



OBLIGATION RECOVERY CENTER

FISCAL YEAR 2021 ANNUAL REPORT



ORC – THE STATE OF OUR PROGRAM

- History
- FY2021 Highlights
- Performance
- What's next

ORC HISTORY

- With the passage of House Bill 1228 during the 2015 Legislative Session, the Obligation Recovery Center was created within the Bureau of Administration. The legislation became effective on July 1, 2015. It is codified in SDCL 1-55.
- To initiate the project, the Bureau of Administration contracted with CGI Technologies and Solutions, Inc. based in Fairfax, Virginia to manage the ORC.
- The Obligation Recovery Center, under the direction of the Bureau of Administration, enters into a Memorandum of Understanding (MOU) with State Government agencies that utilize its services.
- As of July 1, 2021 MOUs have been signed with 23 agencies of government.
- ORC Website: <https://boa.sd.gov/obligation-recovery/default.aspx>

FY2021 HIGHLIGHTS

- COVID-19
- Legislation – Senate Bill 59
- ORC Management Change
- Third-Party Collection Agency Change

COVID-19 ORC IMPACT

- COVID - The ORC modified several of its practices to assist customers
 - Ceased notification process for the suspension of hunting licenses, drivers licenses and motor vehicle registrations for two months.
 - Worked closely with debtors impacted by the pandemic to establish acceptable payment terms.

NEW LEGISLATION

- Legislation – Senate Bill 59
 - Revises the funds to pay the ORC management company from general to other funds.

ORC TRANSITIONS

- ORC management – Reliant Capital Solutions headquartered in Columbus, Ohio selected.
- Transition Timeline
 - *Reliant Capital Solutions Selected – September 2020*
 - *ORC transition between CGI and Reliant – October & November 2020*
 - *Reliant Capital Solutions officially becomes ORC manager – November 16th, 2020*
 - *Request for Proposal, third party collection partners – March 2021*
 - *Third party collections partners selected – May 2021*
 - *Virtuoso Sourcing Group – Denver, Colorado*
 - *HS Financial Group – Cleveland, Ohio*

