

Managing Your Receivables in A Changing Environment

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Premise

- We want to keep accounts receivables at a minimum
- We have fewer resources to use – both in time and personnel
- We want students to graduate with the least amount of debt
- And we want to build a relationship with the student

Much of what we do with receivables is done at the back end or after accounts are in default.

The focus of today's discussion is what we can do on the front end to facilitate student payment and reduce additional debt.

Items We Will Talk About Today

- Billing
- Payment Plans
- Payment Monitoring
- Institutional Loan Programs/Grant Programs
- Creative Thinking
- Social Networks
- Communicating With Students

Billing

- Responsibility to Pay
 - Statement with signature
 - Permission to contact by cell phone
 - Promissory Note
- Cost
 - What is included?
 - Is each item clearly defined?

Billing

- The Bill
 - What information is included?
 - Is the statement easy to understand and designed for the student?
 - What information is available online?
 - How do we insure that the student fully understands all of the terms and conditions?
 - Was there student input when the statement was designed?

Billing

Options for Payment

- Are all methods of payment clearly noted and defined?
- Can students make payments online or have their payments taken directly from their accounts? How about debiting their parent's account?
- What about credit cards? How is the fee covered?

Billing

- Are there payment options not discussed in the billing statement?
- How are payments from International students handled?
- Are there outsourcing options? Billing or use of credit cards?
- Which is better electronic statements or paper statements? To which do the students better respond?

Payment Plans

- What types of payment plans are offered?
 - 8 month, 5 month, 4 month, 3 month
 - 1/3 down with an additional two payments
- Are all costs included in the payment plan?
- Are students required to have a zero balance before they can attend?
- How does the system monitor the payments?

Payment Plans

- Do you receive an exception report on those that are 10, 15, 20 or 30 days in arrears?
- What follow up is done with those past due accounts?
- What consequences are there for the student when the account is past due?
- What is done to insure that students do not fall behind in payments again?

Payment Plans

- In-house or outsourced?
 - Is there a charge for the plan? Who covers the cost of administration?
 - Is there a separate billing for the plan?
 - Is there an exception report on those accounts that are past due (outsourced)? What kind of turn around time is there on this information coming back to the school?
 - Is the company willing to front any or all of the budgeted amount they will have in the payment plan?

Payment Plans

- What does the partnering company do with these past due accounts? What is the follow up and how soon are the accounts returned to the school for follow up?
- What kind of reports are generated by the company?
- How are payments noted in your system? How is the money moved from the company to the school?
- Who handles TILA and Regulation Z?

Incentives for Early Payment

- Do you offer any type of incentive for the student to make:
 - A payment in full
 - Early payments
 - ACH payments
 - Cash payments
- Lock in previous year tuition rate
- 10% reduction in fees (you do it on the back end with the addition of late fees or no collection cost added – could be an even higher cost)
- Lock all four years in with no increase in fees/tuition

Payment Monitoring

- Cash Payment Monitoring
 - Cut off dates
 - What is done prior to cut off date?
 - Reminders of deadlines
 - Telephone calls at 30, 20, 15, 10 days prior to payment deadline
 - Emails (30, 20, 15, 10 days) indicating urgency in payment – anyone thought about texting?
 - Reports to Admissions and Financial Aid Offices

Payment Monitoring

- System Reports
 - If billing is 90 days out why not have a 60 and 30 day report indicating those that have not made payment
 - At 30 days does the system have the ability to generate notices (mail) or emails or text messages
 - Notices generated again at 20, 15, and 10 days
 - This type of monitoring also gives you better data for forecasting cash and student population

Payment Monitoring

- High volume of students! We don't have the time.
- What is the percentage of students who do not make the deadline?
- What about outsourcing only the monitoring of payments and a follow up program?
- What about an agreement with admissions or other offices in student services to provide assistance with making contact with those students in arrears?
- What about sharing your 45 day aging report with admissions and financial aid?
- What about flagging the student's account at the registrar's office?
- Is there an alternative work schedule available to deal with students?

