

Policy 4502
Debt Collection – Owed by Employees to the University

Date of Current Revision: October 2022
Responsible Officer: Assistant Vice President for Finance

1. PURPOSE

The purpose of this policy is to provide guidelines for James Madison University to collect all debts owed to it by its employees.

2. AUTHORITY

The Board of Visitors has been authorized by the Commonwealth of Virginia to govern James Madison University. See Code of Virginia § 23.1-1600; § 23.1-1301. The Board has delegated the authority to manage the university to the president.

STATE OR FEDERAL STATUTE AND/OR REGULATION

Code of Virginia 2.2-4800 et seq.
Section 40.1-2.1 of the Code exempts state agencies from Title 40.1 provisions, including 40.1-29.

3. DEFINITIONS

Debt

An amount or value owed to the university by the employee.

Employee

Any person employed in any capacity by the university, including part-time and full-time instructional faculty members, administrative & professional faculty members, staff members, students, wage employees, and any other individual receiving remuneration for services performed in an employment relationship with the university.

Withhold

To make a deduction from the amount of salary or wages normally paid by the university to the employee.

4. APPLICABILITY

This policy applies to all university employees. All debts owed to the university by employees are covered by the terms of this policy.

5. POLICY

It is the policy of the university to collect all debts owed to it by its employees. Such debts may include, but are not limited to the following:

- Parking fines
- Library fines
- Travel advances that have not been appropriately repaid
- Computer loans
- Advance payment by departments for work-related education or training when the employee is terminated prior to the completion of the course work or does not receive a passing grade
- Payroll advances or overpayments
- Inappropriate purchases made with university-provided Small Purchase Charge Card

6. PROCEDURES

- 6.1 The department requesting payment of a debt will notify the employee in writing of the amount owed, the nature of the debt, the date by which payment must be made, and that the payment will be deducted from the employee's pay if not paid by the stated date.
- 6.2 The employee may contest the alleged debt by submitting within ten business days a written statement to the department, challenging the validity of the debt. Upon receipt of such a challenge, the department head will contact the employee concerning the debt. At that time, the employee may present the department head with any appropriate documentation to indicate their reason for challenging the debt.
- 6.3 The department head has ten business days after contacting the employee to determine whether the debt is valid. If the department head determines that the debt is not valid, they will notify the employee that the notice of debt is withdrawn. If the department head determines that the debt is valid, they will notify the employee within ten business days after making his or her decision that the debt is valid. In this case, the department head will notify the employee of the new due date for payment and that the payment will be deducted from the employee's pay if not paid by the stated date.
- 6.4 The employee may file an appeal from the determination of the department head to the department head's immediate supervisor within five business days of receiving the notice of determination. The decision of the department head's supervisor is final.
- 6.5 The employee notification should allow at least 30 days following the challenge procedures above prior to filing the paperwork necessary to effect the deduction from pay.
- 6.6 In the event payment is not received by the stated date, the responsible department will submit to the Payroll Department written directions to withhold the amount owed from the employee's next paycheck. Deductions will be made from the employee's paycheck as appropriate and in compliance with wage and hour laws.
- 6.7 For individuals leaving university employment, all debts to the university must be resolved between the department owed and the employee. The department will arrange with the employee for settlement of any outstanding accounts.
- 6.8 If an individual leaves university employment without resolving university debt, the debt can be submitted to the University Business Office with appropriate documentation for

collection through a commercial collection agent and/or to the Commonwealth of Virginia debt set off program.

7. RESPONSIBILITIES

Employees are responsible for paying all debts to the university.

Department heads are responsible for notifying employees of debts owed to the university according to the procedures listed above. They are also responsible for processing challenges, contacting employees challenging the debts, determining the validity of debts, and notifying employees of their determination. Department heads are also responsible for submitting the appropriate directions to the Payroll Department to effect withholding from an employee's pay.

Supervisors of department heads responsible for collecting the debts are responsible for making final decisions in cases where a debt determination is appealed.

The Payroll Office is responsible for deducting the appropriate amount from the paycheck of an employee when it receives a written direction from the department responsible for collecting the debt.

Human Resources will inform applicable departments of the employee's separation so those departments can settle any outstanding accounts.

The assistant vice president for finance is responsible for monitoring the debt collection practices and procedures at the university.

All departments, offices, and employees that generate, receive, or maintain public records under the terms of this policy are also responsible for compliance with Policy [1109](#) - Records Management.

8. SANCTIONS

Sanctions will be commensurate with the severity and/or frequency of the offense and may include termination of employment.

9. EXCLUSIONS

This policy does not apply to independent contractors, students who are not employed by the university, or other debts to the university.

The university has a separate appeals process related to the collection of parking fines. This is detailed in Policy [3107](#); however, collection procedures as detailed in this policy apply to parking fines.

10. INTERPRETATION

Authority to interpret this policy rests with the president and is generally delegated to the assistant vice president for finance.

Previous version: December 2020

Approved by the president: April 2002