

**SOUTH DAKOTA BOARD OF REGENTS**

**Budget and Finance**  
**Consent**

**AGENDA ITEM: 5 – V**  
**DATE: December 11-12, 2024**

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**SUBJECT**

**Student Accounts Receivable Report**

**CONTROLLING STATUTE, RULE, OR POLICY**

[BOR Policy 5.5](#) – Tuition and Fees General Procedures

[BOR Policy 5.21](#) – System Collection Policy

[SDCL 1-55](#) – Obligation Recovery Center

[ARSD 10:11](#) – Obligation Recovery Center

**BACKGROUND / DISCUSSION**

A report on outstanding student receivables is presented to the Board annually. While debt can be taken off the books, the debt remains on the students’ record indefinitely. It should be noted that the receivables represent less than 1% of total student revenues for years FY18 through FY24. According to a NACUBO 2023 survey, the average dollar amount invoiced outstanding at the end of FY23 was 4.2%.

There are a number of reasons a student might owe the institution money, and the account would go into collection. Not all students have their financial aid in place when they start school. Students may be admitted assuming they will have sufficient aid or family contribution, and in the end, they are short. Students who pay the majority of their bill are usually retained, but if they do not return the next term, they may end up with an amount due. Students who incur fines and fees throughout the semester may not have funds to pay until the following semester. Again, if they do not return the following term, they end up owing money. There are many circumstances that arise, and the campuses have discretion to manage the exceptions.

A common way to gauge receivables is to compare them with the total dollars collected. The BOR institutions have good collection rates with receivables no higher than two percent for the fiscal years reported, including the latest concluded fiscal year. The overall outstanding receivables rate for the five-year period is 0.48% of total student revenues. The table attached identifies the total amounts uncollected for FY2020 through FY2024 and prior as of the end of fiscal year 2024. The receivables amount includes all student debt and includes amounts that have been written off.

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**INFORMATIONAL ITEM**

### Student Accounts Receivable Activity

Throughout the year the universities use in-house collections, third-party collection agencies for older accounts, and the services of the Obligation Recovery Center (ORC) to collect outstanding student receivables. BOR 5:21, System Collection Policy, provides that when in-house and Obligation Recovery Center (ORC) collection efforts are exhausted and the account is at least two years delinquent, the account will be submitted to the South Dakota Board of Finance for write-off. Note that the bad debt accounts are written off the financial statements while the receivable remains on the student's account in Student Banner with a HOLD marker.

The period in which institutions submit requests to the Board of Finance varies. The institutions usually submit write-offs annually.

The table in Attachment I shows the dollar amount of receivables the campuses have written off for the years presented as of 6/30/24. The amounts written off represent less than 1% of the total charges for the fiscal years 2019 through 2024.

### Obligation Recovery Center Activity

BOR 5:21, System Collection Policy, provides that when in-house collections have been exhausted, accounts under \$250 may be referred and accounts over \$250 shall be referred to the State of South Dakota's Obligation Recovery Center (ORC) for collection. Attachment II summarizes the activity with ORC for the past two fiscal years. ORC has collected 27.17% of the debt they are holding as of 6/30/2024.

The ORC was created to be a central repository for the collection of debts owed to any agency or department of the State of South Dakota. The center works to collect those bad debts and determines the appropriate method of collection through powers granted by codified law. For debt equal to or greater than \$1,000, the center shall provide notice to the licensing agency that the debtor may not renew, obtain, or maintain any motor vehicle registration, motorcycle registration, boat registration, or driver license unless the debt and cost recovery fee is paid in full or the debtor has entered into a payment plan and the plan remains current. For debt equal to or greater than \$50, the center shall provide notice to the licensing agency that the debtor may not obtain any hunting or fishing license, or state park or camping permit unless the debt and cost recovery fee is paid in full, or the debtor has entered into a payment plan and the plan remains current.

## **IMPACT AND RECOMMENDATIONS**

The BOR institutions have particularly good collection rates. The overall outstanding system receivables for the four-year period of FY19 – FY24 is 0.48% of total student charges.

