

Legislative Program Review  
and Investigations Committee

Performance Audit:  
Housing Payment Practices  
at the University of Connecticut

July 1989



CONNECTICUT GENERAL ASSEMBLY

LEGISLATIVE PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE

The Legislative Program Review and Investigations Committee is a joint, bipartisan, statutory committee of the Connecticut General Assembly. It was established in 1972 to evaluate the efficiency, effectiveness, and statutory compliance of selected state agencies and programs, recommending remedies where needed. In 1975, the General Assembly expanded the committee's function to include investigations, and during the 1977 session added responsibility for "Sunset" performance reviews. The committee was given authority to raise and report bills in 1985.

The program review committee is composed of 12 members. The president pro tempore of the senate, the senate minority leader, the speaker of the house, and the house minority leader each appoint three of those members.

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L. Spencer Cain, Chief Analyst  
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Catherine McNeill Conlin, Principal Analyst  
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Michelle Castillo, Analyst  
Amani A. Martin, Analyst  
Amelia A. Fitzpatrick, Administrative Assistant

Staff for this Project

Jill E. Jensen, Principal Analyst

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HOUSING PAYMENT PRACTICES  
AT THE UNIVERSITY OF CONNECTICUT

Introduction

Due to high demand for the limited dormitory space at the University of Connecticut (UCONN), the fee payment policies administered by the Bursar's Office are strict. Under current university policy, if payment in full for the fall semester is not received by the due date, room reservations are cancelled. A grace period for submitting housing fees is not permitted. Beginning with the fall 1988 semester, payment with a bad check that is not made good by the due date is considered to be the same as no payment and, therefore, results in cancellation of housing.

About 350 room reservations for the fall 1988 semester were cancelled because of late payment. Another 79 were cancelled due to bad checks. Ninety-six late payers appealed their cancellations; half were reinstated and half were not. Of the 79 bad check cases, most (62) were reinstated while the remainder lost their on-campus housing.

Complaints about inconsistencies in the handling of these cancellations led to the Legislative Program Review and Investigations Committee to authorize a review of the university's fall 1988 housing payment practices. The committee study focused on current policies and procedures governing late payments including those due to bad checks. The process covering refunds of payments for cancelled housing assignments was also included in the review.

Information was obtained from several sources and research methods. Program review committee staff reviewed relevant university documents and interviewed UCONN personnel responsible for handling payments, cancellations, and reinstatements. Files related to the actual processing of all housing cancellation appeals were examined. Staff from the Auditors of Public Accounts Office who prepared a report addressing similar issues at the university were consulted. Comparative information on housing payment policies and procedures at the other public universities was gathered and analyzed.

Findings resulting from the committee's research are summarized below. The program review committee's recommendations to address problems areas by better informing students of payment policies, formalizing the appeals process, and revising refund procedures, follow the findings.



## COMMITTEE FINDINGS

### Policies and Procedures

Notice. Adequate prior notice about the new late housing payment policy was provided by the university. Articles appeared in the student newspaper, several letters describing the policy were sent to students well in advance of the due date, and a reminder appeared on the fee bill. However, the impact of payment with a bad check was not specifically mentioned.

As in the past, the option of obtaining an official payment deferral was available to any student with legitimate financial problems. Several notices about the new late payment policy mentioned the deferment option.

Coordination. Efforts were made to minimize inconsistent application of the new policy. Prior to the billing cycle, university staff developed a system for handling appeals of cancellations and coordinating reinstatement decisions. Steps followed in processing payments for the fall 1988 semester, including the appeals of housing cancellations, are outlined in Figure 1.

