

**SOUTH DAKOTA BOARD OF REGENTS**

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

**AGENDA ITEM: 5 – T**  
**DATE: May 10, 2022**

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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 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. According to a NACUBO 2021 survey, the average outstanding accounts receivable as a percentage of the total dollar amount invoiced at the end of the fiscal year for FY20 was 4.4% for all institutions, 3.7% for public 4-year institutions.

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 exceptionally good collection rates with receivables below the national average for all the fiscal years reported. The table on page two identifies the total amounts uncollected for FY2017 through FY2021 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 Colleague.

(Continued)

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**INFORMATIONAL ITEM**

Student Accounts Receivable Report

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<b>Campus</b>	<b>Fiscal Year</b>	<b>Student Receivables per Fiscal Year</b>	<b>Total Student Revenue per Fiscal Year</b>	<b>% of Receivable to Total Revenue</b>
<b>BHSU</b>	FY17	\$295,726	\$30,725,399	0.96%
	FY18	\$333,007	\$31,311,990	1.06%
	FY19	\$384,012	\$29,373,973	1.31%
	FY20	\$554,742	\$28,104,575	1.97%
	FY21	\$745,852	\$27,243,146	2.74%
<b>DSU</b>	FY17	\$300,155	\$24,720,535	1.21%
	FY18	\$312,821	\$26,432,837	1.18%
	FY19	\$346,819	\$27,874,927	1.24%
	FY20	\$215,138	\$28,107,913	0.77%
	FY21	\$397,792	\$28,430,434	1.40%
<b>NSU</b>	FY17	\$112,424	\$19,565,777	0.57%
	FY18	\$140,211	\$20,647,948	0.68%
	FY19	\$268,444	\$20,359,627	1.32%
	FY20	\$150,883	\$18,766,788	0.80%
	FY21	\$170,658	\$18,735,299	0.91%
<b>SDSMT</b>	FY17	\$203,608	\$38,389,289	0.53%
	FY18	\$165,435	\$38,113,837	0.43%
	FY19	\$189,930	\$37,233,583	0.51%
	FY20	\$254,916	\$34,805,198	0.73%
	FY21	\$246,237	\$32,021,241	0.77%
<b>SDSU</b>	FY17	\$1,355,700	\$142,110,670	0.95%
	FY18	\$1,366,137	\$144,015,502	0.95%
	FY19	\$2,099,428	\$143,745,194	1.46%
	FY20	\$1,904,100	\$134,433,056	1.42%
	FY21	\$1,597,702	\$135,915,743	1.18%
<b>USD</b>	FY17	\$795,606	\$103,446,867	0.77%
	FY18	\$867,353	\$105,482,833	0.82%
	FY19	\$1,190,786	\$109,447,018	1.09%
	FY20	\$1,085,208	\$104,483,105	1.04%
	FY21	\$1,321,915	\$103,346,969	1.28%
<b>System</b>	FY17	\$3,063,219	\$358,958,537	0.85%
	FY18	\$3,184,964	\$366,004,947	0.87%
	FY19	\$4,479,419	\$368,034,322	1.22%
	FY20	\$4,164,987	\$348,700,635	1.19%
	FY21	\$4,480,156	\$345,692,832	1.30%

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 following table demonstrates the collection progress being made on receivables by year. For example, the balance of student receivables for the system as of 06/30/2015 was \$2,147,684. That receivable balance has gradually decreased every year to the point where it is \$673,552 as of 06/30/2021.

System Total							
Student Accounts Receivable Balances as of							
	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
<b>FY21</b>	\$ 4,480,155						
<b>FY20</b>	\$ 1,799,388	\$ 4,164,987	\$ -	\$ -	\$ -	\$ -	\$ -
<b>FY19</b>	\$ 1,381,540	\$ 1,751,297	\$ 4,479,419	\$ -	\$ -	\$ -	\$ -
<b>FY18</b>	\$ 1,102,799	\$ 1,320,608	\$ 1,714,398	\$ 3,184,964	\$ -	\$ -	\$ -
<b>FY17</b>	\$ 1,030,298	\$ 1,160,651	\$ 1,391,085	\$ 1,792,924	\$ 3,063,219	\$ -	\$ -
<b>FY16</b>	\$ 919,320	\$ 1,004,392	\$ 1,130,317	\$ 1,359,163	\$ 1,696,685	\$ 2,931,867	\$ -
<b>FY15</b>	\$ 673,552	\$ 746,585	\$ 837,262	\$ 965,688	\$ 1,189,481	\$ 1,368,833	\$ 2,147,684

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

Using Banner data, the table below compares the June 30, 2020, year-end AR balance to the June 30, 2021, balance and shows the percentage change in receivables. It also reports the student receivable write-off amounts approved by the Board of Finance.

TOTAL STUDENT ACCOUNT RECEIVABLES						
AS OF JUNE 30TH						
	BHSU	DSU	NSU	SDSMT	SDSU	USD
<b>6/30/2020</b>	\$2,099,850	\$1,820,884	\$965,293	\$953,376	\$7,446,391	\$4,755,010
<b>6/30/2021</b>	\$2,519,384	\$2,021,326	\$1,158,108	\$1,016,674	\$6,773,473	\$5,230,457
<b>Inc/(Dec) in Receivables</b>	\$419,534	\$200,442	\$192,815	\$63,298	(\$672,918)	\$475,447
<b>Percentage Change in Receivables</b>	19.98%	11.01%	19.97%	6.64%	-9.04%	10.00%
<b>Write-Offs</b>	\$944,310	\$383,610	\$539,293	\$256,182	\$967,437	\$1,459,476

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 more than three years. The table below summarizes the activity to-date with ORC.

<b>Obligation Recovery Center Activity with the Regental Institutions</b>					
<b>As of June 30, 2021</b>					
		<b>Debts Referred</b>	<b>Debts Paid in Full</b>	<b>Net Payments</b>	<b>Payment Agreements Established</b>
<b>BHSU</b>	Number*	918	350	524	35
	Amount	\$ 166,014.00	\$ 548,603.00	\$ 674,051.00	\$ 105,102.00
<b>DSU</b>	Number*	857	318	437	22
	Amount	\$ 1,425,972.00	\$ 419,482.00	\$ 518,559.00	\$ 72,622.00
<b>NSU</b>	Number*	623	251	356	12
	Amount	\$ 904,863.00	\$ 328,815.00	\$ 409,065.00	\$ 51,281.00
<b>SDSMT</b>	Number*	273	144	190	6
	Amount	\$ 590,384.00	\$ 216,296.00	\$ 263,139.00	\$ 25,789.00
<b>SDSU</b>	Number*	1,573	487	795	49
	Amount	\$ 4,360,512.00	\$ 1,061,057.00	\$ 1,400,492.00	\$ 228,288.00
<b>USD</b>	Number*	1,953	808	1,194	76
	Amount	\$ 4,319,864.00	\$ 1,427,740.00	\$ 1,802,370.00	\$ 299,657.00
<b>Total</b>	<b>Number*</b>	<b>6,197</b>	<b>2,358</b>	<b>3,496</b>	<b>200</b>
	<b>Amount</b>	<b>\$ 11,767,609.00</b>	<b>\$ 4,001,993.00</b>	<b>\$ 5,067,676.00</b>	<b>\$782,739.00</b>

\*Number of cases, individuals may be duplicated.

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 a history of exceptionally good collection rates. The overall

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outstanding system receivables for the five-year period of FY17-FY21 is 1.30%, well below the national average of 3.7% of student revenues at public 4-year institutions.

**ATTACHMENTS**

None