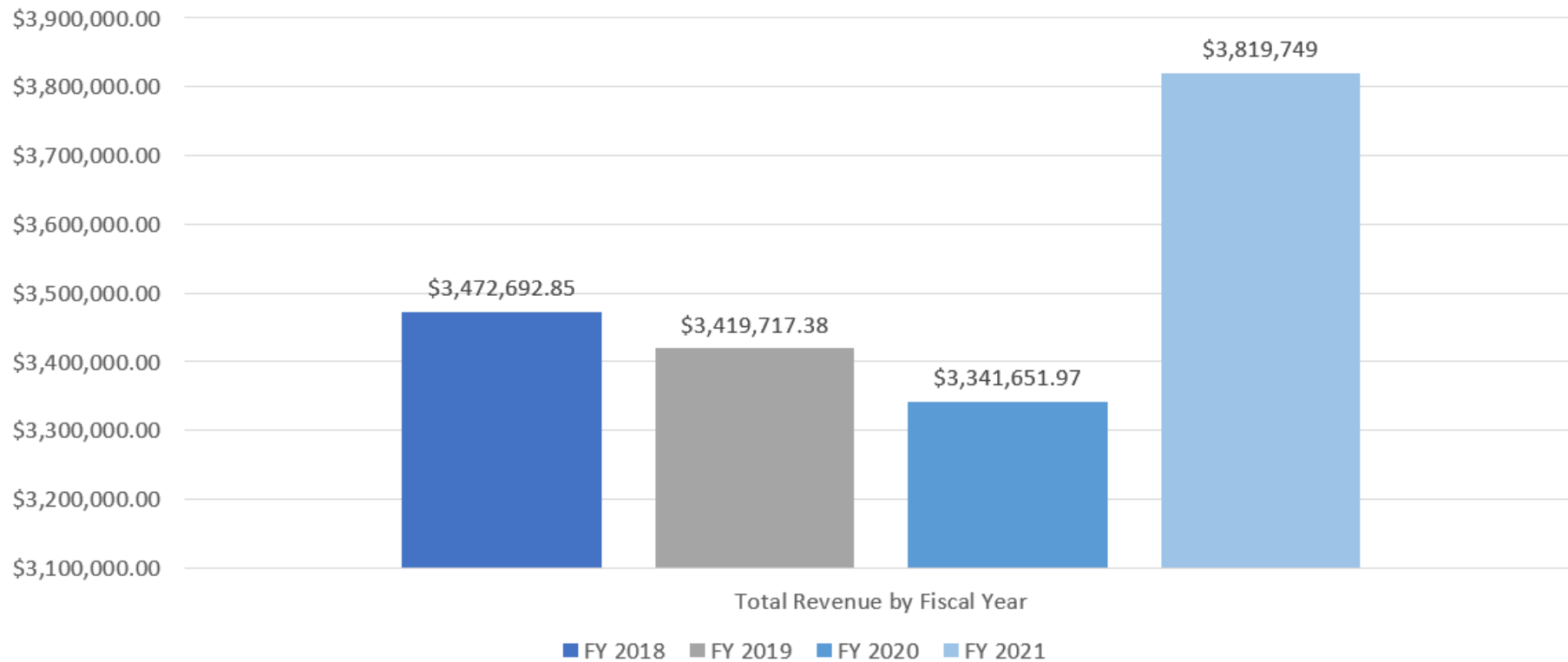


WHO IS RELIANT?

- Accounts Receivable Management company headquartered in Columbus, Ohio
 - <http://www.reliantcapitalsolutions.com>
- Dedicated to professional, ethical and respectful conduct throughout the recovery process
- <https://www.youtube.com/watch?v=rbb3Hw9zvok>

