

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance
Consent

AGENDA ITEM: 4 – X
DATE: March 30-31, 2021

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 of 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 FY16 through FY20. According to a NACUBO 2019 survey, the average dollar amount invoiced outstanding at the end of FY18 was 3.4%.

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 a 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 very good collection rates with receivables below one percent for the fiscal years reported. The overall outstanding receivables rate for the five-year period is 0.47 % of total student revenues. The table on page two identifies the total amounts uncollected for FY2016 through FY2020 as of the end of the fiscal year. The receivables amounts include all student debt prior to any write-offs. It should be noted that the receivables are higher at the end of FY19 due to the conversion to Banner Student from

(Continued)

INFORMATIONAL ITEM

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Colleague and are higher at the end of FY20 due to the COVID pandemic.

		Grand Total of Receivables	Total Student Revenue	% of Receivables to Total Revenue
BHSU	FY16	\$157,445.22	\$30,746,475.00	0.51%
	FY17	\$138,729.58	\$30,725,399.00	0.45%
	FY18	\$187,031.09	\$31,311,990.00	0.60%
	FY19	\$228,452.96	\$29,373,973.00	0.78%
	FY20	\$554,742.32	\$28,104,575.13	1.97%
DSU	FY16	\$104,436.13	\$23,729,692.00	0.44%
	FY17	\$94,577.01	\$24,720,535.00	0.38%
	FY18	\$145,980.55	\$26,432,837.00	0.55%
	FY19	\$148,028.70	\$27,874,927.00	0.53%
	FY20	\$215,137.67	\$28,107,913.44	0.77%
NSU	FY16	\$57,923.89	\$20,209,370.00	0.29%
	FY17	\$72,674.01	\$19,565,777.00	0.37%
	FY18	\$64,587.89	\$20,647,948.00	0.31%
	FY19	\$104,011.51	\$20,359,627.00	0.51%
	FY20	\$150,882.82	\$18,766,788.01	0.80%
SD Mines	FY16	\$41,185.79	\$37,070,507.00	0.11%
	FY17	\$87,017.12	\$38,389,289.00	0.23%
	FY18	\$51,955.28	\$38,113,837.00	0.14%
	FY19	\$78,905.57	\$37,233,583.00	0.21%
	FY20	\$254,916.39	\$34,805,198.14	0.73%
SDSU	FY16	\$392,704.50	\$142,380,855.00	0.28%
	FY17	\$432,026.96	\$142,110,670.00	0.30%
	FY18	\$466,629.85	\$144,015,502.00	0.32%
	FY19	\$631,065.84	\$143,745,194.00	0.44%
	FY20	\$1,904,099.92	\$134,433,055.61	1.42%
USD	FY16	\$250,695.69	\$103,096,610.00	0.24%
	FY17	\$335,625.26	\$103,446,867.00	0.32%
	FY18	\$404,423.30	\$105,482,833.00	0.38%
	FY19	\$560,830.94	\$109,447,018.00	0.51%
	FY20	\$1,085,207.58	\$104,483,104.67	1.04%
SYSTEM TOTAL		\$10,148,515.26	\$2,139,868,957.00	0.47%

Note: There are outstanding receivables from prior terms that are not reflected so the total outstanding will not match the totals on page 3.

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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 accounts are written off the financial statements while the receivable remains on the student’s account in Student Banner with a HOLD marker.

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

Using Colleague and Banner data, the table below compares the June 30, 2016, year-end AR balance to the June 30, 2020, balance and the percentage change in receivables. It also reports the student receivable write-off amounts approved by the Board of Finance.

Student Accounts Receivable Activity						
As of June 30, 2020						
	BHSU	DSU	NSU	SD Mines	SDSU	USD
AR Balance 06/30/2016	\$1,740,016	\$1,161,310	\$982,825	\$396,630	\$3,914,037	\$3,193,110
AR Balance 06/30/2020	\$3,068,317	\$2,149,898	\$1,485,656	\$1,139,315	\$8,336,879	\$6,031,746
Inc./Dec. in Receivables	\$1,328,301	\$988,588	\$502,831	\$742,685	\$4,422,842	\$2,838,636
Percentage Change in Receivables	131.00%	117.47%	195.46%	53.40%	88.50%	112.49%
Write-Offs	944,310.04	380,433.95	494,221.85	264,529.15	947,229.05	1,487,399.18

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) collection efforts. Institutions have been using ORC services for two years or more. The table on the next page summarizes the activity to-date with ORC.

Obligation Recovery Center Activity with the Regental Institutions					
As of June 30, 2020					
		Debts Referred	Debts Paid in Full	Net Payments	Payment Agreements Established
BHSU	Number	749	185	359	93
	Amount	\$1,419,273	\$256,615	\$403,480	\$216,995
DSU	Number	661	152	267	55
	Amount	\$1,167,657	\$184,825	\$282,159	\$146,728
NSU	Number	530	125	244	53
	Amount	\$784,543	\$137,307	\$233,354	\$134,053
SD Mines	Number	276	75	126	31
	Amount	\$588,426	\$76,563	\$119,369	\$73,207
SDSU	Number	1,281	238	524	132
	Amount	\$3,353,439	\$405,035	\$739,073	\$483,851
USD	Number	1,487	417	738	160
	Amount	3,344,820	\$639,888	\$953,892	\$535,587
Total	Number	4984	1192	2258	524
	Amount	\$10,658,158	\$1,700,233	\$2,731,327	\$1,590,420

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, motor cycle 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 very good collection rates. The overall outstanding system receivables for the four-year period of FY16 – FY20 is 0.47% of total student revenues.

ATTACHMENTS

None