

## Scope of Services

### 1. Account Placement & Management

- a. **Placement Strategy:** The University intends to place accounts as strictly **Third-Party** referrals. The Contractor must accept accounts regardless of balance size or age.
- b. **Data Exchange:** The Contractor must support secure, automated electronic file transfers (SFTP) for new placements, updates, and cancellations. Compatibility with e.g. Banner, PeopleSoft, ECSI Sal-net, Workday is highly preferred.
- c. **Account Updates:** The Contractor must process account adjustments (e.g. new charges, payments made directly to the University) within 24 hours of notification to prevent collection on resolved balances.

### 2. Collection Practices & Standards

- a. **Compliance:** All activities must strictly adhere to the Fair Debt Collection Practices Act (FDCPA) and the Fair Credit Reporting Act (FCRA). Clinical debt must be handled in accordance with specific federal program guidelines.
- b. **Skip Tracing:** The Contractor shall utilize multiple databases and skip-tracing techniques to locate students who have moved or changed contact information. This includes “deep skip” efforts for accounts returned as undeliverable while ensuring compliance with Gramm-Leach-Bliley Act (GLBA) and any other relevant laws.
- c. **Payment Processing:** Provide secure methods for debtors to remit payments and ensure timely transfer of recovered funds to the institution.
- d. **Reporting & Analytics:** Deliver comprehensive monthly reports detailing recovery rates, account aging, and the status of accounts in various stages of the collection lifecycle.
- e. **Communication Channels:** The Contractor must utilize omnichannel communication, including letters, telephone calls, and email to the extent allowable under the Minnesota Debt Collection Act. No robo dialing is permitted.
  - a. **Note:** The Contractor must have the capability to utilize SMS/Text messaging in strict compliance with the Telephone Consumer Protection Act (TCPA) and the Minnesota Debt Collection Act.
- f. **Credit Reporting:** The Contractor shall report delinquent accounts to at least one major national credit bureau (Equifax, Experian, or TransUnion) after a designated grace period (e.g. 45 days) and in accordance with the Fair Credit Reporting Act (FCRA) to the extent allowed under the Minnesota Debt Collection Act (i.e. medical debt may not be reported to credit bureaus).

- g. Referral back to UMN:** The Contractor shall follow UMN policies for patients with medical debt experiencing financial hardship. Patients who cannot pay due a change in status that has resulted in household income at or below 200% of the federal poverty level must be referred back to the appropriate University clinic or unit. The clinic or unit will assess the patient's eligibility for a hardship discount and notify the Contractor of any account adjustments to the patient's account.

### **3. Compliance & Security**

- a. FERPA Compliance:** The Contractor must comply strictly with the Family Education Rights and Privacy Act (FERPA). Student financial information may not be discussed with parents or third parties unless a valid release is on file or the specific situation meets FERPA exception.
- b. HIPAA Compliance:** The Contractor must comply strictly with the Health Insurance Portability and Accountability Act (HIPAA) and accept the University's Business Associate Agreement (BAA) without edits if it works with non-student medical debt. Medical financial information may not be discussed with parents or third parties unless a valid release is on file (and is less than one year old per Minnesota law).
- c. Minnesota Government Data Practices Acts Compliance:** The Contractor must comply strictly with the Minnesota Government Data Practices Act for any debt that is not student or healthcare related.
- d. Data Security:** The Contractor must comply strictly and agree to the terms (without edits) of the University's Data Security Addendum.
- e. Regulatory Adherence:** The Contractor must comply with the FDCPA, GLBA, UDAAP, and all state-specific debt collection laws applicable to the student's residence including the Minnesota Debt Fairness Act and licensing and bonding.
- f. Transcript Withholding:** The Contractor must be knowledgeable of and comply with current state legislation regarding the withholding of transcripts and diplomas for debt, ensuring the University is never placed at legal risk.
- g. University Terms and Conditions:** The Contractor must agree to (without edits) and strictly comply with the University's base terms and conditions, which are unique to and required because the University is a Constitutional Corporation.
- h. Zero-Tolerance for Abusive or Harassing Conduct:** The Contractor will have a zero-tolerance policy for abusive and harassing debt collection conduct that includes threats or actual petitions to have debtors arrested as a result of debt collection or garnishment of wages or bank accounts.

### **4. Financial Handling & Remittance**

- a. Trust Accounts:** All funds collected on behalf of the University must be held in a segregated trust account, separate from the Contractor's operating funds.

- b. Remittance Schedule:** The Contractor shall remit net proceeds to the University on a monthly basis.
- c. Direct Payments:** If a debtor pays the University directly after placement, the Contractor will bill the University for the commission due on that payment.
- d. Revenue Recapture:** The Contractor must accept notification of revenue recapture payments as reductions, with no charge to the University.

## 5. Reporting & Analytics

The Contractor must provide a secure online client portal accessible 24/7 by University staff. Required reporting capabilities include:

- a. Performance Reports:** Recovery rates broken down by placement year, debt type (Tuition vs. Loans, General AR, Clinical), and cohort.
- b. Actuarial Data:** Projections on collectible revenue based on the age of the portfolio.
- c. Status Reports:** An “Inventory Report” listing the current status of every active account (e.g. Paying, Skip, Broken Promise, Legal).

