

October 6, 2008

SUBJECT: Proposed Revisions to ACC Student Installment Plan.

RECOMMENDATION

That the Board of Trustees adopt a revised student installment plan for tuition and fees as proposed in Attachment A, including the elimination of the \$10 installment setup fee effective for the Spring 2009 semester. This item was discussed previously at the September 2, 2008, Board Meeting.

RELATED BOARD POLICY OR PLANNING PRIORITY

This item is consistent with Board Policy G-9, Tuition Rates and Board Policy G-5, Implementation of Fees.

RATIONALE

The 80th Legislature amended section 54.007 of the education code, providing greater flexibility in the structure of installment plans. In Attachment A, the administration proposes a new installment plan, which should increase affordability for ACC students.

BUDGETARY CONSIDERATION

Elimination of the \$10 setup fee will result in a loss of revenue of about \$80,000, but is expected to be offset by an increase in late payment fees generated by the addition of one payment to the installment plan. Net budget impact will be minimal.

RESOURCE PERSONNEL

Ben Ferrell, Executive Vice President, Finance & Administration
Neil Vickers, Associate Vice President, Finance & Budget

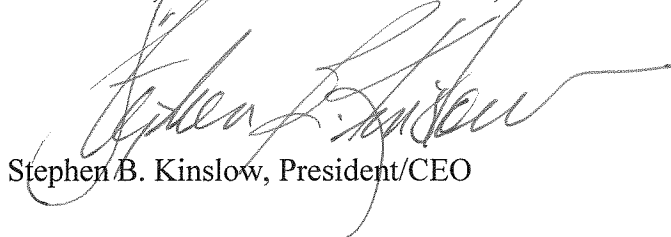
ATTACHMENTS

A) Proposed Revision to Tuition and Fee Installment Plan.

Respectfully Submitted By:



Ben Ferrell, Executive Vice President, Finance & Administration



Stephen B. Kinslow, President/CEO



MEMORANDUM

TO: Dr. Stephen Kinslow

FROM: Ben Ferrell

DATE: 8/25/08

RE: Proposed Revision to Tuition and Fee Installment Plan

The 80th Legislature amended section 54.007 of the Education Code, Option to Pay Tuition by Installment. These changes greatly increased the college's flexibility in setting the payment amounts, dates, and number of total payments. Therefore, we are proposing to take advantage of this flexibility by making revisions to the current installment plan. These changes should improve affordability for the students by lowering the initial payment and lengthening the overall installment period. We also propose to eliminate the \$10 setup fee, but continue to charge the \$20 late fee for each late payment.

Current Installment Plan

Previously, section 54.007 of the Education Code required that 50% of the student total bill be paid in advance of the beginning of the semester with an additional 25% paid by the 5th class week and the remaining 25% paid by the 9th class week. This statute was very specific and therefore the college had basically no flexibility in the amounts or scheduling of the payments.

Proposed Revisions

The 80th Legislature removed the specific payment amounts and the specific payment dates. Now section 54.007 says "the first payment to be made in advance of the beginning of the semester and the final payment to be made before the last day of the semester." It no longer specifies how much the initial payment must be, nor does it specify the number and timing of subsequent payments. Therefore, we propose reducing the initial payment from 50% to 25%, and eliminating the \$10 setup fee. The remaining 75% will be paid out over three equal payments of 25%. This provides a very simple installment plan of 4 equal payments of 25%. The payments will be due monthly, which fits nicely within the Fall semester which is 4 months long. The administration will have to determine the exact due dates of the payments depending on the details of the academic calendar for each semester.

Below is a comparison of the current and proposed plans for a student with a \$600 tuition and fee bill for the Fall 2008.

Current Plan			Proposed Plan		
Date	Percent	Amount	Date	Percent	Amount
08/20/08	50%	\$ 310.00	08/20/08	25%	\$ 150.00
09/26/08	25%	\$ 150.00	10/01/08	25%	\$ 150.00
10/31/08	25%	\$ 150.00	11/01/08	25%	\$ 150.00
		<u>\$ 610.00</u>	12/01/08	25%	\$ 150.00
					<u>\$ 600.00</u>

The proposed plan eliminates the \$10 setup fee, and lowers the initial payment by half. This should assist students in securing their registration, plus free up cash flow in the first few weeks of class for other expenses like books and supplies. This also stretches out the duration of the plan, and in the scenario above adds an entire month to final payment date.

In summary, we feel this plan helps reduce financial barriers for students and therefore improves affordability by eliminating a fee and reduces the initial payment needed to secure registration. This plan is also easier to understand and easier to plan for with equal monthly payments stretched out over the length of the semester.

Let me know if there are any questions.