Carnegie Mellon University
Student Accounts Office

COHEAO Mid-Year Conference

Budgeting and Counseling of Students and Their Payments Plans

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What we will discuss

- Introduction
- The balance resolution process at CMU
- Understanding your students' financial situations
- Active listening
- Effective questioning
- Positive paraphrasing
- Collections vs. counseling
- Setting up a budget
- Finding a payment plan that works
- Takeaways and best practices
- Q&A

Introduction

- A little bit about me
  - 13 years in higher education
  - Financial aid, student accounts, and admissions analysis experience
  - Experience in both non-profit and for-profit education sectors
  - Experience in both on ground and online settings
- Make-up of Student Accounts Office
  - 10 staff members broken up into two teams
  - One team's focus is on payments and refund processing
  - My team of 4 is responsible for billing, refunding, payment plans, collections, AR management, default prevention, and student sponsorship
  - Breakout of responsibilities is based on college model with each person having one specialized area

Introduction

- How the Student Accounts Office fits in to the student experience
  - Daily interaction between students and The HUB
    - The HUB is a front facing student service provider
    - Composed of four Student Service Specialists who interact with students similar to how a bank teller interacts with customers
      - Two work the front line and two answer calls and respond to emails
    - Four Assistant Directors take appointments and are assigned to students via the same college model as Student Accounts
      - These Assistant Directors work closely with Financial Aid, the University Registrar's Office, and Student Accounts on issues they cannot answer or are to detailed for them to answer

Carnegie Mellon University Facts

- High-select private research university located in Pittsburgh
- 5 other locations in the US
- 13 locations outside the US:
  - Doha, Qatar
  - Adelaide, Australia
  - Multiple cities in Portugal
  - Kacyiru-Kigali, Rwanda
  - Multiple cities in Japan
  - Connexis, Singapore

Carnegie Mellon University Enrollment

- 13,961 students
  - 6,574 Undergraduate
  - 5,375 Masters
  - 1,870 Doctoral
  - 142 Other

- 6,060 international students
  - 1,492 Undergraduates
  - 3,470 Masters
  - 1,063 Doctoral
  - 35 Special

Our Balance Resolution Process

- Continuing students with balances greater than $1000
  - Structured, somewhat automated, communication process to collect student balances

Balance Due Greater than $1000		
Date	**# Students**	**Communication Type**
1/31/2017	845	Billing message
2/6/2016	499	Email from Assistant Directors in The HUB
2/20/2017	482	Email from University Registrar
2/28/2017	448	Billing message
3/6/2017	413	Mailed Letter from SAO Director (PGH only)
3/20/2017	360	Student Affairs outreach (PGH only)
3/27/2017	451	Email from Assistant Directors in The HUB
3/31/2017	451	Billing message
4/10/2017	192	Email from Assistant Directors in The HUB
4/17/2017	132	Email from University Registrar
4/28/2017	109	Billing message
5/22/2017	46	SAO Director email
7/17/2017		Financial suspension letter from Registrar
Fall Session Start		Less than 5 students cannot register for financial reasons

Our Balance Resolution Process

- Graduating Students

Graduating Students with Balances Greater than $25		
Date	**# Students**	**Communication Type**
4/5/2017	270	Email from The HUB
4/17/2017	207	Email from SAO Director
4/28/2017	172	Billing message
5/2/2017	153	Email from University Registrar
5/8/2017 - 5/12/17	111	Staff level phone call outreach begins
5/15/17 - 5/18/17	69	Assistant Director phone call outreach begins
5/19/2017	18	Manager phone call outreach begins
Graduation	7	Diplomas are held

Our Balance Resolution Process

- Collecting once separated
  - Students who drop or graduate with balances greater than $25 enter our structured collections process
  - This process consists of a series of emails, calls, and letters where the language becomes more firm and urgent
  - Less than 45 annual agency placements

Description	# of Days in Step
Initial account review	Approx 15
Pre-Collection email sent to student	15
SAO makes outbound calls	30
Pre-Placement letter sent	30
Review and place with 1st agency	30
Placed with 1st collection agency	365
2nd Pre-Collection email sent to student	30
SAO makes outbound calls	30
2nd Pre-Placement letter sent	30
Review and place with 2nd agency	30
Placed with 2nd collection agency	365
Pre write off letter is sent to student	30
Prepare account for write off	0
Account is written off	NA

Understanding your Students' Financial Situations

- **In order to truly understand someone's situation we must first avoid making assumptions**
  - **Our many years of experience make this a challenge**
- **Why does this matter?**
  - Assumptions can lead conversations down the wrong path and may lead to unnecessary frustrations such as:
    - Having to clarify information over and over
    - Multiple follow-up conversations
    - Unexpected responses
  - Can you think of a time when this happened to you?
- **We assume that when we speak our message is being understood just as we intended**
- **Remember: Students don't know what they don't know**

Understanding your Students' Financial Situations

- **Some common assumptions:**
  - **When a student is in school**
    - They know of all available funding options
    - They have explored all available options
    - They have informed their parents, etc. of their balance due
  - **When they are no longer in school**
    - They remember they have taken out loans that need to be repaid
    - They know to update their personal information
    - You know their financial situation
    - Their financial situation has not changed since you last spoke
    - They cannot make a payment (because they did not pay before, they lost their job, you know their EFC, etc.)

