### Delinquent Accounts and Notes Receivable Written Off in 2011

<table>
<thead>
<tr>
<th>Proposed Write-Off:</th>
<th>UHS</th>
<th>UH</th>
<th>UHCL</th>
<th>UHD</th>
<th>UHV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Grants &amp; Contracts</td>
<td>80,195.00</td>
<td></td>
<td>80,195</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Federal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>2,539,308.00</td>
<td>2,283,414</td>
<td>86,923</td>
<td>4,885</td>
<td>164,086</td>
</tr>
<tr>
<td>Tuition &amp; Fees</td>
<td>2,853,162.42</td>
<td>2,504,028</td>
<td>107,230</td>
<td>90,784</td>
<td>151,120</td>
</tr>
<tr>
<td>Sales &amp; Services</td>
<td>36,818.00</td>
<td>32,631</td>
<td></td>
<td>4,187</td>
<td></td>
</tr>
<tr>
<td>Grants &amp; Contracts</td>
<td>337,437.00</td>
<td></td>
<td>337,437</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Court Ordered Restitution</td>
<td>40.00</td>
<td></td>
<td></td>
<td></td>
<td>40</td>
</tr>
<tr>
<td><strong>Total Write Off</strong></td>
<td>$ 5,846,960</td>
<td>$ 5,237,745</td>
<td>$ 198,340</td>
<td>$ 95,669</td>
<td>$ 315,206</td>
</tr>
<tr>
<td>Write Offs against Allowance for Bad Debt</td>
<td>$ 5,542,912</td>
<td>$ 5,205,114</td>
<td>$ 111,417</td>
<td>$ 90,239</td>
<td>$ 136,142</td>
</tr>
<tr>
<td>Write Offs against Fund Balance</td>
<td>$ 304,048</td>
<td>$ 32,631</td>
<td>$ 86,923</td>
<td>$ 5,430</td>
<td>$ 179,064</td>
</tr>
<tr>
<td>Largest Single Write Off</td>
<td>$ 22,470</td>
<td>$ 22,470</td>
<td>$ 7,508</td>
<td>$ 5,741</td>
<td>$ 5,756</td>
</tr>
<tr>
<td># of Student Accounts Written Off</td>
<td>14,697</td>
<td>12,193</td>
<td>441</td>
<td>1,029</td>
<td>1,034</td>
</tr>
</tbody>
</table>

All UHS components, accounts and notes receivables, other than federal loan programs, are written off if more than two years past due and collection efforts have been exhausted.

Federal regulations do not permit the write-off of federal loans. Each campus has established a reserve for uncollectible federal loans to report receivables at a realistic asset value.
Uncollectible Receivables

Write-off Process

FY 2011
All accounts receivable to be written off are approved by the Board of Regents (BOR) of the University of Houston System.

- General Accounting will compile a list of all such accounts receivable for submission to the BOR.
- Accounts receivable are eligible for write-off once they have been outstanding for 720 days (two years).
- To be considered for write off, the department must demonstrate that adequate steps were taken to collect the amount due.

The write-off of an uncollected account is a bookkeeping entry only and does not relieve the debtor from financial responsibility to the university.

- Although the uncollected account has been removed from the books and records, the university may still have a claim against the debtor and may still seek legal remedy (e.g., sue for collection in a court of law).
- Therefore, it is the responsibility of each department to maintain adequate records regarding legal financial obligations (i.e., debts) owed to the university.
Types of Funds Written Off

Tuition, Fees, and Loans
- Student charges, UHS average bad debt is about 1%

Sales and Services
- Auxiliaries, UHS bad debt varies from year to year

Grants and Contracts
- Sponsored projects, UH average bad debt is about 0.5%

Note: Federal regulations do not permit the write-off of federal loans. Each campus has established a reserve for uncollectible federal loans to report receivables at a realistic asset value.
<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>FY2010</th>
<th>FY2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>$11,513,099</td>
<td>$5,846,960</td>
</tr>
<tr>
<td>Tuition, Fees, and Loans</td>
<td>$5,900,271</td>
<td>$5,392,510</td>
</tr>
<tr>
<td>Sales and Services</td>
<td>$5,546</td>
<td>$36,818</td>
</tr>
<tr>
<td>Contracts and Grants</td>
<td>$5,607,282</td>
<td>$417,632</td>
</tr>
</tbody>
</table>

Student Account Billing, Collection, and Write-Off Timeline

- 11/1/2009: Registration charges incurred
- 12/1/2009: Payment Due
- 1 Day Past Due: Hold on account, no registration, transcript or enrollment verification.
- 05/29/2010: 180 Days Past Due
- Reported to Texas State Warrant Hold Database
- 6/1/2010: Approx 181 Days Past Due
- Account sent to outside collection agency
- 1/5/2010: End of Semester
- Accounts identified for collection
- 03/1/2012: >730 Days Past Due
- Accounts identified for write-off
- 2/28/2013: Accounts submitted for write-off approval
FY2011 Student Write-Off by Type

- Tuition & Fees: $2,853,202
- Sales & Services: $36,818
- Loans: $2,539,308
FY2011 Write-Off of Tuition, Fees and Non-Federal Loans

- UHCL - $194,153
- UHD - $95,669
- UHV - $315,206
- UH - $4,787,482
We bill sponsors for:
the DIRECT COSTS (DC) associated with doing sponsored research,
and
the INDIRECT COSTS (IDC), the overhead we receive on sponsored research awards
<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Research Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$71,188,359</td>
</tr>
<tr>
<td>2008</td>
<td>$79,774,630</td>
</tr>
<tr>
<td>2009</td>
<td>$82,844,190</td>
</tr>
<tr>
<td>2010</td>
<td>$90,008,348</td>
</tr>
<tr>
<td>2011</td>
<td>$92,099,942</td>
</tr>
</tbody>
</table>
Why can’t we collect?
Reasons for Nonpayment of Research Invoices

- Expenses posted to award after final invoice or expiration of letter of credit
- Sponsor not invoiced or not invoiced correctly due to bad setup
- Sponsor invoiced but claims to not receive it
- Sponsor receives invoice after funds
- Sponsor receives invoice but fails to mistakes or misrouting
- Sponsor does not have funds to pay or ceasing operations or bankruptcy
- Sponsor rejects work or deliverables
- Sponsor funds withdrawn due to legal cuts
- Sponsor not responsive
UH Research Bad Debt by Sponsor Type

- Private-Profit: $376,406
- State Pass Through: $5,642
- Foundation: $12,500
- Federal Pass Through: $5,784
- Federal: $1,646
- University: $15,655
UH Research Bad Debt by College/Unit

- Division of Research - $268,602
- Engineering - $86,194
- Liberal Arts & Social Sciences - $42,906
- Natural Sciences & Mathematics - $7,430
- Pharmacy - $12,500