

# **Draft Student Fee Policies and Procedures**

**November, 2008**

The purpose of this paper is to provide information about issues relating to student fee collection and application of fee policies. Hopefully, this will engender a fruitful discussion and better understanding of the district's policies.

## **Policy Issue (1 of 3)**

Should a student who has a balance due be allowed to register for the next term? How much of a balance?

## **Student Fee Collection Procedures**

When a student registers for classes (typically online), he or she is billed immediately for the enrollment fee, health fee, student representation fee and student body card fee as well as any mandatory materials fees for the classes selected. The student may also voluntarily purchase a parking permit or donate for student tuition scholarships through this process. Students may pay by credit card or check online, or may mail a check to the college or may come in to the college cashier's office to pay the amount owed. A paper schedule/bill is sent to the student's mailing address after registration. This notice includes the student's current class schedule as well as an invoice for any current and past due amounts. Each student will also receive an email notification each and every time the schedule is changed. This notification includes the amount owed by the student. Six weeks after the start of classes, each current student who owes more than \$20 receives an automated phone call reminding him or her that there is a balance due. In the third month of the semester (November or April), each current student who owes more than \$20 is mailed another printed invoice for any current and past due amounts. The typical student who has a balance due is notified at least 4 times -- by postal (twice), email and voice mail. Nonresident students have different procedures for payments, as they have to provide documentation that they can afford college prior to receiving a visa.

Students who are no longer enrolled receive notices of balances due and, after a certain number of notices over a five month period, their accounts are submitted to a collection agency for collection. A student has to have not been enrolled for a year before being sent to collections. The collection agency does not report these debts to credit agencies. Since July, 2006, the district has collected almost \$520,000 of old amounts outstanding from former students. Uncollected debts more than 5 years old are written off.

As of October 27, 2008, the following balances were outstanding for the District as a whole:

<b>Balances owed as of Oct 27, 2008</b>	<b># Of Students</b>	<b>Total Amount Owed</b>	<b>Average Amount Owed</b>
OWED FOR FALL 2008 TERM	9,259	940,862	101.62
CURRENT STUDENTS (Enrolled in 200808) WITH PAST DUE AMOUNTS	2,063	251,270	121.80
FORMER STUDENTS IN COLLECTION	4,916	1,169,853	237.97

Of the over 9,000 students including international students enrolled in Fall, 2008, who still owed money to the District as of Oct. 14, almost 2,500 of them owed more than \$200 and 63 owed more than \$2,000. Fortunately, except for a couple, the ones who owed more than \$2,000 were primarily non-residents who had current term balances. This means that the system we have for putting a registration hold on non-resident students who owe more than \$20 works. However, the 2,000 plus current students who have not had a hold placed on them still owe a quarter of a million dollars.

Students pay \$20 per unit enrollment fee, as well as \$16 health fee, \$8 student body fee and \$1 student rep fee. A student enrolled in 30 units in an academic year would be charged \$650 in mandatory fees. In addition, the District would receive approximately \$3,800 from a combination of state revenues and local property taxes. The District is likely to reach its funding cap in 2009/10.

### **Discussion**

The District makes every attempt to notify students of financial aid available. However, not every student takes advantage of the aid available. Not allowing a student to register for a succeeding semester assumes that there is no reason why the student can't pay, just that they won't pay. Shouldn't we be making more efforts to ensure every student is supported to the maximum amount possible?

Students who amass a large debt have difficulty paying it. This makes it impossible for them to transfer. When the District was trying to increase its enrollment, it made sense to not turn away students. Now that the District is near its enrollment cap, does it make sense to allow students to continue to take classes without paying and turn away students who are willing to pay? Is it fair to allow some students to not pay without consequences?

In order for the District to maximize its services to students, it needs to have available resources. The District can increase its resources by serving more students. Even if the student does not pay his or her fees, the District will receive \$3,800 for a full-time student. Why would the District restrict its funding by turning away students? These funds will assist in the overall resources for all students. This argument

becomes less effective as we approach the District's funding cap – the maximum number of students for which the state will provide funding. The District will reach its funding cap this fiscal year or next.

**Proposed Policy:** *Students who have balances at the end of the semester will have an academic hold placed on their records. This means that they are unable to obtain transcripts which would enable them to transfer to another school.*

*Students who have balances are not prohibited from registering for classes in the next semester. Balances are reviewed by the College Business Offices.*

*Students who owe more than \$200 will receive an individual letter from the Business Office. This letter directs the student to contact the Financial Aid and/or the Business Office to address the balance owed. If the Business Office with the assistance of Financial Aid is unable to reach a payment resolution, the Business Office has the discretion to put a registration hold on the student's account.*

## Policy Issue (2 of 3)

How should student payments be applied to the many fees that they pay? Which fees take priority?

### Application of Payments Procedures

When a student makes a payment, whether at the cashier's office or through WebSmart, Banner applies the payments according to rules that have been established. The order that the fees are applied is as follows:

1. Returned check fees
2. Enrollment fees
3. Audit fees
4. Health fee
5. Materials fees
6. Parking permits
7. Student body fees
8. Child care fees
9. Student union fees
10. Student representation fee
11. ASB emergency loans
12. Bookstore returned check charges
13. Library fines
14. Transcript fees
15. Tuition assistance donations

The state regards all enrollment fees billed as collected, that is, they do not allow reporting the enrollment fees net of bad debt. Consequently, the state apportionment revenue is reduced by the amount of fees billed, regardless of collections. The audit fee is the charge in lieu of the enrollment fee and is seldom used in this District.

