

University of Louisiana System

**Title: STUDENTS WITH DEBT
POLICY**

Effective Date: April 24, 2021

Cancellation: February 28, 2020

Chapter: Finance and Business

Policy and Procedures Memorandum

As a general policy, institutions should not extend credit. However, if a University determines it is in its best interest to offer deferred or installment payment plans, campus policies, at a minimum, shall include the following:

- I. Statement of Purpose**
- II. Description of Student and other accounts receivable, such as**
 - A. Installment or deferred payments due from students and/or other third parties
 - B. Financial Aid pending
 - C. Humanitarian/hardship circumstances such as parent loss of job, divorce, serious illness, natural disaster, government restriction on funds, etc.
- III. Formal statement or publication outlining the rules, regulations, and procedures for administering all accounts receivable, including:**
 - A. Office and persons responsible for reviewing and administering the process. As academic factors and financial need determination are generally not involved, the Business Office should handle deferred payment plans.
 - B. Evaluation criteria for participation in deferred payment plan

- C. Official document supporting any deferment request, outlining student's obligations, and acknowledging student's responsibility for the payment of any deferred expenses. The student and/or parents must sign this document.
- D. Minimum deposit, or required payment, at time of registration, and fee charged for participating in the deferred payment plan.
- E. Specific due dates of all scheduled payments. Deferments should generally be granted for the academic term, but in no case longer than an academic year.
- F. Sanctions for failure to comply with terms of deferral agreement, including at a minimum, but
 - a. Academic transcripts placed in "Hold Status" and inability to receive grades until all amounts owed the University are paid
 - b. Inability to register for a future semester until any balance owing is paid in full
 - c. Inability to participate in subsequent deferred or installment payment plans
 - d. Assessment of a non refundable late payment charge
 - e. Deactivation of meals and possible eviction from dorm room, if applicable
 - f. Dropping of student from class roster upon appropriate notification

However, restrictions on transcript holds and re-enrollment shall be waived if the student meets the following criteria: a Louisiana resident current on any payment plan arranged for the past debt whether it resides at the institution or with an outside party.

In administering, recording, and accounting for all accounts receivable, institutions must ensure compliance with all applicable statutory regulations, Constitutional provisions and restrictions, generally accepted accounting principles, NACUBO pronouncements, and relevant Board Rules and policies. All revenues and expenditures should be recorded in accordance with fund accounting principles prescribed by NACUBO and GASB 11. After the University has exhausted internal collection efforts, all delinquent accounts should be assigned to an attorney, or outside collection agency for additional collection efforts.

In addition, each institution must establish a justifiable policy to establish an allowance for doubtful accounts relating to delinquent student accounts receivable. This policy should be reasonable, based on historical data and collection experience, and systematic.

Any provision for doubtful accounts and/or bad debt expenses relating to accounts receivable must be fully documented, supported, reconciled on a timely basis, and appropriately noted in the University's annual financial report. In general, bad debt expense and provisions for non-collectible accounts receivable should not exceed 1% of gross annual accounts receivable activity during any given fiscal year.

Policy References:

RULES of the Board of Supervisors for the University of Louisiana System
Louisiana Revised Statutes
Louisiana Constitution

Review Process:

Vice Presidents for Business and Finance
Vice Presidents for Student Affairs
Financial Aid Directors
Legal Counsel
Office of the Legislative Auditor

Distribution:

University Presidents
Vice Presidents for Business and Finance
Vice Presidents for Student Affairs