



OBLIGATION RECOVERY CENTER

FISCAL YEAR 2024 ANNUAL REPORT

State of

South Dakota

BUREAU OF HUMAN RESOURCES
AND ADMINISTRATION

OBLIGATION RECOVERY CENTER 2024

Fiscal Year 2024 was a record-breaking year for the Obligation Recovery Center (Center). We achieved the highest dollar collections since the Center's inception in July 2016, reflecting both the effectiveness of our strategies and the growing need for collection services. While many consumers continue to face financial challenges, requiring more flexible payment solutions, we adapted by facilitating over 32,000 payments—an impressive 33% increase from FY23.

As we move into Fiscal Year 2025, we remain mindful of the evolving economic landscape. With uncertainty in the economic outlook, including potential shifts in employment and inflation, we anticipate an increased need for extended payment options. To meet these challenges, we are committed to enhancing the customer experience by introducing text messaging and email as new communication channels. These improvements will provide consumers with greater flexibility and convenience when interacting with the Center.



- Margie Brickner, President & CEO of Reliant Capital Solutions

OBLIGATION RECOVERY CENTER 2024

Our approach to managing the ORC is focused on improving outcomes for both the citizens of South Dakota and State Government. The team includes members with substantial experience managing state collection operations. They are consistently reviewing the results and looking for improvement opportunities. The continuous improvement approach has resulted in tangible outcomes that include:

Ensuring excellent customer service in every interaction.

Identifying new ways of communicating with customers.

Sharing results with referring entities and identifying areas where process improvements can be made.

Conducting monthly reviews to track progress on improvement initiatives. The goal is to leverage our decades of experience to improve performance.

Stan Farmer, President, Government Performance Solutions, LLC -



FY24 Collection and Inventory Summary

AGENCY	Collections	Outstanding Balance	Number of Accounts
Unified Judicial System	\$ 1,959,072	90,025,923	143,416
South Dakota State	498,817	4,566,189	1,411
University of South Dakota	454,796	3,455,239	1,277
Revenue	341,528	20,001,999	2,263
Black Hills State	204,101	1,714,363	774
Southeast Technical Institute	195,400	1,018,512	575
Dakota State	163,048	1,411,545	661
Corrections	78,626	7,686,149	3,905
Western Dakota Tech Inst.	78,082	838,002	519
Social Services	72,926	2,736,919	2,036
Northern State	66,767	542,556	280
School of Mines	42,762	496,425	201
Mitchell Technical Institute	41,683	159,794	123
Game, Fish & Parks	22,172	330,956	176
Transportation	19,954	788,861	254
All Others	2,931	293,136	50
Total	\$ 4,242,665	\$ 136,066,568	157,921

