

# BOARD OF REGENTS BRIEFING PAPER

## Delinquent Accounts

June 6-7, 2024

### BACKGROUND & POLICY CONTEXT OF ISSUE:

Existing Board policy (Title 4, Chapter 17) provides that a current or former student having a delinquent account receivable of \$100 or more, or an overdue loan of any amount, with any NSHE institution shall not be permitted to register at any institution. Policy further provides that a current or former student having a delinquent account receivable or overdue loan of any amount shall not be permitted to receive a transcript of academic record, a diploma, a certificate, or report of semester grades without first entering into an institution approved payment plan.

On October 31, 2023, the U.S. Department of Education released [final regulations](#) based on 2021-22 negotiated rulemaking in four areas: financial responsibility, administrative capability, certification procedures, and ability to benefit (ATB). As part of the amended regulations related to certification procedures that are effective on July 1, 2024, the Department requires institutions to certify they meet additional requirements when signing their Program Participation Agreement (PPA) for Title IV federal student aid programs. Specifically:

- § 668.14(b)(33) prohibits institutions from withholding official transcripts or taking any other negative action against a student related to a balance owed by the student that resulted from an error in the institution's administration of the Title IV federal student aid programs, or any fraud or misconduct by the institution or its personnel.
- § 668.14(b)(34) requires an institution to provide an official transcript that includes all the credit or clock hours for payment periods in which a student received Title IV, federal student aid and for which all institutional charges were paid or included in payment plan at the time the request is made.

It is necessary to revise Board policy (Title 4, Chapter 17, Section 2, Delinquent Accounts) so that NSHE institutions can remain in compliance with these new federal regulations, thereby maintaining their participation in Title IV Federal Student Aid programs. Consistent with the Department's authority, the scope of these new regulations is limited to students who are recipients of Title IV Federal Student Aid. However, this creates an equity and access challenge for students who use other resources to pay for their education. It is also important to note that there are currently no instances in Board policy where federal student aid recipients are treated differently from the general student population. Therefore, the proposed revision would apply to all current and former NSHE students, regardless of receipt of Title IV Federal Student Aid.

The proposed revisions to bring Board policy into compliance with the new federal regulations are as follows.

- *New Section 2.1 adds language:*
  - to comply with § 668.14(b)(34), thereby prohibiting, rather than requiring the withholding of transcripts. The proposed language is written more broadly than required by the federal regulations to apply to all students, rather than limit the policy to Title IV aid recipients only. Importantly, the proposed language also applies to the entire transcript, and is not limited to terms for which all institutional charges were paid or included in a payment plan at the time the request is made. This is because it would be nearly impossible for an institution to deconstruct the credits paid entirely by Federal dollars and, even if that would be done, the technical and human resource costs of producing a transcript for selected semesters would be cost prohibitive; and
  - to comply with § 668.14(b)(33), thereby prohibiting institutions from taking any other negative action against a student with a delinquent accounts receivable due to an error in the institution's administration of the Title IV federal student aid programs, or any fraud or misconduct by the institution or its personnel. The proposed language is written more broadly than required by the federal regulations to apply to all students, rather than limit the policy to Title IV aid recipients only.

- *Former* Section 2.2: deletes language requiring the withholding of transcripts.
- Section 2.3: makes conforming changes.
- Section 2.7: moves the definition of “delinquent accounts receivable” for readability and adds a definition of “any other negative action.”

In addition to the proposed policy revisions that bring NSHE into compliance with the federal regulations detailed above, there has been much discussion nationally and across the NSHE system regarding the use of registration holds for students who have a delinquent account balance at a specified balance owed to an institution of higher education. Understandably, the registration holds required by Board policy (currently at a threshold of \$100) have been put in place as leverage for institutions to collect on debt and also prevent students from continuing to accrue debt they are unable to pay back. At the same time, registration holds for delinquent accounts disproportionately impact NSHE’s low-income and historically minoritized student populations, preventing them from progressing toward their educational goals and moving into the workforce. It is also important to note that the threshold was last adjusted in NSHE policy (from \$50 to \$100) in 2012 and since then registration and other fees have increased substantially. Therefore, this proposed policy revision also includes provisions increasing the threshold at which a registration hold may be placed and at which a student account may be referred to collections.

The additional proposed revisions are as follows.

- *Former* Subsection 2.1: increases the delinquent accounts threshold at which a registration hold would be placed on a student account from \$100 to \$500 and adds conforming language. The definition of “delinquent accounts receivable” is also deleted and moved to new Section 2.7.
- Section 2.4: revises the delinquent accounts threshold at which a student account may be referred to a collection agency from \$100 or more to any amount, thereby permitting the institution to set their own threshold.

**SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:**

Revise Title 4, Chapter 17, Section 2 (Delinquent Accounts) to prohibit the withholding of a transcript of academic record, a diploma, a certificate, or report of semester grades based on a student having a delinquent accounts receivable. Further, add language prohibiting institutions from withholding transcripts or taking any other negative action due to a delinquent accounts receivable, or an overdue loan, that resulted from any institution error or any fraud or misconduct by the institution or its personnel. In addition, add a provision increasing the delinquent accounts threshold at which a registration hold would be placed from \$100 to \$500. Lastly, revise the threshold amount at which an institution may refer a delinquent account to a collection agency, from \$100 or more to any amount.

**IMPETUS (WHY NOW?):**

The U.S. Department of Education’s final rules goes into effect July 1, 2024, and it is necessary for the Board to revise its policy so that NSHE institutions are able to remain in compliance and continue to qualify to participate in Title IV Federal Student Aid programs.

