

SOUTH DAKOTA BOARD OF REGENTS

Committee on Budget & Finance

AGENDA ITEM: III – B

DATE: April 1-2, 2015

SUBJECT: Student Accounts Receivable

The Board is given an annual report of student receivables. The attached report looks at current receivables and also looks at debt that has been written off. 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 FY11 through FY14. According to a NACUBO 2010 survey, the benchmark for bad debt collections runs at 3.5% nationally.

There are a number of reasons a student might end up owing 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 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 collections is to compare them with the total dollars collected. The BOR institutions have very good collection rates with the schools well below one percent for the fiscal years reported. The overall system rate for receivables for the four-year period is 0.49% of total student revenues. The table on page two identifies the total amounts uncollected for FY2011 through FY2014 as of the end of the Spring 2014 term. The receivables amounts include all debt prior to any write-offs.

(Continued)

RECOMMENDED ACTION

Information only.

Student Accounts Receivable
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		Grand Total of Receivables	Total Student Revenues	% of Receivables to Total Revenue
BHSU	FY11	\$262,556	\$27,670,647	0.95%
	FY12	\$202,626	\$29,072,824	0.70%
	FY13	\$198,484	\$29,250,000	0.68%
	FY14	\$213,012	\$30,742,621	0.69%
DSU	FY11	\$74,397	\$17,979,580	0.41%
	FY12	\$135,707	\$19,132,598	0.71%
	FY13	\$103,090	\$19,276,225	0.53%
	FY14	\$260,313	\$20,490,205	1.27%
NSU	FY11	\$121,962	\$17,731,432	0.69%
	FY12	\$142,804	\$19,699,330	0.72%
	FY13	\$107,836	\$19,687,850	0.55%
	FY14	\$169,732	\$20,803,993	0.82%
SDSM&T	FY11	\$37,866	\$20,700,859	0.18%
	FY12	\$29,223	\$23,854,950	0.12%
	FY13	\$63,720	\$26,385,224	0.24%
	FY14	\$73,855	\$31,762,171	0.23%
SDSU	FY11	\$210,770	\$102,187,214	0.21%
	FY12	\$317,963	\$112,991,317	0.28%
	FY13	\$418,898	\$119,034,989	0.35%
	FY14	\$1,081,226	\$128,601,232	0.84%
USD	FY11	\$281,941	\$75,342,438	0.37%
	FY12	\$338,897	\$85,918,272	0.39%
	FY13	\$416,703	\$93,379,123	0.45%
	FY14	\$534,831	\$98,282,758	0.54%
SYSTEM TOTAL		\$6,556,871	\$1,427,714,785	0.46%

Total Student Accounts Receivable by Institution

Annually, the student accounts receivable balances are determined as of the end of the fiscal year. During the year, the institutions have the ability to submit account balances that are deemed to be uncollectible to the State Board of Finance. The following table compares the student receivables prior to write-offs as of the end of the Spring 2014 term.

Total Accounts Receivable						
	BHSU	DSU	NSU	SDSM&T	SDSU	USD
FY2007	\$89,484.98	\$37,543.99	\$31,633.65	\$19,891.14	\$126,135.08	\$136,195.61
FY2008	\$68,285.79	\$53,755.31	\$30,067.55	\$14,875.59	\$142,393.57	\$144,376.00
FY2009	\$115,486.22	\$55,342.85	\$36,766.00	\$18,520.86	\$139,199.96	\$179,685.66
FY2010	\$137,239.78	\$78,094.54	\$55,488.06	\$20,630.75	\$201,670.18	\$265,337.22
FY2011	\$262,555.91	\$74,397.21	\$121,961.56	\$37,865.60	\$210,769.79	\$281,940.81
FY2012	\$202,626.38	\$135,707.24	\$142,803.71	\$29,222.52	\$317,962.54	\$338,896.50
FY2013	\$198,484.17	\$103,090.12	\$107,836.03	\$63,719.69	\$418,897.64	\$416,703.33
FY2014	\$213,012.09	\$260,313.33	\$169,732.29	\$73,855.41	\$1,081,225.73	\$534,830.61
Total	\$1,287,175.32	\$798,244.59	\$696,288.85	\$278,581.56	\$2,638,254.49	\$2,297,965.74

Total Receivables Per Student Headcount (FY07-FY14)						
BHSU	DSU	NSU	SDSMT	SDSU	USD	
\$43.59	\$39.99	\$33.40	\$17.95	\$30.83	\$34.14	

Account Write-Offs

BOR 5:21, System Collection Policy, provides that when in-house and collection agency 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 Colleague. The time frame in which institutions submit requests to the Board of Finance varies. The institutions usually submit annually as the various collection agencies determine the account to be uncollectible. The table below reports the write-offs of student accounts receivables.