## **ATTACHMENTS**

Attachment I – Student Charges and Outstanding Balances thru FY24

Attachment II – FY23-FY24 BOR Activity with ORC



6/30/2024	BHSU		DSU		NSU		SDSMT		SDSU		USD		Total SDBOR	
	# Accts	Total	# Accts	Total	# Accts	Total	# Accts	Total	# Accts	Total	# Accts	Total	# Accts	Total
Debts Referred	156	\$ 237,471	110	\$ 255,077	61	\$ 95,976	20	\$ 12,358	346	\$ 1,087,905	328	\$ 870,315	1,021	\$ 2,559,102
Debts Recalled	50	\$ 12,413	14	\$ 29,117	60	\$ 6,069	23	\$ 49,911	215	\$ 551,712	198	\$ 461,824	560	\$ 1,111,046
Debts Adjusted	499	\$ (7,630)	388	\$ 21,294	218	\$ 3,350	95	\$ (6,537)	916	\$ 20,883	1,037	\$ (1,444)	3,153	\$ 29,916
Debts Closed - Deceased	-	\$ -	1	\$ 359	-	\$ -	-	\$ -	-	\$ -	-	\$ -	1	\$ 359
Debts Closed - Bankrupt	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
Debts Closed - Paid in Full	82	\$ 161,127	85	\$ 154,950	44	\$ 58,807	32	\$ 40,710	181	\$ 431,277	218	\$ 438,705	642	\$ 1,285,576
Payments - Received	1,277	\$ 204,101	968	\$ 163,354	468	\$ 66,766	209	\$ 42,762	2,207	\$ 498,817	2,409	\$ 454,797	7,538	\$ 1,430,597
Payments - Returned	-	\$ -	1	\$ (306)	-	\$ -	-	\$ -	-	\$ -	-	\$ -	1	\$ (306)
Payments - Net	1,277	\$ 204,101	969	\$ 163,048	468	\$ 66,766	209	\$ 42,762	2,207	\$ 498,817	2,409	\$ 454,797	7,539	\$ 1,430,291
Payment Agreements Established	240	\$ 342,267	166	\$ 243,735	102	\$ 102,027	42	\$ 63,203	436	\$ 872,148	491	\$ 850,962	1,477	\$ 2,474,342
<b>Total outstanding balances as of 6/30/24</b>	<b>808</b>	<b>\$ 1,547,412</b>	<b>613</b>	<b>\$ 1,237,310</b>	<b>318</b>	<b>\$ 468,327</b>	<b>194</b>	<b>\$ 339,015</b>	<b>1,271</b>	<b>\$ 3,668,591</b>	<b>1,274</b>	<b>\$ 2,965,489</b>	<b>4,478</b>	<b>\$ 10,226,144</b>

6/30/2023	BHSU		DSU		NSU		SDSMT		SDSU		USD		Total SDBOR	
	# Accts	Total	# Accts	Total	# Accts	Total	# Accts	Total	# Accts	Total	# Accts	Total	# Accts	Total
Debts Referred	138	\$ 352,421	148	\$ 354,313	85	\$ 133,921	59	\$ 107,140	425	\$ 1,198,227	383	\$ 961,553	1,238	\$ 3,107,574
Debts Recalled	13	\$ 40,725	18	\$ 21,258	142	\$ 194,591	8	\$ 50,385	55	\$ 219,626	219	\$ 494,256	455	\$ 1,020,840
Debts Adjusted	626	\$ 7,654	276	\$ 22,397	155	\$ 6,291	132	\$ (3,648)	843	\$ 28,909	918	\$ 5,304	2,950	\$ 66,907
Debts Closed - Deceased	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
Debts Closed - Bankrupt	-	\$ -	1	\$ 6,371	-	\$ -	-	\$ -	-	\$ -	2	\$ 4,095	3	\$ 10,466
Debts Closed - Paid in Full	88	\$ 166,150	60	\$ 98,742	37	\$ 33,977	50	\$ 79,676	156	\$ 388,918	149	\$ 310,055	540	\$ 1,077,517
Payments - Received	980	\$ 196,625	635	\$ 124,086	331	\$ 47,255	194	\$ 56,699	1,489	\$ 422,420	1,843	\$ 399,592	5,472	\$ 1,246,677
Payments - Returned	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	3	\$ (8,583)	3	\$ (8,583)
Payments - Net	980	\$ 196,625	635	\$ 124,086	331	\$ 47,255	194	\$ 56,699	1,489	\$ 422,420	1,840	\$ 391,008	5,469	\$ 1,238,094
Payment Agreements Established	242	\$ 368,831	154	\$ 262,390	82	\$ 104,192	63	\$ 86,613	376	\$ 800,557	486	\$ 816,732	1,403	\$ 2,439,314
<b>Total outstanding balances as of 6/30/23</b>	<b>665</b>	<b>\$ 1,546,037</b>	<b>545</b>	<b>\$ 1,184,980</b>	<b>270</b>	<b>\$ 504,507</b>	<b>164</b>	<b>\$ 375,931</b>	<b>1,205</b>	<b>\$ 3,686,462</b>	<b>1,183</b>	<b>\$ 3,097,819</b>	<b>4,032</b>	<b>\$ 10,395,736</b>