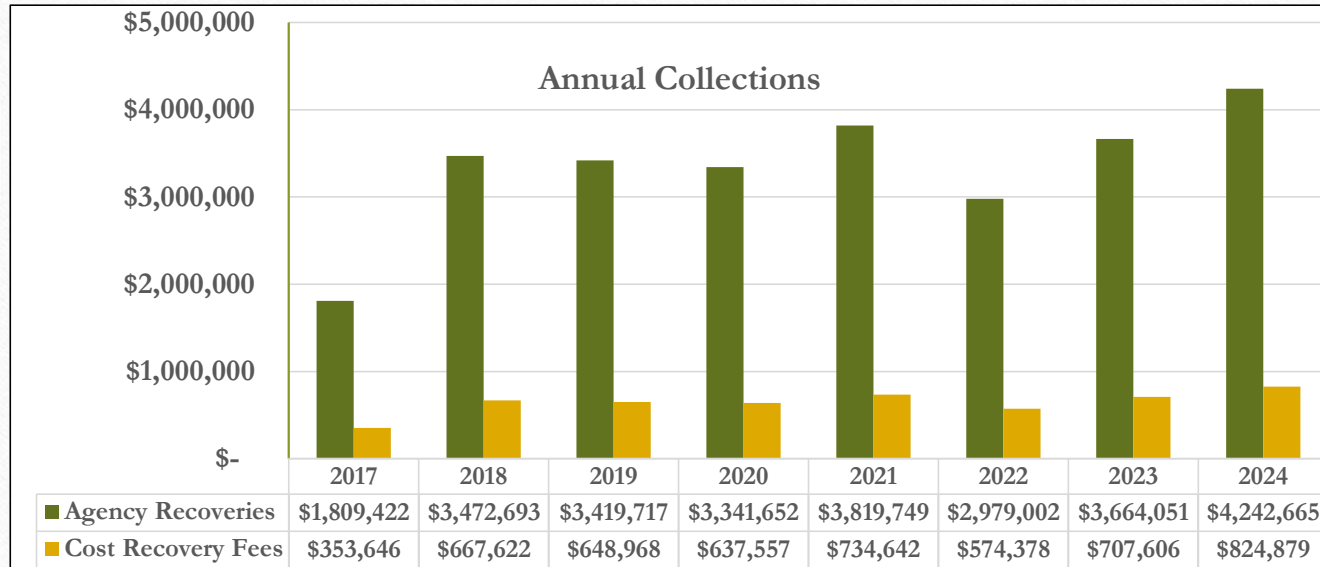
COLLECTION SUMMARY

FY24 COLLECTIONS FOR ALL AGENCIES
TOTALLED \$4,242,665.

AT THE END OF FY24 A TOTAL
OF 157,921 ACCOUNTS WERE
BEING COLLECTED BY THE ORC.

THOSE ACCOUNTS HAD AN
OUTSTANDING BALANCE OF
\$136,066,568.

Annual Collections: FY17-FY24



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.

ORC & OCA 2024 Performance

ORC Received

Accounts Referred**	25,451
Amount Referred	\$20,939,456
Total Collected	\$3,916,542

ORC referred to the *OCA

Accounts Referred**	9,003
Amount Referred	\$7,965,350
Total Collected	\$1,151,003

* OCA – Outside Collection Agency

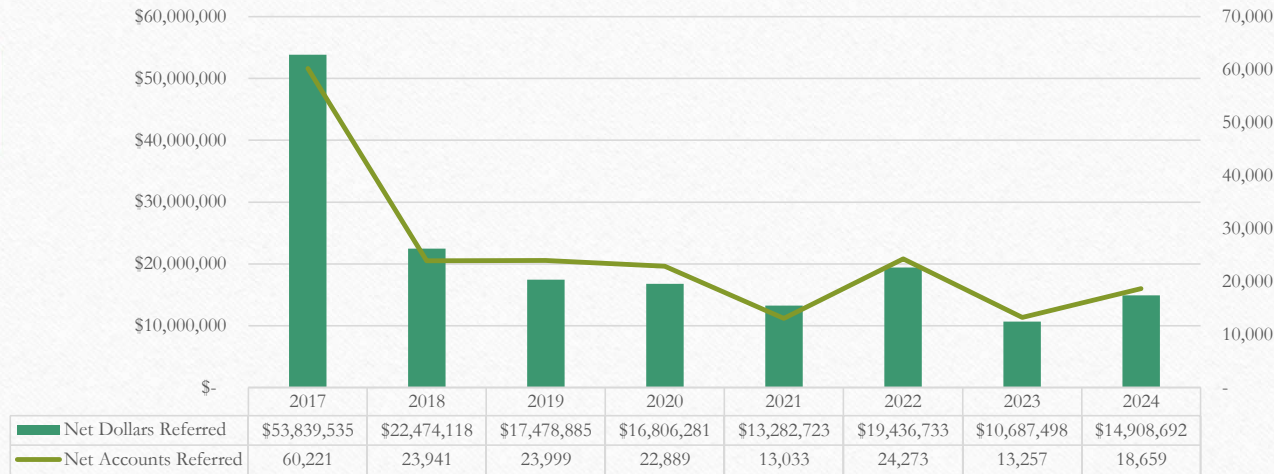
** Accounts Referred – Number of Accounts referred to the ORC or OCA by all State Agencies