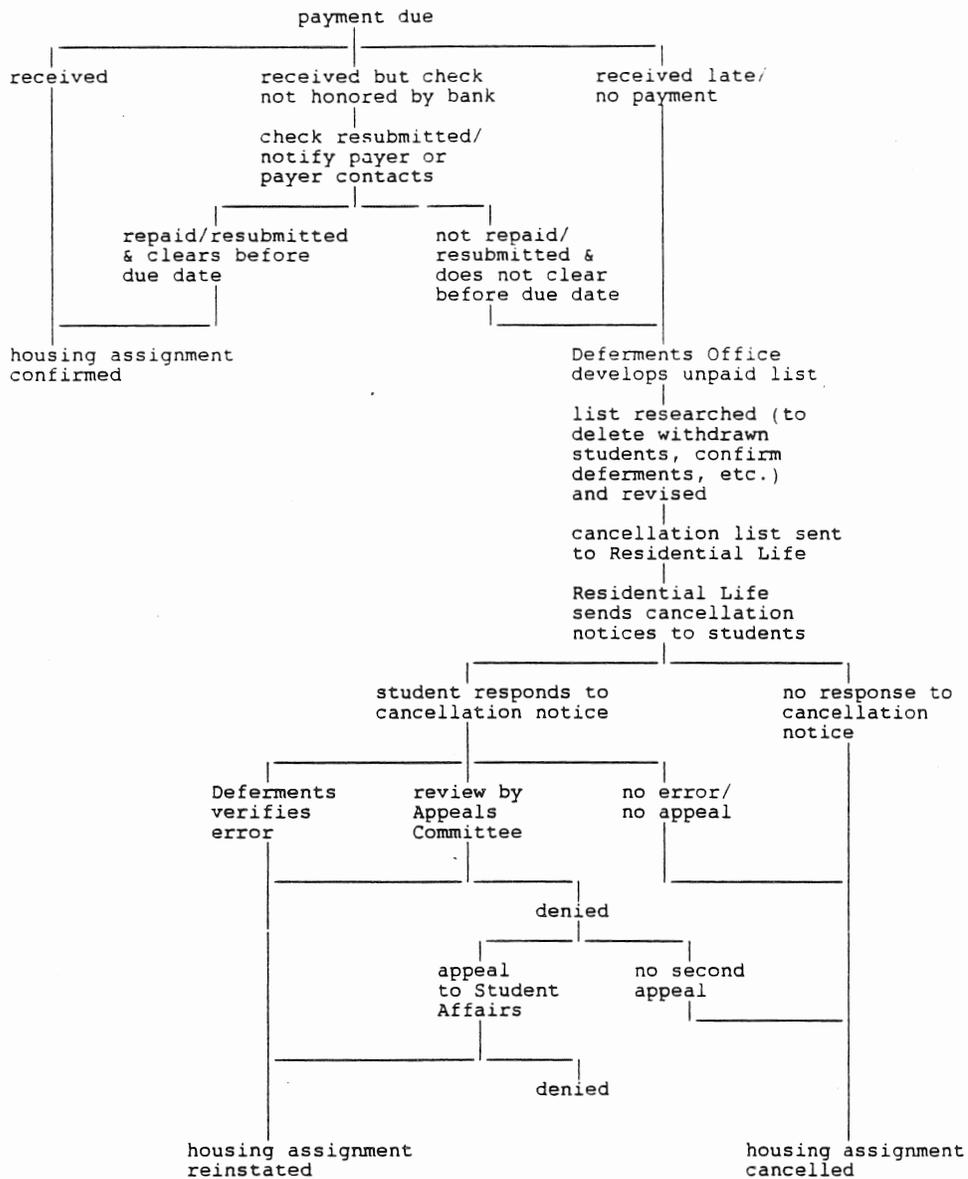
Bad checks. It was the university's intent to cancel housing if payment was made with a bad check unless it was redeemed or, when redeposited, cleared by the August 1 due date. (The Bursar's Office standard procedure is to redeposit checks that have been returned to the university because of insufficient or uncollected funds.) However, no written policy to guide university staff on the handling of bad checks for housing assignments was prepared until August 4, 1988.

The university acknowledged that incorrect information was given to a number of students who contacted the university about payments made with bad checks. In response, a decision was made to reinstate individuals who had contacted the university and been misinformed about the action to take regarding their fee payment with a bad check.

Late payments. The "lockbox" system used by the university to process fee payments presents problems for payments sent via special handling (certified, registered, Federal Express, etc.) near the due date. Several notices emphasizing that payment must be received, not postmarked, by the due date were sent to all students. A July 15, 1988, letter specifically warned against the use of certified mail for fee payment near the due date.



Figure 1. University of Connecticut Housing Payment Processing, Fall 1988.



Source: LPR&IC staff analysis



At least a dozen payments sent via special handling were delivered to the university post office box but not received by the university's processing agent by the due date. Such payments were treated as late and housing assignments were cancelled as a result.

Refunds. The fee bills of students whose housing was cancelled were adjusted by deleting the room and board charges. In accordance with the university's general refund policy, students could request a refund by contacting the Bursar's Office or leave the amount in their accounts as credit towards future charges.

Refund requests generally are processed within four or five days according to the Bursar's Office. Refunds involving bad checks, however, can take several weeks, depending on the length of time it takes the banks involved to process and return checks that are not honored to the university.

#### Appeals

Under the appeals process established for the fall 1988 bills, requests for reinstatement of housing were initially considered by a committee comprised of the deferment officer and residential life department staff. Students dissatisfied with the committee's decisions were advised to appeal to the vice president of student affairs. However, none of the fee payment notices provided to students mentioned this appeals process; one notice, in fact, stated cancellation was not subject to appeal.

Based on the program review committee staff review of university records concerning housing cancellation appeals, it appears that overall, decisions on reinstatement were consistently made. Detailed findings concerning 73 of the 96 late payment appeals (information was incomplete for the remainder) and all 79 bad check payment appeals follow. The review of the records also revealed that cases were considered individually and researched (e.g., banks were contacted, university files were reviewed, special services offices such as financial aid were contacted, etc.).