**CHECK THE NSHE STRATEGIC PLAN GOAL THAT IS SUPPORTED BY THIS REQUEST:**

- Access (Increase access to higher education)
- Success (Improve student success)
- Close Institutional Performance Gaps
- Workforce (Meet workforce needs in Nevada)
- Research (Increase solutions-focused research)
- Coordination, Accountability, and Transparency (Ensure system coordination, accountability, and transparency)
- Not Applicable to NSHE Strategic Plan Goals

**INDICATE HOW THE PROPOSAL SUPPORTS THE SPECIFIC STRATEGIC PLAN GOAL**

In addition to bringing Board policy into compliance with federal regulations, the proposed policy revision supports the strategic goals of Access, Success, and Close Institutional Performance Gaps by removing

barriers that prevent students with delinquent accounts receivable from continuing to pursue their educational goals or seek employment.

**BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:**

- The proposed revisions to subsections *new* 2.1, *former* 2.2, 2.3, and 2.7 bring Board policy into compliance with Federal regulations pertaining to institutional eligibility to participate in Title IV Federal Student Aid programs. Participation in these programs is crucial for many NSHE students who would otherwise not be able to attend higher education.
- The proposed revisions to *former* subsection 2.1 to increase the delinquent accounts threshold at which a registration hold would be placed from \$100 to \$500. Students with delinquent accounts receivable below the new threshold would then be able to continue to pursue their educational goals without interruption.

**POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:**

- None at this time for the provisions related to the prohibition against transcript withholding.
- Some campuses have expressed a concern that increasing the threshold for placing a registration hold will hinder the ability of campuses to collect debt.

**ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:**

Adopt only the provisions required to stay in compliance with Title IV federal student aid regulations.

**RECOMMENDATION FROM THE CHANCELLOR'S OFFICE:**

The Chancellor's Office supports the proposed policy revision.

**COMPLIANCE WITH BOARD POLICY:**

- Consistent With Current Board Policy: Title # \_\_\_\_\_ Chapter # \_\_\_\_\_ Section # \_\_\_\_\_
- X Amends Current Board Policy: *Title 4, Chapter 17, Section 2*
- Amends Current Procedures & Guidelines Manual
- Other: \_\_\_\_\_
- X Fiscal Impact: Yes No X  
Explain: \_\_\_\_\_

**POLICY PROPOSAL - HANDBOOK**  
**TITLE 4, CHAPTER 17, SECTION 2**  
Delinquent Accounts

Additions appear in *boldface italics*; deletions are [~~stricken~~ and bracketed]

Section 2. Delinquent Accounts

1. *An NSHE institution shall not withhold a transcript of academic record, a diploma, a certificate, or report of semester grades from any current or former student having a delinquent accounts receivable. Further, an institution shall not take any other negative action against a student due to a delinquent accounts receivable, or an overdue loan, that resulted from any institutional error or any fraud or misconduct by the institution or its personnel, including but not limited to an error made in the administration of Title IV federal student aid.*
2. ~~[1.]~~ *Except as otherwise provided in this Section, a*~~[A]~~ student or former student having a delinquent accounts receivable of \$~~[1]~~500.00 or more, or an overdue loan of any amount with any member institution of the NSHE shall not be permitted to register at any institution. ~~[For the purposes of this Section, “delinquent accounts receivable” is defined to include tuition and registration fees, student fees, special courses fees and residence life charges billed to a student’s account in the student information system. An NSHE institution may include other fee categories as they deem appropriate in determination of a delinquent account.]~~
- ~~[2.]~~ A student or former student having a delinquent account receivable or an overdue loan of any amount with any member institution of the NSHE shall not be permitted to receive a transcript of academic record, a diploma, a certificate or report of semester grades without entering into an institution approved payment plan. Upon entering into an approved payment plan, the institution shall release the requested record. Subsequent records requests shall be honored as long as the payment plan remains in good standing. Under any circumstances, a student or former student may inspect the records under the provisions of the federal Family Educational Rights and Privacy Act (FERPA) 20 U.S.C. § 1232(g), 34 CFR Part 99.]
3. Institutions shall establish an appeals process for a current ~~[student]~~ or former student having a delinquent account registration ~~[or transcript]~~ hold so that the student may request temporary authorization to register for a subsequent semester ~~[or receive a transcript]~~.
4. ~~[In addition,]~~ *Except as otherwise provided in this Section,* institutions may refer delinquent accounts receivable ~~[of \$100.00 or more]~~ and overdue loans of any amount to a collection agency following written notification to the student or former student.

5. Institutions must publish on their institutional website the NSHE delinquent accounts policy, including a list of the fee categories that are applicable to the designation of a delinquent student account and their institutional appeals process. This student notification must indicate that a student with a delinquent account shall not be permitted to register at any NSHE institution
6. The NSHE Chief Financial Officer shall periodically review the delinquent account policy. Each campus shall develop and maintain an internal administrative process to periodically review the payment agreements and outstanding balances.
7. ***For the purpose of this Section, the term:***
  - a. ***“Delinquent accounts receivable” is defined to include tuition and registration fees, student fees, special courses fees and residence life charges billed to a student’s account in the student information system. An NSHE institution may include other fee categories as they deem appropriate in determination of a delinquent account.***
  - b. ***“Any other negative action” includes, but is not limited to, the placement of a registration holds or referral to a collection agency.***