Annual Collections by Agency

Entity	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Unified Judicial System	\$895,799	\$1,292,073	\$1,480,754	\$1,518,552	\$1,783,365	\$1,469,393	\$1,503,338	\$1,959,072
Revenue	153,914	380,427	416,154	432,535	383,093	258,977	356,959	341,528
Regents	270,177	1,302,486	1,170,154	934,266	1,004,370	793,334	1,238,093	1,430,292
Technical Colleges	-	-	-	161,233	324,512	262,373	336,290	315,165
Corrections	464,353	451,460	262,434	180,091	172,316	111,946	103,626	78,626
Social Services	-	3,062	62,757	60,077	99,945	54,182	95,516	72,926
All Others	<u>25,179</u>	<u>43,185</u>	<u>27,475</u>	<u>54,898</u>	<u>52,148</u>	<u>28,546</u>	<u>30,229</u>	<u>45,056</u>
Net Back to Agencies	\$1,809,422	\$3,472,693	\$3,419,727	\$3,341,652	\$3,819,749	\$2,978,751	\$3,664,051	\$4,242,665
Fee to the ORC	<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>
Total Collections	<u>\$2,163,068</u>	<u>\$4,140,315</u>	<u>\$4,068,695</u>	<u>\$3,979,209</u>	<u>\$4,554,391</u>	<u>\$3,553,129</u>	<u>\$4,371,657</u>	<u>\$5,067,544</u>

REFERRALS

Net Dollars & Accounts Referred to ORC

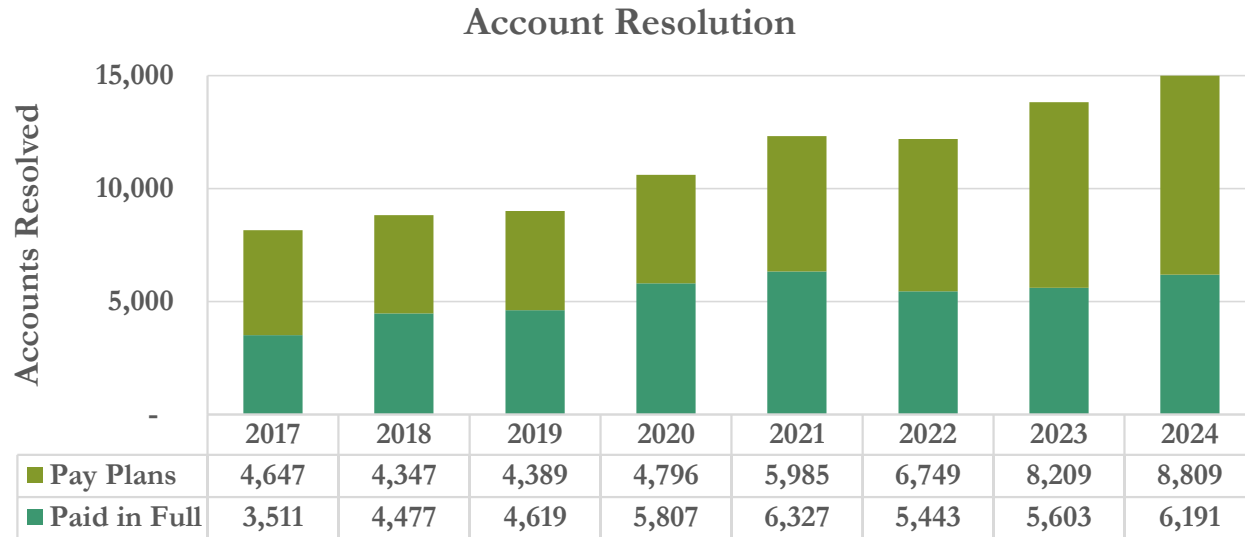


Total Referrals to the ORC in FY24 were \$14,908,692. This was an increase of \$4,221,194 and 5,402 accounts from FY23.

