



**OBLIGATION RECOVERY CENTER**  
**FISCAL YEAR 2025 ANNUAL REPORT**

State of

*South Dakota*

BUREAU OF HUMAN RESOURCES  
AND ADMINISTRATION

# OBLIGATION RECOVERY CENTER 2025

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## ❖ SDCL 1-55-16. Annual report to Government Operations and Audit Committee.

The center shall annually report after conclusion of the prior fiscal year to the Government Operations and Audit Committee concerning the activity of the center including the number of debts referred to the entity, the annual amount and nature of the debt obligations recovered by the center, the number of debts referred from the center to private collection agencies and the results of those referrals, and the costs and expenditures incurred by the center.

## ❖ **FY25 Key Takeaways:**

- Revenues collected by the ORC and returned to state entities totaled \$3,899,149.
- State entities referred for collection a net total of 17,060 accounts with a value of \$16.8 million.
- Documented critical processes and procedures to ensure consistency and continuity.
- Added SMS and email communication with debtors.
- Reached out to state agencies and educational institutions to bolster participation .
- Issued a Request for Proposals to procure a new Outside Collection Agency (OCA).

## FY25 Collection and Inventory Summary

<u>AGENCY</u>	<u>Collections</u>	<u>Outstanding Balance</u>	<u>Number of Accounts</u>
Unified Judicial System	\$ 1,934,765	\$ 99,215,571	153,759
University of South Dakota	417,600	3,609,940	1,343
South Dakota State	401,901	3,561,450	1,080
Revenue	391,109	22,093,371	2,468
Black Hills State	170,762	1,603,525	693
Southeast Technical Institute	122,967	1,412,947	749
Corrections	79,820	7,699,367	3,915
Northern State	74,032	500,772	260
Dakota State	68,347	1,512,214	702
Western Dakota Tech Inst.	67,918	914,231	548
School of Mines	52,463	419,667	176
Social Services	46,589	3,205,841	2,290
Transportation	28,549	1,141,464	249
Mitchell Technical Institute	20,796	182,382	141
Game, Fish & Parks	17,223	311,655	167
All Others	\$ 4,308	\$ 169,123	56
<b>TOTAL</b>	<b>\$ 3,899,149</b>	<b>\$147,553,519</b>	<b>168,596</b>

## Collection Summary

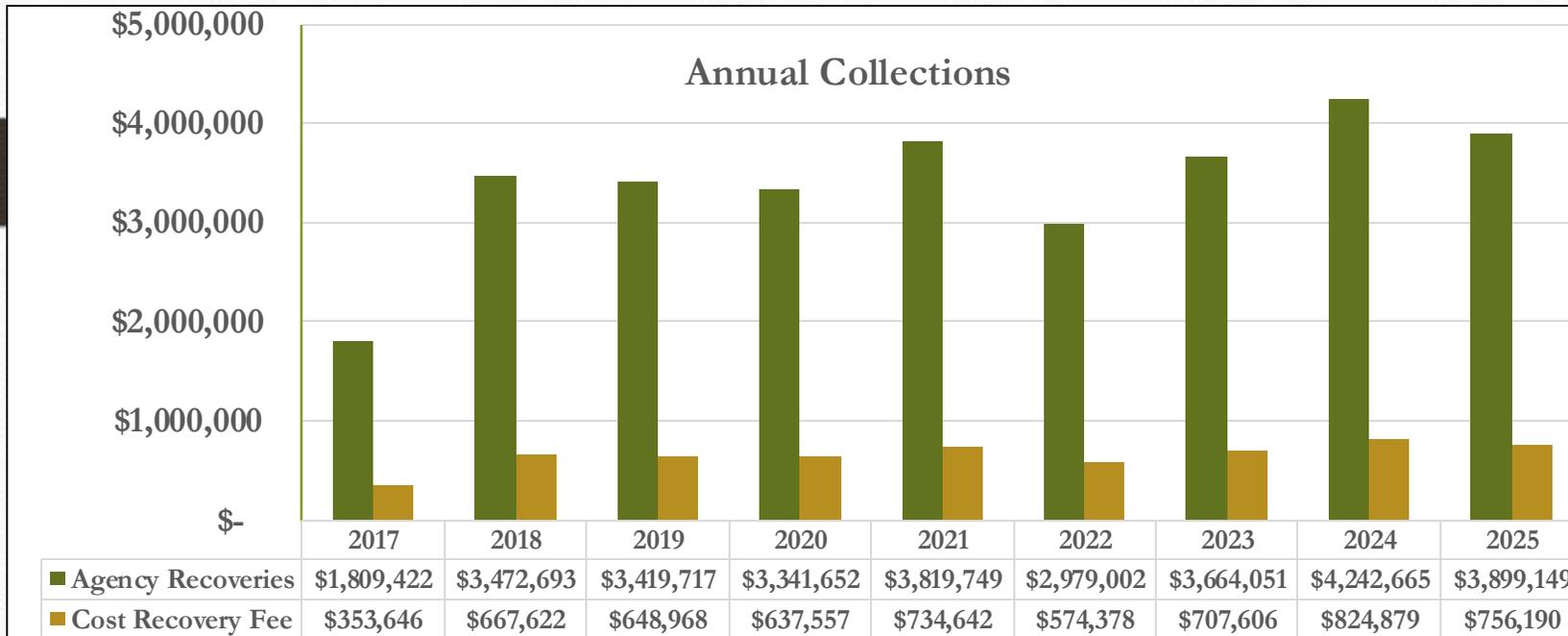
FY25 COLLECTIONS FOR ALL AGENCIES  
TOTALLED \$3,899,149.