Understanding your Students' Financial Situations

- **What are some different funding options?**

  - ✓ Title IV (Grants and Loans)
  - ✓ Institutional awards
  - ✓ Sponsorship
  - ✓ Tuition assistance/reimbursement
  - ✓ Scholarships
  - ✓ State grants and loans
  - ✓ Loan from local bank
  - ✓ Inheritance
  - ✓ Savings account
  - ✓ 529 plan/Coverdell plan
  - ✓ Work study
  - ✓ Borrow money from a friend/family
  - ✓ Take out a personal loan
  - ✓ Loan from 401K
  - ✓ Second mortgage
  - ✓ Payment plan
  - ✓ Working while attending
  - ✓ GoFundMe
  - ✓ Cashing out bonds/investments
  - ✓ Loan consolidation/rehabilitation

How do we ensure students understand what we want them to understand?

Effective Questioning

- **Characteristics of effective questioning**
  - Meaningful
  - Understandable
  - Open-ended
    - Open ended questions can provide unplanned benefits. You might find out something you did not know which will allow you to ask more questions.
- **Characteristics of ineffective questioning**
  - Vague
  - Overloaded
  - Closed-ended
    - Valuable to ensure that someone heard you, but not that they understood
    - Where possible, rephrase in order to generate a response that encourages the student to repeat something you have said and provide an open ended response

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Active Listening

- **80/20 Rule**
  - Concentrate all your attention and energy on listening to what is being said
  - Focus on the student's:
    - Body language
    - Tone
    - Eye contact
    - Responsiveness

"The biggest communication problem is we do not listen to understand. We listen to reply" -Unknown

Active Listening

- **Some valuable active listening skills**
  - Don’t interrupt
  - Show you are paying attention
    - Write things down
    - Ask follow-up questions
    - Summarize what was said
    - Ignore distractions
  - Follow up with a summary of the conversation

Active Listening

- **What can you learn?**
  - Their current financial situation
  - Where they work
  - When they get paid
  - Who/what they support and pay for
  - Do they receive support
- **How will knowing these things be helpful?**

Make sure you write this information down and where appropriate, share with your colleagues

Positive Paraphrasing

- **What is it?**
- **Examples:**
  - I am unable to afford my monthly payment of $200 because I recently lost my job.
    - Restated: So what you are saying is, you would like to find a way to pay off your balance that works for your budget
  - I can't pay my bill today
    - I understand you are having difficulty affording your payment, let's discuss a payment plan that can work for you
- **Keys to success:**
  - Don'ts into dos, cant's into cans, wont's into wills, etc.
  - Understand that the words that you hear, may not mean what you think
- **What is the goal?**
  - To show students the path to paying their balance

Positive Paraphrasing

- **Let's practice together**
  - I can't afford to pay my tuition this semester so I need to take this semester off.
    - Restated: I have worked with students in your situation before. So what you are saying is that if we can find a way for you to pay your tuition you will be able to continue taking classes?
  - I have to take math this semester so I am going to drop out.
    - So what you are saying is that you have had challenges with math in the past and you are looking for a way to be more successful?
  - I am traveling overseas this semester so I can't continue
    - So what you are saying is that you are looking for a way to continue on with classes while you travel?

Collections vs. Counseling

- **What is the difference?**
- **Collections:**
  - "A request for money in order to help people or to pay for something important" -MW
- **Counseling:**
  - "Advice and support that is given to people to help them deal with problems, make important decisions, etc." –MW
- **Simpler Form:**
  - Collections: Working toward collecting an amount today
  - Counseling: Working toward a plan today
    - That includes a payment

Setting up a Budget

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Setting up a Budget

- **How can we help?**
  - **Well let's recap**
    - If we have been actively listening, we understand the student's situation, and we should have the student agreeing to or asking for help – now we can help them put together a plan.
- **Step 1:** Income vs expenses
  - Write it down
  - Utilize available resources
- **Step 2:** Prioritize
- **Step 3:** Make a plan that works
- **Step 4:** Follow-up to ensure follow through

Find a Payment Plan that Works

- **Build the payment plan <u>together</u>**
  - Building the payment plan together can gain commitment and show that you are also invested in the student's long term success
- **Provide positive reinforcement**
  - This can be as simple as a follow-up phone call when payment is made on time
- **Payment plans are not one size fits all**
  - Graduated repayment plans allow for student's to easily build a habit of paying
- **Be realistic and transparent**
  - $5 a month on a $10,000 balance is not going to help and is not an option

Find a Payment Plan that Works

- **Reinforce communication**
  - Losing contact with the student negates everything you have done up until this point
- **Make it easy to pay**
  - Students should understand where to go and what payment options are available. Can they pay using their smart phone or over the phone?
- **Get payment plans in writing**
  - A written document, even if you do not want to legally pursue the student, can encourage payment
- **Ensure consequences are known (without scaring the student away)**
  - Interest, fees, collections, collections costs
- **Encourage payment at the time the payment plan is initiated**

Takeaways and Best Practices

- Education is an investment
- Listen and then listen more
- Write it down
- Be empathetic not sympathetic
- Be imaginative and resourceful
- Rapport is critical
- Focus on coming up with detailed and individual plans
- Remember all of this hard work encourages students to pay
- Payment helps setup a pattern for future payments

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