

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 5
DATE: November 15, 2005

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 September 30, 2005, be received and placed on file.

STAFF SUMMARY

The Student Accounts Receivable Ratio Analysis reflects that the September 30, 2005 net receivable balance is \$28.8 million or 37.2 percent of revenue versus \$32.1 million or 44.7 percent of revenue as of September 30, 2004. The September 30, 2005 balance decreased by \$3.3 million or 7.5 percentage points and also shows a decrease of 0.1 percentage point versus the five-year average of 37.1 percent.

FISCAL IMPLICATIONS

The large decrease in student accounts receivable from last year to this year is primarily a result of EMU lowering the hold limit from \$1,000 to \$300 during the March 2005 registration period. Cash collections are also up \$3.5 million over this time last year.

The lower balance is also a direct result of the payment plans now being offered and the flexibility they provide to students and their parents. Instead of students waiting until the Winter registration period to pay their bill, they now are able to spread their payments over four months without incurring late fees. The number of students taking advantage of the payment plans has increased 100% over the same time period last year.

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

2003-04, 2004-05

(thousands of dollars)

<u>2004-05</u>					<u>2005-06</u>				
	<u>Revenue</u>	<u>Net Receivable</u>	<u>Percent</u>	<u>5 Year Average Percent</u>		<u>Revenue</u>	<u>Net Receivable</u>	<u>Percent</u>	<u>5 Year Average Percent</u>
July	\$ 58,575	\$ 67,031	114.44%	100.08%	\$ 373	\$ 10,927	2927.87%	810.77%	
August	69,001	41,209	59.72%	51.79%	74,664	\$ 38,617	51.72%	53.33%	
September	71,836	32,095	44.68%	36.06%	77,499	\$ 28,829	37.20%	37.13%	
October	72,472	22,002	30.36%	22.27%					
November	83,596	24,094	28.82%	24.58%					
December	132,771	20,769	15.64%	15.21%					
January	138,195	22,349	16.17%	14.32%					
February	138,761	16,582	11.95%	10.10%					
March	140,829	13,621	9.67%	7.69%					
April	151,052	17,748	11.75%	11.52%					
May	151,756	11,661	7.68%	7.30%					
June	151,966	9,348	6.15%	5.03%					

Eastern Michigan University
Student Accounts Receivable Reports
For Month Ended September 30, 2005

Aging Report

	Current	60-120 Days	121-180 Days	181-360 Days	Total
Gross Receivable	\$23,161,218	\$2,880,360	\$335,150	\$3,171,037	\$29,547,765
Allowance	71,836	107,754	179,590	359,180	718,360
Net Receivable	\$23,089,382	\$2,772,606	\$155,560	\$2,811,857	\$28,829,405
09/30/04 Balance	\$12,670,776	\$16,289,537	\$1,636,441	\$1,497,912	\$32,094,666

Revenue Summary

	Fiscal Year To Date	Prior Year To Date	Variance
<u>General and Designated Fund Revenue</u>			
Tuition & Required Fees	\$64,558,610	\$58,160,626	11.00%
Other Student Fees	1,572,105	1,571,181	0.06%
Total	66,130,715	59,731,807	10.71%
<u>Other Funds Revenue</u>			
Room & Board	10,194,118	10,796,471	-5.58%
Miscellaneous	1,173,869	1,307,611	-10.23%
Total	11,367,987	12,104,082	-6.08%
Total Revenue	\$77,498,702	\$71,835,889	7.88%

Eastern Michigan University
Student Accounts Receivable
Collection Agency Inventory
For Month Ended September 30, 2005

<u>Agency</u>	<u>Cumulative Inventory @ September 2005</u>	<u>Cumulative Inventory @ September 2004</u>
Credit Bureau of Ypsilanti	\$1,310,117	1,352,563
Enterprise Recovery	4,882,875	4,187,126
General Revenue Corporation	2,619,797	2,584,000
National Enterprise Systems	<u>2,711,487</u>	<u>2,574,879</u>
TOTALS	<u><u>11,524,276</u></u>	<u><u>10,698,568</u></u>
Five Year Revenue	636,605,816	581,814,110
Five Year % of Revenue	1.81%	1.84%

Eastern Michigan University
Collection Agency Comparison

Net Assignments

Agency	Y-T-D September 2005	Y-T-D September 2004
Credit Bureau of Ypsilanti	(\$2,027)	(\$55)
Enterprise Recovery	410,047	426,131
General Revenue Corporation	(222,102)	(438,921)
National Enterprise Systems	<u>471,245</u>	<u>(61,753)</u>
TOTALS	<u><u>657,163</u></u>	<u><u>(74,598)</u></u>

Recoveries

Agency	Y-T-D September 2005	Y-T-D September 2004
Credit Bureau of Ypsilanti	\$3,710	\$10,927
Enterprise Recovery	85,893	103,416
General Revenue Corporation	62,993	88,335
National Enterprise Systems	<u>27,720</u>	<u>77,043</u>
TOTALS	180,316	279,721

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Collection Agency Comparison

Collection Expense

<u>Agency</u>	<u>Y-T-D</u> <u>September 2005</u>	<u>Y-T-D</u> <u>September 2004</u>
Credit Bureau of Ypsilanti	\$3,059	\$6,860
Enterprise Recovery	23,721	28,668
General Revenue Corporation	19,501	23,427
National Enterprise Systems	<u>11,922</u>	<u>21,919</u>
TOTALS	58,202	80,874

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Collection Agency Inventory Rollforward
2005-06

Agency	Beginning Inventory August 2005	September 2005 Assignments	September 2005 Recoveries	=Ending Inventory September 2005
Credit Bureau of Ypsilanti	1,315,333.00	(\$2,027)	\$3,189	\$1,310,117
Enterprise Recovery	4,803,693.00	115,810	36,629	4,882,875
General Revenue Corporation	3,147,512.00	(508,246)	19,468	2,619,797
National Enterprise Systems	2,299,373.00	412,114	0	2,711,487
TOTALS	11,565,911	17,651	59,286	11,524,276

2004-05 (Prior Year)

Agency	Beginning Inventory August 2004	September 2004 Assignments	September 2004 Recoveries	=Ending Inventory September 2004
Credit Bureau of Ypsilanti	\$1,352,563	\$0	\$0	\$1,352,563
Enterprise Recovery	4,066,838	158,913	38,625	4,187,126
General Revenue Corporation	2,978,975	(358,753)	36,222	2,584,000
National Enterprise System	2,409,549	187,840	22,511	2,574,878
TOTALS	10,807,926	(12,001)	97,358	10,698,567