AT THE END OF FY25 A TOTAL OF 168,596  
ACCOUNTS WERE IN THE ORC  
INVENTORY.

THOSE ACCOUNTS HAD AN  
OUTSTANDING BALANCE OF  
\$147,553,519.

THE ORC IS DEVELOPING PARAMETERS  
TO DEFINE ACCOUNTS OF DOUBTFUL  
COLLECTABILITY.

# Annual Collections: FY17-FY25



Agency Recoveries reflect the amount collected on behalf of the State and returned to each agency by the ORC.

Cost Recovery Fee is the additional amount paid by the debtor to offset the cost to recover debts.

# Outside Collection Agency Performance

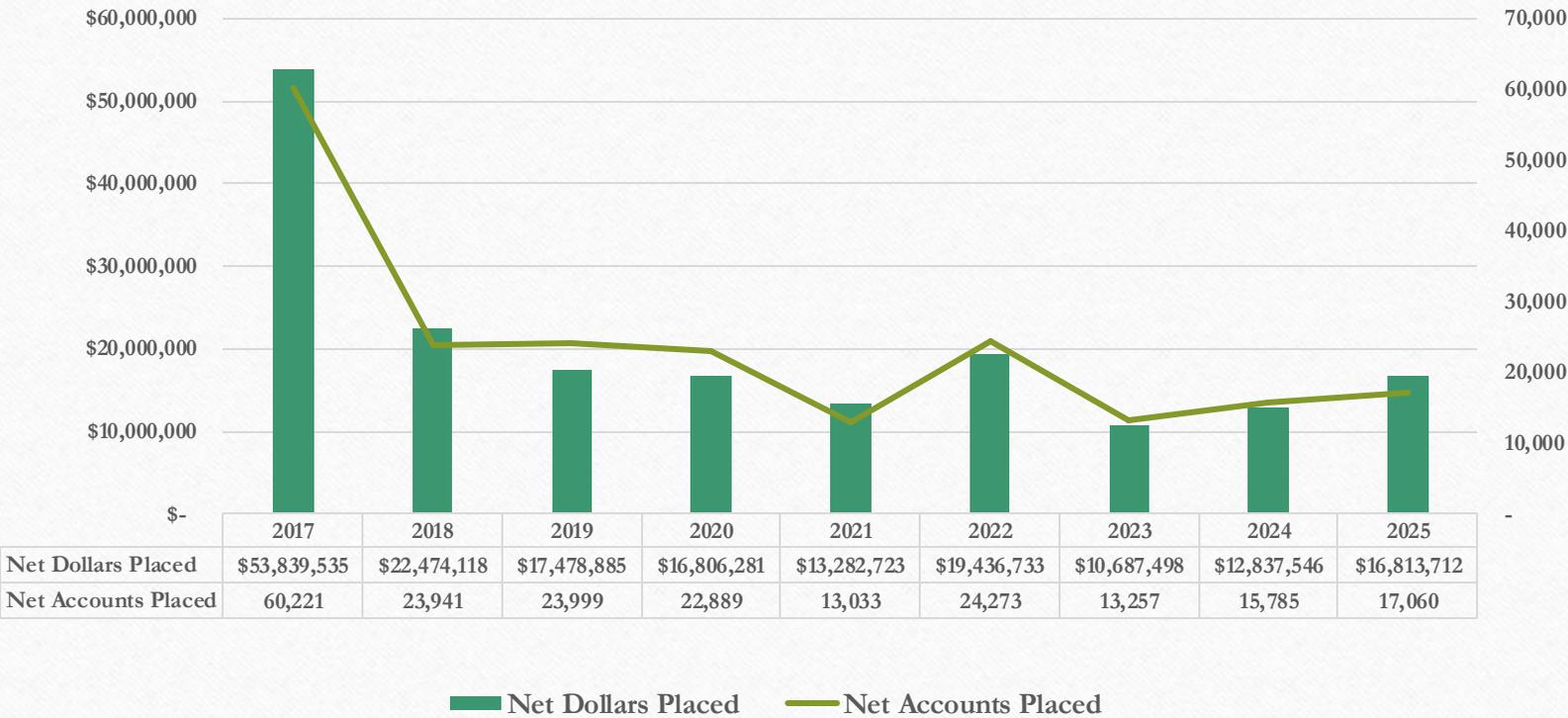
Year	Accounts Placed	Amount Placed	Amount Collected
2025	4,031	\$5,092,841	\$828,509
2024	9,003	\$7,965,350	\$1,151,003
2023	21,973	\$19,096,531	\$795,927
2022	16,453	\$12,696,483	\$376,766