Late payment appeals. About two-thirds of the 36 reinstated late payers reviewed by the program review committee staff were reinstated for the one of the following reasons: university processing error, verified lost payment, or unintentional mistake in the amount paid (partial payment is considered the same as no payment since payment in full is required). In 12 cases, including 2 involving certified mail, exceptions to the late payment policy were made by university personnel because of a student's extenuating circumstances (e.g., death in the family).



Records regarding 37 denied late payers were reviewed. The majority (25) showed no evidence of processing errors or extenuating reasons for late payment. Twelve cases involved late payment related to mailing problems (payment sent certified mail, etc.).

Bad check appeals. Of the 62 reinstated cases involving bad checks, 23 were reinstated because the students had contacted the university and received incorrect information on the bad check policy. Another 21 were reinstated because of documented bank errors and mix-ups while 9 reinstated cases involved checks returned for uncollected rather than insufficient funds. At the discretion of university personnel, 9 were reinstated to on-campus housing because of extenuating circumstances.

The records of all 17 denied bad check payers showed no evidence of bank errors, misinformation from the university, or extenuating circumstances. Many of the cases reviewed had previous experiences with bad check payments at the university.

#### Other Universities

The five public state universities (UCONN, Central, Eastern, Southern, and Western) vary in how they handle late housing payments. UCONN, Central, and Southern are similar in that failure to pay in full by the due date results in cancellation of housing. Eastern informally and Western formally allow a grace period for late payers, primarily because of limitations of their payment processing systems.

All state universities except UCONN allow students 10 days to make bad checks good before housing assignments are cancelled. Only UCONN treats checks returned for insufficient funds as late payments subject to immediate cancellation. The UCONN policy is based on the argument that it is unfair to allow payment with a bad check to, in effect, hold a housing assignment while late payment with a good check results in cancellation.

All five universities are experiencing high demand for on-campus housing and, as a result, housing shortages. All continually have significant waiting lists; waiting lists ranged from about 300 at Western to around 900 at Central for the fall 1988 semester. Statistics regarding enrollment, housing capacity, and waiting lists at the public universities are summarized in Table 1.



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Table 1. Public University Enrollment and Housing Statistics

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	<u>Approximate Full-time Enrollment*</u>	<u>No. Students Housed on Campus (Fall 88)</u>	<u>Approximate Waiting List (Fall 88)</u>
CENTRAL	6,400	1,856	900 - 1,000
EASTERN	3,000	1,326	400
SOUTHERN	6,600	1,837	600
WESTERN	3,000	856**	300
UCONN	13,000	9,464	400

\* Eastern figure includes part-time; Central and UCONN figures are full-time undergraduates only

\*\* rated capacity; 953 students actually housed on one-time basis

Source: LPR&IC survey

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Like the University of Connecticut, several schools have taken administrative measures to address their shortages. At Eastern, on-campus housing will no longer be available to students within a certain geographic area of the school. Central and Southern have established separate, earlier due dates for housing payments.



## COMMITTEE RECOMMENDATIONS

1. To improve awareness of its bad check policy, the program review committee recommends that the University of Connecticut describe the policy and its impact on housing assignments in the fee section of its annual catalog and in all correspondence to students regarding housing fee payments.
2. To promote consistency and insure equal opportunity for appeal, the program review committee recommends that the University of Connecticut:
  - a) require that all appeals of housing cancellations be made in writing and evidence supporting requests for reinstatement be provided (e.g., in the case of a death in the family, a copy of the obituary, etc.); and
  - b) attach to all housing cancellation notices a standardized form for appealing cancellation of assigned housing that includes a description of the appeals process.
3. To minimize possible financial hardship for students, the program review committee recommends that the University of Connecticut only accept payments for services that will be provided. Specifically, payments received after the due date as well as bad checks that have not been made good by the due date should be immediately returned to the senders with their housing cancellation notices. The committee further recommends that the cancellation notices indicate that students whose fee payments are returned can reinstate their registration and include a description of how to do so.
4. To promote consistency and fairness, the program review committee recommends that the policy of treating payments made with bad checks the same as late payments be instituted at all public universities.



## AGENCY RESPONSE

It is the policy of the Legislative Program Review and Investigations Committee to provide agencies subject to review with the opportunity to comment on final reports prior to publication. A formal agency response, if submitted, is included in the published document. The response of the University of Connecticut to this report follows.





Office of the Vice President for Finance  
Box U-72 — Room 176  
343 Mansfield Road  
Storrs, Connecticut 06268  
(203) 486-4340

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JUL 31 1989

July 28, 1989

Mr. Michael L. Nauer, Director  
Legislative Program Review and  
Investigations Committee  
State Capital Room 506  
Hartford, Connecticut 06106

Dear Mr. Nauer:

I am responding on behalf of President John T. Casteen, III to the recommendations in the Committee's final report on housing payment practices at the University of Connecticut.

