

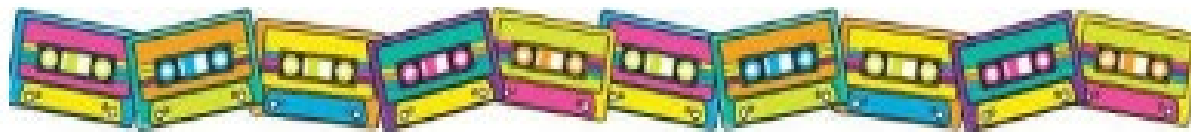
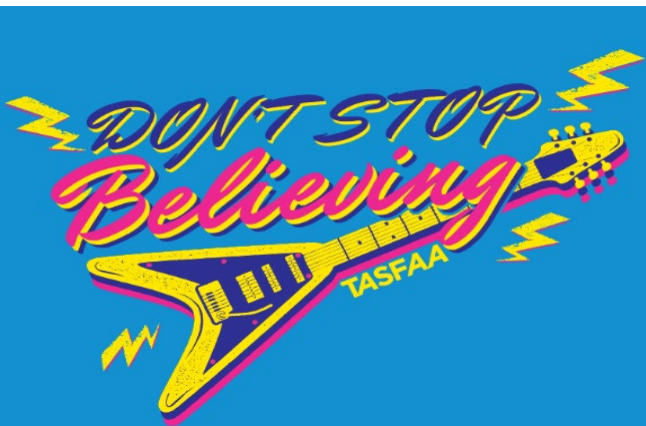


*Best Practices in
Billing and Collections*

Presenter:
*Hunter Williams,
Associate Managing
Director*

Objectives

- Present different ways that we addressed common problems seen in a Collection Office
- Look at some innovative programs/processes that we are currently using to increase efficiencies
- Briefly discuss future programs/analytics

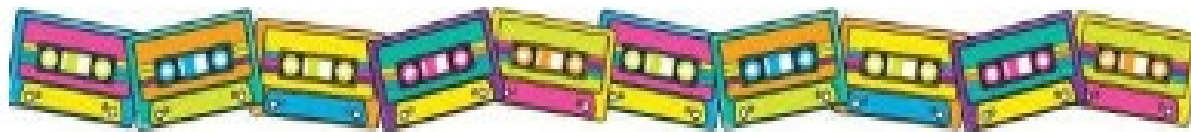
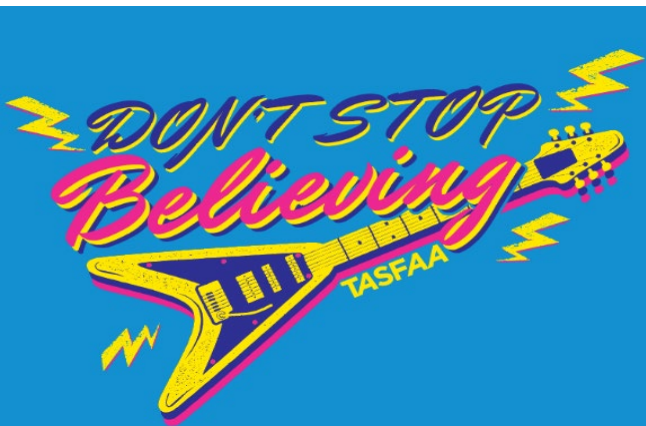


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Texas Tech University Overview

- 40,666 students enrolled in Fall 2021
- Internal Collections sent 29,429 bills in 2021
 - 16,295 of these were first bills
- The billed amount totaled \$18,152,170

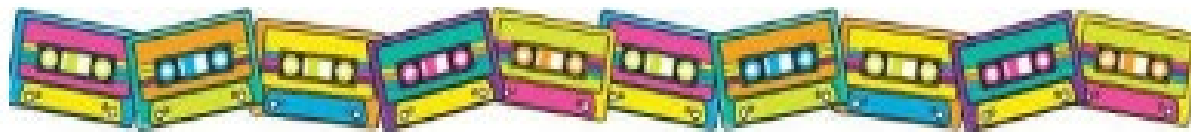
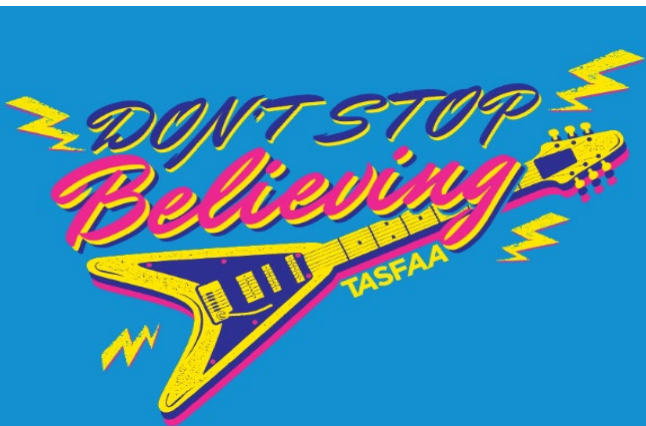


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Financial Responsibility Agreement (FRA)

- This is by far my most important document for collections
- Ensure that you have all the necessary language included in this document
 - Mention which state laws allow you to collect this debt
 - Explicitly list out what percentage you will be charging for “Collection Fees”
 - Look at adding electronic consent language to this document
 - Educational loan language for bankruptcy protection
- Have this read and approved by your General Counsel



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Financial Responsibility Agreement (FRA)

Applicability - The University will process all of your student-related financial transactions through your account. The terms of this agreement apply to all purchases, charges, fees, fines, tuition and loans made or obtained by you, made or obtained by someone else with your permission or on your behalf, or assessed to you, by, from, or with respect to the University (collectively referred to as "Charges"), including, but not limited to:

- a) Tuition, Mandatory fees and Incidental fees;
- b) Student Housing or Hospitality charges;
- c) Medical/hospitalization insurance;
- d) Student Health Center Charges;
- e) Telecommunications or IT Charges;
- f) Library fines;
- g) Traffic and parking charges and fines;
- h) Student carry-forward and book loans;
- i) Institutional loans;
- j) Other Incidental Charges

Promise to Pay - You promise to pay the total amount of all Charges billed to your account, as well as all late fees, service charges, installment option fees, and interest allowed by law. If a collection action is initiated with respect to your account, you agree to reimburse us for the fees charged by a collection agency, which may be based on a percentage (at a maximum of 30%) of the debt, and all costs and expenses, including reasonable attorney fees, we incur in such collection efforts in accordance with Texas Government Code Sec. 2107.003. Your account is not a secured credit account. The delinquency may be reported to the State of Texas and a hold may be activated thus preventing you from receiving any funds payable to you from any state agency.