- ❖ This table shows the volumes of accounts assigned and collected by the OCA during the most recent four fiscal years.
- ❖ The OCA gave notice of intent to terminate its contract in December and ceased collecting ORC debts on March 7, 2025.
- ❖ The ORC is in the process of onboarding a new Outside Collection Agency.

# Annual Collections by Agency

Entity	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Unified Judicial System</b>	895,799	1,292,073	1,480,754	1,518,552	1,783,365	1,469,393	1,503,338	\$ 1,959,072	\$ 1,934,765
<b>Revenue</b>	153,914	380,427	416,144	432,535	383,093	258,977	356,959	341,528	391,109
<b>Regents</b>	270,177	1,302,486	1,170,154	934,266	1,004,370	793,334	1,238,093	1,430,292	1,185,103
<b>Technical Colleges</b>	-	-	-	161,233	324,512	262,373	336,290	315,165	211,681
<b>Corrections</b>	464,353	451,460	262,434	180,091	172,316	111,946	103,626	78,626	79,820
<b>Social Services</b>	-	3,433	63,647	60,185	99,945	54,182	95,517	72,926	46,589
<b>All Others</b>	<u>25,179</u>	<u>42,814</u>	<u>26,585</u>	<u>54,790</u>	<u>52,148</u>	<u>28,796</u>	<u>30,228</u>	<u>45,056</u>	<u>50,081</u>
<b>Net Back to Agencies</b>	1,809,422	3,472,693	3,419,717	3,341,652	3,819,749	2,979,002	3,664,051	4,242,665	3,899,149
<b>Fees</b>	<u>353,646</u>	<u>667,622</u>	<u>648,968</u>	<u>637,557</u>	<u>734,642</u>	<u>574,378</u>	<u>707,606</u>	<u>824,879</u>	<u>756,190</u>
<b>Total Collections</b>	<u>2,163,068</u>	<u>4,140,315</u>	<u>4,068,685</u>	<u>3,979,209</u>	<u>4,554,391</u>	<u>3,553,380</u>	<u>4,371,657</u>	<u>5,067,544</u>	<u>4,655,339</u>

# REFERRALS



Referrals to the ORC in FY25 were \$16.8 million. This was an increase of \$4.0 million.

Accounts referred totaled 17,060 an increase of 1,275 from FY24.

The average account balance of referrals was \$985. This was a \$186 increase in average balance from FY24.

\* Net Referrals equals total placements minus total recalls by State Agencies.

