SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance Consent

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

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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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

USD	1990 / Spring 2017	Balance as of 6/30/2020 \$ 3,252,185	FY 20 % Outstanding from FY Charges n/a	Balance as of 6/30/2021 \$ 3,080,096	FY 21 % Outstanding from FY Charges n/a	Balance as of 6/30/2022 \$ 2,967,474	FY 22 % Outstanding from FY Charges n/a	Balance as of 6/30/2023 \$ 2,898,151	FY 23 % Outstanding from FY Charges n/a	Write/off Balance included in 6/30/2023 balance \$ 1,651,205	ORC Balance included in 6/30/2023 balance \$ 1,191,798	Balance as of 6/30/2024 \$ 2,820,267	FY 24 % Outstanding from FY Charges	Write/off Balance included in 6/30/2024 balance \$ 2,035,641	ORC Balance included in 6/30/2024 balance \$ 788,586
	Summer 2018 / Spring 2019 / FY19 Summer 2019 / Spring 2020 / FY20 Summer 2020 / Spring 2021 / FY21 Summer 2021 / Spring 2022 / FY22 Summer 2022 / Spring 2023 / FY23 Summer 2023 / Spring 2024 / FY24	\$ 560,831 \$ 1,085,208 \$ 4,898,224	0.512% 1.038%	\$ 447,448 \$ 473,383 \$ 1,321,914 \$ 5,322,841	0.409% 0.453% 1.279%	\$ 411,351 \$ 372,810 \$ 631,289 \$ 978,838 \$ 5,361,762	0.376% 0.357% 0.611% 0.939%	\$ 382,958 \$ 321,575 \$ 510,936 \$ 524,002 \$ 1,090,788 \$ 5,728,411	0.350% 0.308% 0.494% 0.502% 1.016%	\$ 207 \$ 104 \$ 1,651,516	\$ 368,253 \$ 335,978 \$ 490,089 \$ 481,200 \$ 230,502 \$ 3,097,819	\$ 346,770 \$ 292,628 \$ 420,631 \$ 409,654 \$ 435,910 \$ 1,201,988 \$ 5,927,846	0.317% 0.280% 0.407% 0.393% 0.406% 1.080%	\$ 11,303 \$ 3,143 \$ 1,550 \$ 80	\$ 331,994 \$ 308,782 \$ 421,694 \$ 402,626 \$ 398,418 \$ 313,388 \$ 2,965,489
SDSU	1990 / Spring 2017 Summer 2018 / Spring 2019 / FY19 Summer 2019 / Spring 2020 / FY20 Summer 2020 / Spring 2021 / FY21 Summer 2021 / Spring 2022 / FY22	Balance as of 6/30/2020 \$ 3,208,270 \$ 631,066 \$ 1,904,100	FY 20 % Outstanding from FY Charges n/a 0.439% 1.416%	Balance as of 6/30/2021 \$ 2,919,411 \$ 477,844 \$ 726,058 \$ 1,597,702	FY 21 % Outstanding from FY Charges n/a 0.332% 0.540% 1.176%	Balance as of 6/30/2022 \$ 2,801,595 \$ 399,359 \$ 555,115 \$ 716,254 \$ 1,639,929	FY 22 % Outstanding from FY Charges n/a 0.278% 0.413% 0.527% 1.171%	Balance as of 6/30/2023 \$ 2,702,850 \$ 355,078 \$ 452,279 \$ 571,967 \$ 751,339		Write/off Balance included in 6/30/2023 balance \$ 917,209 \$ 2,704 \$ 305 \$ 3,333	ORC Balance included in 6/30/2023 balance \$ 1,657,470 \$ 334,302 \$ 412,959 \$ 522,419 \$ 522,419 \$ 521,379	Balance as of 6/30/2024 \$ 2,619,196 \$ 326,905 \$ 406,205 \$ 475,289 \$ 532,997		\$ 3,329 \$ 221	ORC Balance included in 6/30/2024 balance \$ 1,205,998 \$ 313,489 \$ 382,949 \$ 461,779 \$ 472,600