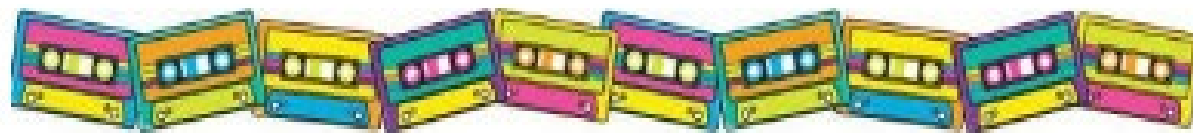
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Financial Responsibility Agreement (FRA)

The enrollment action constitutes a financial obligation between you and the University and all proceeds of this agreement will be used for educational purposes and constitute an educational loan pursuant to 11 U.S.C. § 523(a) (8).

You authorize the school, the department, and their respective agents and contractors to contact you regarding your loan, student account or any balanced owed to the University including repayment of your loan and student account, at the current or any future number for your cellular phone or other wireless device, either provided or acquired, in any manner chosen by the University, including using automated telephone dialing equipment or artificial or pre-recorded voice or text messages.

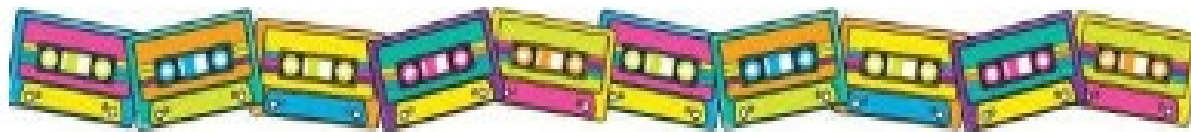
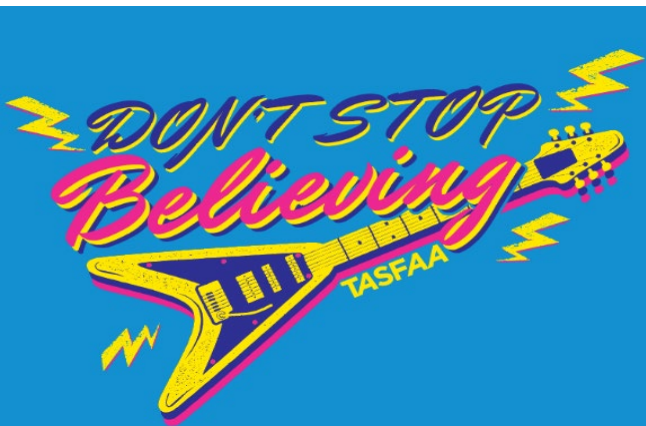


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Financial Responsibility Agreement (FRA)

- Once you have a FRA, how do you track it???
- Can you electronically track the signature or acceptance of this document?
 - We store this information in GOADPRF
 - Allows us to answer disputes much faster
 - We can run queries on this table which ensures that we only place accounts with FRA agreements on record



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Electronic FRA Tracking

Oracle Fusion Middleware Forms Services: Open > GOADPRF

File Edit Options Block Item Record Query Tools Help

Web User Directory Profile GOADPRF 8.2 (TTUSPRD) (TTU)

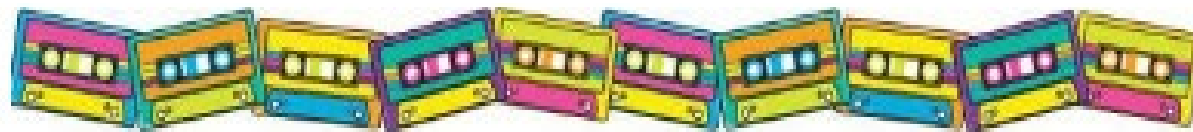
Confidential

ID: R0000001 Mr Nathan Barnes

Directory Item Code	Description	Display in Directory	User ID	Activity Date
1314FA	Award Year 2013-2014 TTU	<input checked="" type="checkbox"/>	TT_FINAID	29-APR-2014
1415FA	Award Year 2014-2015 TTU	<input checked="" type="checkbox"/>	TT_FINAID	22-JUL-2014
1617FA	Award Year 2016-2017 TTU	<input checked="" type="checkbox"/>	TT_FINAID	26-APR-2016
201327PA	Financial Agreement	<input checked="" type="checkbox"/>	TT_STUDENT	09-JUL-2012
201357PA	Financial Agreement	<input checked="" type="checkbox"/>	TT_STUDENT	01-NOV-2012
201427PA	Financial Agreement 201427	<input checked="" type="checkbox"/>	TT_STUDENT	17-JUN-2013
201457PA	Financial Agreement 201457	<input checked="" type="checkbox"/>	TT_STUDENT	07-NOV-2013
201487PA	Financial Agreement 201487	<input checked="" type="checkbox"/>	TT_STUDENT	03-APR-2014
201497PA	Financial Agreement 201497	<input checked="" type="checkbox"/>	TT_STUDENT	03-APR-2014
201527TN	Fixed Tuition No Election	<input checked="" type="checkbox"/>	TT_STUDENT	22-SEP-2014
201557PA	Financial Agreement 201557	<input checked="" type="checkbox"/>	TT_STUDENT	05-JAN-2015
ELECCOM	Electronic Communication Agree	<input checked="" type="checkbox"/>	TT_STUDENT	09-JUL-2012
GRADREL	Graduation Prgm & Publications	<input checked="" type="checkbox"/>	TT_STUDENT	26-JAN-2015
NAME	Name	<input type="checkbox"/>	TT_STUDENT	06-JUL-2012
SSRVERF	Selective Service Verified	<input checked="" type="checkbox"/>	TT_FINAID	13-AUG-2014
SSRVEXMF	Selective Service Exempt	<input checked="" type="checkbox"/>	TT_FINAID	03-APR-2015
TAX2014	1098T Forms	<input checked="" type="checkbox"/>	TT_STUDENT	16-JAN-2015
TAX2015	1098T Forms	<input checked="" type="checkbox"/>	TT_STUDENT	25-JAN-2016
		<input type="checkbox"/>		
		<input type="checkbox"/>		

Directory Code; press LIST for valid values, NEXT KEY to Refresh, NEXT SET to Build.