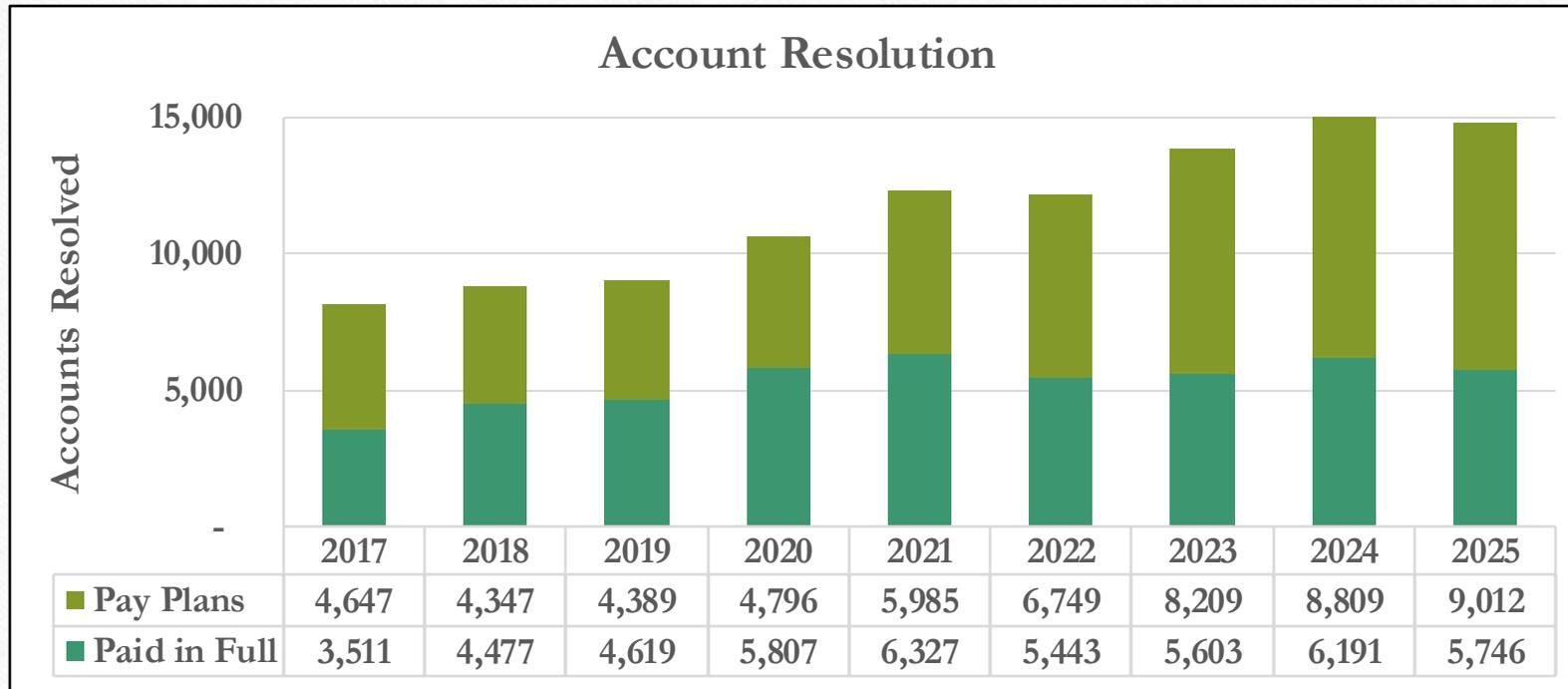
# PAYMENT PLAN STRATEGY

## ORC approach to establishing and maintaining payment plans

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- ❖ **Payment plans facilitate debt resolution by providing customers realistic options to resolve their debt.**
  - The ORC will establish a plan when payment in full is not possible.
  - Education: Customer education is key to ensuring a successful outcome.
  - Monitoring: Checking in at least every 12 months allows changes based on present financial situation.
  - Service: Customers can call in any time to discuss their pay plan if their situation changes.
- ❖ **The State and customer both benefit from financial compliance.**
  - Revenue: Expected revenues are available to the State.
  - Opportunity: Customers can address their financial issues with minimal disruption to their daily life and while continuing to take advantage of privileges provided by the State.
  - Everyone is accountable.

# PAYMENT PLAN STRATEGY



Accounts are resolved when paid-in-full or in an approved payment plan. This measures our ability to help customers resolve debt and avoid sanctions.

“Pay Plans” represents the number of new payment plans established during the year.