We wish to acknowledge the high professional quality of the report, and have no disagreement with any of the Committee's findings. We extend our appreciation to Ms. Jill E. Jensen for her thoroughness and professional approach to the audit.

We do have some comments on the recommendations in the report, and they are shown in attachment 1.

Sincerely yours,

  
Wilbur R. Jones  
Vice President for Finance

WRJ:rpl  
Enclosure

cc: President Casteen  
Ed Michniewski  
Betsy Paterson



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Responses to Committee Recommendations

RECOMMENDATION 1:

Include description of policy and its impact on housing in the annual catalog and all correspondence pertaining to housing fees.

Response:

We concur with the recommendation. The recommended inclusions for the University Catalog will be in effect for the 1990-91 academic year. We will also continue to fully explain the University's bad check policy in relevant correspondence to students. Appendix A is a copy of such notification that was used for the 1989-90 academic year.

RECOMMENDATION 2:

- a. Require appeals of housing cancellations to be in writing and be supported by evidence.

Response:

While we agree with the objectives of this recommendation, we believe that its implementation will cause other problems that would be even more unacceptable. Specifically, it is vitally important that all of our students know their housing assignment status as soon as possible, including those who are appealing cancellations. Classes start in early September and students will most likely receive cancellation notices during the second week in August. Implementation of the Committee's recommendation would add an estimated 4 days to the appeals process. This would reduce the time available for the appealing students, as well as students on the waiting list, to make alternative housing arrangements, if necessary. For these reasons, we believe that the advantages of accepting appeals by telephone outweigh those that would result from strict reliance on written appeals. With regards to requiring supporting evidence, that has been our long-standing practice, when appropriate. The exception is where severe personal trauma is involved, such as a death in the immediate family, and we believe it appropriate to continue entrusting to our professional staff some discretion in these instances.

In addition to the above, we will improve on the telephone appeal process by increasing from one to three the locations for filing them. These telephone numbers will be included in the cancellation notices, and the offices will be staffed by different individuals trained on the appeal process and procedures.



RECOMMENDATION 3:

Acceptance versus returning late payments and bad checks.

Response:

While implementation of this recommendation would achieve the stated objective, we think that it is infeasible to do without causing even more significant problems. Relevant considerations are:

- a. We receive payment at a lockbox at a bank location in order to minimize the time for depositing receipts. This procedure is for purposes of increasing investment earnings on our cash resources.
- b. Student payments generally consist of one check to cover a variety of charges and fees. The bank does not, and could not, accomplish the detailed allocation of the payment before depositing the receipt.
- c. Students are not added to class lists until registration payments are received. Delaying the posting of these payments would delay the release of affected class schedules beyond the normal mailing time in mid-August. Such delays could cause hardship to students who have special needs for specific classes.
- d. Given the above statements of processes and concerns, it is impractical to return the payments that are related only to cancelled housing. Such a procedure would delay cancellation notification until such time as we could produce refund checks for the housing portion of the students' payments. Considering the thousands of transactions involved at the time, the necessary delays could create unacceptable problems for the students involved.

We are concerned about how we might better serve students with respect to housing assignments, and will continue searching for additional ways to make improvements.

RECOMMENDATION 4:

Statewide policy of treating late payments and bad checks the same.

Response:

We already adhere to this practice. We have no comment about its appropriateness for other institutions.



April 21, 1989

DUE DATE FOR FEE BILL - AUGUST 1, 1989

To: Undergraduate Students  
From: Edward S. Michniewski, Bursar

The fee bill payment for Fall 1989 is due prior to August 1, 1989. Payment in full of all fees must be received prior to August 1, to avoid cancellation of on-campus housing and delay in confirmation of registration. If your housing is cancelled you will not be able to live on campus.

All fees must be paid or officially deferred prior to August 1. Payments must be received (not mailed) prior to August 1. Postmarks will not suffice to meet this deadline. Mail the payment by regular first class mail. Certified or registered mail will delay receipt of payment. Do not wait until the last minute to mail payments.

Any check which is not honored by your bank for any reason, will result in your fee bill being unpaid. An unpaid account is subject to cancellation of on-campus housing and delay in confirmation of registration. A \$15.00 returned check fee will be charged to the student's account for each check not honored by your bank.

A late payment fee of \$50.00 will be charged to the accounts of all students whose fees are not fully paid prior to August 1. Payment of this late fee will not reinstate your on-campus housing.

Bills should be received by mid-July. If you do not receive a bill by then, contact the Bursar's Office at 486-4830. Failure to receive a bill does not excuse you from paying on time.

SPRING 1990 PAYMENT DATE - JANUARY 1, 1990