Record: 1/18 | ... | List of Valu... | <OSC>

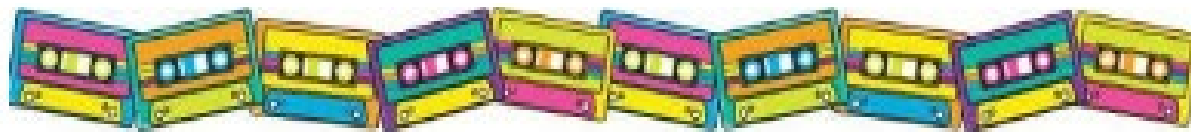


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Prior Term Loan

- Situation:
 - Student has enough aid to cover outstanding prior balance; however they can not register for classes until balance is paid.
 - We can not take more than \$200.00 of current year aid and apply it to a previous year
 - What do you do?

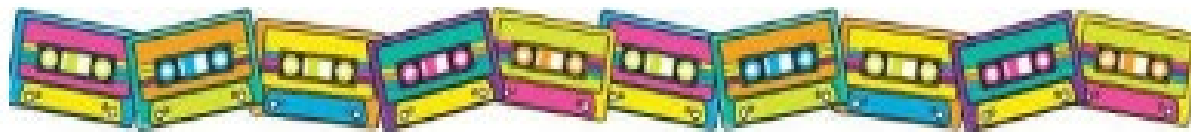
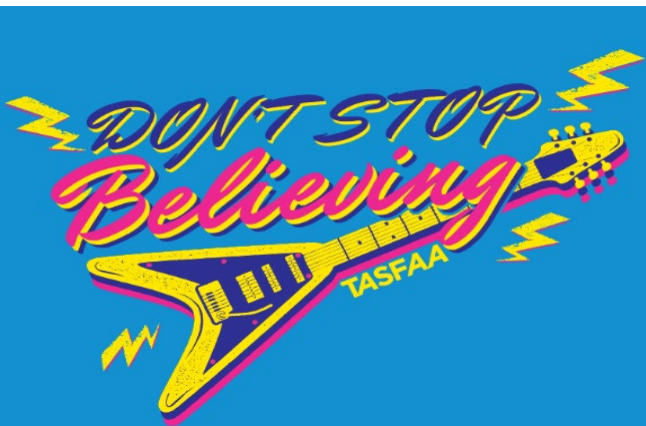


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Prior Term Loan

- Solution:
 - The Financial Aid office verifies how much aid a student will receive
 - If there is enough aid to cover their previous balance and expected prior term debt, we have them sign a MPN and apply a loan from our office
 - The student then registers for classes, and receives a refund
 - If the student does not repay our loan within 5 business days of the refund, we cancel their current term registration

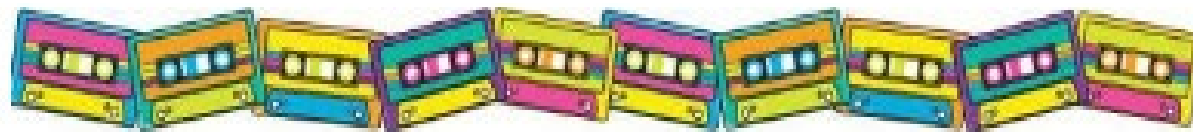
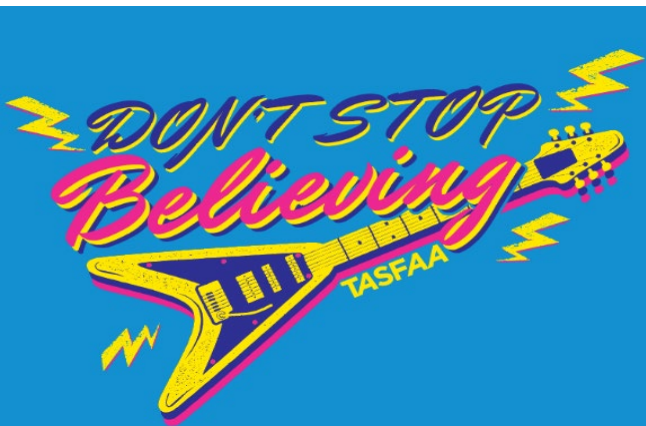


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Prior Term Loan

- We issued out 295 Prior Term Loans in the 2020-2021 academic year, (Fall, Spring, and Summer) worth \$367,869.00
- Of these loans, only 4 had to be cancelled for failure to pay
- That represents a 1.36% default rate

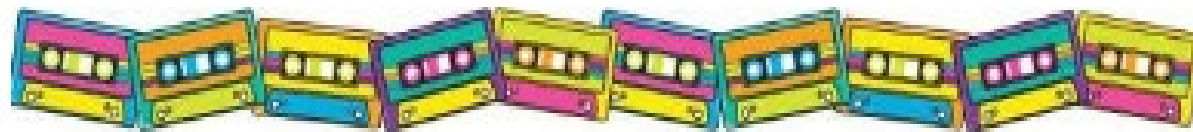
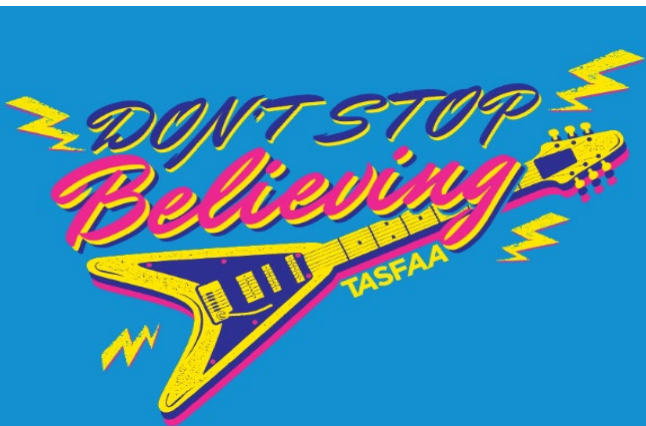


