 notices sent to the student email address and mailed to their home address at the end of the semester.

Inactive Students:

- 90-120: Dunning 4 notices sent to the student email address and mailed to their home address at the end of the semester. The Office of Student Account Services continues to attempt to contact these students via email and telephone.
- 120-150: Past due accounts are referred to a professional collection agency. The collection agency sends a warning letter to students giving the student 30 days to make payment or repayment arrangement without incurring collection fees.
- 150-515: Collection agency fee added. Payments in this time period to either the university or the collection agency will be subject to collection agency fees. The professional collection agency attempts to collect the debt.
- 515-545: If the collection agency is unable to collect the debt within six months, the account is returned to the university. The Office of Student Account Services sends a warning letter to students giving the student 30 days to pay the balance due in full or the account will be turned over to the State of Kentucky.
- 545-3650: The Kentucky Department of Revenue attempts to collect the debt for up to ten years.

Bankruptcy:

- Automatic stay during the pendency of a bankruptcy: Automatic stay operates immediately and requires that the university and its agents immediately suspend any collection efforts outside the bankruptcy process. During the pendency of the bankruptcy the university may not take punitive measures because of the outstanding debt such as withholding a transcript or preventing registration. However, the university is not obligated to extend the debtor additional credit. The legal office is able to investigate claims of bankruptcy using the federal PACER database.
- After the close of the bankruptcy proceeding, the Office of Legal Affairs will review the discharge order to determine what, if any, debt survived the case. Discharged debt will be immediately written off throughout the course of the year as approved by the Director of Student Account Services; as well transcript and financial holds immediately lifted. Collection efforts and holds may be reinstated for debt determined to be exempted from discharge under 11 US Code § 523(a)(8).
- Supporting documentation will be maintained in the Assistant Director of Student Account Services office for future reference

II. ENTITIES AFFECTED

- NKU Students
- VP Administration and Finance
- Office of the Comptroller
- Office of Student Account Services
- Student A/R
- Internal Collections
- External Collection Agencies
- Third Party Sponsor Accounts
- Internal Payment Plans

REVISION HISTORY

REVISION TYPE	MONTH/YEAR APPROVED
Edits	September 23, 2015
Revision	April 27, 2015
New Policy	July 11, 2012