Agency	PIF	Pay Plans	Account Resolution Rate
Unified Judicial System	4,804	6,556	48%
University of South Dakota	165	422	156%
South Dakota State	131	355	207%
Revenue	134	350	126%
Black Hills State	75	254	186%
Corrections	43	230	317%
Southeast Technical Institute	61	176	103%
Western Dakota Technical	41	156	237%
Social Services	132	145	56%
Northern State University	43	114	137%
Dakota State University	48	100	138%
Mitchell Technical Institute	13	51	200%
School of Mines	30	41	97%
Transportation	11	39	119%
All Others	15	23	152%
<b>Total</b>	<b>5,746</b>	<b>9,012</b>	<b>57%</b>

## Payment Plan Strategy FY25 Account Resolution:

This measure compares the number of accounts paid-in-full or placed into a new payment plan to the number of accounts placed in the fiscal year. UJS debt drives the overall resolution rate.

This measures our ability to successfully help customers resolve their debt and avoid sanctions.

# CUSTOMER ENGAGEMENT STRATEGY

## Focus on Outbound Calling

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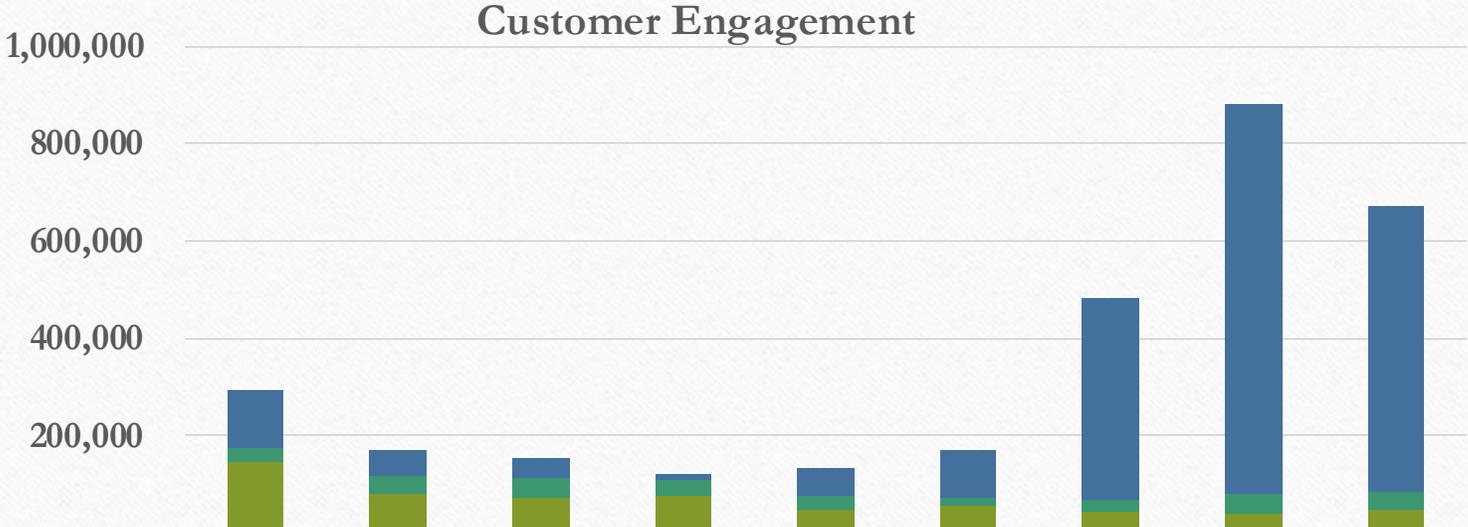
### ❖ Improves:

- Customer Service by offering the customer the opportunity to interact with an expert who can immediately answer questions and resolve issues
- Collection Performance by providing the customer with appropriate opportunities to resolve the debt immediately
- Customer Outcomes by educating the customer and offering reasonable payment options (See Payment Plan Strategy)

### ❖ Why is this important and valuable?

- Customers: Fewer customers are affected by adversarial actions (such as revoking a license)
- State Agencies: More customers are attending school, maintaining jobs, and paying taxes
- For everyone: A realization that everyone is accountable

