

BUSINESS AFFAIRS SUB-COUNCIL

January 26, 2016

MINUTES

The meeting began at 9:00 a.m. in the TBR Board Room. Present were Ms. Cynthia Brooks (TSU); Mr. Steve Campbell (NeSCC); Mr. Horace Chase (JSCC); Dr. David Collins (ETSU); Ms. Beth Cooksey (VSCC); Ms. Mary Cross (NaSCC); Ms. Alisha Fox (CISCC); Mr. Danny Gibbs (RSCC); Mr. Lowell Hoffman (DSCC); Mr. Ken Horner (CoSCC); Mr. Tim Hurst (APSU); Dr. Rosemary Jackson (WSCC); Ms. Renee Moore (PSCC); Dr. John Nicholson (APSU); Mr. Mitch Robinson (APSU); Ms. Jeannie Smith (UOM); Ms. Cynthia Stewart (TSU); Dr. Claire Stinson (TTU); Ms. Tammy Swenson (ChSCC); Mr. Alan Thomas (MTSU); Ms. Kathy Thurman (MTSU); Ms. Hilda Tunstill (MSCC); Mr. Greg Wilgocki (ETSU); Mr. Jeff Young (TTU); Mr. David Zettergren (UOM); Chancellor John Morgan, Ms. Tammy Birchett, Ms. Angela Flynn, Ms. Alicia Gillespie, Ms. Deanna Hall, Ms. Lisa Hall, Ms. Pat Massey, Ms. Mary Moody, Ms. April Preston, Mr. Wayne Pugh, Ms. Brooke Shelton, Mr. Dale Sims, Ms. Renee Stewart, and Mr. Bob Wallace (TBR).

1. Chancellor's Remarks

Chancellor Morgan discussed the Focus Act bill which was introduced last week. At this point, it is pretty broad and there are not a lot of specifics regarding how it will actually work. A working group has been established to discuss the details of how this would work in practice. TBR's representation on the working group consists of David Gregory, Dr. Tristan Denley and Dr. Mary Lou Apple. The working group met for the first time on January 4th. A steering committee, made up of the chancellor, university presidents, the governor, vice chairs of the Board and THEC representatives, has also been established. The steering committee has not yet met.

The Chancellor also discussed facilities management outsourcing process. TBR institutions came in significantly below the White Stone benchmark, so we have a strong case for opting-out. At this time, all community colleges and TCATS are opting-out. However, due to the potential change in governance with the proposed Focus Act, universities are being given the option to make their own decisions on the matter.

2. Report of the Committees

A. **Finance Committee**

Dr. Collins highlighted the following issues from the January 12, 2016 Finance Committee meeting:

- Bad Debt Contra Revenue

The committee discussed reporting bad debts as a contra revenue rather than expense. Several issues were addressed. First, the guidance states that bad debts should be recorded as a reduction of the specific revenue source. The question

was raised whether it requires a more detailed level of sources for reporting than on the SRECNP. The committee discussed this and determined that it was not necessary to report it to a more detailed level. The other issue was whether this will need to be reported on the face of the SRECNP as net of bad debts similar to the way scholarship allowances are reported. It was determined that this is not required.

- Financial Responsibility Statement

The committee discussed the proposed Financial Responsibility Statement (FRS) for students, which was drafted by TBR Legal Counsel. At the Tennessee Summit, the TBR institutions agreed upon wording for a standard FRS that can be used by all of the institutions. The draft has been reviewed by TBR Legal and is ready to be implemented beginning in Fall 2016. (Attachment A)

- Erate

The committee discussed the Erate for undocumented students living in Tennessee. The intention of the Erate was for students residing outside of Tennessee and not for undocumented students residing in the state. However, some schools have extended this benefit to undocumented students residing in Tennessee. Guideline B-060 will be reviewed and new language to clarify the usage of Erate will be drafted and presented at the next BASC meeting. This will take effect Fall 2016. (Attachment B)

- Policy 4:01:03:00 Payment of Student Fees and Enrollment

Policy 4:01:03:00 Payment of Student Fees and Enrollment was reorganized and rewritten for better clarity. (Attachments C and D)

- Guideline B-010 Collection of Accounts Receivable

Several sections were revised for better clarity and to be consistent with Policy 4:01:03:00 Payment of Student Fees and Enrollment. Section II General Receivables, items E-G were revised, as well as Section IV Dishonored Payments. (Attachment E)

- Policy 4:01:01:10 Deposit and Investment of Funds

The committee discussed Policy 4:01:01:10 Deposit and Investment of Funds and the commercial paper section that states that commercial paper of a banking institution should not be purchased. TCA was reviewed, and it was determined that TCA does not limit the purchase of commercial paper of a banking institution. Subsequent to the Finance meeting, Treasury was contacted and they do not invest in the commercial paper of banks because they feel it is too risky. Mr. Sims would like to discuss the issue further with Treasury. Therefore, the

Business Affairs Sub-Council decided not to make any changes to the policy at this time.

- Donated Textbooks

The committee discussed donated textbooks and whether to include them as surplus property. An institution has contacted TBR about whether complimentary/donated textbooks sent to faculty members should be considered surplus property of the institution. Another institution has a policy that states that any complimentary/donated textbooks to faculty members are considered surplus property of the institution. The committee discussed whether this has been a problem at other institutions. TBR Legal will review the issue and determine how complimentary/donated textbooks should be handled. Mr. Sims requested that any institutions who have dealt with this issue in the past, notify TBR staff as to how it was handled.

- Ayers Foundation

The Ayers Foundation provides scholarships to students from Decatur County. They wanted to know if there is an acceptable way to have a commitment to pay so that the student will have the financial aid applied to their account before the scholarship is received. Upon discussion, institutions stated that this could be handled as a third party payment and would not pose any problems.

The Finance Committee minutes, with the policy and guideline changes, were approved.

B. Council of Buyers

Ms. Flynn highlighted the following issues from the January 7, 2016 Council of Buyers meeting:

- Policies/Guidelines

The Purchasing Policy and Procurement Manual have been approved. The format of the Procurement Manual is now in the form of a TBR guideline. The General Counsel's Office has also added an interactive table of contents to the document.

- SciQuest

The System Office recently held its annual review of the SciQuest contract, which included a PowerPoint presentation by a SciQuest representative. The presentation was intended to allow institutions to see the broad scope of the system and also as an informational tool to provide examples of cycle times per institution, top dollar spend, license detail, etc. The spend data showed an increase from \$1.2 million during FY 2012/2013 to \$39 million for FY 2014/2015.

- TSM Vendor Portal

Ms. Flynn informed the committee that the go live date is still scheduled for the end of March. SciQuest has indicated that they need the extract file by February 10th, and it will be approximately a five week process to normalize the data.

- **Central Data Repository (CDR) RFP**

The Central Data Repository (CDR) is in the presentation phase with the finalist presentation going on now. The System Office will keep the institutions informed.

- **Collaboration with UT, State and TBR**

The Central Procurement Commissions' consulting group, Ikaso, sent out a near final draft of the Pcard RFP, with the document stating a release date of January 5th. The System Office will continue to follow up with them.

The State has also reached out to the System Office with interests in utilizing TBR's Pomeroy contract, specifically the leasing aspect of it. There have been a few conference calls with the State and Pomeroy.

The Council of Buyers minutes were approved.

C. Human Resources

Ms. Preston highlighted the following issues from the January 6, 2016 Human Resource Officers meeting:

- **Guideline Review**

The Human Resource Officers reviewed Guideline P-060 Formation and Operation of Faculty Sick Leave Banks and Guideline P-061 Formation and Operation of Non-Faculty Sick Leave Banks. Changes include: title changes, correction of clerical errors, providing clarification and consistency between the two policies, and the ability for an institution to impose a lifetime maximum of sick leave bank grants.

An institution expressed concern about the large sick leave balances of some employees, particularly faculty. The concern comes when an employee dies and the institution is required to pay out the terminal leave, which could be a significant amount. Ms. Preston will investigate available options and update the group at a future date.