We prepare a mandated cost claim for health services. The District is mandated to provide the same level of health services as was provided in 1987/88. The District can then claim from the state the cost of providing that level of service over and above the revenue from the health fee. Similar to the enrollment fee, the mandated cost claim deducts the amount of the health fee billed from the cost of providing the services and does not allow the District to either abate the revenue for the uncollected fees nor claim bad debt as an expense to the program claim.

Materials fees are set at a level that covers the cost of materials provided to each student in a class. These fees are highly regulated and are used only to purchase those materials used in class. Not all materials in a class can qualify for a materials fee.

The student body fee is a voluntary fee that is charged, but a student may file a request to be relieved of this fee. The student union fee is currently only being charged at Skyline and is used to assist in the operations of the Skyline Student and Community Services building. The student representation fee is a mandatory fee.

ASB provides emergency short-term loans to students. Item #11 provides for their payback. The Bookstore submits their bad checks to Banner so that whoever is collecting from a student who has a balance is able to collect for the bookstore as well. Transcript fees are for rush transcripts or transcripts beyond the number provided for free. The Tuition Assistance Donation is for students who wish to provide scholarship assistance to other students. These donations are processed by the Foundation.

Even if a student is purchasing a parking permit and pays \$40 at the cashier's office, the \$40 may be applied to a different fee if the student had a balance due. Neither cashiers nor students can choose to which fee the payment should be applied.

Annually, the CFO analyzes the collections and outstanding amounts for each of the different fees. The amounts billed for the enrollment, audit and materials fees are posted to Fund 1 accounts and an allowance for bad debt is also charged. This is also done for the health fee and the parking fee in Fund 3 and the childcare fee in Fund 6. For the student body card fee and the student representation fee, the actual amounts collected are remitted to the student bodies on a regular basis for deposit into their checking accounts. The ASBs may book a receivable and associated allowance for bad debt or may choose to only record the revenue actually received.

### **Discussion**

Certain fees are prescribed by the state legislature and there are laws that require the District to collect them. These fees (enrollment and health) ought to be the very first ones for which payment is applied. The District must report these fees to the state as if they were already collected. The student representation fee and the student union fee are mandatory fees that should be paid prior to non-mandatory fees such as parking. Students do not have a choice about these fees and following the rule that the other mandatory fees come first, it would make sense to move these fees up in the order of application of fees.

The order of the rest of the posting of revenue has been raised by the ASBs. Their concern is that they are not being treated fairly by having potential payments for their fees being applied to other fees. For instance, if a student is a financial aid student, registers on Websmart and is assessed enrollment fees, health fee, student body and student representation fee and also chooses to purchase a parking permit, but only makes a payment of \$20, the \$20 will be applied to the parking permit, the financial aid will be applied to the enrollment, health and student representation fee and the student body will not receive any of the \$20 applied toward the student body card. Due to this procedure, all three campuses currently will not sell a student body card to a student who has any amount outstanding. This effectively makes sure that the ASBs receive payment for all student body cards.

**Proposed Policy:** *Items number 9 (Student Union Fee) and 10 (Student Representation Fee) should be moved up to become items numbers 7 and 6 respectively. Thus payments would be applied to mandated fees prior to the optional ones.*

### **Policy Issue (3 of 3)**

How much should the replacement fee be for parking permits? How much should the parking bail (fine) be?

#### **Current Fees**

Currently, students may purchase a Fall or Spring semester permit for \$40, a Summer permit for \$20 and an academic year permit for \$70. Students who qualify for a Board of Governor's Grant (BOG Waiver) pay only \$20 for Fall, Spring or Summer. Replacement permits cost \$20 regardless of the type of permit. A student is not allowed to purchase more than one BOG permit. The parking bail is \$25 and is issued for a car parked in any lot without a permit or in a staff lot with a student permit. There are other fines for parking in a handicapped spot, parking not in a parking lot space, etc., but those fines are set by the state. The parking bail has not been changed for more years than anyone can remember.

#### **Discussion**

When the parking permit fees were increased last year, the replacement costs were not changed. It doesn't make sense to allow someone to replace their permit at half the cost of the permit. Anecdotally, there have been cases reported of students who have "lost" their permits more than once, and students who have sold their permits and requested replacement at a cheaper price.

One view might be that a parking permit is like a BART ticket and if you lose it, it is gone. There are no replacement BART tickets. In addition, since the parking permits are mailed affixed to the schedule/bill, students have no excuse for saying they didn't receive a permit in the first place.

The parking bail needs to be set at a level that discourages parking without a permit but at the same time doesn't unduly fine the student. It also should be increased with inflation on a regular basis.

#### **Proposed Policy**

*There should be no replacements for semester length parking permits. Academic year permits should be replaced on a sliding scale, depending on the point in the academic year. Permits lost during the Fall term should cost \$60 to replace and permits lost during the Spring term should cost \$30 to replace. The parking bail should be increased to \$30 for 09/10 and \$35 for 10/11.*