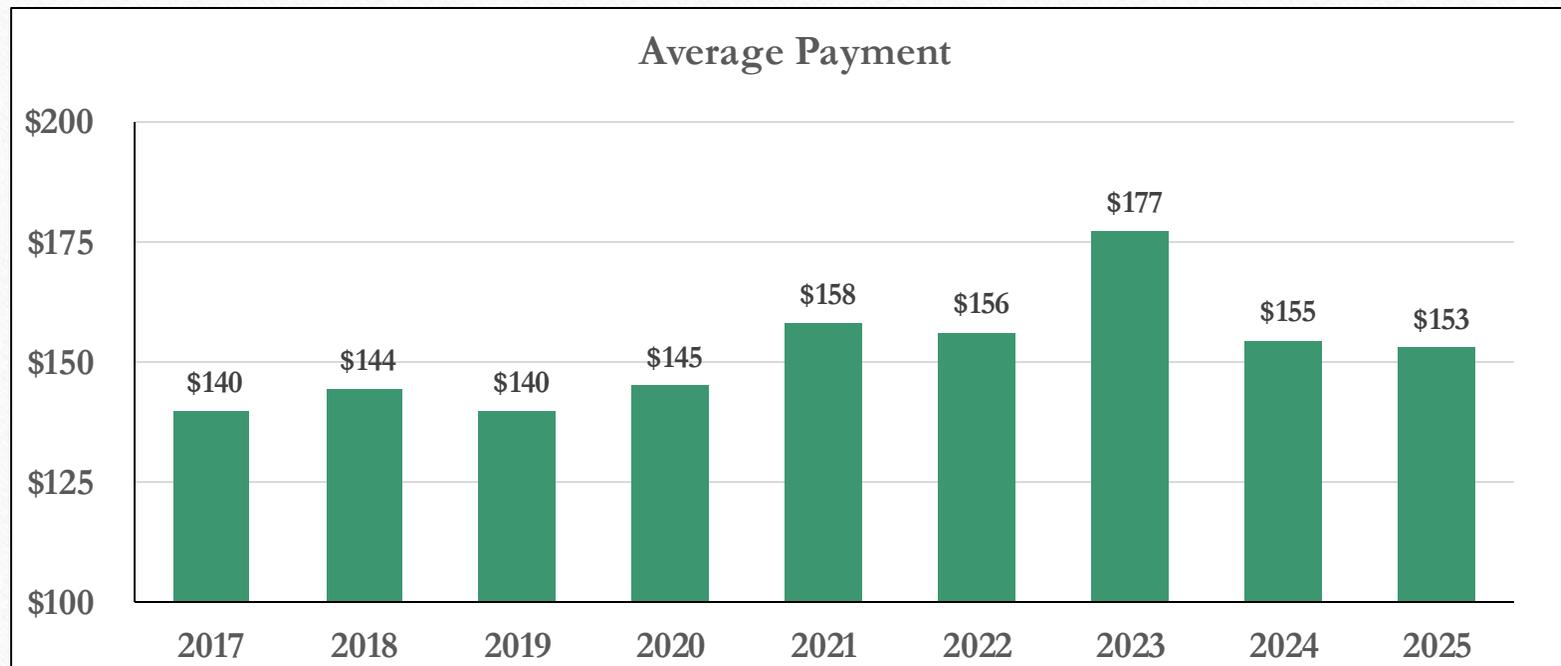
# CUSTOMER ENGAGEMENT STRATEGY



	2017	2018	2019	2020	2021	2022	2023	2024	2025
■ Outbound Calls	119,210	51,054	41,273	13,478	60,500	98,530	416,515	802,115	588,643
■ Inbound Calls	28,863	39,652	40,212	33,107	25,789	17,872	26,642	41,045	36,003
■ Letters Sent	145,723	77,825	73,352	73,796	48,507	54,770	41,080	37,221	46,178

Outbound call trends reflect a proactive strategy to engage with the customer to help them manage and pay off their debt in the most efficient way.