The Human Resource Officers minutes, with the guideline changes, were approved.

D. Internal Audit

Ms. Birchett highlighted the following issues from the January 8, 2016 Internal Auditors meeting:

- **Information Technology Audit Update**

The committee was provided with an update on TBR policies and guidelines related to information technology, which were revised or implemented in the last year. The key areas resulting in recurring audit recommendations based on audits of general controls by System-wide Internal Audit and audits of controls by State Audit were summarized. The committee discussed the consideration of future tests to evaluate potential risks for social engineering.

- **Limited Official Use Findings, Reports and Follow-Up Audits**

Ms. Birchett discussed Limited Official Use (LOU) findings or recommendations from State Audit. State Audit uses the descriptor, Limited Official Use, to refer to findings that may contain sensitive information about information technology and security matters and may be confidential under Tennessee Code Annotated, Section 10-7-504(i). This information is communicated separately from other findings as well as other issues discussed at the field exit conference and not addressed in detail in the published (blue cover) audit report. The information in LOU findings, recommendations, responses and follow-up reports should be treated by management and internal audit staff as confidential information and shared only as needed for business purposes.

When performing follow-up reviews of LOU findings and recommendations, internal auditors will help maintain the confidentiality of this information. In addition to the public follow-up report to the published State Audit report, a separate, detailed follow-up of the LOU finding(s) should be prepared for management, TBR and State Audit. The LOU follow-up report should be appropriately labeled as Limited Official Use. Templates have been developed by SWIA and will be distributed to the group for their use.

- **COHRE Comments and Update**

Ms. Birchett provided information to the committee about overall outcomes of the COHRE consulting project, requested by the Chancellor to evaluate system office functions by consulting with campus constituent groups. SWIA will be working on increasing awareness of internal audit's purpose and activities through the system website and other venues. Ms. Birchett asked for any specific recommendations from the group for information that should be included on the system website.

The Internal Audit Directors minutes were approved.

3. Impact of Financial Aid Changes on Textbook Fees

The U.S. Department of Education has implemented a change in regard to the use of financial aid for textbooks and materials, effective July 1, 2016. This ruling will have an effect on how we handle textbook and materials fees. There are three situations where it will be allowable to include these items as a part of fees:

1. The institution has an arrangement with the bookstore to make the items available below the market rate. The institution must also offer an opt-out provision to the student.
2. The materials cannot be obtained elsewhere.
3. There is a health and safety exception.

TBR Legal is drafting a memo that will be distributed to all institutions and contains more detailed information.

4. Course Revitalization

A question was raised regarding how benefits are being paid to faculty for the RODP course revitalization. It appears that institutions are handling this in different ways: paying the total, netting benefits, paying benefits out-of-pocket, or requesting additional money to cover the cost. It was the general consensus of the group that this should probably be handled as a dual service agreement. This is being driven out of the Academic Affairs, so Mr. Sims has agreed to discuss with Dr. Denley.

There being no further business, the meeting was adjourned at 11:00 a.m.

FINANCIAL RESPONSIBILITY STATEMENT

PAYMENT OF FEES/PROMISE TO PAY

I understand and agree that when I register for any class at <<insert institution here>>, (hereinafter referred to as the "Institution";) or receive any service from the Institution, I am accepting full responsibility to pay all tuition, fees and other associated charges assessed as a result of my registration, and/or receipt of services.

I understand and agree that if I drop or withdraw from some or all of the classes for which I register, I will be responsible for paying all or a portion of tuition and fees in accordance with the published tuition refund schedule at <http://www.memphis.edu/bursar/calendars.php>. I have read the terms and conditions of the published tuition refund schedule and understand those terms are incorporated herein by reference. I further understand that my failure to attend class or receive a bill does not absolve me of my financial responsibility as described above.

If I expect financial aid to pay all or part of my financial obligations to the **Institution**, I understand and agree that it is my responsibility to meet all requirements for disbursement to my student account. I authorize the **Institution** to use the financial aid to pay for all education costs charged to my student account for my current term of enrollment or attendance at the **Institution**. I understand that it is my responsibility to ensure that all requirements of grantors, lenders, employers, and other third party payers are met on a timely basis. I understand that despite my expectations for payment from financial aid or other sources, I am ultimately responsible for all charges incurred. I understand that my financial aid may be adjusted due to eligibility. I agree to pay back to the **Institution** any amounts for which I am not eligible under applicable financial aid guidelines.

I understand and agree that if I enter into an installment payment plan, the due dates and terms of the installment payment plan become part of this agreement and are incorporated herein by reference.

DELINQUENT ACCOUNT/COLLECTION

I understand and agree I will be in default if I break any promise made to the **Institution** or fail to perform promptly at the time and in the manner provided in my housing plan, meal plan, or tuition plan agreement with the **Institution** or if I fail to pay other charges, including but not limited to, parking fees or fines, or financial aid adjustments that post to my student account by the date due or at the point at which I am no longer enrolled. If there is an event of default, the **Institution** may exercise any remedy allowed by law, including one or more of the following, without notice or demand (except as required by law):

(1) The **Institution** may declare the principal balance plus any late fees, fines or penalties immediately due and payable in full.

(2) The **Institution** may hire or pay a third-party to collect the debt including, without limitation, the pursuit of litigation.

Financial Hold: I understand and agree that if I fail to pay my financial obligation to the **Institution**, the **Institution**, in accordance with the provisions of T.C.A. § 49-9-108, will place a financial hold on my student account, preventing me from registering for future classes, receiving grades or transcripts, or receiving my diploma.

Late Payment Charge: I understand and agree that if I fail to pay my financial obligation to the **Institution** by the scheduled due date, the **Institution** may assess a late payment fee as approved by the Tennessee Board of Regents.

Collection Agency Fees: I understand and accept that if I fail to pay my financial obligation to the **Institution** or fail to make acceptable payment arrangements to bring my account current, the **Institution** may refer my delinquent account to a collection agency. I further understand that I may be responsible for paying the collection agency fee, which may be based on a percentage at a maximum of 33-1/3 percent of my delinquent account, together with all fees and expenses, including reasonable attorney's fees, necessary for the collection of my delinquent account. Finally, I understand that my delinquent account may be reported to one or more of the national credit bureaus.

Bankruptcy: I understand and agree Tuition and other related fees or charges may not be dischargeable in bankruptcy and may survive after the bankruptcy has closed and that I may still owe the debt to the Institution after the bankruptcy.

COMMUNICATION

Method of Communication: I understand and agree that the **Institution** uses e-mail addresses assigned by the **Institution** as an official method of communication with me, and that, therefore, I am responsible for reading the e-mails I receive from the **Institution** on a timely basis.

I understand and agree that it is my responsibility to review my **Institution** e-mail account and my account history via **TigerXpress** for notifications regarding balances due and payment deadlines each semester.

Contact: I authorize the **Institution** and its agents and contractors to contact me at my current and any future cellular phone number(s), email address(es) or wireless device(s) regarding my delinquent student account(s)/loan(s), any other debt I owe to the **Institution**, or to receive general information from the **Institution**. I authorize the **Institution** and its agents and contractors to use automated telephone dialing equipment, artificial or pre-recorded voice or

text messages, and personal calls and emails, in their efforts to contact me. Furthermore, I understand that I may withdraw my consent to call my cellular phone by submitting my request in writing to the **Institution Bursar's Office** or in writing to the applicable contractor or agent contacting me on behalf of the **Institution**.

Updating Contact Information: I understand and agree that I am responsible for keeping the **Institution's** records up to date with my current physical addresses, email addresses, and phone numbers. Upon leaving the **Institution** for any reason, it is my responsibility to provide the **Institution** with updated contact information for purposes of continued communication regarding any amounts that remain due to the **Institution**.

BILLING ERRORS

I understand that administrative, clerical or technical billing errors do not absolve me of my financial responsibility to pay the correct amount of tuition, fees, and other associated financial obligations assessed as a result of my registration and attendance at the **Institution**.