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Returned Items

- Between Fall 2014 and Spring 2015 we received 480 returned items worth \$980,000.00
- Only 54% of these accounts were PIF within 5 business days
- Only 76% of these accounts were PIF within 1 month
- Students were intentionally writing hot checks in order to obtain future enrollment

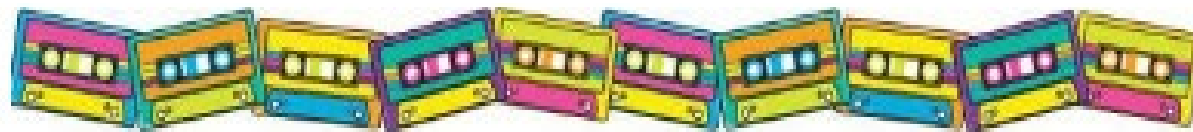


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Returned Items

- The following now happens when we receive a returned item:
 - The student is informed immediately via a phone call and email that an item was returned
 - They are given 5 business days to have this item PIF or all future and current term registration is cancelled
 - They receive email and phone call reminders on day 3 and day 5
 - On the morning of day 6 their registration is terminated, and they are no longer allowed to write a check or webcheck to TTU

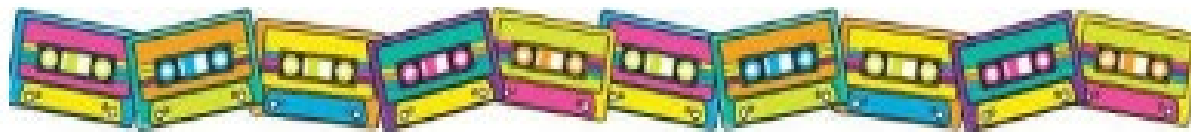
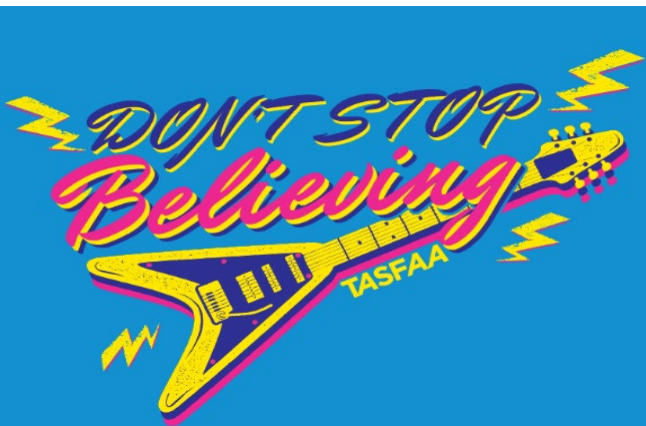


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Returned Items

- Between Fall 2015 and Spring 2016 we received 347 returned items worth \$820,000.00
- 82.42% of these items were PIF within 5 business days
- 95.68% of these items were PIF within 1 month

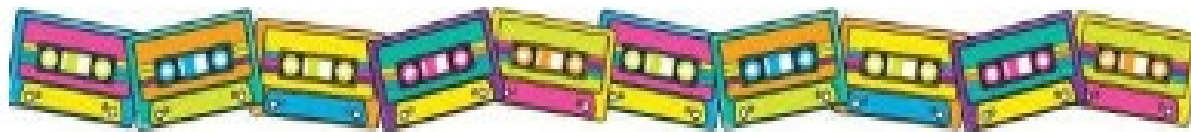
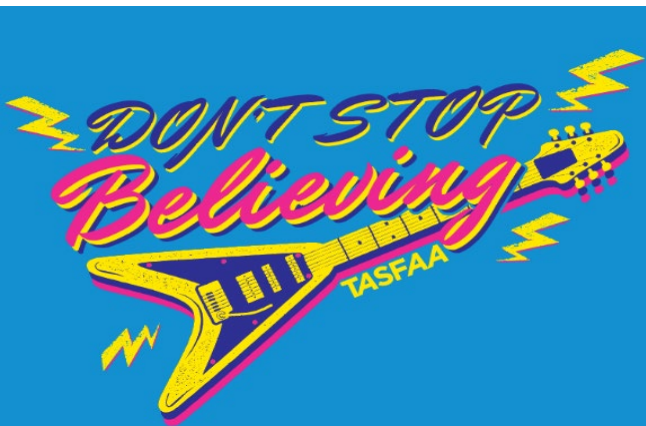


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Agency Databases

- We currently contract with 5 external agencies
- This means we must reconcile and obtain reports from 5 different systems
- Reconciliations were complex, tedious, and time consuming
- There was no standardization between agencies
- Obtaining a high level view of our external account portfolio was impossible

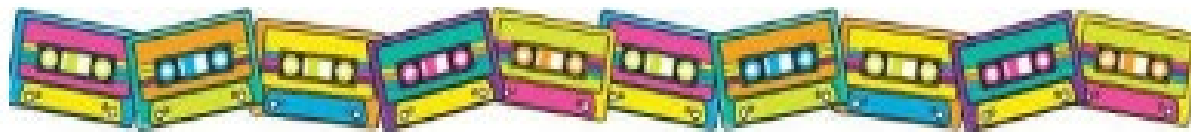
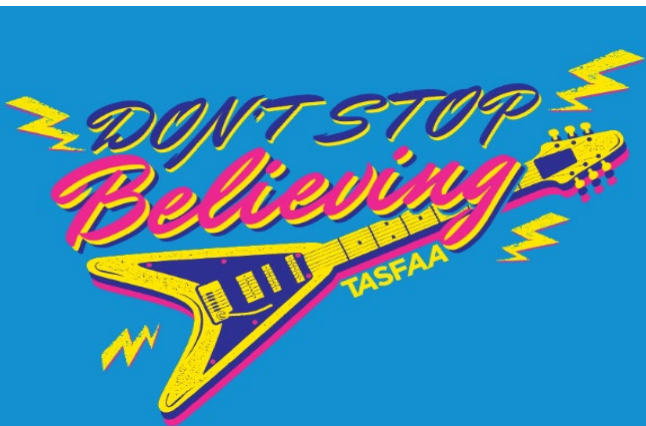


