

## AN IDEA

### CONCEPT

What if we offered the STEPP program with the guarantee that no student would be sent to collection?

### CURRENT PROCESS

- 25% down payment of total tuition and fees (Example: \$1,000 tuition/fees with a down payment of \$250)
- No payment of any kind is required until the end of the sixth week of the quarter
- If payment is not made in full (\$750 owing), the student's account is sent to collection agency
- College *averages* a 50% collection rate on accounts: expected collection: \$375
- Total amount received by college:  $\$250 + \$375 = \$625$
- Student has incurred collection fees

### NEW PROPOSAL

- 34% down payment of total tuition and fees ( $\$1,000 \times 34\% = \$334$ )
- A second installment payment is required by the 15<sup>th</sup> of the first month of the quarter (Fall: October 15<sup>th</sup>, Winter: Jan 15<sup>th</sup>, Spring: April 15<sup>th</sup>)
- If **second** installment payment is not made by the deadline, the student is withdrawn from classes and no further payment is required; account will not be forwarded to collection.
- Total amount received by college: \$334
- Student has incurred **NO** collection fees

## NEW PROPOSAL

- If the **final** installment payment is not made by the deadline, the student is withdrawn from classes and no further payment is required; account will not be forwarded to collection.
- Total amount received by college: \$667
- Student has incurred **NO** collection fees

## PROS

- Students do not incur collection costs
- College does not have to book receivables/allowance for doubtful accounts and wait for collection efforts for remaining amount owed
- Current e-mail notification method allows for prompt notification of second/final payment installment dates

## CONS

- Students may miss installment payment dates; we 100% drop and student petitions to get reinstated (perhaps implement a petition fee) If the student is approved for reinstatement, 100% of tuition balance owing is due within 2 business days.
- More staff time needed to monitor installment payments but this would be offset by no longer needing to forward students to collection agency
- Unsure of the impact on financial aid; currently we allow financial aid to pull students off the list for collections and process. With a second payment deadline, what would be the impact on financial aid students???

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July 24, 2009