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| <b>Policy Title:</b>       | <b>Bad Debt Write-Off Policy for Student Accounts</b> |                                    |   |
| <b>Approval Authority:</b> | President   | <b>Date Effective:</b>             | May 2, 2014                             |
| <b>Responsible Office:</b> | Accounting/HR   | <b>Responsible Office Contact:</b> | Vice President for Business and Finance |

**1. POLICY STATEMENT/REASON FOR POLICY**

The purpose of the Bad Debt Write-Off Policy is to establish activities that must be documented prior to designating a student account as uncollectible and writing off the delinquent account as a bad debt. This does not eliminate the legal obligation of the student to the College.

**2. ENTITIES AFFECTED BY THIS POLICY**

BMCC Students

**3. WHO SHOULD READ THIS POLICY**

BMCC Students and Administrators

**4. WEB SITE ADDRESS FOR THIS POLICY**

-This policy can be found at:

<http://www.bmcc.edu/about-bmcc/governance-administration/college-policies>

**5. FORMS/INSTRUCTIONS**

No forms required.

**6. HISTORY**

-Amended: May 2, 2014

-Next Review Date: May 2, 2017

-BMCC reserves the right to revise policies at any time.

## 7. THE POLICY

### BAY MILLS COMMUNITY COLLEGE BAD DEBT WRITE-OFF POLICY FOR STUDENT ACCOUNTS

#### Purpose

The purpose of the Bad Debt Write-Off Policy is to establish activities that must be documented prior to designating a student account as uncollectible and writing off the delinquent account as a bad debt. **This does not eliminate the legal obligation of the student to the College.**

#### Definitions

**Student Accounts** - Accounts containing charges and payments for normal BMCC student activity, such as tuition and fees, bookstore purchases, facilities charges, and miscellaneous expenses.

**Delinquent Accounts** – Accounts that are 30 days past due will be referred to a court or an outside agency for collection. **The student will be responsible for all charges due to the College as well as all collection agency, court and legal fees incurred to collect the delinquent account, which may exceed 50% of the original amount owed.**

#### Procedure

An account is determined to be uncollectible if it meets one or more of the following criteria:

1. The account has been listed with a Collection Agency for at least 1 year and there has been no activity on the account.
2. The debt has been discharged in bankruptcy.
3. The debtor has died.
4. The statute of limitations on the debt has expired.
5. The amount of the account is under \$25 and it is not cost effective to continue collection efforts.

At the end of each fiscal year, the Student Billing Office will review the student accounts which meet the above criteria and prepare a list of uncollectible accounts. The list will include the student number, name, balance owed, date listed with a Collection Agency (if applicable), and date of last activity in the account. This list will be presented to the College President for review and approval. After the list is approved, the Student Billing Office will write-off the uncollectible accounts in the student accounts receivable subsidiary ledger as a bad debt. A copy of the approved list will be forwarded to the Accounting Office for reconciliation purposes.

The Student Billing Office will place a “Bad Debt Hold” on uncollectible accounts that have been written-off. Any future transactions by those students, such as registration or transcript requests, will be denied until the uncollectible balance is paid in full. This “Bad Debt Hold” will not apply if the debt was fully discharged in bankruptcy.