The average account balance of net referrals was \$799. This was a \$7 reduction in average balance from FY23.

* Net Dollars Referred is the net amount of accounts referred and recalled.

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.

PAYMENT PLAN STRATEGY

- ❖ The ORC will establish a pay plan when payment in full is not possible.
- ❖ ORC approach to establishing & maintaining payment plans
 - Customers who can continue to live their life have a greater chance of becoming fully compliant.
 - Educating customers is the key.
 - Checking in at least every 12 months allows changes based on present financial situation.
 - Customers can call in any time to request changes if their situation changes.
- ❖ What is the value to the State and the Customer?
 - Compliance means more money for the state agencies and more customers taking advantage of their opportunities.
 - Everyone pays their fair share.

Agency	PIF	Pay Plans	Account Resolution Rate
Unified Judicial System	5,069	6,109	48%
South Dakota State	181	436	178%
University of South Dakota	218	491	216%
Revenue	122	298	141%
Black Hills State	82	240	206%
Southeast Technical Institute	90	247	NA
Dakota State University	85	166	228%
Corrections	45	239	287%
Western Dakota Tech	42	155	294%
Social Services	143	176	78%
Northern State University	44	102	239%
School of Mines	32	42	370%
Mitchell Technical	25	53	177%
All Others	<u>13</u>	<u>55</u>	97%
Total	6,191	8,809	60%

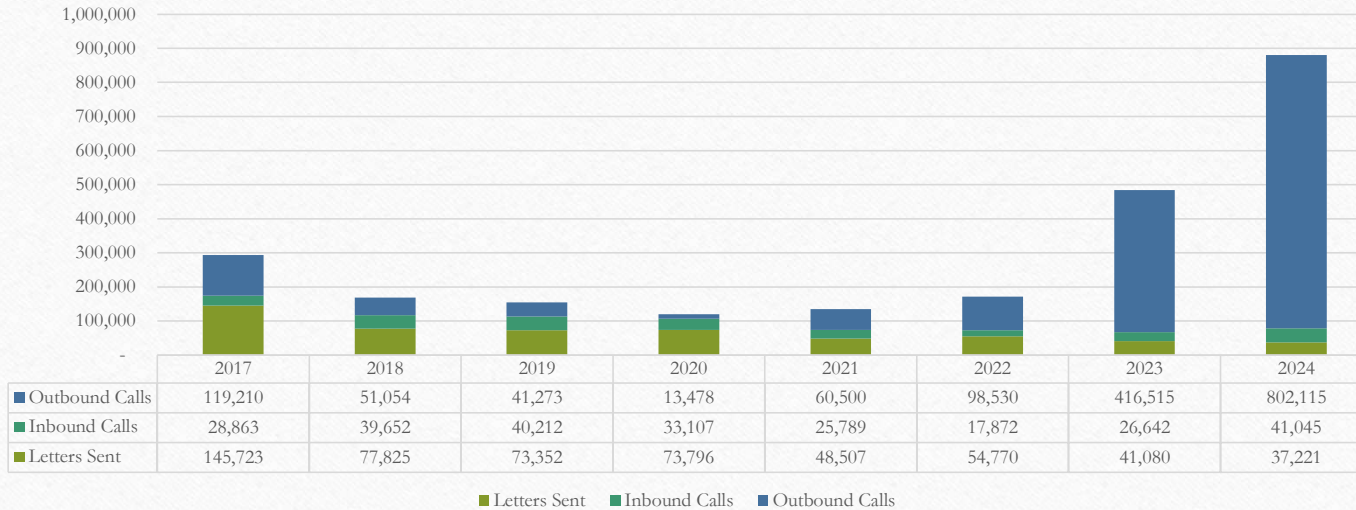
Payment Plan Strategy FY24 Account Resolution:

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

Customer Engagement



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.