RETURNED PAYMENTS/FAILED PAYMENT AGREEMENTS

If a payment made to my student account is returned by the bank for any reason, I agree to repay the original amount of the payment plus a returned payment fee of **\$30.00** and any applicable late fees. I understand that returned payments for tuition or multiple returned payments for non-tuition items may result in a permanent cash only payment status at the **Institution**. If any initial term payments for tuition are returned, the **Institution** reserves the right to delete my class schedule if not settled by the notification deadline.

FINANCIAL AID

I understand that aid described as "memo", "estimated", or "authorized" on my Financial Aid Award does not represent actual or guaranteed payment, but is an estimate of the aid I may receive if I meet all requirements stipulated by that aid program.

I understand that my Financial Aid Award is contingent upon my continued enrollment and attendance in each class upon which my financial aid eligibility was calculated. If I fail to attend, drop any class, or stop attending before completion, I understand that my financial aid eligibility may decrease and some or all of the financial aid awarded to me may be revoked or adjusted.

If some or all of my financial aid is revoked or adjusted because I dropped, failed to attend, or stopped attending class, I agree to repay all revoked or adjusted aid that was disbursed to my account.

IRS FORM 1098-T

I agree to provide my correct Social Security number (SSN) or taxpayer identification number (TIN) to the **Institution** upon request as required by Internal Revenue Service (IRS) regulations

for Form 1098-T reporting purposes. If I fail to provide my correct SSN or TIN to the **Institution**, I may be responsible for paying any and all IRS fines assessed as a result of my missing SSN/TIN.

ENTIRE AGREEMENT

This agreement, which is governed by Tennessee law, supersedes all prior understandings, representations, negotiations and correspondence between the student and the **Institution**, constitutes the entire agreement between the parties with respect to the matters described, and shall not be modified or affected by any course of dealing or course of performance. This agreement may be modified by the **Institution** if the modification is signed by me. Any modification is specifically limited to those policies and/or terms addressed in the modification.

V.eRate

1. Description of Fee

1. The eRate is available to students who enroll at TBR institutions, who are classified as non-residents of Tennessee, and who are enrolled exclusively in online courses.
2. The eRate is 150% of the institution's approved undergraduate or graduate maintenance fee.
3. The hourly rate will not be discounted for students receiving the eRate and enrolling in greater than 12 undergraduate hours or 10 graduate hours.
4. To qualify for an eRate, students must:
 1. Meet all institution admission requirements and must
 2. Be verified as an online out-of-state student enrolled exclusively in courses delivered online by a procedure documented by the institution.
 - 3. Out-of-state students in item 2. above refers to geographic location and does not include undocumented students living in Tennessee.**
5. Students enrolled in any type courses other than online (on-ground, telecourse, distance education, etc.) will not be eligible for the eRate specified in this guideline and will instead incur traditional non-resident fees and charges.
 1. Students who enroll in both online courses and other type courses and subsequently drop the other type courses will not then become eligible for the eRate.
6. Institutions enrolling eRate students as defined in this guideline must provide a method to mitigate any negative impact on the opportunity for Tennessee student enrollment in online courses.

2. Accounting Treatment

1. The eRate is comprised of the maintenance fee and a 50% markup that represents the out-of-state tuition portion.

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2. The maintenance fee and the out-of-state tuition should each be recorded as outlined in sections II and III above.

Attachment C

Payment of Student Fees & Enrollment: 4:01:03:00

~~Policy/Guideline Area~~

~~Business and Finance Policies~~

~~Applicable Divisions~~

~~TCATs, Community Colleges, Universities~~

~~Purpose~~

~~The purpose of this policy is the establishment of Tennessee Board of Regents policy regarding the payment of student fees and enrollment of students.~~

~~Policy/Guideline~~

~~I. Student Fees and Enrollment~~

~~A. An applicant for admission to an institution governed by the Tennessee Board of Regents will be considered and counted as a student when;~~

- ~~1. All assessed fees have been paid in cash; or~~
- ~~2. When the initial minimum payment due under the deferred payment plan has been paid;~~
~~or~~
- ~~3. When an acceptable commitment from an agency or organization approved by the institution has been received by the institution.~~

~~B. An applicant shall possess an acceptable commitment when he/she has timely submitted an application(s) for financial aid with the reasonable probability of receiving such.~~

~~C.—When an applicant tenders payment of fees by means of a personal check, the applicant may be considered and counted as a student. When the check is subsequently dishonored and returned, unless the student then pays the fees in cash, the institution has the option to not consider that student as enrolled for the term.~~

- ~~1.—At the discretion of the institution, the student may be considered enrolled and will be assessed the applicable returned check fee, the applicable late registration fee, and will be denied grade reports, transcripts and future registration privileges until such dishonored check is redeemed.~~
- ~~2.—Pursuant to T.C.A. § 49-9-108, diplomas, certificates of credit, and grade reports cannot be withheld for debts that are both less than \$25 and more than 10 years in age.~~
- ~~3.—Institutions may deny future check writing privileges to students that have paid registration fees with checks that are subsequently dishonored.~~
- ~~4.—While institutions have discretion in how these situations will be handled, all students must be treated the same at that institution.~~
- ~~5.—Additionally, institutions have the discretion to allow enrollment in the following semester when the outstanding obligation is \$200 or less.~~
- ~~6.—Institutions will continue to withhold certificates of credit, diplomas, grade reports and transcripts for these accounts until they are paid in full or meet the criteria established in T.C.A. § 49-9-108.~~
- ~~7.—All outstanding debts must be fully satisfied by the 14th day purge of the semester in which enrollment with outstanding debt was allowed.~~

~~D.—An acceptable commitment from an agency or organization shall be limited to a commitment which identifies the applicant and promises to pay all unpaid assessed fees for such applicant.~~

~~E. Agencies or organizations which may be approved by the institution for purposes of making acceptable commitments for applicants shall be limited to agencies of the federal or state governments authorized to provide financial aid, established financial institutions within the state, established in-state and out-of-state corporations which employ the applicant, foreign embassies and foreign corporations, and other organizations within the state which have previously demonstrated the ability to pay the commitment.~~

~~1. No commitments from individuals will be accepted on behalf of applicants.~~

~~F. This policy shall not affect enrollment of students receiving financial assistance from any federal or state financial aid program(s).~~

~~1. All state financial aid granted to a student shall be applied to pay maintenance fees or tuition, student dormitory or residence hall rental, board, and other assessed fees before any excess may be distributed to the student.~~

~~G. All assessed fees shall include maintenance fees, tuition, debt service fees, service charges, and any other incidental fees assessed at the time of registration, and shall include any and all assessed fees outstanding from prior enrollment at the institution by an applicant.~~

~~1. All fees shall be assessed and payable at the time of registration to the extent determinable.~~

~~2. Assessed fees shall include rental and board fees where such fees are payable in full at the time of registration.~~

~~3. Otherwise, assessed fees shall include the first periodic payment of rental and board fees in advance.~~

~~H. Assessed fees for student dormitory and residence hall units may be payable on a monthly basis in advance in accordance with the provisions of an optional monthly payment plan~~

which shall be established by each institution in accordance with the provisions of the policy on student residence regulations and agreements.