# PERFORMANCE MEASURES



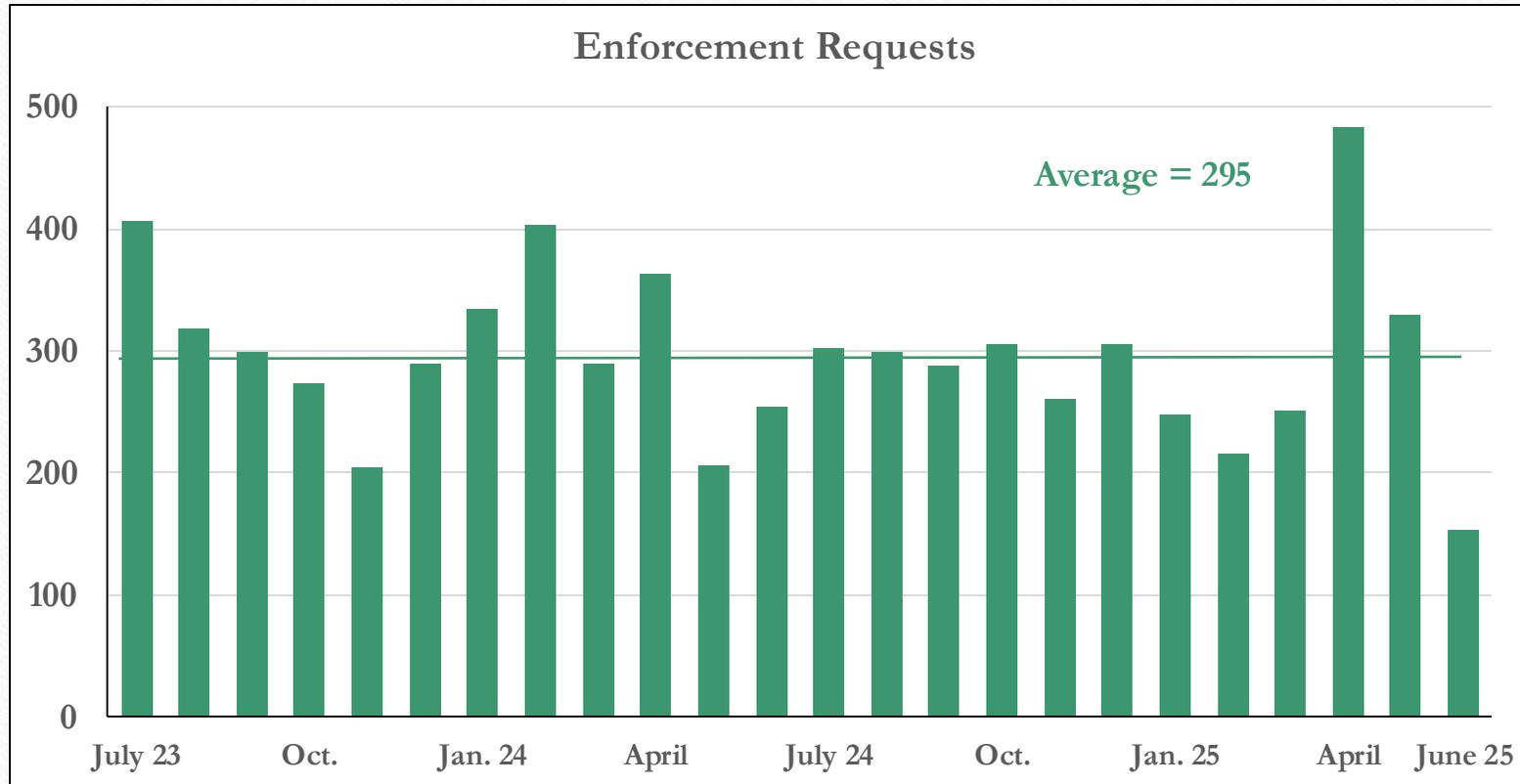
Average payment amount equals collections divided by number of payments.

This supports our strategy to make payment plans affordable for those who cannot immediately pay in full.

The average payment has remained fairly consistent over time. The average since inception of the program is \$152.

Accounts that are in Payment Plans have an average balance of \$1,004.

# Requests for Driver's License Suspension



- The ORC makes multiple collection attempts before requesting to suspend a Driver's License (DL).
- Many of these accounts will enter a payment plan, prior to their DL being suspended.
- DL sanctions are highly correlated with increased account resolution.
- There were no requests for a Due Process Hearing in either FY24 or FY25.

# FY26 INITIATIVES

## Goals:

- ❖ Improve collection results and the Customer Experience.
- ❖ Enhance communication and engagement with agencies. Actively manage and continuously improve collection processes.

## Strategies:

- ❖ Expand customer communication channels.
- ❖ Create solutions that enhance our ability to provide value added service in our changing business and community environment.
- ❖ Continue to develop the South Dakota ORC Operations Manual.

## Actions:

- ❖ Onboard a new Outside Collection Agency.
- ❖ Improve the web-site payment portal.
- ❖ Work with State Agencies to develop strategy for managing accounts on which efforts have been exhausted.

# Q&A

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Thank you