	Summer 2022 / Spring 2023 / FY23 Summer 2023 / Spring 2024 / FY24	\$ 5,743,436		\$ 5,721,015		\$ 6,112,254	1.1/1%	\$ 1,340,437 \$ 6,173,949	0.946%	\$ 923,550	\$ 237,934	\$ 532,997 \$ 401,029 \$ 927,313 \$ 5,688,935	0.283% 0.631%	\$ 1,394,101	\$ 324,970 \$ 506,806
DSU	1990 / Spring 2017 Summer 2018 / Spring 2019 / FY19 Summer 2019 / Spring 2020 / FY20 Summer 2020 / Spring 2021 / FY21 Summer 2021 / Spring 2022 / FY22 Summer 2022 / Spring 2023 / FY23 Summer 2023 / Spring 2024 / FY24	Balance as of 6/30/2020 \$ 1,115,665 \$ 148,029 \$ 215,138	FY 20 % Outstanding from FY Charges n/a 0.531% 0.766%	Balance as of 6/30/2021 \$ 1,048,932 \$ 123,289 \$ 114,481 \$ 397,792	FY 21 % Outstanding from FY Charges n/a 0.442% 0.407% 1.399%	Balance as of 6/30/2022 \$ 1030,071 \$ 114,291 \$ 90,540 \$ 195,253 \$ 546,644 \$ 1,976,799	FY 22 % Outstanding from FY Charges n/a 0.410% 0.322% 0.687% 1.883%	Balance as of 6/30/2023 \$ 1,006,301 \$ 105,507 \$ 80,582 \$ 163,762 \$ 186,152 \$ 598,690	0.378% 0.287% 0.576% 0.641% 1.997%	Write/off Balance included in 6/30/2023 balance \$ 380,157	ORC Balance included in 6/30/2023 balance \$ 102,842 \$ 107,360 \$ 144,341 \$ 131,098 \$ 150,787	Balance as of 6/30/2024 \$ 9979,812 \$ 99,710 \$ 68,411 \$ 140,591 \$ 127,658 \$ 253,241 \$ 291,115 \$ 1,960,538	FY 24 % Outstanding from FY Charges n/a 0.358% 0.243% 0.495% 0.440% 0.845% 0.915%		ORC Balance included in 6/30/2024 balance \$ 513,037 \$ 97,045 \$ 95,249 \$ 121,246 \$ 122,666 \$ 61,805 \$ 1,237,310
NSU	1990 / Spring 2017 Summer 2018 / Spring 2019 / FY19 Summer 2019 / Spring 2020 / FY20 Summer 2020 / Spring 2021 / FY21 Summer 2021 / Spring 2022 / FY22 Summer 2022 / Spring 2023 / FY23 Summer 2022 / Spring 2024 / FY24	Balance as of 6/30/2020 \$ 1,000,973 \$ 104,012 \$ 150,883	FY 20 % Outstanding from FY Charges n/a 0.511% 0.804%	Balance as of 6/30/2021 \$ 941,344 \$ 82,546 \$ 57,477 \$ 170,658	FY 21 % Outstanding from FY Charges n/a 0.405% 0.306% 0.911%	Balance as of 6/30/2022 \$ 918,110 \$ 69,480 \$ 48,413 \$ 103,001 \$ 138,647	FY 22 % Outstanding from FY Charges n/a 0.341% 0.258% 0.550% 0.712%	Balance as of 6/30/2023 \$ 906,036 \$ 66,528 \$ 38,692 \$ 79,799 \$ 81,370 \$ 150,068	0.813%	\$ 382	ORC Balance included in 6/30/2023 balance \$ 192,416 \$ 66,443 \$ 34,905 \$ 75,230 \$ 74,803 \$ 60,710	Balance as of 6/30/2024 \$ 894,455 \$ 58,998 \$ 29,582 \$ 50,927 \$ 66,862 \$ 76,558 \$ 174,058	FY 24 % Outstanding from FY Charges n/a 0.290% 0.158% 0.272% 0.343% 0.415% 0.926%	\$ 1,211 \$ 603 \$ 3,473 \$ 462	ORC Balance included in 6/30/2024 balance \$ 141,126 \$ 58,549 \$ 58,848 \$ 58,848 \$ 59,823 \$ 58,788