I. ~~No applicant will be considered for admission as a student until all due and payable outstanding fees and charges from prior terms, of whatever nature, have been paid by the applicant.~~

1. ~~Institutions have the discretion to allow enrollment in the following semester when the outstanding obligation is \$200 or less.~~

2. ~~Institutions will continue to withhold certificates of credit, diplomas, grade reports and transcripts for these accounts until they are paid in full or meet the criteria established in T.C.A. § 49-9-108.~~

3. ~~All outstanding debts must be fully satisfied by the 14th day purge of the semester in which enrollment with outstanding debt was allowed.~~

J. ~~The institutions are authorized, subject to approval by the Board, to establish charges for late registration and/or checks which are returned dishonored, and such charges shall become assessed fees for purposes of admission.~~

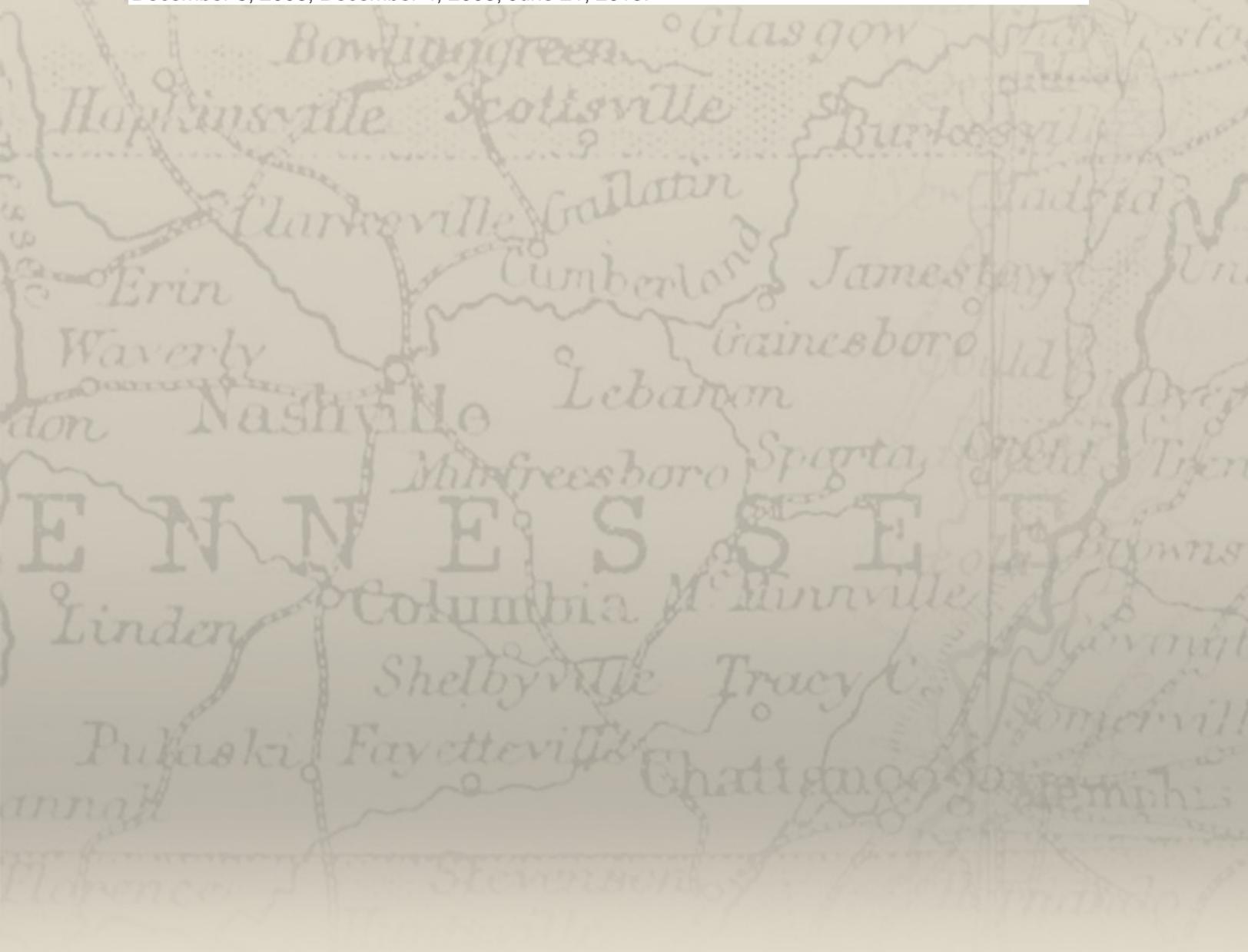
K. ~~In accordance with these guidelines, the president of an institution has the authority to determine the applicability of certain fees, fines, charges, and refunds, and to approve exceptions in instances of unusual circumstances.~~

L. ~~The Vice Chancellor for Colleges of Applied Technology shall have this authority for the Tennessee Colleges of Applied Technology.~~

M. ~~All such actions should be properly documented for auditing purposes.~~

Sources

TBR Meetings, June 20, 1975; September 30, 1983; June 24, 1988; June 29, 1990; June 21, 1996;
December 8, 2006; December 4, 2008; June 21, 2013.



Payment of Student Fees & Enrollment: 4:01:03:00

Policy/Guideline Area

Business and Finance Policies

Applicable Divisions

TCATs, Community Colleges, Universities

Purpose

The purpose of this policy is the establishment of Tennessee Board of Regents policy regarding the payment of student fees and enrollment of students.

Policy/Guideline

I. Student Fees and Enrollment

A. All assessed fees by an institution governed by the Tennessee Board of Regents are due and payable at the time of registration.

1. An institution may implement deferred payment plans as may be allowed under a TBR guideline and as authorized for the student.

B. An applicant for admission to a TBR institution will be considered enrolled and counted as a student when:

1. all assessed fees have been paid in cash; or

2. all assessed fees have been paid by a personal check or credit card; or

3. the initial minimum payment due under any deferred payment plans has been paid; or

4. an acceptable commitment from an agency or organization approved by the institution has been received by the institution.

C. An applicant will not be considered for admission as a student until all past due debts and obligations to the institution incurred in prior academic terms, of whatever nature, have been paid.

1. Institutions have the discretion to allow enrollment when the outstanding obligation is \$200 or less.
2. Institutions will continue to withhold diplomas, transcripts, certificates of credit or grade reports until the student involved has satisfied all debts or obligations or the debts or obligations meet the criteria established in T.C.A. § 49-9-108. See TBR Guideline B-010, Collection of Accounts Receivable.
3. All outstanding debts and obligations must be fully satisfied by the 14th day purge of the semester in which enrollment with outstanding debt was allowed.

D. An applicant shall possess an acceptable commitment when an application(s) for financial aid has been timely submitted with the reasonable probability of receiving such.

1. All state financial aid granted to a student shall be applied to pay maintenance fees or tuition, student dormitory or residence hall rental, board, and other assessed fees before any excess may be distributed to the student.

E. Agencies or organizations which may be approved by the institution for purposes of making acceptable commitments for applicants shall be limited to agencies of the federal or state governments authorized to provide financial aid, established financial institutions within the state, established in-state and out-of-state corporations which employ the applicant, foreign embassies and foreign corporations, and other organizations within the state which have previously demonstrated the ability to pay the commitment.

1. An acceptable commitment from an agency or organization shall be limited to a commitment which identifies the applicant and promises to pay all unpaid assessed fees for such applicant.

2. No commitments from individuals will be accepted on behalf of applicants.

F. When an applicant tenders payment of fees by means of a personal check or credit card, the applicant may be considered and counted as a student. If the payment is subsequently dishonored by the financial institution, and the payment is not redeemed in cash, the institution has the option to not consider that student as enrolled for the term.

1. At the discretion of the institution, the student may be considered enrolled and will be assessed the applicable returned payment fee, the applicable late registration fee, and will be denied grade reports, transcripts and future registration privileges until such dishonored payment is redeemed.
2. Pursuant to T.C.A. § 49-9-108, diplomas, transcripts, certificates of credit, and grade reports cannot be withheld for debts that are both less than \$25 and more than 10 years in age.
3. Institutions may deny future check writing privileges to students that have paid registration fees with checks that are subsequently dishonored.
4. While institutions have discretion in how these situations will be handled, all students must be treated the same at that institution.
5. *Institutions have the discretion to allow enrollment in the following semester when the outstanding obligation is \$200 or less.*
6. *Institutions will continue to withhold diplomas, transcripts, certificates of credit or grade reports until the student involved has satisfied all debts or obligations or such meet the criteria established in T.C.A. § 49-9-108.*

7. *All outstanding debts must be fully satisfied by the 14th day purge of the semester in which enrollment with outstanding debt was allowed.*

G. The institutions are authorized, subject to approval by the Board, to establish charges for late registration and/or payments which are returned dishonored, and such charges shall become assessed fees for purposes of admission.

