

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 5
DATE: March 21, 2006

RECOMMENDATION

REPORT: ACCOUNTS RECEIVABLE

ACTION REQUESTED

It is recommended that the Student Accounts Receivable Ratio Analysis, the Student Accounts Receivable Reports, and the Collection Agency Inventory as of January 31, 2006, be received and placed on file.

STAFF SUMMARY

The Student Accounts Receivable Ratio Analysis reflects that the January 31, 2006 net receivable balance is \$21.7 million or 14.41 percent of revenue versus \$22.4 million or 16.17 percent of revenue as of January 31, 2005. The January 31, 2006 balance decreased by \$700,000 or 1.76 percentage points over last year but shows an increase of .33 percentage points versus the five-year average of 14.08 percent.

FISCAL IMPLICATIONS

AR continues to trend significantly lower than last year, mostly due to the decrease in the hold limit from \$1,000 to \$300. We are currently working on several programs to reduce our outstanding AR including various payment plan offerings, utilizing a third-party collection letter writing agency, and staffing several night and weekend phone campaigns. The numbers currently show that these programs are paying dividends but we will continue to closely monitor their effectiveness and work on additional programs to keep our AR under control.

We continuously balance our strategic goal of being accessible to our students with maintaining and enforcing fiscal responsibility.

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.

University Executive Officer

Date

Student Accounts Receivable Ratio Analysis

2004-05, 2005-06

(thousands of dollars)

2004-05

2005-06

	2004-05		2005-06		5 Year Average Percent
	Revenue	Net Receivable	Revenue	Net Receivable	
July	\$ 58,575	\$ 67,031	\$ 373	\$ 10,927	810.77%
August	69,001	41,209	74,664	38,617	53.33%
September	71,836	32,095	77,499	28,829	37.13%
October	72,472	22,002	78,168	20,152	23.58%
November	83,596	24,094	133,953	68,078	32.95%
December	132,771	20,769	143,134	67,305	22.18%
January	138,195	22,349	150,388	21,674	14.08%
February	138,761	16,582			
March	140,829	13,621			
April	151,052	17,748			
May	151,756	11,661			
June	151,966	9,348			
					2927.87%
					51.72%
					37.20%
					25.78%
					50.82%
					47.02%
					14.41%

Eastern Michigan University
Student Accounts Receivable Reports
For Month Ended January 31, 2006

Aging Report

	Current	60-120 Days	121-180 Days	181-360 Days	Total
Gross Receivable	\$10,470,523	\$6,135,095	\$2,697,795	\$3,752,850	\$23,056,262
Allowance	138,195	207,292	345,486	690,973	1,381,946
Net Receivable	\$10,332,329	\$5,927,803	\$2,352,309	\$3,061,877	\$21,674,317
01/31/05 Balance	\$6,518,349	\$10,423,064	\$3,718,005	\$1,689,133	\$22,348,551

Revenue Summary

	Fiscal Year To Date	Prior Year To Date	Variance
<u>General and Designated Fund Revenue</u>			
Tuition & Required Fees	\$124,896,570	\$111,632,900	11.88%
Other Student Fees	3,657,975	3,564,774	2.61%
Total	128,554,544	115,197,674	11.59%
<u>Other Funds Revenue</u>			
Room & Board	19,621,542	20,776,509	-5.56%
Miscellaneous	2,212,043	2,220,399	-0.38%
Total	21,833,586	22,996,908	-5.06%
Total Revenue	\$150,388,130	\$138,194,582	8.82%

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 Student Accounts Receivable
 Collection Agency Inventory
 For Month Ended January 31, 2006

Agency	Cumulative Inventory @ January 2006	Cumulative Inventory @ January 2005
Credit Bureau of Ypsilanti	\$1,306,230	1,345,671
Enterprise Recovery	5,125,193	4,213,571
General Revenue Corporation	3,008,420	3,021,157
National Enterprise Systems	2,473,436	2,654,416
TOTALS	11,913,279	11,234,815
Five Year Revenue	636,605,816	581,814,110
Five Year % of Revenue	1.87%	1.93%

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Collection Agency Comparison

Net Assignments

Agency	Y-T-D January 2006	Y-T-D January 2005
Credit Bureau of Ypsilanti	(\$2,509)	(\$1,736)
Enterprise Recovery	771,443	608,708
General Revenue Corporation	242,493	84,584
National Enterprise Systems	291,334	66,393
TOTALS	1,302,762	757,949

Recoveries

Agency	Y-T-D January 2006	Y-T-D January 2005
Credit Bureau of Ypsilanti	\$7,115	\$16,138
Enterprise Recovery	178,054	259,547
General Revenue Corporation	165,881	174,682
National Enterprise Systems	85,861	125,653
TOTALS	436,913	576,020

Eastern Michigan University Collection Agency Comparison

Collection Expense

Agency	Y-T-D January 2006	Y-T-D January 2005
Credit Bureau of Ypsilanti	\$4,656	\$8,810
Enterprise Recovery	56,766	71,759
General Revenue Corporation	41,055	48,611
National Enterprise Systems	23,694	37,033
TOTALS	126,171	166,213

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Collection Agency Inventory Rollforward
2005-06

Agency	Beginning Inventory December 2005	January 2006 Assignments	January 2006 Recoveries	=Ending Inventory January 2006
Credit Bureau of Ypsilanti	\$1,306,532	(\$303)	\$0	\$1,306,230
Enterprise Recovery	4,833,353	318,718	26,878	5,125,193
General Revenue Corporation	2,657,190	369,830	18,601	3,008,420
National Enterprise Systems	2,541,369	(52,759)	15,174	2,473,436
TOTALS	11,338,444	635,486	60,652	11,913,279

2004-05 (Prior Year)

Agency	Beginning Inventory December 2004	January 2005 Assignments	January 2005 Recoveries	=Ending Inventory January 2005
Credit Bureau of Ypsilanti	\$1,345,671	\$0	\$0	\$1,345,671
Enterprise Recovery	4,400,011	(153,333)	33,107	4,213,571
General Revenue Corporation	2,918,719	123,388	20,950	3,021,157
National Enterprise System	2,684,328	(18,887)	11,025	2,654,416
TOTALS	11,348,730	(48,833)	65,082	11,234,815