Student Accounts Receivable Write-Offs Approved by the Board of Finance						
	BHSU	DSU	NSU	SDSMT	SDSU	USD
FY2007	\$88,140.08	\$33,082.05	\$2,517.53	\$19,891.14	\$83,748.19	\$24,472.94
FY2008	\$17,023.36	\$22,446.29	\$965.69	\$14,875.59	\$4,138.30	\$15,358.29
FY2009	\$6,331.50	\$1,722.34	\$3,127.20	\$18,662.50	\$4,110.65	\$1,321.02
FY2010	\$7,617.89	\$20.00	\$1,976.66	\$18,671.22	\$5,304.75	\$1,195.05
FY2011	\$7,364.65	\$164.90	\$11,760.14	\$35,677.36	\$155.00	\$9,333.91
FY2012	\$189.00	\$65.00	\$1,212.45	\$6,317.54		\$1,141.43
FY2013			\$90.00			
Total	\$126,666.48	\$57,500.58	\$21,649.67	\$114,095.35	\$97,456.89	\$52,822.64

Current Student Receivables in Collection

Oversight of collections for each institution is the responsibility of the Vice President for Finance. SDSM&T, SDSU, and USD have a number of staff members that work on collections. NSU, DSU, and BHSU assign the collection management to a single staff member. The amounts below represent the student receivable amounts that are currently in collection by the institutions or assigned to collection agencies.

Student Accounts Receivable Balances After Write-Offs						
	BHSU	DSU	NSU	SDSMT	SDSU	USD
FY2007	\$1,344.90	\$4,461.94	\$29,116.12	\$0.00	\$42,386.89	\$111,722.67
FY2008	\$51,262.43	\$31,309.02	\$29,101.86	\$0.00	\$138,255.27	\$129,017.71
FY2009	\$109,154.72	\$53,620.51	\$33,638.80	\$0.00	\$135,089.31	\$178,364.64
FY2010	\$129,621.89	\$78,074.54	\$53,511.40	\$1,959.53	\$196,365.43	\$264,142.17
FY2011	\$255,191.26	\$74,232.31	\$110,201.42	\$2,188.24	\$210,614.79	\$272,606.90
FY2012	\$202,437.38	\$135,642.24	\$141,591.26	\$22,904.98	\$317,962.54	\$337,755.07
FY2013	\$198,484.17	\$103,090.12	\$107,746.03	\$63,719.69	\$418,897.64	\$416,703.33
FY2014	\$213,012.09	\$260,313.33	\$169,732.29	\$73,855.41	\$1,081,225.73	\$534,830.61
Total	\$1,160,508.84	\$740,744.01	\$674,639.18	\$164,486.21	\$2,540,797.60	\$2,245,143.10

Total Receivables Per Student Headcount After Write-Offs (FY07-FY14)					
BHSU	DSU	NSU	SDSMT	SDSU	USD
\$39.30	\$37.11	\$32.36	\$10.60	\$29.69	\$33.36

Collection Agencies

The Bureau of Administration/Office of Procurement Management has entered into a contract with the Affiliated Group. Institutions may contract with a different private collection company if they choose to do so. Many of the schools work with two or three agencies.

During the 2015 legislative session, the Legislature passed HB1228, establishing an obligation recovery center. The recovery center will be a central repository for identification, registration, oversight, and collection of debts owed to any agency or department of the State of South Dakota. After July 01, 2015, the recovery center will be another avenue for the institutions to collect any debt owed to the Board of Regents. The Regents will have the opportunity to review the operation of the center and decide if it would be more effective than the other collection agencies that we use.