H. In accordance with these guidelines, the president of an institution has the authority to determine the applicability of certain fees (as defined in Guideline B-060, Fees, Charges, Refunds and Fee Adjustments), fines, charges, and refunds, and to approve exceptions in instances of unusual circumstances. The Vice Chancellor for Colleges of Applied Technology shall have this authority for the Tennessee Colleges of Applied Technology. All such actions should be properly documented for auditing purposes.

Sources

TBR Meetings, June 20, 1975; September 30, 1983; June 24, 1988; June 29, 1990; June 21, 1996; December 8, 2006; December 4, 2008; June 21, 2013.

Collection of Accounts Receivable: B-010

Policy/Guideline Area

Business and Finance Guidelines

Applicable Divisions

TCATs, Community Colleges, Universities, System Office

Purpose

The purpose of this guideline is to establish the process regarding collection of accounts receivable at the System Office and institutions governed by the Tennessee Board of Regents.

Definitions

- Disposable earnings - means that part of the earnings of an individual remaining after the deduction from those earnings of any amounts required by law to be withheld.

Policy/Guideline

I. General

A. This guideline applies to the collection of all accounts and notes receivable by institutions in the Tennessee Board of Regents System. Institutions shall, to the maximum extent practicable, require payment in advance for all services and goods to avoid the creation of receivables.

1. TBR Policy on the Payment of Fees. Policy No. 4:01:03:00 requires (with limited exceptions) that all assessed fees be paid in advance by a student before he or she is considered enrolled for any academic term.

2. Types of Receivables. Accounts and notes receivable may be generated from programs and activities including but not limited to:

- a. Student loan programs;
- b. Traffic and parking fines;
- c. Library fines;
- d. Bad checks;
- e. Contracts;
- f. Property rental; and
- g. Damage, loss, or liability to the institution by others.

g-h. Financial aid adjustments

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3. Security Deposits. Institutions are authorized to require any person to post a deposit or security bond, or provide appropriate insurance to offset potential obligations to the institution arising from programs or activities.

4. Statute of Limitations. Pursuant to T.C.A. § 28-1-113, there is no time limit on the institutions' authority to collect receivables unless otherwise expressly provided by statute.

II. General Collection Procedures

A. Institution Procedure. Each institution shall establish a written systematic process and procedure for collecting receivables from all persons including students and employees.

1. The provisions included in this guideline may be modified by an institution based on sound and responsible management practices.
2. Any modifications should result in more cost-effective procedures or provide better or more convenient service to debtors of the institution without compromise to collection.

B. Billing. Collection efforts should begin no later than thirty days after the obligation has been incurred or other fixed due date.

1. An institution may negotiate alternative payment arrangements with debtors when such arrangements offer the best prospect of collecting the debt.
2. An account becomes delinquent based on payment criteria established by the institution for the type of debt involved. An institution shall include a schedule defining delinquent periods.
3. For example, debts from students may not be classified as delinquent until a student fails to enroll in a subsequent fall or spring semester where the provisions of the "Enrollment and Record Holds" in II.E. below would apply

4. 4. On the other hand, rent for an apartment may become delinquent when rent is not paid by the tenth day after the due date.

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C. Delinquent Accounts. A minimum of three billings or letters of contact shall be sent by the institution at thirty-day intervals once an account becomes delinquent.

1. For debts greater than \$100, the third letter should indicate that the account will be referred to a collection agency if payment is not made within a specified date.
2. Sending letters by certified mail is optional.
3. ~~An account becomes delinquent based on the payment criteria established by the institution for the type of debt involved.~~

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4. For example, debts from students may not be classified as delinquent until a student fails to enroll in a subsequent fall or spring semester where the provisions of the "Enrollment and Record Holds" in II.E. below would apply.

5. On the other hand, rent for an apartment may become delinquent when rent is not paid by the tenth day after the due date.

D. Defaulted Accounts. Accounts are classified as defaulted when the institution's established collection efforts for the type of debt have failed to produce payment.

1. Receivables of \$100 or more shall be referred to a collection agency if the institution's collection efforts are unsuccessful.
2. The accounts should be submitted to the agency within a reasonable time after the final collection letter is sent if the debtor has not responded.
3. Referral of accounts under \$100 to a collection agency is not required.

- a. No additional collection efforts are required for receivables under \$100 except as provided for under Enrollment and Record Holds (Section II.E) and Employee Receivables (Section III.).
- b. See Section X. for write/off procedures.

E. ~~Enrollment and Record Holds. A student must pay any past due debts and obligations incurred in prior academic terms before being permitted to register.~~ Record Holds. Pursuant to T.C.A. 49-9-108, diplomas, transcripts, certificates of credit or grade reports will not be issued until the student involved has satisfied all debts or obligations owed to the university, community college or college of applied technology.

1. ~~Additionally, all known debts and obligations incurred during the current term must be paid prior to a student being allowed to pre-register for any future terms.~~ 1. This statutory limitation shall not apply to debts or obligations;

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a. Institutions have the discretion to allow enrollment when the outstanding obligation is \$200 or less, a. Of less than twenty-five dollars(\$25.00) that are more than ten(10) years old

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b. Institutions will continue to withhold certificates of credit, diplomas, grade reports, and transcripts for these accounts until they are paid in full or meet the criteria established in T.C.A. § 49-9-108. b. Evidenced by notes or other written contracts providing for future payment, such as, but not limited to, loans authorized under federal or state education or student assistance acts.

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2. An amount owed under the institution's installment payment plan for enrollment fees which is not yet due shall not cause a hold to be applied. A notice stating specific amount due should be sent to each student prior to completion of registration.

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3. ~~A notice stating the specific amount due should be sent to each such student prior to completion of registration.~~ 3. Once a petition in bankruptcy has been filed, all holds should be lifted, but the institution has no obligation to provide student diplomas, transcripts, certificated of credit or grade reports unless specifically requested to do so. See Section IX for additional information regarding bankruptcy.

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4. Pursuant to T.C.A. § 49-9-108, no grade reports, certificates of credit, diplomas or transcripts will be issued to any student with any unpaid or delinquent debt or obligation owed to the institution unless such debt or obligation is evidenced by notes or other written contracts providing for future payment, such as, but not limited to, loans authorized under federal or state education or student assistance acts.

5. Additionally, once a petition in bankruptcy has been filed, all holds should be lifted. See Section IX.

6. However, the institution has no obligation to provide student grade reports, etc., unless specifically requested to do so.

7. T.C.A. § 49-9-108 further provides that the withholding of grade reports, certificates of credit, and diplomas does not apply to debts that are both less than \$25 and more than 10 years old.

F. Enrollment and Outstanding Debts or Obligations. A student must pay any past due debts and obligations incurred in prior academic terms before being permitted to register.

1. Additionally, all known debts and obligations incurred during the current term must be paid prior to a student being allowed to pre-register for any future terms.

a. Institutions have the discretion to allow enrollment when outstanding obligation is \$200 or less.

b. Institutions will continue to withhold diplomas, transcripts, certificates of credit or grade reports until the student involved has satisfied all debts or obligations or such meet the criteria established in T.C.A. 49-9-108, as state in E.1 and E.2. above.

F.G. Aging. All receivables should be aged at least annually.

G.H. Documentation. Accurate records of correspondence, telephone calls, and personal contacts with borrowers shall be maintained. Institutions shall comply with record maintenance, safekeeping, and retention regulations for federally funded loans.

III. Employee Receivables

A. Procedure for Withholding. Employee receivables (including student employees) may result from, among other things, traffic and parking fines, library fines, institution services or bad checks.

1. In order to recoup the amount owed from the employee's paycheck, notice of intent to withhold must be sent to the employee by registered or certified mail, email, or personally delivered.

