

Payment Terms FAQ-Sept 2024

Our default payment terms changed in 2017 from 30 days to 45 days on all suppliers (not students, employees or refunds) and new contracts. Existing contracts will be honored and will be updated at renewal. Other suppliers will be notified as they are onboarded or brought over from MyJob. There are exceptions to every rule, and we will work with situations as they come. Please remember, Payment Terms are determined by the Purchasing Department and NOT the department hiring them.

Why is MU doing this and who does it affect?

- It is the university's goal to provide consistent and fair payment terms for all our suppliers while maximizing cash flow.
- Extending payment terms helps MU financially (been paying "too fast" according to benchmarking)
- Affects suppliers; not students, employees, refunds

What is the benefit?

- Increasing terms will benefit our financial position-for every \$1M, MU will gain ~\$800-900 per the extended float (\$800 x \$50M = ~\$40k/yr.) For every \$50M we pay at Net45 instead of immediate, we gain ~\$40,000.

What about small businesses or individuals?

- There are exceptions to every rule and if a small supplier extends their credit for large amounts of materials, we will consider a different payment schedule. (These exceptions are reviewed and at the discretion of the Purchasing Department).
- We do have the option to pay faster and receive a discount (2%/21 NET45) or in limited instances Net 15. Some (independent contractors and small local businesses, at the discretion of the purchasing department).
- Virtual Pay is relatively new and requires TIMELY RECEIVING and INVOICE APPROVAL for the discount. (Net 15 pay terms with payment via Virtual Pay Card) There is a fee to the supplier for choosing VP.
- Requests will be taken by the purchasing department on an individual basis (Purchasing@marquette.edu)

How does MU compare to others?

- According to a query of AJCU schools, ~1/3 doing what we are going; ~1/3 have Net30 and ~1/3 aren't doing anything
- This is commonplace in other industries and NET45

How can I help?

- Review any quote or proposed contract documents for payment terms and notify the supplier of our NET45 payment terms early in the discussion or reach out to Purchasing for a lesser payment term.
- Before you start doing business with a company, point the firm to our external purchasing page <http://www.marquette.edu/vendors/vendor/business.shtml> and our terms and conditions indicate NET45.
- Be an advocate and if you have any questions from the suppliers, you can send to purchasing@marquette.edu