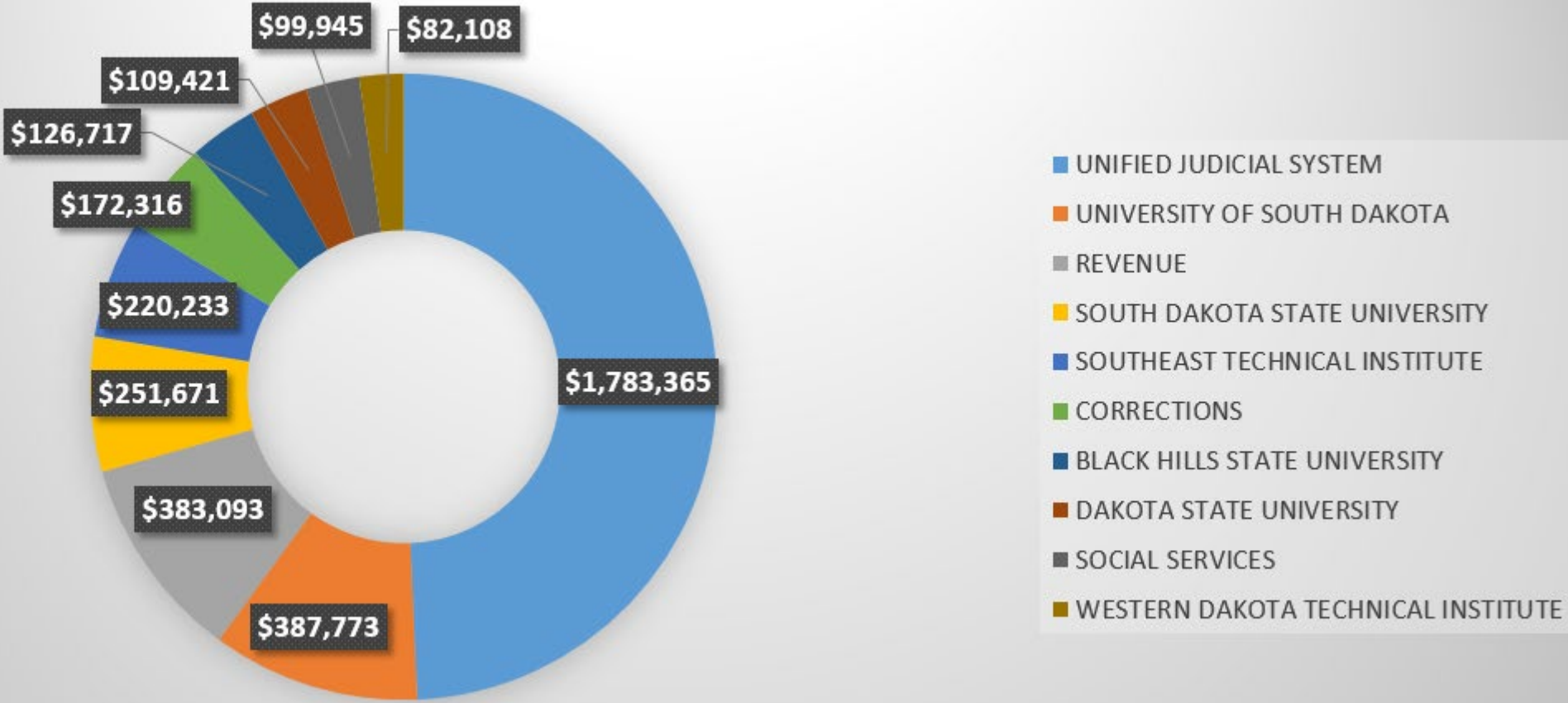
YEAR OVER YEAR PERFORMANCE

Annual Recoveries – Last 4 Years



FY2021 PERFORMANCE

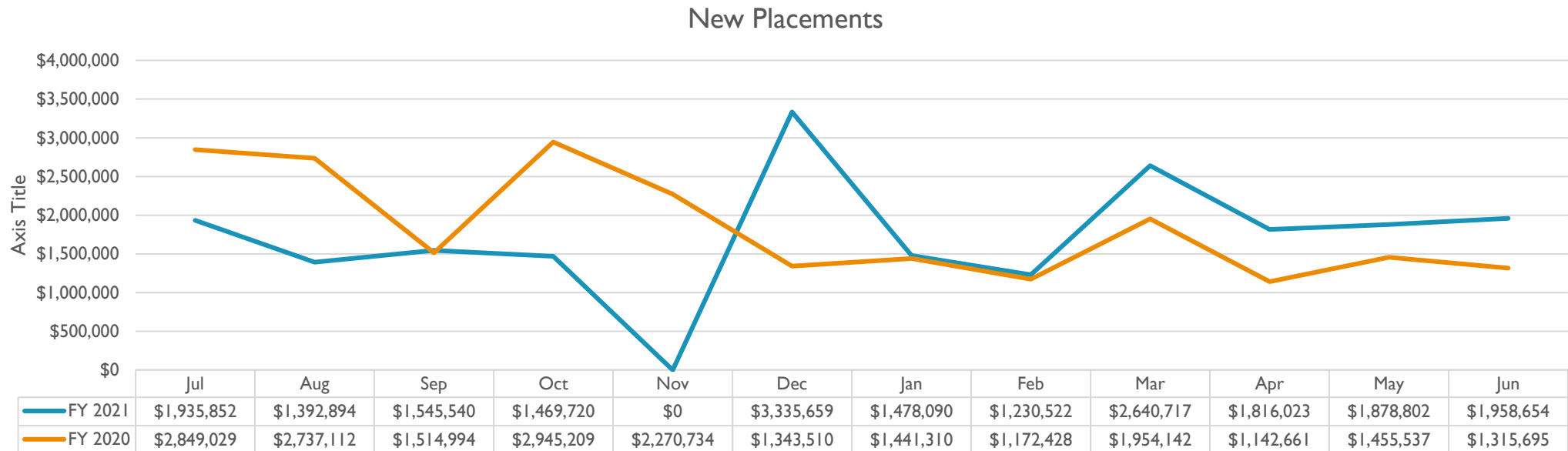
FY 2021 Recoveries by Top Ten Agencies



FY2021 PERFORMANCE

➤ New Referrals

- FY 2020: 27,868 Accounts totaling \$21.7 Million
- FY 2021: 24,493 Accounts totaling \$20.6 Million



TOTAL INVENTORY OF ACCOUNTS

AS OF 06/30/2021

Value	# of Accounts	Total Debt	Principal	Penalty	Interest	Avg Case Amt	% of Accounts	% of Total Debt
\$0-\$100	17,277	\$ 856,896	\$ 850,382	\$ 3,880	\$ 2,634	\$ 49.60	13.76%	0.72%
\$101-\$200	32,510	\$ 3,940,318	\$ 3,919,634	\$ 10,647	\$ 10,038	\$ 121.20	25.90%	3.29%
\$201-\$300	13,470	\$ 2,804,876	\$ 2,765,786	\$ 16,344	\$ 22,745	\$ 208.23	10.73%	2.34%
\$301-\$400	15,517	\$ 4,397,666	\$ 4,352,377	\$ 17,296	\$ 27,994	\$ 283.41	12.36%	3.67%
\$401-\$500	7,510	\$ 2,840,970	\$ 2,784,627	\$ 23,027	\$ 33,316	\$ 378.29	5.98%	2.37%
\$501-\$600	5,402	\$ 2,507,576	\$ 2,430,530	\$ 21,128	\$ 55,919	\$ 464.19	4.30%	2.10%
\$601-\$700	4,433	\$ 2,414,313	\$ 2,341,214	\$ 20,815	\$ 52,284	\$ 544.62	3.53%	2.02%
\$701-\$800	3,649	\$ 2,284,177	\$ 2,190,139	\$ 19,055	\$ 74,982	\$ 625.97	2.91%	1.91%
\$801-\$900	2,702	\$ 1,921,720	\$ 1,842,664	\$ 18,241	\$ 60,815	\$ 711.22	2.15%	1.61%
\$901-\$1,000	2,383	\$ 1,898,214	\$ 1,795,583	\$ 22,443	\$ 80,189	\$ 796.56	1.90%	1.59%
\$1,001-\$5,000	16,435	\$ 29,612,134	\$ 25,987,145	\$ 567,614	\$ 3,057,374	\$ 1,801.77	13.09%	24.74%
Over \$5,001	4,244	\$ 64,211,697	\$ 41,584,442	\$ 1,428,132	\$ 21,199,124	\$ 15,129.99	3.38%	53.65%
Grand Total	125,532	\$ 119,690,558	\$ 92,844,523	\$ 2,168,622	\$ 24,677,413	\$ 953.47	100.00%	100.00%