## 6. Customer Service & Dispute Resolution

- a. Disputes:** The Contractor must suspend collection activity immediately upon notification of a dispute (e.g. “I withdrew from that class,” “The coding/billing for that medical services is incorrect”) and to be resolved through the University’s internal process as required under state law; Minnesota Debt Fairness Act.
- b. Call Recording:** The Contractor must record 100% of calls and make specific call recordings available to University administrators upon request for audit or complaint resolution purposes. Please provide documentation about your retention policy and indicate that you are able to be compliant with the Minnesota Government Data Practices Act as well as University retention policies.

## Collection Agency Services

### 1. Two Distinct Levels of Collection

- a. First-Party Collections (Early Intervention/“Pre-Collect”):**
  - i. What it is:** The agency acts as the University. Calls and letters appear to come from your “Student Accounts” or “Bursar's Office”. *Note:* All of these communications may be subject to the Minnesota Government Data Practices Act.
  - ii. Goal:** Cure the account before it defaults so the student can register for the next semester.

- iii. **Key Service:** Soft-touch outreach (reminders, text messages) focused on education about payment plans and financial aid options rather than demands.
- b. **Third-Party Collections (Bad Debt Recovery):**
  - i. **What it is:** Traditional collections where the agency uses their own name (e.g. “XYZ Recoveries”).
  - ii. **Goal:** Recover funds from students or patients who have left the university or are unresponsive to internal efforts.
  - iii. **Key Service:** Skip tracing (finding new addresses/employers), credit reporting, and litigation services for high-balance accounts.

## 2. General and Specialized Debt Segmentation

A generalist agency may not understand the different “buckets” of University debt. You need an agency that can segment and apply different strategies to:

- a. **Tuition & Fee Receivables:** The most common debt; requires handling “holds” on transcripts or registration. Primary educational costs and associated student assessments.
- b. **Auxiliary Services:** Charges for housing, meal plans, and campus retail (e.g., bookstores)
- c. **Administrative Assessments:** Miscellaneous departmental costs, fines, and fees assessed to the account holder.
- d. **Federal & Institutional Loans, University Trust Fund Loans:** Specifically Perkins Loans (if applicable) or Health Professions Student Loans (HPSL), which have strict federal due diligence requirements.
- e. **Campus Services:** Smaller balance debts like parking citations, library fines, housing damages, or student health center charges.
- f. **Return of Title IV Funds (R2T4):** Collecting unearned financial aid from students who withdrew early.
- g. **Medical Debt:** The University has several clients that serve students and non-students alike. The University operates a Federally Qualified Health Care Center which serves low-income patients and whose accounts need to meet specific requirements.

The Contractor must provide specialized services for the recovery of health-related and federally regulated debt. This requires knowledge of specific deferment, cancellation, and litigation rules for:

- a. **Clinical/Health Profession Loans:** Including Health Profession Student Loans (HPSL), Nursing Student Loans (NSL), and Primary Care Loans (PCL).

- b. **Federal Perkins Loans:** Recovery of past-due federal campus-based loan funds.
- c. **Institutional Trust Fund Loans:** Collection of private or university-specific trust fund loans.

### 3. Higher Education, Health Care, and Minnesota State Law Compliance (Crucial)

Universities face stricter regulatory environments than commercial businesses. Your agency must demonstrate compliance with:

- a. **FERPA (Family Educational Rights and Privacy Act):** They must have strict protocols for not releasing student financial data to unauthorized parents or third parties.
- b. **FDCPA (Fair Debt Collection Practices Act):** Standard federal laws against harassment.
- c. **GLBA (Gramm-Leach-Bliley Act):** Data security standards specifically for financial institutions (which universities are often classified as regarding loans).
- d. **HIPAA (Health Insurance Portability and Accountability Act)**
- e. **Minnesota Debt Fairness Act:** Creates standards and rights relating to debt collection, including for medical debt.
- f. **Transcript Withholding Laws:** *Note:* Many states (e.g. NY, CA, MN) have recently banned withholding transcripts for debt. Your agency must know the specific laws of your state to avoid getting the University sued.
- g. **PCI Cardholder Data Security**

### 4. Integration & Reporting

Manual placement of accounts is inefficient for a large university. You need:

- a. **SIS Integration:** The agency should be able to interface (or easily exchange files) with your Student Information System (e.g. Banner, PeopleSoft, Workday, Jenzabar)
- b. **Performance Analytics:** You need dashboards that show “Recovery Rate by Cohort”(e.g. Fall 2024 dropouts vs. Spring 2025 grads).

### 5. “Student Success” Features

- a. **Financial Literacy Counseling:** Agents trained to help students understand *why* they owe the money and how to manage their future budget.
- b. **Omnichannel Communication:** Students rarely answer unknown calls. You need an agency that utilizes compliant SMS/Texting, email, and online portals optimized for mobile.