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- a. The notice should inform the employee of the amount alleged to be owed and should specify that he may elect to pay the debt in full, authorize deductions from his paycheck or, if the employee is terminating, the check for accrued but unused annual leave, or contest the intent to withhold through an institutional or TUAPA hearing.
- b. Subsequent to receiving a pre-deprivation notice of the debt owing, the employee, within 15 calendar days of receipt of such notice, must:

- (1) Pay the debt in full;
- (2) Authorize the institution to withhold a designated amount from each subsequent paycheck or, if the employee is terminating, from the accrued but unused annual leave until the debt is paid in full;
- (3) Elect to contest the intent to withhold through an institutional hearing; or,
- (4) Elect to contest the intent to withhold through a contested case hearing held pursuant to T.C.A. § 4-5-301, et seq.

2. If the employee elects an institutional hearing, the employee shall appear on behalf of himself but is entitled to be advised by counsel.

- a. The Chief Business Officer of a campus or unit or his/her representative, or a representative of the department involved in the debt, shall be present to represent the institution.
- b. The case will be heard before one hearing officer designated to hear all cases on that date.
- c. The hearing officer must be an individual who is not so closely connected with the collection of the debt that he/she cannot render an unbiased and objective decision on the validity of the debt.

- d. Such hearing should be held within one week of the decision to elect the hearing.
- e. The hearing officer shall render his/her decision on the validity of the debt. If the debt is ruled valid, the debt shall be deducted from the employee's payroll check beginning at the end of the next appropriate pay period in accordance with deduction schedules.
- f. If the employee elects a TUAPA hearing, the Office of General Counsel should be notified immediately.
- g. If the employee refuses to pay, authorize deduction, or specify or waive a hearing process, a TUAPA hearing must be initiated.
- h. The employee's failure to appear at either an institutional or TUAPA hearing will constitute default, or, if a prima facie case is presented that the debt is owed, it will be deemed valid; the appropriate deductions may then be made.
- i. Additionally, if a TUAPA hearing, a Default Order must be issued.
- j. If the employee does not appeal the Default Order, funds may be deducted as specified.

B. Limitations on Amounts to be Withheld. The deduction from any check shall not exceed the maximum deductible under state garnishment laws.

1. The maximum amount of disposable earnings of an individual for any work week which is subjected to garnishment may not exceed:

- a. Twenty-five percent (25%) of his disposable earnings for that week; or
- b. Thirty (30) times the federal minimum hourly wage at the time the earnings for any pay period become due and payable, whichever is less.

2. In the case of earnings from any pay period other than a week, an equivalent amount shall be in effect.
3. These limits are applicable to retirement funds, but are not applicable to checks for accumulated annual leave.
4. Additionally, the above limits do not apply to employee overpayments.

C. Retirement Funds. If a former employee is found to owe a debt to the state, retirement funds may be utilized to pay off the amount owing to the extent permitted by Tennessee law.

1. The same procedural steps outlined in III.A. for notice and the opportunity for a hearing must be followed.
2. Accumulated retirement contributions of a former employee terminated for any reason and for which he has made application, or monthly benefits of a retired employee are subject to withholding to the extent permitted by Tennessee law.
3. A copy of the final order resulting from an institutional or TUAPA hearing, or a signed waiver of hearing and written agreement of the former employee authorizing deductions should be sent to the director of the retirement system along with a written request to withhold, specifying the reason for the claim and the total amount involved.

D. Recovery of Overpayments to Employees. Unlike cases in which the employee owes the institution money, in instances of overpayments to employees there is no obligation to provide a hearing.

1. The institution is obligated, however, to attempt to recoup the funds. The institution should advise the employee in writing of the overpayment and the institution's proposed actions to correct the overpayment.
2. The method of repayment will depend upon the amount of the overpayment, the time which has elapsed between the overpayment and its discovery, the hardship which

immediate repayment might cause the employee because of amount of current salary and personal expenses, the culpability of the employees in not reporting the overpayment, and the longevity as well as the expectation that the employee will remain in state government until the repayment is completed.

3. If a current employee receives overpayment, the refund may be made in one of the following ways:

- a. Repayment by the employee by cash or check; or,
- b. Adjustment of deductions to be made automatically from the employee's paycheck, either with a single deduction or a series of deductions made from each paycheck until the full amount is recovered.
- c. The amount of partial payments recovered by the latter method should be reasonable and systematic so that full recovery will be completed within the shortest period possible.

4. If overpayment is discovered after the employee terminates employment with the state, an account receivable should be established.

- a. The former employee should be notified of the overpayment, the circumstances of the overpayment and a request that the employee contact the appropriate campus official.
- b. If the employee has not received his final paycheck, the appropriate deduction from that check can be made.
- c. If the final paycheck has been received, negotiations for reimbursement should be initiated.
- d. If repayment cannot be negotiated or collected, the account should be turned over to the collection agency.

e. In the event collection is not possible, proper write/off procedures should be followed.

5. In instances in which the employee has agreed to systematic deduction(s) from his paycheck(s), written authorization from the employee is encouraged.

6. Each campus shall draft forms to document overpayments, the steps taken to recoup same, any negotiated repayment plan, the amounts received, and any write/off of the overpayment.

IV. ~~Returned Checks, Dishonored Payments~~

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A. Enrollment Fees. Pursuant to the Board Policy on the Payment of Fees and Enrollment of Students (4:01:03:00), if any student tenders payment of fees by a check ~~or credit card~~ that is subsequently dishonored by the ~~bank, financial institution,~~ and the ~~check payment~~ is not redeemed ~~in cash~~ within the time period specified below, the institution has the option to not consider that student enrolled at the institution.

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1. At the discretion of the institution, the student may be considered enrolled and will be assessed the applicable returned check fee, the late registration fee, and will be denied grade reports, transcripts and future registration privileges until such dishonored check is redeemed.

2. Institutions have the discretion to allow enrollment when the outstanding obligation is \$200 or less.

~~3.~~ Institutions may deny future check writing privileges to students that have paid registration fees with checks that are subsequently dishonored.

~~3.4.~~ While institutions have discretion in how these situations will be handled, all students must be treated the same at that institution.

4.5. A student paying enrollment fees with a check that is dishonored must redeem the check within ~~10~~ 5 calendar days from receipt of the notice.

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- a. Notice should be sent by the institution to the student no more than three (3) working days from receipt of notice of a bad check from the bank.
- b. Notice by certified mail is optional.
- c. The institution will have 5 working days after the expiration of the ~~10~~ 5 calendar days to pursue any additional collection efforts deemed necessary.
- d. Immediately after the 5 working days, the student will be deleted if the check has not been redeemed in full if that option is selected by the institution.
- e. Enrollment fees including returned check fees for students de-enrolled for bad checks should be reversed.

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B. Non-Student or Non-Employee. Any person other than a student or employee who tenders a check for payment for goods or services which is subsequently dishonored shall be given the opportunity to redeem the check and pay the amount due in cash. The person shall be given notice of the dishonored check, ~~sent certified mail,~~ demanding payment within ~~ten (10)~~ 5 days.

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C. Collection of Dishonored Checks. A check presented for payment of any goods or services which is subsequently dishonored shall be treated as an account receivable under Section II. Any transactions that have been processed should be reversed when possible and appropriate.

D. Future Check-Writing. Receipt of one or more bad checks from any person may result in that person becoming ineligible to make payments by check thereafter, or to have any check cashed by the institution. A record of individuals who have written bad checks should be maintained.

V. Rent Collections

A. The terms of the lease should be consulted in the event of failure by the tenant to timely pay rent.

B. In counties with populations more than 200,000 according to the 1970 federal census, the Tennessee Residential Landlord and Tenant Act (the ACT) applies and provides, at T.C.A. § 66-28-505, that upon noncompliance with the rental agreement, the landlord shall deliver a written notice to the tenant specifying the noncompliance and stating that the rental agreement will terminate upon a date not less than thirty (30) days after receipt of the notice.

1. If the noncompliance is not remedied in fourteen (14) days, the rental agreement shall terminate as provided in the notice.
2. If the tenant remits the rental but subsequently again fails to pay rent within a 6 month period, the rental agreement may be terminated upon at least fourteen (14) days written notice specifying the noncompliance and the date of termination of the rental agreement.
3. In counties where the Act applies, written notice is required when rent is unpaid unless otherwise specifically waived in a written rental agreement.
4. In counties where the Act does not apply, it will provide guidance concerning landlord/tenant issues.