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Agency Databases

- We created an Excel database for each agency
- We download the appropriate report in Excel, open up the appropriate database, paste the report into the required tab, and everything else auto fills
- This allows us to reconcile to Banner, audit the account status, keep track of batch performance, and obtain a complete billing history for a student



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Agency Database Example

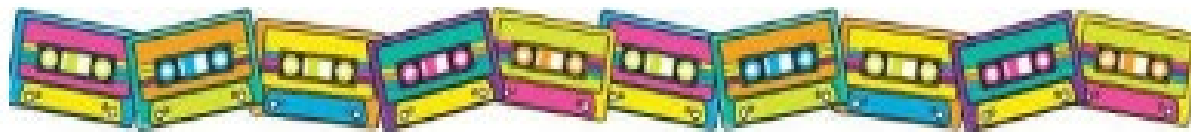
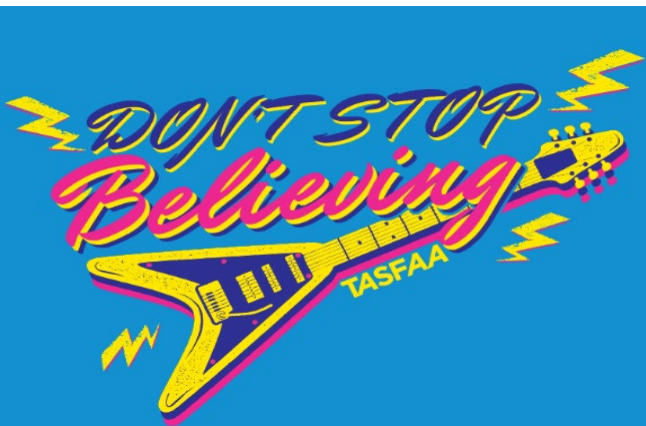
	A	B	C	D	E	F	G	H	T	U	V
1	# of active accounts	Current balance of Active accounts	# of accounts PIF	\$ amount of PIFs							
2	112	\$ 345,269.86	64	\$ 90,405.96							
3				\$ 456,768.17		\$ 345,269.86			\$7,092.47	\$696.36	
4											
5	Account ID	Name	Date Placed	Original Amount	Banner Balance	Agency Balance	Difference		May 2016	June2016	Current Cc
6	R00000001	John Doe 1	06/25/2014	\$ 10,898.02	\$ 9,066.26	\$ 9,066.26			\$ 141.68	\$ 141.68	NSF
7	R00000002	John Doe 2	06/25/2014	\$ 8,555.91	\$ 6,239.96	\$ 6,239.96			\$ 534.45	\$ 356.30	PDC
8	R00000003	John Doe 3	6/25/2014	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00			\$ 280.13	\$ 198.38	PCC
9	R00000004	John Doe 4	06/25/2014	\$ 2,095.62	\$ 1,500.00	\$ 1,250.00	\$ 250.00		\$ -	\$ -	NSF
10	R00000005	John Doe 5	06/25/2014	\$1,199.00	\$ -	\$ -			\$ -	\$ -	PIF
11	R00000006	John Doe 6	06/25/2014	\$150.00	\$ -	\$ -			\$ -	\$ -	PIF
12	R00000007	John Doe 7	06/25/2014	\$225.00	\$ 75.00	\$ -	\$ 75.00		\$ -	\$ -	PIF
13	R00000008	John Doe 8	06/25/2014	\$960.75	\$ -	\$ -			\$ -	\$ -	PIF
14	R00000009	John Doe 9	06/25/2014	\$1,782.02	\$ -	\$ -			\$ -	\$ -	PIF
15	R00000010	John Doe 10	06/25/2014	\$300.00	\$ -	\$ -			\$ -	\$ -	PIF
16	R00000011	John Doe 11	06/25/2014	\$575.00	\$ -	\$ -			\$ -	\$ -	PIF
17	R00000012	John Doe 12	06/25/2014	\$370.00	\$ -	\$ -			\$ -	\$ -	PIF
18	R00000013	John Doe 13	06/25/2014	\$300.10	\$ -	\$ -			\$ -	\$ -	PIF
	R10384689	DELEON, STEVEN R.	06/25/2014	\$2,670.42					\$ -	\$ -	PIF



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Agency Databases

- This new process takes less than 1 business day to complete
- We can easily determine any corrections that need to take place on a monthly basis now
- I now have an easily accessible high-level view of our external collection portfolio