SDSMT	1990 / Spring 2017 Summer 2018 / Spring 2019 / FY19 Summer 2019 / Spring 2020 / FY20	\$ 1,255,867 Balance as of 6/30/2020 \$ 505,670 \$ 78,906 \$ 254,916	FY 20 % Outstanding from FY Charges n/a 0.212% 0.733%	\$ 1,252,024 Balance as of 6/30/2021 \$ 463,624 \$ 63,571 \$ 123,099	FY 21 % Outstanding from FY Charges n/a 0.171% 0.354%	\$ 1,277,650 Balance as of 6/30/2022 \$ 442,487 \$ 85,499 \$ 92,207	FY 22 % Outstanding from FY Charges n/a 0.230% 0.265%	\$ 1,322,492 Balance as of 6/30/2023 \$ 433,180 \$ 32,099 \$ 83,244	FY 23 % Outstanding from FY Charges n/a 0.086% 0.239%	Write/off Balance included in 6/30/2023 balance \$ 313,271	ORC Balance included in 6/30/2023 balance \$ 113,668 \$ 31,877 \$ 83,025	Balance as of 6/30/2024 \$ 426,363 \$ 30,717 \$ 72,790	FY 24 % Outstanding from FY Charges n/a 0.082% 0.209%	Write/off Balance included in 6/30/2024 balance \$ 340,847	ORC Balance included in 6/30/2024 balance \$ 117,987 \$ 30,494 \$ 72,283
	Summer 2020 / Spring 2021 / FY21 Summer 2021 / Spring 2022 / FY22 Summer 2022 / Spring 2023 / FY23 Summer 2023 / Spring 2024 / FY24	\$ 839,492		\$ 246,237	0.769%	\$ 57,474 \$ 114,552 \$ 792,219	0.179% 0.328%	\$ 63,393 \$ 58,649 \$ 176,575 \$ 847,140	0.198% 0.168% 0.504%	\$ 313,271	\$ 61,188 \$ 42,381 \$ 43,792 \$ 375,931	\$ 51,155 \$ 34,988 \$ 78,804 \$ 137,362 \$ 832,180	0.160% 0.100% 0.225% 0.389%	\$ 340,847	\$ 50,213 \$ 33,140 \$ 33,307 \$ 1,591 \$ 339,015
внѕи	1990 / Spring 2017 Summer 2018 / Spring 2019 / FY19 Summer 2019 / Spring 2020 / FY20	Balance as of 6/30/2020 \$ 1,717,959 \$ 228,453 \$ 554,742	FY 20 % Outstanding from FY Charges n/a 0.778% 1.974%	Balance as of 6/30/2021 \$ 1,658,988 \$ 186,842 \$ 304,891	FY 21 % Outstanding from FY Charges n/a 0.636% 1.085%	Balance as of 6/30/2022 \$ 1,574,702 \$ 158,818 \$ 245,713	FY 22 % Outstanding from FY Charges n/a 0.541% 0.874%	Balance as of 6/30/2023 \$ 1,543,731 \$ 158,895 \$ 197,386	FY 23 % Outstanding from FY Charges n/a 0.541% 0.702%	Write/off Balance included in 6/30/2023 balance \$ 866,496	ORC Balance included in 6/30/2023 balance \$ 602,337 \$ 115,963 \$ 176,063	\$ 151,654	FY 24 % Outstanding from FY Charges n/a 0.516% 0.641%		ORC Balance included in 6/30/2024 balance \$ 574,572 \$ 111,676 \$ 163,874