- a. Generally, the length of the notice period equals the rental period, for example, 30 days' notice is required where rent is due monthly.
- b. In the event the rent remains unpaid at the end of the month, the institution should proceed with an action to evict the tenant.
- c. The Office of General Counsel may be notified to provide any required assistance in the proceedings.

- d. Accrued rents which are unpaid shall be treated as accounts receivable of the institution; refer to Section II.

VI. Federal Loans

- A. Federal Regulations. Collection officers should be certain that they are consulting the most recent legal authorities concerning Federal loans. These authorities include interpretative materials, issues letters, manuals, Congressional Enactments and Federal Department of Education Regulations.
- B. Pre-Loan Counseling. Federal regulations require an institution to conduct entrance counseling to stress the importance of repayment, describe the consequences of default and emphasize the terms of repayment. An individual with Federal Regulations expertise should be available during and after the session to answer questions.
- C. Exit Interview. An individual or group exit interview must be conducted to discuss the borrower's financial responsibilities and to obtain updated information. Exit interview materials may be sent by certified mail to borrowers who do not attend the exit interview.
 - 1. The borrower should be provided with a copy of the note and two copies of the repayment schedule.
 - a. These schedules can be provided either in person or by certified mail.
 - b. The borrower should promptly sign and return one of the schedules to the institution.
 - c. A minimum payment of \$30 per month should be required for Perkins Loans made prior to October 1, 1992, \$40 per month for Perkins Loans made after October 1, 1992, and \$15 per month for Health Professions Student Loan (HPSL) and Nursing Student Loan (NSL) programs.
- D. Grace Period Notices. Contact with the borrower should be made during the initial and post-deferment grace periods.

1. For a nine-month grace period, notices are required 90 days, 180 days and 240 days after the grace period begins.
2. For a six-month grace period, notices are required at 90 days and 150 days.
3. The last contact should coincide with the first billing notice.

E. Billings. A written notice and statement of account should be sent at least 30 days before the first payment is due. If a coupon system is used, coupons should be sent instead of statements. Future statements should be sent at least 15 days before each payment is due.

F. Late Payments or Delinquent. Three past due notices should be sent beginning when the debt is fifteen days past due. The second notice is sent 30 days from the first notice. A final demand letter should be sent within 15 days of the second past due notice. If all past-due follow-up procedures have failed to elicit a response, a telephone call is required within 30 days of the final demand letter.

G. Cancellations or Deferments. An institution may postpone loan repayments for a 12 month period if the borrower will be providing services eligible for loan cancellation or deferment.

1. Interest does not accrue and the loan is not considered delinquent when in a deferred status.
2. The borrower must request deferment and cancellation status on an annual basis.
3. If, at the end of the postponement period, the borrower does not qualify for cancellation or deferment, the postponed payments are due.

H. Acceleration. The borrower must be given written notice of intent to accelerate at least 30 days in advance. This can be included in the final demand letter.

I. Federal Loans Not Written Off. Annual collection efforts should be pursued for Federal loans that are not able to be written off or turned over to the U.S. Department of Education.

J. Perkins Loans. The IRS/ED skip-tracing service should be used for Perkins Loans.

VII. Collection Agencies

A. General. The Tennessee Board of Regents shall provide, on a system-wide basis, collection services through one or more companies.

1. The service should provide for the referral of all types of delinquent accounts and notes from the institutions to the designated company only after campus collection efforts have been exhausted.
2. The terms of the contract and RFP govern all collection actions.
3. Unless otherwise prohibited by law or regulation, any note, contract or lease which may result in accounts receivable to the institution should contain a provision pursuant to which the person will be responsible for the costs of collection and reasonable attorneys' fees in the event of default, and should further provide for the assignment of the account or note to the proper agency.

B. Billing Services. Institutions may use an outside billing service to collect payments on accounts receivable. The service should be familiar with all provisions of loan programs and provide prompt, clear and accurate bills.

C. Credit Bureaus. Institutions may report all loans when made to a credit bureau. The institution must obtain the borrower's consent to report loans not in default by including a statement in the promissory note or some other document that is signed by the borrower at the time the loan is made.

D. Collection Agency. Accounts that are still delinquent 30 days after the final collection letter should be turned over to a collection agency. Receivables less than \$100 are not required to be turned over to a collection agency.

E. Reporting Requirements. The collection agency should be required to report the status of delinquent loans periodically to each institution and to the Tennessee Board of Regents.

F. Revised Repayment Plan. A revised repayment plan agreement should be signed by the borrower if the borrower returns to repayment status.

G. Recalling Accounts from Collection Agency. No account should be recalled from a collection agency other than debts eligible for deferment, postponement, cancellation, bankruptcy, death, disability or some other mitigating circumstance (institutional error, etc.).

1. No account should be recalled in order for a borrower to re-enroll or obtain a transcript.
2. The borrower should pay the accelerated amount plus collection costs to the collection agency.

VIII. Litigation

A. General. After all other attempts at collection have failed, the institution must authorize litigation of accounts of \$2,000 or more providing litigation costs do not exceed the amount which can be recovered. Generally the collection services contract will provide for litigation when appropriate.

B. Federal Loans. If a Federal loan cannot be litigated for any of the following reasons, it should be assigned to the U.S. Department of Education:

1. Borrower has no assets;
2. Address unknown;
3. Debtor is incarcerated;
4. Debtor is on Public Assistance;
5. Unable to serve borrower with court papers;

6. Litigation is in process and debtor skips;
7. Expected cost of litigation exceeds amount to be recovered from borrower.

IX. Bankruptcy

A. General Information - Each institution shall designate a bankruptcy contact person to serve as a liaison between the institution and the Attorney General's office.

1. Once notice of, or a petition for, bankruptcy is received, all collection efforts against the debtor must cease immediately.
2. If the account is at a collection agency, the file must be returned to the institution immediately.
3. The institution should immediately forward the file to the Attorney General's office with a Referral Form and the documentation specified on the Referral Form.
4. The institution should also provide a copy of this information to the TBR General Counsel's office.
5. The Attorney General's office will advise the institution when and if collection efforts may resume, depending on the debt's dischargeability.

- a. NOTE: Effective for actions filed on or after 5/28/91, the period during which an educational loan may not generally be discharged will increase from five (5) years to seven (7) years.
- b. This period is calculated from the date the loan first came due to the date the bankruptcy action was filed, exclusive of periods during which repayment obligations are suspended.

c. Additionally, obligations to repay an "overpayment" of, or any other obligation to repay an "educational benefit" provided by a governmental unit or under a program funded by a government unit or non-profit institution will be excepted from discharge during the same seven year period under either Chapter 7 or 13 unless the borrower establishes that repayment constitutes undue hardship.

B. Chapter 7 (Liquidation) Upon receiving any notice of the filing of a petition, all collection efforts against the debtor must be suspended immediately until the bankruptcy has been discharged.

1. Collection efforts may continue against an endorser.
2. The institution shall immediately forward the file to the Attorney General's office with a Referral Form and the documentation specified on the Referral Form.
3. A copy of this information should also be provided to the TBR General Counsel's office.
4. Educational loans: If the date of bankruptcy filing is after the expiration of the exception period, the loan should be written off once the notice of discharge is received unless there is some other basis upon which to challenge dischargeability.

- a. The Attorney General's office will contact the institution to advise whether the debt is dischargeable.
- b. However, if there is an endorser, collection efforts may proceed against him.
- c. If the date of bankruptcy filing is before the expiration of the exception period, collection activity may be reinstated once the notice of discharge is received due to the self/executing nature of the exception unless the debtor has been able to establish dischargeability of the debt through an adversary proceeding.
- d. If the institution is served with a summons and complaint, the institution shall immediately fax to the Attorney General's bankruptcy unit a copy of the Summons

and Complaint, the debt payoff amount, the date the note went into repayment, and any deferment and/or forbearance history.

- e. A copy of this information should also be provided to the TBR General Counsel's office.