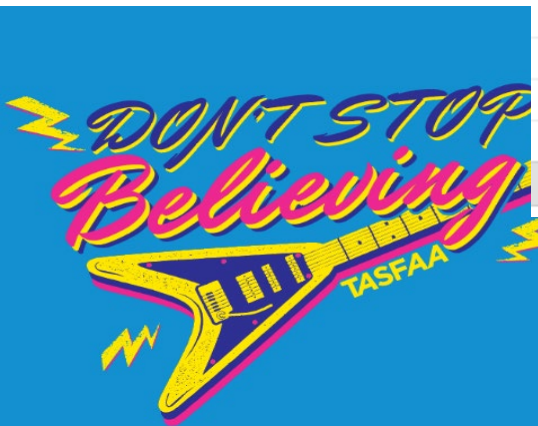


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Overall Agency Database

	A	B	C	D	E	F
1	Agency	Placement Type	# of active accounts	Current balance of Active accounts	# of accounts PIF	\$ amount of PIFs
2	AGN1	AR1	150	\$ 475,000.00	116	\$ 208,912.81
3	AGN1	AR2	110	\$ 1,100,000.00	7	\$ 11,131.39
4	AGN1	TTUTU1	1	\$ 2,202.71	7	\$ 9,876.31
5	AGN1	TOTAL	261	\$ 1,577,202.71	130	\$ 229,920.51
6	AGN2	AR1	200	\$ 530,000.00	123	\$ 313,274.45
7	AGN2	AR2	800	\$ 360,000.00	64	\$ 90,405.96
8	AGN2	PYP	10	\$ 18,000.00	6	\$ 9,093.03
9	AGN2	TOTAL	1010	\$ 908,000.00	193	\$ 412,773.44
10	AGN3	AR1	600	\$ 1,800,000.00	67	\$ 149,439.19
11	AGN3	AR2	350	\$ 1,300,000.00	9	\$ 21,896.01
12	AGN3	TOTAL	950	\$ 3,100,000.00	76	\$ 171,335.20
13	AGN4	AR1	250	\$ 1,000,000.00	212	\$ 330,944.01
14	AGN4	AR2	520	\$ 1,625,000.00	59	\$ 87,323.50
15	AGN4	INT1	35	\$ 135,000.00	7	\$ 8,629.79
16	AGN4	INT2	5	\$ 5,000.00	1	\$ 30.00
17	AGN4	Parking	10	\$ 25,000.00	2	\$ 236.95
18	AGN4	PYP1	45	\$ 50,000.00	1	\$ 3,664.83
19	AGN4	TOTAL	865	\$ 2,840,000.00	282	\$ 430,829.08
20						
21						
22						
23	TOTAL		3086	\$ 8,425,202.71	681	\$ 1,244,858.23

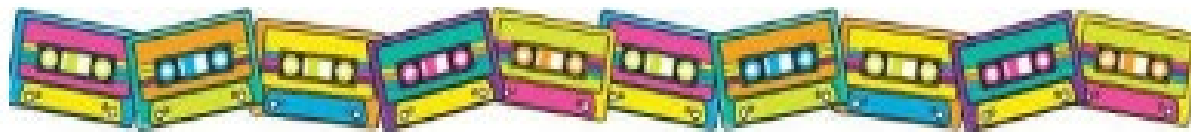
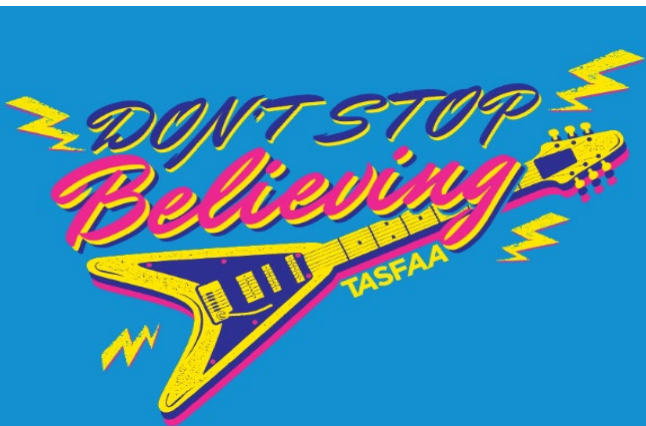


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Agency Scorecards

- In the beginning there were no expressed goals for agencies
- We assumed that everyone collected as much as they could and worked as hard as possible
- There was a disconnect between how successful we perceived an agency to be, and how successful they thought they were

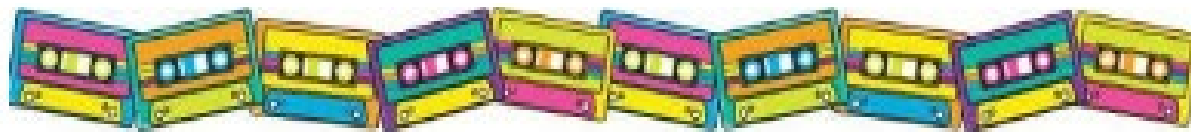


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Agency Scorecards

- We decided to give every agency an expressed goal at the beginning of each batch
- Each agency then receives a “Scorecard” each month that shows how they are doing relative to our other agencies
- The other agency names are left blank on this “Scorecard”
- We have seen a 20% increase across the board using this approach

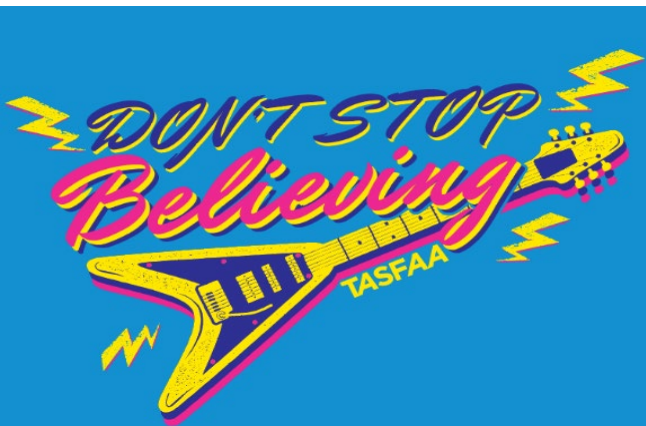
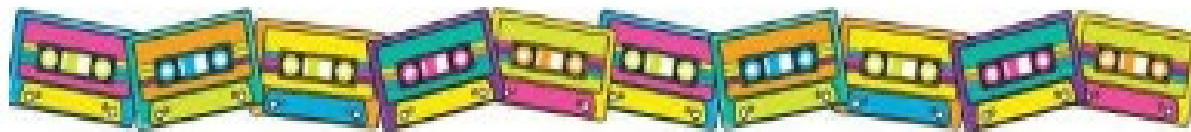


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Agency Scorecard Example

AR1	Agency	Percent Collected	
15-Feb	Agency 1	18.17%	
	Agency 2	13.57%	
	Agency 3	13.64%	
15-Apr	Agency 3	21.27%	
	Agency 1	17.60%	
15-May	Agency 1	17.60%	
	Agency 2	14.26%	
AR2			
	15-Apr	Agency 3	2.69%
		Agency 1	1.28%
		Agency 4	1.17%
15-Aug	Agency 3	3.14%	
	Agency 1	1.65%	