Outsourcing Accounts Receivables

- Lack of time and personnel
- Timeliness of contacts and billing
- Personal telephone contact
- Dunning notices when there is a late payment
- Consistent Tracking

Alternative Loans

- Can make up the difference between cost and financial aid
- May need co-signer and a FICO score of over 600
- Could involve payments during school attendance
- Good alternative for the right student

Institutional Loan/Grant Programs

- Non Need Based Institutional Loans
 - Short term loans with co-signers (30-60 days)
 - New Regulations on Institution Loans and Truth In Lending - TILA and Regulation Z
 - Emergency loans (10-30 days)
 - Waiting on Financial Aid - signed promissory note
 - Waiting on Outside Scholarships - signed promissory note

Institutional Loan/Grant Programs

- Institutional Grant Programs
 - Funds available in special cases - refer back to Financial Aid Office
 - Discounting
- State Grant Programs
 - MI and IL have not funded theirs, Utah and Georgia did the same as well

Loan Programs with Cancellation Benefits

- Federal Perkins Loans
 - Students receive loans and then are able to have them cancelled for service after graduation.
 - Institutional Policies can dictate what portion of the student population can receive these (i.e. Juniors and Seniors and Graduate Students).
 - Exit Interviews are critical.
 - No funding - why not move money from Work Study to Perkins?

Return To Title IV

- Largest contributor to the increase of receivables on campus today.
 - Policies and Procedures
 - Drop Dates
 - Refunds
 - Educating the Student
 - Online Options
 - Best Practices
 - Responsibility to Pay Agreements

Creative Thinking

- No Frills Campus
 - Southern New Hampshire University
 - Store front campus
 - Pennsylvania State Board of Education
 - proposal generally calls for the colleges to offer an Accelerated year round program for Bachelor's Degrees that focus on education. (Not unlike a 4 year version of a community college.)
 - Forego sports teams, extra curriculars, super gymnasiums, impressive dorms and other amenities.

Creative Thinking

- Flat Rate Tuition
 - Stockton College
 - allows students to take from 12 to 20 credits for the same price.
- 3 Year Degree Programs
 - Manchester College – “Fast Forward”
 - Save \$25,000 in tuition, room & board and earn that much or more by starting careers early.
 - Students take normal 16 credits during fall & spring semesters. 3 credits in January. Also take 12 credits online during each of 2 summers.

Creative Thinking

- 🌐 3 Year Degree
 - 🌐 Hartwick College – “Liberal Arts in Practice”
 - 🌐 No summer courses – no coursework online!
 - 🌐 Students pay the same for 40 credits although they are only taking 30 credits.
 - 🌐 Must take accelerated courses in January.
 - 🌐 Pay a \$500 Non Refundable fee to graduate in 3 years –is applied to last tuition payment.
 - 🌐 Student save \$30,000 in tuition and \$9,000 in board.
 - 🌐 To start Fall of 2009 must have 3.0 GPA or better.

Creative Thinking

- 🌐 3 Year Degree
 - 🌐 Rhode Island
 - 🌐 Legislators are considering a bill that would create a standard set of college-level classes for high schools, so all students could have an opportunity to finish college in 3 years.
 - 🌐 45 European nations have pledged to make 3 years the standard time for their undergraduate degrees by 2010.

Creative Thinking

- 🌐 Schools With 3 Year Degree Programs
 - 🌐 Judson College, Alabama
 - 🌐 Manchester College, Indiana
 - 🌐 Seattle University, Washington
 - 🌐 Bates College, Maine
 - 🌐 Waldorf College, Iowa

Communicating With Students

- #1 Item of Discussion at Conferences, Offices, and List serves
- What is your preferred method of staying in touch with your students?
 - Email and Snail Mail
- Social Networking Applications
 - Facebook, Wikis, Blogs, Twitter

Communicating With Students

- Social Networking Applications
- Student Account Applications
 - Contact with Student
 - Links to School Website/Billing Information
 - Notices
 - Information on Entrance and Exit Interviews
 - Skip Tracing

Communicating With Students

- Mobile Applications
 - Using Smartphones to
 - Make payments
 - Register for classes
 - Access billing statements
 - Entrance/Exit counseling
 - Make payments to Collection Agencies
- The Next Generation of Technology



Questions

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