5. Other debts: The institution shall immediately forward the file to the Attorney General's office with a Referral Form and the documentation specified on the Referral Form.

- a. A copy of this information should also be provided to the TBR General Counsel's office.
- b. When the notice states "No assets," unless the institution is a secured creditor (in which case a proof of claim would have been filed), the debt must be written off once the Attorney General's office provides the institution with notice of discharge.

C. Chapter 13 (Reorganization)

1. NOTE: For petitions filed on or after 11/5/90, an educational loan is non-dischargeable if the loan first became due within five years calculated from the date the loan first came due to the date the bankruptcy action was filed, exclusive of periods during which repayment obligations are suspended.
2. Effective for bankruptcies filed on or after 5/28/91, that same five (5) year period was increased to seven (7) years. See NOTE above for further details.
3. Regardless of the date of filing or the nature of the debt owing, upon receiving any notice of the filing of a petition, all collection efforts against the debtor and endorser must cease immediately.

- a. The institution shall immediately forward the file to the Attorney General's office with a Referral Form and the documentation specified on the Referral Form.

b. A copy of this information should also be provided to the TBR General Counsel's office.

c. The Attorney General's office will advise the institution whether the debt is dischargeable and the extent to which collection activities may be reinstated.

4. If the seven (7) year exception period applies and the debtor serves the institution with a summons and complaint the institution shall immediately fax to the Attorney General's bankruptcy unit a copy of the Summons and Complaint, the debt payoff amount, the date the note went into repayment, and any deferment and/or forbearance history.

a. A copy of this information should also be provided to the TBR General Counsel's office.

5. Other debts: The institution shall immediately forward the file to the Attorney General's office with a Referral Form and the documentation specified on the Referral Form.

a. A copy of this information should also be provided to the TBR General Counsel's office.

b. The Attorney General's office will advise the institution as to the dischargeability of the debt.

X. Write Offs

A. Authority. The Tennessee Board of Regents and its institutions are authorized to write off uncollectible receivables pursuant to policies outlined in Chapter 0620-1-9 of the rules of the Department of Finance and Administration.

1. This includes the write off of any account of five thousand dollars (\$5,000) or greater and/or accounts aggregating twenty-five thousand dollars (\$25,000) or more.

2. Receivables submitted for write off must have been subjected to appropriate collection efforts in accordance with this guideline and institution procedures.

B. Reserve. A reserve for doubtful accounts should be established for activities for which accounts receivable represent a material amount to the activity income.

1. The reserve should be reported in the financial records of the institution.
2. Receivables which prove to be uncollectible after prescribed collection efforts have been exhausted should be written off by a charge to the reserve for doubtful accounts after appropriate approvals are obtained.

C. Approval. The proposed write offs must be approved by institution officials not directly involved in recording and collection of accounts receivable.

1. The institution president or director and chief business officer should certify compliance with the prescribed statute and collection guidelines.
2. The accounts submitted for write off should be single accounts of \$5,000 or more and/or accounts aggregating \$25,000 or more. The write off request summary and certification, along with a detailed list of the accounts, should be submitted to the Vice Chancellor for Business and Finance's office for approval.
3. The write off request must be approved by the Chancellor or designee and General Counsel and forwarded by TBR for approval by the Commissioner of Finance and Administration and the Comptroller of the Treasury.

a. TBR will send approved write offs to the institution for the appropriate accounting.

4. Requests for the write off of single accounts of less than \$5,000 and/or accounts aggregating less than \$25,000 shall be approved at the institution level by the appropriate officials.

- a. These requests do not require additional approval by the Tennessee Board of Regents office or State Departments.

D. State/TBR Employees. Any debtors identified by the TBR or State as employees with debts \$50 and above will not be approved for write off.

1. Information on the employing institution or agency will be returned to the institution for additional collection efforts.
2. If the debtor is a state employee, the Chief Business Officer of the department employing the debtor should be notified.
3. The department employing the individual will be responsible for taking the appropriate action to collect the debt.
4. If the department is unsuccessful in collecting the debt, written notification will be sent to the institution.

- a. The written notification shall be submitted with the next write off request for approval.

5. If the debtor works for another TBR institution, the Chief Business Officer of the employing institution should be notified and will be responsible for collecting the debts utilizing the steps in Section III, Employee Receivables, of this policy.

- a. Written notification should be sent to the requesting institution if collection efforts are unsuccessful.
- b. The written notification shall be submitted with the next write off request for approval.
- c. The institution may agree to payment through payroll deductions if the employee signs a payroll deduction authorization.

E. Former TBR Employees. If a debt or obligation was incurred while a TBR employee, the debt constitutes an account receivable; refer to Section II.

F. Holds on Written Off Receivables. A hold on transcripts and future registration will continue until the debt is cleared for former students whose receivables were written off if the debt was twenty-five (25) dollars or more.

1. Institutions have the discretion to allow enrollment when the outstanding obligation is \$200 or less.
2. Institutions will continue to withhold certificates of credit, diplomas, grade reports, and transcripts for these accounts until they are paid in full or meet the criteria established in T.C.A. § 49-9-108.

XI. Gramm-Leach-Bliley Act Contract Clause

A. Include the standard language printed below in all future contracts with third party service providers that have access to the institution's customers' non-public financial information.

1. "Throughout the term of this Agreement, Service Provider shall implement and maintain 'appropriate safeguards,' as that term is used in § 314.4(d) of the FTC Safeguard Rule, 16 C.F.R. § 314, for all 'customer information,' as that term is defined in § 314.2(b) of the FTC Safeguard Rule, delivered to Service Provider by Institution pursuant to this Agreement.
2. The Service Provider shall implement an Information Security Program ('the Program') as required by the FTC Safeguard Rule.
3. Service Provider shall promptly notify the Institution, in writing, of each instance of;

- a. Unauthorized access to or use of that nonpublic financial customer information that could result in substantial harm or inconvenience to a customer of the Institution; or

b. Unauthorized disclosure, misuse, alteration, destruction or other compromise of that nonpublic financial customer information.

4. Service Provider shall forever defend and hold Institution harmless from all claims, liabilities, damages, or judgments involving a third party, including Institution's costs and attorney fees, which arise as a result of Service Provider's failure to meet any of its obligations under this provision.

5. Service Provider shall further agree to reimburse the Institution for its direct damages (e.g., costs to reconstruct lost or altered information) resulting from any security breach, loss, or alteration of nonpublic financial customer information caused by the Service Provider or its subcontractors or agents.

6. Service Provider grants Institution the right to conduct on-site audits, as deemed necessary by the Institution, of the Service Provider's Program to ensure the integrity of the Service Provider's safeguarding of the Institution's customers' nonpublic financial information.

7. Institution retains the right to unilaterally terminate the Agreement, without prior notice, if Service Provider has allowed a material breach of its Program in violation of its obligations under the GLBA, if Service Provider has lost or materially altered nonpublic financial customer information, or if the Institution reasonably determines that Service Provider's Program is inadequate.

8. Within thirty (30) days of the termination or expiration of this Agreement, Service Provider shall, at the election of Institution, either:

a. Return to the Institution; or

b. Destroy (and shall cause each of its agents to destroy) all records, electronic or otherwise, in its or its agent's possession that contain such nonpublic financial

customer information and shall deliver to the Institution a written certification of the destruction.”

Sources

November 16, 1977, TBR presidents meeting. Revised July 1, 1984. Revised May 17, 1988. Revised May 12, 1992. Revised August 9, 1994, TBR presidents meeting. Revised November 9, 1994, TBR presidents meeting. Revised May 14, 1996, presidents meeting. Revised August 25, 1998, presidents meeting. Revised May 11, 1999, presidents meeting. Revised May 21, 2001 presidents meeting. Revised May 16, 2006 presidents meeting. Revised November 8, 2006 presidents meeting; Presidents Meeting August 19, 2008; Presidents Meeting November 5, 2008; Presidents Meeting, May 21, 2013

Related Policies

- [Payment of Student Fees & Enrollment](#)