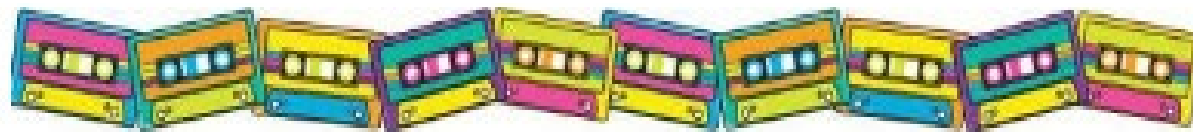


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Batch Performance Scorecard

- **Break your batches into dollar ranges**
- **Look at not only your overall returns, but also your returns in specific dollar ranges**
- **This allows you to find trends (i.e. if one agency excels at small balances)**

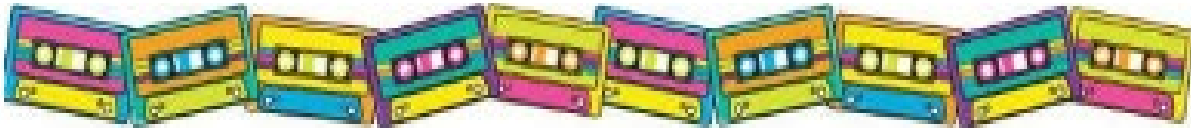


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Batch Performance Scorecard

Company A	Dollar Ranges	Performance in Range
	Less than \$250.00	0%
	Less than \$500.00	44.00%
	Less than \$1,000.00	66.05%
	Less than \$2,000.00	68.35%
	Less than \$4,000.00	8.90%
	Less than \$6,000.00	6.70%
	Less than \$8,000.00	5.70%
	Less than \$10,000.00	4.44%
	Over \$10,000.00	3.00%

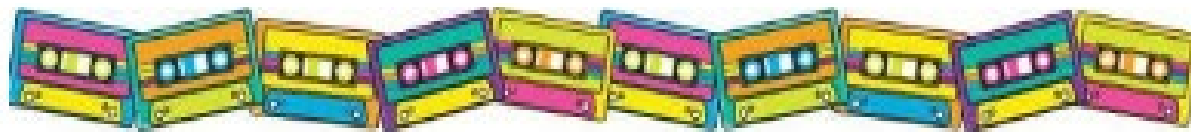


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Length of Time for Placements

- How long do your AR1 accounts currently stay with your agencies?
- What is the reasoning behind this time-frame?
- Have you ever evaluated when the majority of your payments occur, relative to the total time at the agencies?

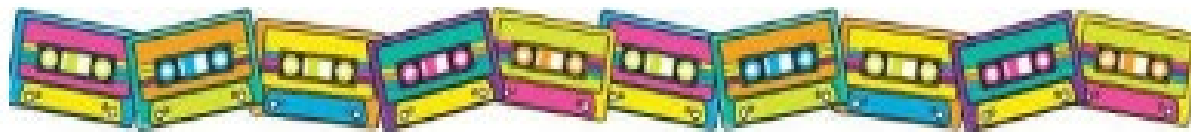
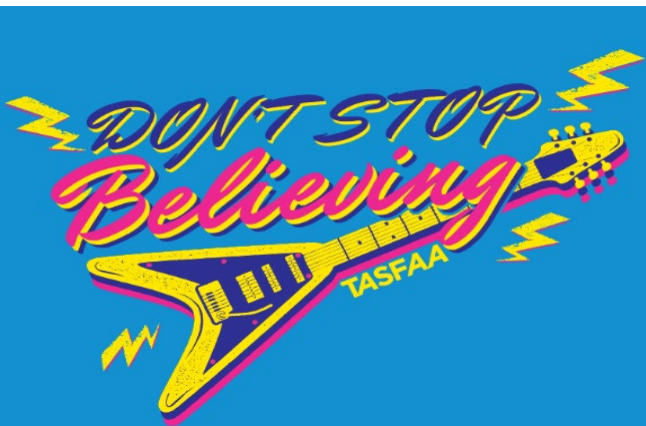


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Length of Time for Placements

- We typically placed AR1 accounts for 1 full year
- We did this because it was the way it had always been done
- We decided to evaluate our payments based on the following date ranges:
 - 0 to 60 days
 - 61 to 120 days
 - 121 to 180 days
 - 181 days+

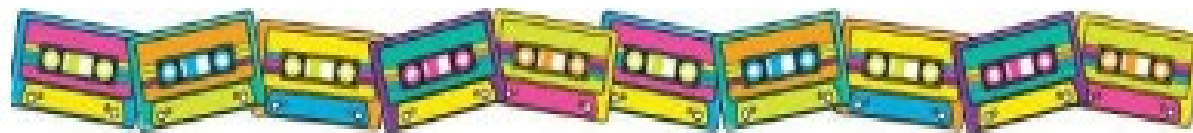


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Length of Time for Placements - Results

	Paid in 60	Paid in 120	Paid in 180 including PYP	Paid after 180 excluding PYP
Placement 1	21.49%	65.72%	92.41%	7.59%
Placement 2	25.44%	50.87%	91.02%	8.98%
Placement 3	39.78%	71.35%	100.00%	0.00%
Placement 4	33.96%	51.20%	88.40%	11.60%
Average	30.17%	59.79%	92.96%	7.04%

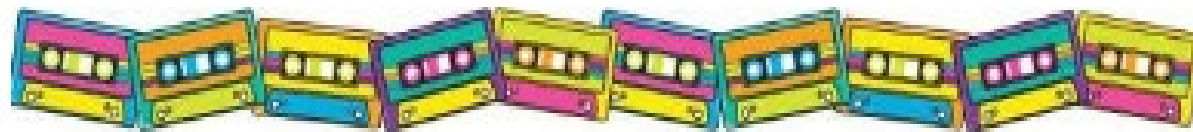


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Length of Time for Placements