CUSTOMER ENGAGEMENT STRATEGY

❖ Focus on outbound calling

❖ Improves:

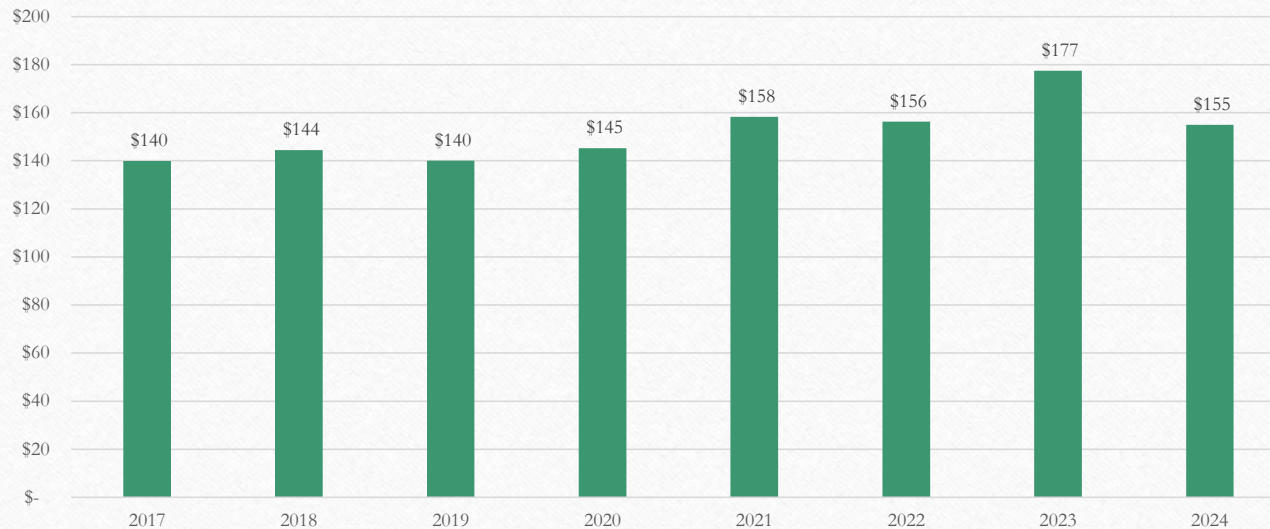
- Customer Service by offering the customer the ability to immediately ask questions to an expert. Collection Performance by immediately discovering a way to bring the customer into compliance. Customer Outcomes by educating the customer and helping them satisfy their debts through reasonable
- Payment Plans (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 paying their fair share.

PERFORMANCE MEASURES

Average Payment



Average payment amount equals collections divided by number of payments.

Results during this reporting period were likely impacted by both macroeconomic forces and internal process improvements.

In FY 2024 several factors drove improved performance for the ORC:

- students returning to higher education institutions,
- an expanding job market
- targeted projects performed for agencies
- expanded OCA involvement.

FY25 INITIATIVES

Goals:

