



Item: AF: A-2

AUDIT AND FINANCE COMMITTEE

Wednesday, October 20, 2010

**SUBJECT: REQUEST FOR APPROVAL OF AMENDMENTS TO REGULATION 6.012,
EMPLOYEE DEBT COLLECTION.**

PROPOSED COMMITTEE ACTION

Recommend approval by the Board of Trustees of amendments to Regulation 6.012, Employee Debt Collection.

BACKGROUND INFORMATION

FAU Regulation 6.012 addresses employee debt collection procedures. The proposed amendments update the internal University processes for notice and disputes, including the provision of notice through an employee's fau.edu email address, and simplifies the payroll deduction calculation for amounts owed in excess of \$100.

IMPLEMENTATION PLAN/DATE

The amended regulation will become effective immediately upon Board of Trustees approval.

FISCAL IMPLICATIONS

The proposed amendments will allow the University to collect employee debt more efficiently and effectively.

Supporting Documentation: Proposed amendments to Regulation 6.012
(Clean and red-lined formats included)

Presented by: Dennis Crudele, Senior Vice President-Financial Affairs

Phone: 561-297-3266

**FLORIDA ATLANTIC UNIVERSITY
NOTICE OF PROPOSED REGULATION AMENDMENT**

Date: October 7, 2010

REGULATION TITLE AND NUMBER: Employee Debt Collection (6.012).

SUMMARY: This regulation addresses employee debt collection procedures. The proposed amendments update the internal University processes for notice and disputes, including the provision of notice through an employee's fau.edu email address, and simplifies the payroll deduction calculation for amounts owed in excess of \$100.

FULL TEXT OF THE REGULATION: The full text of the proposed amended regulation is attached below to this Notice, both in clean and red-lined format. The full text of the existing regulation is posted on FAU's website at www.fau.edu/regulations. In addition, the full text of the proposed amended regulation and current regulation are available upon request to the Office of the General Counsel, which can be contacted at (561) 297-3007 or GeneralCounsel@fau.edu.

AUTHORITY TO AMEND THE REGULATION: Article IX of the Florida Constitution and the Board of Governors Regulation Development Procedure dated July 21, 2005.

UNIVERSITY OFFICIAL INITIATING THE REGULATION AMENDMENT:

Mr. Dennis Crudele, Senior Vice President of Financial Affairs

COMMENTS CONCERNING THE PROPOSED REGULATION AMENDMENT SHOULD BE SUBMITTED WITHIN 14 DAYS OF THE DATE OF THIS NOTICE TO THE CONTACT PERSON IDENTIFIED BELOW. In response, the University may solicit additional written comments, schedule a public hearing, withdraw or modify the proposed regulation amendment in whole or in part after notice, or proceed with adopting the regulation amendment. The comments must identify the regulation(s) on which you are commenting:

THE PERSON TO BE CONTACTED REGARDING THE AMENDMENT/REPEAL OF REGULATIONS IS: Myrlande Dessalines, Paralegal, Office of the General Counsel, 777 Glades Road, Boca Raton, Florida, 33431, (561) 297-3007 (phone), (561) 297-2787 (fax), GeneralCounsel@fau.edu.

PROPOSED

Florida Atlantic University

Regulation 6.012

Employee Debt Collection

(1) Purpose. Pursuant to Section 1010.03, F.S., the University is directed to exert every effort to collect all delinquent accounts. The purpose of this regulation is to provide procedures for collection of funds owed to the University by its employees.

(2) Accounts Receivable. Employees will be placed on the Accounts Receivable system as charges are incurred. Once charges are incurred, the employee will be billed monthly. If the Controller's Office does not receive full payment within three months of the date of the first billing, the employee will be notified that if arrangements are not made within ten days, debt collection procedures will be implemented on his/her debt. All billings, notices and other communications shall be sent electronically to the employee's University email address.

(3) Debt Collection Procedures.

- (A) The employee is advised that he/she has ten days to either 1) clear the account by making payment in full, 2) make payment arrangements as agreed to by the Controller or designee, or 3) file a written petition in the Controller's Office disputing the debt with documentary evidence.
- (B) If a petition is filed or no action is taken by the employee at the end of ten days, the employee's debt shall be reviewed by the Controller or designee considering any petition and evidence, if submitted.
- (C) If, upon review, a determination is made that the debt is in fact due and owing, the employee shall be sent a Notice of Debt Collection indicating the amount of the debt and method of collection to be utilized.
- (D) Within ten days after the Notice of Debt Collection is sent, the employee may file a Request for Review in the Controller's Office. The Senior Vice President for Financial Affairs or designee shall review the facts of the case as are known to the University and will include any mitigating factors as may be presented by the employee in his/her Request for Review. The Senior Vice President for Financial Affairs or designee shall decide whether the debt and amount to be collected is appropriate. The employee shall receive notification of the decision of the Senior Vice President for Financial Affairs or designee which shall stand as final University action.

(4) Payroll Deductions and Collections.