- Was an additional 7% worth 6 months at an agency?
- For us it was not, so we switched to 6 month placement periods for AR1 accounts
- This 6 month placement period also allows us:
 - To tell the administration we are doing the student a favor because now they are only forced to sit out 1 semester vs. 2 to 3
 - Allows us to begin our 60/30 day campaigns 6 months sooner, resulting in higher overall returns than when the account was placed for a full year

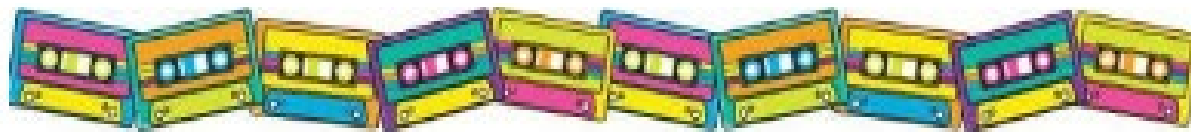


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60 Day Campaign

- Previously an account was immediately placed with another agency when returned
- This was quick and efficient; however we were missing an opportunity to collect
- Would we have success in collecting principle charges if the collection fee was removed for a 60 day period of time?

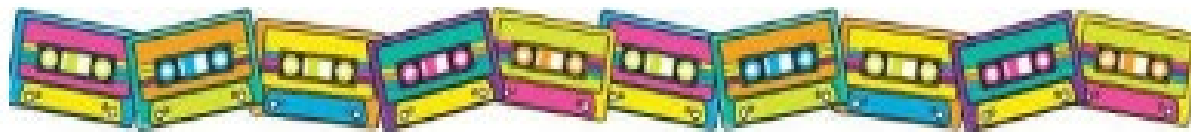
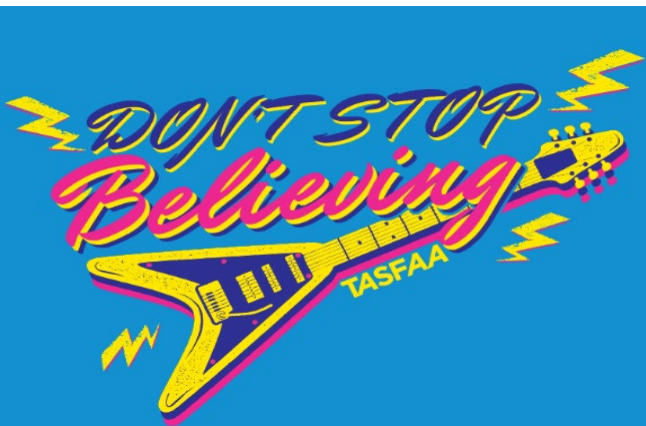


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60 Day Campaign

- We send a 60 day and 30 day collection letter to returned populations
- We remove our 30% collection fee during this time frame
- We use the most recent address from the previous collection agency to mail this paper bill
- We collected \$350,341.00 last year from these campaigns



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60 Day Campaign - Bill

John Smith
2420 9th St
Lubbock, TX 79400

R00009999
September 10, 2015

Texas Tech University Student Account Invoice

Academic Period	Category Desc	Balance
Fall 2009 TTU	Institutional Charges	\$110.00
	Other Fees	\$10.00
	Registration Fees	\$1,400.00
	Registration Tuition	\$400.00
Total Due:		\$1,810.00

Your past due student account has recently been returned to Texas Tech University from an outside collection agency. Please contact TTU Internal Collections immediately at (806) 742-3214.

As a result of your past due account being returned to Texas Tech, you have a limited amount of time to pay Texas Tech University directly without additional collection fees being assessed to your account balance.

You will be given **60 days** from the date above to make contact with us and establish payment arrangements, or your account will be returned for a second time to an outside collection agency. Once your account has been placed with an outside collection agency your balance could increase by up to **30%** due to collection fees.

You can submit payment to:
Texas Tech University - Student Business Services
Box 41099
Lubbock, TX 79409-1099

Please reference your Full name and R# on all correspondence.
Your R# can be found in the top right corner of this page.

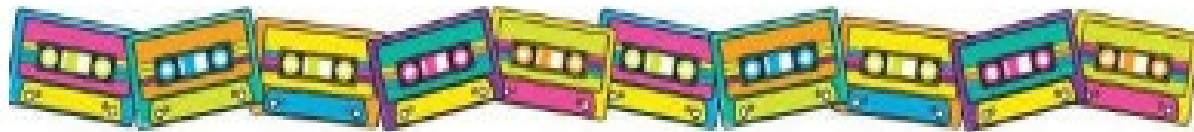
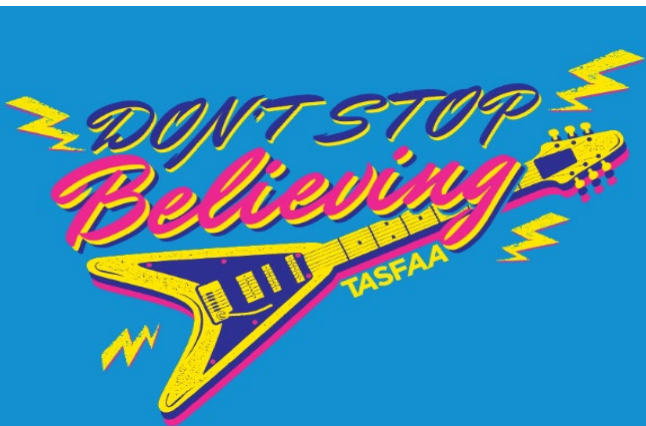


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Future Programs

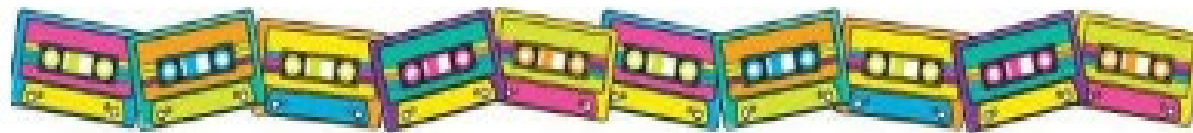
- Predictive analytics
 - Use for more effective communications
 - Use to help prevent defaults
 - Look at propensity to pay likelihood



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Questions?



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