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Chapter: Student Affairs

Modification No. 002

Subject: **Student Indebtedness**

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- I. The Board of Trustees recognizes that prudent fiscal control includes the active collection of all indebtedness, including student indebtedness.
- II. It is the policy of Montgomery College to initiate recovery efforts on all student indebtedness as soon as the debt is discovered.
- III. In all cases, students will be notified of any indebtedness and given the available options for repayment and an opportunity to rebut the College's claim.
- IV. The President is authorized to establish procedures necessary to implement this policy.

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Board Approval: May 21, 1984; December 12, 2016.

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Subject: **Student Indebtedness**

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- I. To prevent over-encumbrances, the College President must assure that every effort is made to collect the revenues that are anticipated in the operating budget. The College will exert every reasonable attempt to collect all types of student indebtedness. Students with unpaid financial obligations will be prevented from receiving final grades, transcripts, diplomas, and graduation privileges until all outstanding debts due the College under the law are paid, and may be precluded from registering for subsequent semesters. Pursuant to the College Affordability Act of 2016, an individual with an unpaid student account balance of \$250 or less will be allowed to register for courses at the College if the individual settles the balance prior to the first day of classes for the next semester. An individual with an unpaid student account balance of more than \$250 will be allowed to register for courses at the College if the individual enters into an installment payment plan prior to the first day of classes of the current semester.
  
- II. Students with prior indebtedness who are part of a Workforce Development and Continuing Education contractual course training agreement may be registered and may only attend these specialized contract course training classes, regardless of whether they are offered at a Montgomery College facility or at their place of employment. Certificates of completion will be issued for and released to these students or their employers. Participation does not release these students from any prior indebtedness to the College.
  
- III. The Vice President of Finance/Chief Financial Officer is responsible for the establishment and administration of procedures necessary for the collection of unpaid student financial obligations. After collection efforts by the Office of Business Services Accounts Receivable department staff to collect such obligations are exhausted, all undisputed obligations may be sent to the Central Collection Unit of Maryland or other collection agency that has a collection agreement with the College. The College will not send unpaid student financial obligations to the Central Collection Unit unless the obligations have not been settled prior to the first day of classes of the semester after the student account became delinquent or the student has not entered into or made timely payments to satisfy an installment payment plan.  
  
Should the collection agency determine that the claim is collectible through court suit and requests the College to support the claim with student records, the Office of Business Services Accounts Receivable department will provide such supporting documents.
  
- IV. Selection of a collection agency will be conducted by the Vice President of Finance/Chief Financial Officer who will require each interested agency with which he/she negotiates to submit its proposal in writing. The Vice President of Finance/Chief Financial Officer will submit his/her recommendations to the Senior Vice President for Administrative and Fiscal Services for approval. All arrangements pertinent to the relationship of the College with the collection agency selected must be reduced to a written agreement which, prior to execution, must be reviewed by the College's General Counsel for legal form and sufficiency.

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Administrative Approval: May 21, 1984; December 17, 2002; December 6, 2011; April 28, 2014 (administrative corrections only); April 11, 2017