- (A) Employee debt may be collected through payroll deduction and/or through use of a collection agency. The University may take disciplinary action and/or restrict access to University resources or services while debt is outstanding to the extent permitted by law.
- (B) If payroll deduction will be utilized, the Notice of Debt Collection shall state the amounts and duration of each paycheck deduction.
- (C) Any debt over \$100 to be collected by payroll deduction shall be divided over two (2) or more pay periods in increments of at least \$100 per pay period (until the final balance is less than \$100), and shall comply with applicable federal and state wage payment requirements. In the event that an employee-debtor separates from the University's employ for any reason, the entire amount of the debt will be deducted from the employee's final paycheck.

Specific Authority: Article IX of the Florida Constitution, 1001.706, 1001.74, 1010.03 F.S., and Board of Governors Regulation 1.001. Formerly 6C5-6.013. History—New 11-11-87, Amended ____-____-2010.

PROPOSED

Florida Atlantic University

Regulation 6.012

Employee Debt Collection

(1) Purpose. Pursuant to Section ~~240.291~~1010.03, F.S., the University is directed to exert every effort to collect all delinquent accounts. The purpose of this ~~rule~~regulation is to provide procedures for collection of funds owed to the University by its employees.

(2) Accounts Receivable. Employees will be placed on the Accounts Receivable system ~~after conventional attempts by the University to obtain payment are unsuccessful. Once the as~~ charges are ~~put on the Accounts Receivable system~~incurred. Once charges are incurred, the employee will be billed monthly. If ~~Accounts Receivable~~the Controller's Office does not receive full payment within three months of the date of the first billing, the employee will be notified that if arrangements are not made within ten days, ~~set-off~~debt collection procedures will be implemented on his/her debt. All billings, notices and other communications shall be sent electronically to the employee's University email address.

(3) ~~Set-Off~~Debt Collection Procedures.

(A) The employee is advised ~~by certified letter (return receipt)~~ that he/she has ten ~~calendar~~ days to either 1) clear the account, make satisfactory by making payment in full, 2) make payment arrangements, as agreed to by the Controller or submit designee, or 3) file a written petition in the Controller's Office disputing the debt with documentary evidence ~~disputing his/her debt.~~

(B) If ~~no arrangements have been made a petition is filed or no action is taken by the employee~~ at the end of ten ~~(10)~~ days, ~~all evidence of~~ the employee's debt ~~is shall be~~ reviewed by the Controller or designee considering any petition and evidence, if submitted.

(C) If, upon review, a determination is made that the debt is in fact due and owing, ~~set-off procedures are implemented and the employee is advised in writing shall be sent a Notice of Debt Collection indicating the amount of the amount and duration of the deductions from his/her salary warrant. The employee is also advised of his/her right to administrative review of the decision to set-off his/her debt and deduct funds from the employee's paycheck~~ method of collection to be utilized.

(D) —Within ten days ~~of receipt of notice~~ after the Notice of Debt Collection is sent, the employee may ~~petition the appropriate~~ file a Request for Review in the Controller's Office. The Senior Vice President or University Provost, who shall serve as the designee of the President, to review the decision to

~~set off the debt and deduct funds from the employee's paycheck. The appropriate Vice President or University Provost will~~for Financial Affairs or designee shall review the facts of the case as are known to the University and will ~~hear~~include any ~~explanations and~~ mitigating factors as may be presented by the employee ~~in his/her Request for Review~~. The ~~appropriate Senior Vice President for Financial Affairs or University Provost~~designee shall decide ~~if a fair process has taken place as to debt claimed and whether the debt and~~ amount to be ~~set off~~collected is appropriate. ~~The findings of the appropriate Vice President or University Provost will be reviewed by a member of the Florida Atlantic University Legal Staff for legal sufficiency. The employee will~~shall receive ~~written~~ notification of the decision of the ~~appropriate Senior Vice President for Financial Affairs or University Provost~~designee which shall stand as final ~~agency action, for purposes of any further actions which may be taken by the employee under the Florida Administrative Code, Section 120.57, F.S., unless a hearing has been requested under that section~~University action.

(4) Amount of Payroll Deduction~~Deductions and Collections~~.

- (A) ~~In the event that the total amount of the debt is less than 10% of the employee's biweekly gross salary, the full amount of the employee's debt will be deducted in the first or second pay period after the decision to set off the debt is made.~~
- (b) ~~If the amount of the debt is greater than 10% of the employee's biweekly gross salary, the amount deducted each pay period will be at least 10% of the employee's gross salary and will not exceed 20% of the employee's net salary after mandatory deductions.~~
- (A) ~~(e)~~Employee debt may be collected through payroll deduction and/or through use of a collection agency. The University may take disciplinary action and/or restrict access to University resources or services while debt is outstanding to the extent permitted by law.
- (B) If payroll deduction will be utilized, the Notice of Debt Collection shall state the amounts and duration of each paycheck deduction.
- (C) Any debt over \$100 to be collected by payroll deduction shall be divided over two (2) or more pay periods in increments of at least \$100 per pay period (until the final balance is less than \$100), and shall comply with applicable federal and state wage payment requirements. In the event that an employee-debtor is terminated or voluntarily leaves separates from the University's employ for any reason, the entire amount of the debt will be deducted from the employee's final paycheck.

Specific Authority: Article IX of the Florida Constitution, 1001.706, 1001.74, 1010.03 F.S., and Board of Governors Regulation 1.001. Formerly 6C5-6.013. History—New 11-11-87, Amended - -2010.