



June 16, 2014

MEMORANDUM

TO: District Board of Trustees
FROM: Jim Murdaugh, President
SUBJECT: Accounts Receivable Write-Off

Item Description

Request for approval to write off accounts receivables.

Overview and Background

Pursuant to Section 1010.03, Florida Statutes, the College is submitting for approval, the accounts receivable write-off list for uncollected receivables recorded prior to June 30, 2012. In each instance, the receivable is at least two years old.

Accounts older than two years are written off as receivables for financial reporting purposes; however, the debt remains outstanding as an obligation for the debtor. The debtors are not allowed to register or obtain transcripts until the debt is paid in full. The accounts requested do not include debt outstanding for governmental agencies.

Each of these outstanding accounts, with cumulative amounts due of more than \$250.00, have been assigned to the collection agency for additional collection efforts.

The write-off amount requested is for outstanding receivables created on or before May 31, 2012. The amount requested to be written off is .8% of total audited revenues for the fiscal year ended June 30, 2012. Of this amount, 90% are financial aid related debt.

A review of the write-offs resulting from financial aid revealed a marked increase from previous years. Because this increase was larger than normal, a review was performed to determine the cause(s). The review revealed two primary sources for the increase. The first cause stemmed from an increase in the number of students whose aid had to be cancelled after the start of the term. The second cause was an increase in the number of students for whom the Financial Aid Office was required to perform a Federal Return to Title IV Calculation.

An analysis of the students whose aid had to be cancelled after the start of the term revealed two primary reasons for the cancellations. The reasons were as follows: students enrolled in classes that did not apply toward their degree program; and, students who exceeded the 30 developmental hours allowed for students to receive Federal aid. While students were notified that, according to the Federal Regulations, their classes could not be used in determining their enrollment status, they chose not to make schedule adjustments. As a result, financial aid had to be cancelled which resulted in an outstanding debt owed by the students.

The second area with a marked increase was the students for whom the Financial Aid Office had to perform a Federal Return to Title IV Calculation. This action is required when students either completely withdraw prior to the 60% point of the term or have all F, W, or I grades and no verified attendance after the 60% point of the term. In 2008-2009, there were under 500 students who were required to have this calculation. That number grew to 1049 in 2011-12, which is the year the debt was incurred and is now a part of this requested write-off. In 2008-09 debt in the amount of \$350,339 was written off against this award year of \$34,834,895, which equated to 1.0% of financial aid debt. In 2011-12 debt in the amount of \$916,349 is requested to be written off against this award year of \$61,871,860, which equates to 1.5% of financial aid debt. This denotes an increasing amount of students that are not meeting Federal requirements for maintaining financial aid.

The Financial Aid Office has developed a proposal to address this increasing debt which will include several changes to the administration of Federal aid programs. Existing software modules will be modified to alert the Financial Aid Office to these two particular situations and monitoring will be done to aid in eliminating future debt. A review of all processes is also underway to determine if modifications need to be made in student withdrawals and if the College needs to consider other disbursement controls based on the 60% attendance guidelines.

Past Actions by the Board

Board action in June 2013 approved write-offs totaling \$179,965.69.

Funding/Financial Implications

Accounts to be written off, totaling \$1,007,544.81, are summarized below:

Student Debt	\$6,350.80
Veterans Deferment	\$50,607.97
Returned Checks	\$14,242.78
Financial Aid	\$916,349.82
Contract and Third Party Debt	\$19,993.44
Total Write-off	\$1,007,544.81

Staff Resource

Teresa Smith

Recommended Action

Authorize write-off of accounts receivables.