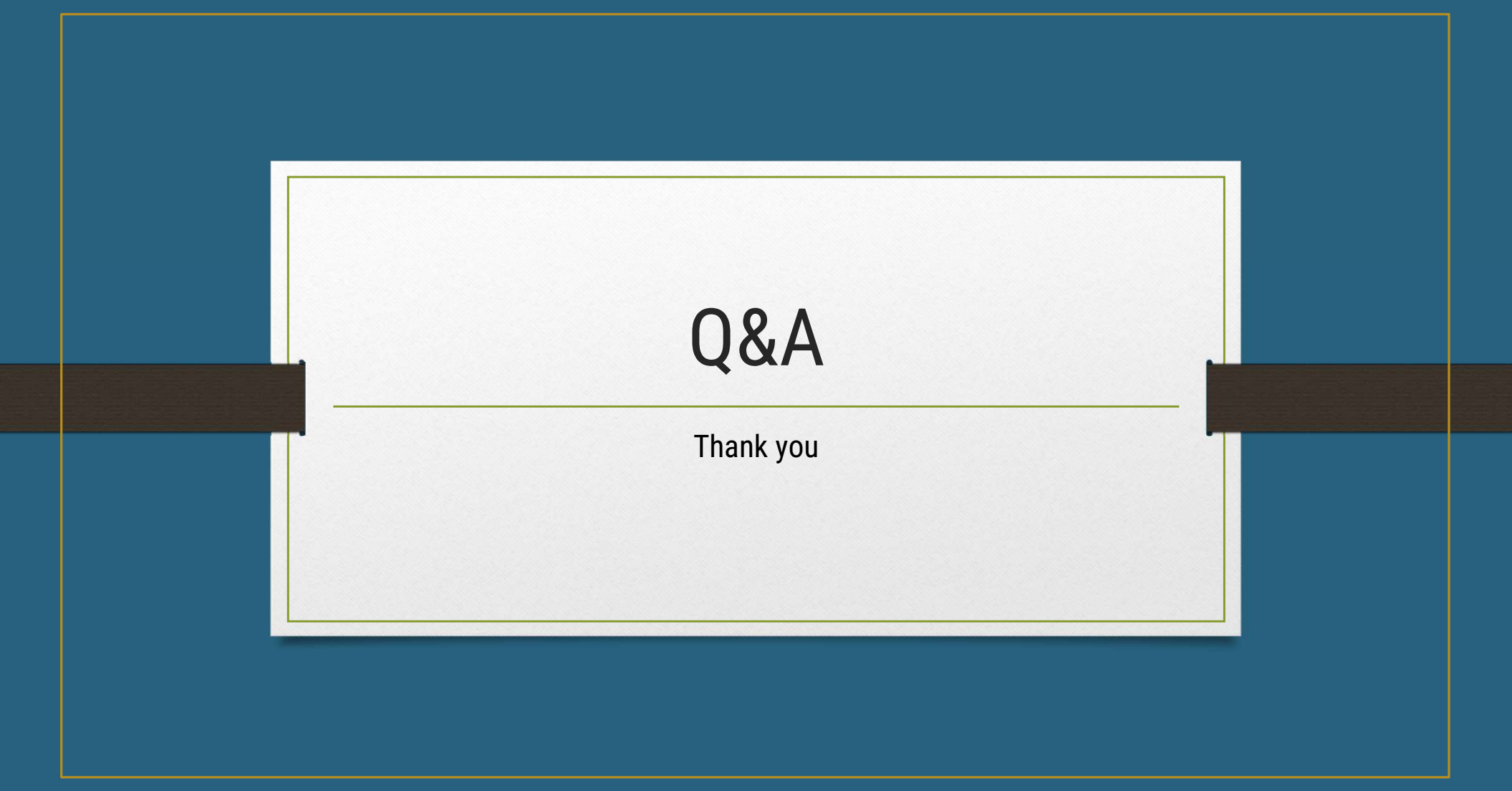
- ❖ Improve collection results and the Customer Experience.
- ❖ Enhance the communication and engagement with agencies. Actively manage and continuously improve collection processes.

Strategies:

- ❖ Expand customer communication channels to include Texting and Emailing in order to connect more effectively.
- ❖ Implement regularly scheduled virtual state agency meetings to discuss performance, operational obstacles and program enhancements.
- ❖ Continue to develop the South Dakota ORC Operations Policy Manual.

Actions:

- ❖ Onboard DANR(Drinking Water Program) and Department of Labor & Regulation (Plumbing and Electrician Commissions).
- ❖ Work with State Agencies to develop strategy for successfully collecting and/or closing accounts.
- ❖ Create solutions that enhance our ability to provide value added service in our changing business and community environment.



Q&A

Thank you