\$500 and under of the total inventory accounts for 68.73% of accounts and 12.40% of total debt.

\$1,000 and under of the total inventory accounts for 83.53% of accounts and 21.61% of total debt.

SOUTH DAKOTA DEBTORS INVENTORY OF ACCOUNTS

AS OF 06/30/2021

Value	# of Accounts	Total Debt	Principal	Penalty	Interest	Avg Case Amt	% of Accounts	% of Total Debt
\$0-\$100	14,577	\$ 724,162	\$ 719,256	\$ 2,633	\$ 2,273	\$ 49.68	15.05%	0.90%
\$101-\$200	24,462	\$ 2,984,564	\$ 2,969,310	\$ 8,253	\$ 7,001	\$ 122.01	25.26%	3.73%
\$201-\$300	10,583	\$ 2,206,936	\$ 2,177,029	\$ 12,685	\$ 17,222	\$ 208.54	10.93%	2.75%
\$301-\$400	11,762	\$ 3,343,726	\$ 3,310,022	\$ 13,969	\$ 19,735	\$ 284.28	12.15%	4.17%
\$401-\$500	5,764	\$ 2,179,253	\$ 2,138,304	\$ 17,358	\$ 23,591	\$ 378.08	5.95%	2.72%
\$501-\$600	4,309	\$ 1,997,703	\$ 1,944,198	\$ 15,246	\$ 38,259	\$ 463.61	4.45%	2.49%
\$601-\$700	3,500	\$ 1,904,680	\$ 1,852,491	\$ 16,060	\$ 36,129	\$ 544.19	3.61%	2.38%
\$701-\$800	2,901	\$ 1,813,198	\$ 1,744,345	\$ 13,955	\$ 54,898	\$ 625.03	3.00%	2.26%
\$801-\$900	2,161	\$ 1,537,124	\$ 1,475,033	\$ 14,708	\$ 47,383	\$ 711.30	2.23%	1.92%
\$901-\$1,000	1,879	\$ 1,495,473	\$ 1,425,721	\$ 17,199	\$ 52,553	\$ 795.89	1.94%	1.87%
\$1,001-\$5,000	12,144	\$ 21,713,668	\$ 19,357,228	\$ 402,811	\$ 1,953,629	\$ 1,788.02	12.54%	27.11%
Over \$5,001	2,795	\$ 38,207,330	\$ 27,285,443	\$ 724,134	\$ 10,197,753	\$ 13,669.89	2.89%	47.69%
Grand Total	96,837	\$ 80,107,815	\$ 66,398,379	\$ 1,259,010	\$ 12,450,427	\$ 827.24	100.00%	100.00%

\$500 and under of the total inventory accounts for 69.34% of accounts and 14.28% of total debt.

\$1,000 and under of the total inventory accounts for 84.57% of accounts and 25.20% of total debt.

