

ACADEMIC AFFAIRS COUNCIL

AGENDA ITEM: 3 – F

DATE: September 1-2, 2020

SUBJECT

Delinquent Accounts and Holds

CONTROLLING STATUTE, RULE, OR POLICY

[BOR Policy 5:21](#) – System Collection Policy

BACKGROUND / DISCUSSION

An institution has brought forward a proposal to revise the threshold from \$250 to \$500 on delinquent accounts and holds as stated in Board Policy 5:21.

Currently, the following two provisions exist in Section 2 of Policy 5:21:

2.1.1. Accounts that are less than \$250 shall be handled using in-house collection procedures, which shall consist of a minimum of three contacts to the debtor, with at least two of them being in writing. Debtors shall be responsible for all collection fees incurred where permitted under law.

2.2.1. Accounts that are \$250 or more shall be handled using in-house collection procedures, which shall consist of a minimum of three contacts to the debtor, with at least two of them being in writing, one by registered mail. The collection process on accounts \$250 or more shall be completed within 180 days from the date the account became delinquent. Debtors shall be responsible for all collection fees incurred where permitted under law.

The Board previously raised this threshold on the recommendation of AAC (see [August 2016](#) item) and BAC to \$250 from \$50 at the [December 2016](#) meeting.

IMPACT AND RECOMMENDATION

The institution requesting consideration indicates this proposal has strong support on campus. From their perspective, the current threshold of \$250 delays registration and affects semester planning.

AAC should be prepared to discuss this policy proposal and any implications. If AAC representatives are supportive of the proposal, then campus discussions need to occur between AAC representatives and Business Affairs Council (BAC) representatives; BAC will ultimately lead this discussion.

ATTACHMENTS

Attachment I – BOR Policy 5:21 – Delinquent Accounts and Holds

DISCUSSION AND RECOMMENDATION

SOUTH DAKOTA BOARD OF REGENTS**Policy Manual****SUBJECT:** System Collection Policy**NUMBER:** 5:21

A. PURPOSE

To establish the collection procedures for student, employee, vendor and customer receivables.

B. DEFINITIONS

None

C. POLICY

Standard collection procedure shall be used for student, employee, vendor and customer receivables including, but not limited to, tuition and fees, institutional student loans, traffic fines, library fines, daycare, housing fines, student health and other student charges of whatever kind or character; except that student obligations arising from participation in federal student financial aid programs shall be collected in the manner specified under federal regulation.

1. Delinquent Accounts and Holds

A commercial or vendor account shall become delinquent 45 days after the established due date. A student account shall become delinquent when a balance remains after the established deadlines. The debtor shall be informed that if the account is not satisfied in full or appropriate arrangements made by the due date, the account shall be referred to collections and will be subject to late fees.

- 1.1. All student accounts with an accounts receivable (AR) balance of \$250 or more shall have a hold placed on their account as soon as it becomes delinquent. The hold will stop a student from registering, adding or dropping classes, or obtaining an official transcript from the institution.
- 1.2. All student accounts with an accounts receivable balance less than \$250 shall have a hold placed on them when the student is no longer enrolled at the university or when the debt is over 180 days delinquent.
- 1.3. A hold shall not be removed until the account is satisfied in full. The institution recognizing the receivable may exercise discretion and override the hold upon consultation with the other institution.
- 1.4. The hold shall remain on a debtor's record even after the account is written-off, which shall stop the debtor from receiving services from the institution until the debt is satisfied.

- 1.5. For all commercial or vendor accounts that become delinquent, the university shall discontinue their services until accounts are paid in full.

2. Collection of Student, Commercial or Vendor Debt

- 2.1. Collection of student, commercial or vendor accounts that are less than \$250 shall proceed according to the following schedule:
 - 2.1.1. Accounts that are less than \$250 shall be handled using in-house collection procedures, which shall consist of a minimum of three contacts to the debtor, with at least two of them being in writing. Debtors shall be responsible for all collection fees incurred where permitted under law.
 - 2.1.2. When in-house collection efforts are exhausted, the account may be referred to the State of South Dakota's Obligation Recovery Center.
 - 2.1.3. When collection efforts are exhausted and the account is at least two years delinquent, the account will be submitted to the Board of Finance to be written off in accordance with procedures established by the Board of Finance.
- 2.2. Collection of Student, Commercial or Vendor Accounts that are \$250 or more shall proceed according to the following schedule:
 - 2.2.1. Accounts that are \$250 or more shall be handled using in-house collection procedures, which shall consist of a minimum of three contacts to the debtor, with at least two of them being in writing, one by registered mail. The collection process on accounts \$250 or more shall be completed within 180 days from the date the account became delinquent. Debtors shall be responsible for all collection fees incurred where permitted under law.
 - 2.2.2. When an account is not in repayment or in-house collection efforts are exhausted, the account shall be referred to the State of South Dakota's Obligation Recovery Center for collection efforts.
 - 2.2.3. When the collection efforts by the Obligation Recovery Center have been exhausted and the debt has been referred back to the university, it will be submitted to the Board of Finance for write-off in accordance with procedures established by the Board of Finance.

3. Employee Debt Collection

Employee debts to their institutions may be satisfied through voluntary or involuntary deductions from salary, or they may be referred to a collection agency.

- 3.1. Employees shall be billed for debts to their employers in the same manner as others who owe monies to the employing institution.
- 3.2. Where employees fail to respond to demands for payment, an institution may refer the matter to a collection agency.
- 3.3. Employers may use involuntary salary deductions following these steps:
 - Notify the debtor-employee that his or her monthly salary shall be reduced to cover the amount owed plus interest beginning with the salary earned during the month following that in which the notice is sent.

- The notice sent to debtor-employees shall fix a time for an informal meeting between the institution's chief financial officer or that person's designee and the employee to discuss the debt and its resolution.
 - The meeting shall be scheduled no later than ten working days prior to the date of the first deduction.
 - If the debtor-employee contacts the institution in response to such notice, the institution may work out mutually acceptable terms for the use of salary deductions to repay all sums owed.
 - If the debtor-employee fails to respond to the notice, or if no mutually acceptable agreement is reached, the institution may recoup its claim from the debtor-employee's salary beginning with the installment payable for services provided during the month following that in which the notice was sent.
- 3.3.1. Deduction from salary may be in such amounts needed to satisfy the debtor-employee's obligations to the institution; provided that the deductions from salary shall comply with the priorities and limitations on deductions from wages established by [SDCL 21-18](#).
 - 3.3.2. Debtor-employees may challenge such deductions under grievance procedures established in Board policy or, where pertinent, collective bargaining agreements.
 - 3.3.3. If an employee succeeds in showing the deduction to have been improper, the institution shall make a lump sum payment of the amount deducted, plus 4% annual interest ([Category E Rate SDCL 54-3-16](#)) from the time of the deduction.

4. Late Fees

Late fees established by the Board may be assessed against delinquent accounts or interest may be assessed on delinquent accounts at the category F rate specified in [SDCL 54-3-16](#).

FORMS / APPENDICES:

None

SOURCE:

BOR December 1995; May 1996; June 2001; May 2003; March 2006; December 2010; May 2012; December 2015; December 2016; June 2018.