SOUTH DAKOTA BOARD OF REGENTS

Policy Manual

SUBJECT: System Collection Policy

NUMBER: 5:21

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1. System Collection Procedure

The following system collection procedure shall be used for student, employee, 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.

A. 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 handled as follows:

1) All student accounts with an accounts receivable (AR) balance of $250 or more shall have a HOLD placed on them as soon as they become delinquent. The hold will stop a student from registering, adding or dropping classes, or obtaining an official transcript from the institution. The 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.

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

B. Collection of student, commercial or vendor accounts shall proceed according to the following schedule:

1) Accounts less than $250:

a. 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.

b. When in-house collection efforts are exhausted, the account may be referred to the State of South Dakota's Obligation Recovery Center.

c. 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.

d. The HOLD may remain on a debtor's record even after the account is approved for write-off, which will stop the debtor from receiving services from the institution in the future.

2) Accounts that are $250 or more:

a. 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.

b. 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.

c. 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.

d. 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.

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

1) Employees shall be billed for debts to their employers in the same manner as others who owe monies to the employing institution.

2) Where employees fail to respond to demands for payment, an institution may refer the matter to a collection agency, or it may:

a. Notify the debtor-employee that his or her monthly salary shall be reduced to cover the amount owing plus interest beginning with the salary earned during the month following that in which the notice is sent.

b. 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.

i. The meeting shall be scheduled no later than ten working days prior to the date of the first deduction.

c. 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 owing.

d. 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.

e. Deduction from salary may be in such amounts needed to satisfy the debtor-employee's obligations to the institution; provided

i. That the deductions from salary shall comply with the priorities and limitations on deductions from wages established by SDCL chapter 21-18.

3) Debtor-employees may challenge such deductions under grievance procedures established in Board policy or, where pertinent, collective bargaining agreements.

a. 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 interest from the time of the deduction.

D. 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.

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