	Summer 2020 / Spring 2021 / FY21 Summer 2021 / Spring 2022 / FY22 Summer 2022 / Spring 2023 / FY23 Summer 2023 / Spring 2024 / FY24	\$ 2,501,154		\$ 745,852 \$ 2,896,572	2.738%	\$ 372,495 \$ 493,600 \$ 2,845,328	1.367% 1.858%	\$ 302,922 \$ 203,786 \$ 449,496 \$ 2,856,216	1.112% 0.767% 1.718%	\$ 866,496	\$ 307,524 \$ 213,569 \$ 130,581	\$ 256,156 \$ 150,139 \$ 156,032 \$ 551,570	0.940% 0.565% 0.596% 2.097%		\$ 269,706 \$ 171,914 \$ 128,851 \$ 126,819
SDBOR	1990 / Spring 2017 Summer 2018 / Spring 2019 / FY19	Balance as of 6/30/2020 \$ 10,800,722 \$ 1,751,296	FY 20 % Outstanding from FY Charges n/a 0.476%	Balance as of 6/30/2021 \$ 10,112,395 \$ 1,381,540	FY 21 % Outstanding from FY Charges n/a 0.375%	Balance as of 6/30/2022 \$ 9,734,438 \$ 1,238,798	FY 22 % Outstanding from FY Charges n/a 0.337%	Balance as of 6/30/2023 \$ 9,490,248 \$ 1,101,065	FY 23 % Outstanding from FY Charges n/a 0.299%	Write/off Balance included in 6/30/2023 balance \$ 4,752,269 2,703.80	ORC Balance included in 6/30/2023 balance \$ 4,306,240 \$ 1,019,679	Balance as of 6/30/2024 \$ 9,237,647 \$ 1,014,753	FY 24 % Outstanding from FY Charges n/a 0.276%		ORC Balance included in 6/30/2024 balance \$ 3,341,305 \$ 943,249
	Summer 2019 / Spring 2020 / FY20 Summer 2020 / Spring 2021 / FY21 Summer 2021 / Spring 2022 / FY22 Summer 2022 / Spring 2023 / FY23 Summer 2022 / Spring 2024 / FY24	\$ 4,164,987	1.194%	\$ 1,381,540 \$ 1,799,388 \$ 4,480,155 \$ - \$ - \$ - \$ 17,773,478	0.375% 0.516% 1.296%	\$ 1,236,786 \$ 1,404,799 \$ 2,075,767 \$ 3,912,211 \$ - \$ -	0.403% 0.403% 0.600% 1.104%	\$ 1,101,065 \$ 1,173,758 \$ 1,692,778 \$ 1,805,299 \$ 3,806,054 \$ - \$ 19,069,202	0.299% 0.337% 0.490% 0.509% 1.061% 0.000%		\$ 1,150,289 \$ 1,600,792 \$ 1,464,430 \$ 854,305 \$ -	\$ 1,049,596 \$ 1,394,748 \$ 1,322,298 \$ 1,401,575 \$ 3,283,406 \$ 18,704,024	0.276% 0.301% 0.403% 0.373% 0.391% 0.886%	\$ 12,126 \$ 10,132 \$ 2,045 \$ 80	\$ 1,049,970 \$ 1,383,486 \$ 1,265,901 \$ 1,173,036 \$ 1,069,197

6/30/2024	BHSU			DSU			NSU			SDSMT				U			Total SDBOR				
6/30/2024	# 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	-	\$	-	-	9	-	-	\$	-	-	\$	-	1	\$	359
Debts Closed - Bankrupt	-	\$	-	-	\$	-	-	\$	-	-	9	-	-	\$	-	-	\$	-	-	\$	-
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)	-	\$	-	-	9	-	-	\$	-	-	\$	-	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
Total outstanding balances as of 6/30/24	808	\$	1,547,412	613	\$	1,237,310	318	\$	468,327	194	\$	339,015	1,271	\$	3,668,591	1,274	\$	2,965,489	4,478	\$	10,226,144

c /20 /2022	BHSU			DSU			NSU			SDSMT				U)	Total SDBOR				
6/30/2023	# 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
Total outstanding																					
balances as of 6/30/23	665	\$	1,546,037	545	\$	1,184,980	270	\$	504,507	164	\$	375,931	1,205	\$	3,686,462	1,183	\$	3,097,819	4,032	\$	10,395,736