

**Strategies on how to increase cash
flow for community colleges**

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Collection Facts

- **Age** is the biggest deteriorating factor in the collectability of an account.
- **Slow-pays** are 0-60 days overdue. Focusing internal efforts here can prevent **80%** from reaching 90 days delinquent.
- For accounts that exceed 90 days, seeking third party intervention early greatly reduces write-offs.

Types of Agency

Conventional Collection Agency's

Fee For Service Agency

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Dept of Commerce Depreciation Chart

- Accounts 3 months past due are worth \$.83 on the dollar
- Accounts 6 months past due are worth \$.67 on the dollar
- Accounts 1 year past due are worth \$.45 on the dollar

Problems Persist

- To avoid high fees, harsh tactics and poor results, colleges tend to hold onto accounts working them internally.
- Creates a lot of extra work with college staff
- Collectability deteriorates and results are minimal

Preventative Measures

- Take internal steps to prevent accounts from reaching 60-90 days overdue
- Engage with a reputable third party to support internal team and supplement efforts

Internal Steps

- Identify student outstanding balance and send statement
- After 30 days, place a courtesy call
 - Opportunity to follow up
 - Often arrangements can be made simply by re-opening lines of communication

Internal Steps

At 45 days, place another **phone call**

- Keeps financial obligation top of mind
- Shows you intend to follow through

Internal Steps

At 60-75 days, submit **written final demand**

- Student has 10-15 days to remit payment before account is placed with third party
- College completed due diligence

Student has been fully informed

At 75-90 days, place account with third party

Engage a Third Party

Choose a **partner**, not just a provider

- **Full-service** agency
 - Submits both written and verbal contacts
 - Perform skip tracing on invalid addresses
 - Nationwide agency that can collect in all states
 - Specializes in higher education
 - Works in conjunction with the Illinois Offset Program

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Engage a Third Party

- Commitment to **non-alienation**
 - Contacts encourage prompt payment without employing harsh tactics
 - Preserves college's reputation
 - Collection efforts conducted with integrity
 - Willing to work with student

Engage a Third Party

- **Conducts credit reporting**
 - Reports to all three major national credit bureaus
- **Keeps you informed and in control**
 - Provides easy, secure account placement
 - Tracks collection activity, updates and payments in a structured manner
 - Makes all information accessible at your fingertips

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Understanding Third Party Workflow

- Types of contacts made through the collection process
- Number of contacts made per student
- Importance of both written and phone contacts
- Where our collection calls originating from
- Assurance that each and every student account will be worked

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Long Term Benefits

- Streamline and structure processes for internal staff
- Establish clear protocol for students to understand and follow
- Optimize cash flow on an ongoing basis
- Decrease internal cost and expenses