NON-RESIDENT DEBTORS INVENTORY OF ACCOUNTS

AS OF 06/30/2021

Value	# of Accounts	Total Debt	Principal	Penalty	Interest	Avg Case Amt	% of Accounts	% of Total Debt
\$0-\$100	2,700	\$ 132,734	\$ 131,126	\$ 1,248	\$ 360	\$ 49.16	9.41%	0.34%
\$101-\$200	8,048	\$ 955,755	\$ 950,324	\$ 2,394	\$ 3,037	\$ 118.76	28.05%	2.41%
\$201-\$300	2,887	\$ 597,940	\$ 588,757	\$ 3,660	\$ 5,523	\$ 207.11	10.06%	1.51%
\$301-\$400	3,755	\$ 1,053,941	\$ 1,042,355	\$ 3,327	\$ 8,259	\$ 280.68	13.09%	2.66%
\$401-\$500	1,746	\$ 661,717	\$ 646,323	\$ 5,669	\$ 9,725	\$ 378.99	6.08%	1.67%
\$501-\$600	1,093	\$ 509,874	\$ 486,332	\$ 5,882	\$ 17,660	\$ 466.49	3.81%	1.29%
\$601-\$700	933	\$ 509,634	\$ 488,724	\$ 4,755	\$ 16,155	\$ 546.23	3.25%	1.29%
\$701-\$800	748	\$ 470,979	\$ 445,795	\$ 5,101	\$ 20,084	\$ 629.65	2.61%	1.19%
\$801-\$900	541	\$ 384,595	\$ 367,631	\$ 3,533	\$ 13,431	\$ 710.90	1.89%	0.97%
\$901-\$1,000	504	\$ 402,742	\$ 369,862	\$ 5,244	\$ 27,636	\$ 799.09	1.76%	1.02%
\$1,001-\$5,000	4,291	\$ 7,898,466	\$ 6,629,918	\$ 164,803	\$ 1,103,745	\$ 1,840.71	14.95%	19.95%
Over \$5,001	1,449	\$ 26,004,368	\$ 14,298,999	\$ 703,998	\$ 11,001,370	\$ 17,946.42	5.05%	65.70%
Grand Total	28,695	\$ 39,582,743	\$ 26,446,145	\$ 909,612	\$ 12,226,986	\$ 1,379.43	100.00%	100.00%

\$500 and under of the total inventory accounts for 66.69% of accounts and 8.59% of total debt.

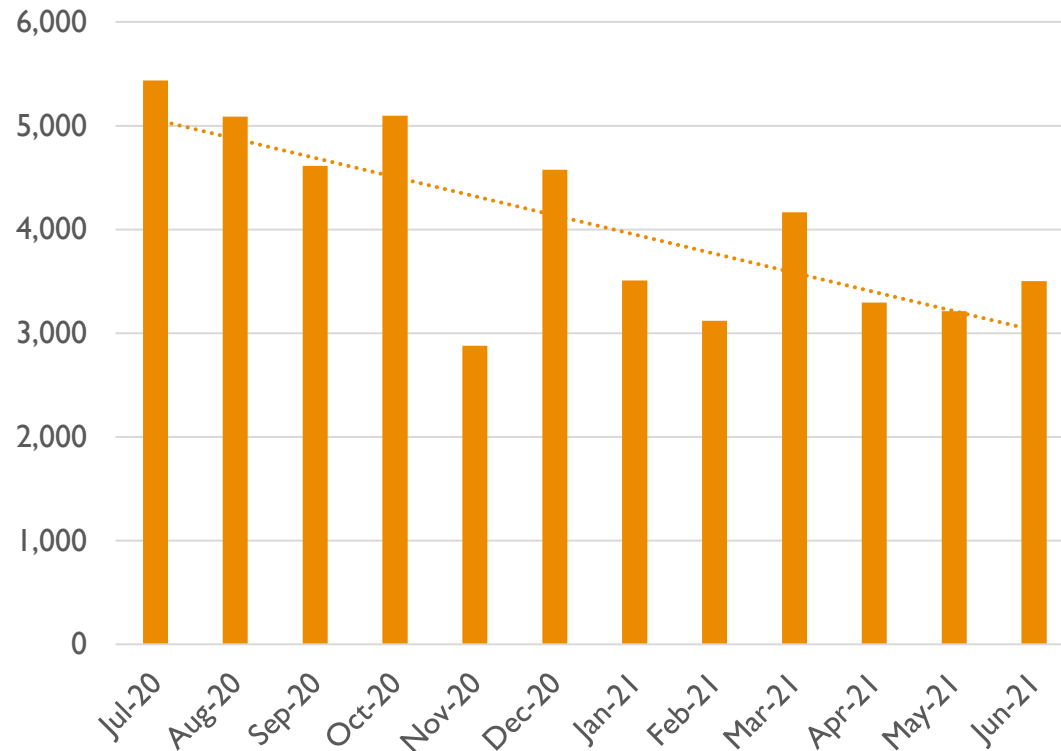
\$1,000 and under of the total inventory accounts for 80.00% of accounts and 14.35% of total debt.

CUSTOMER ENGAGEMENT STRATEGY

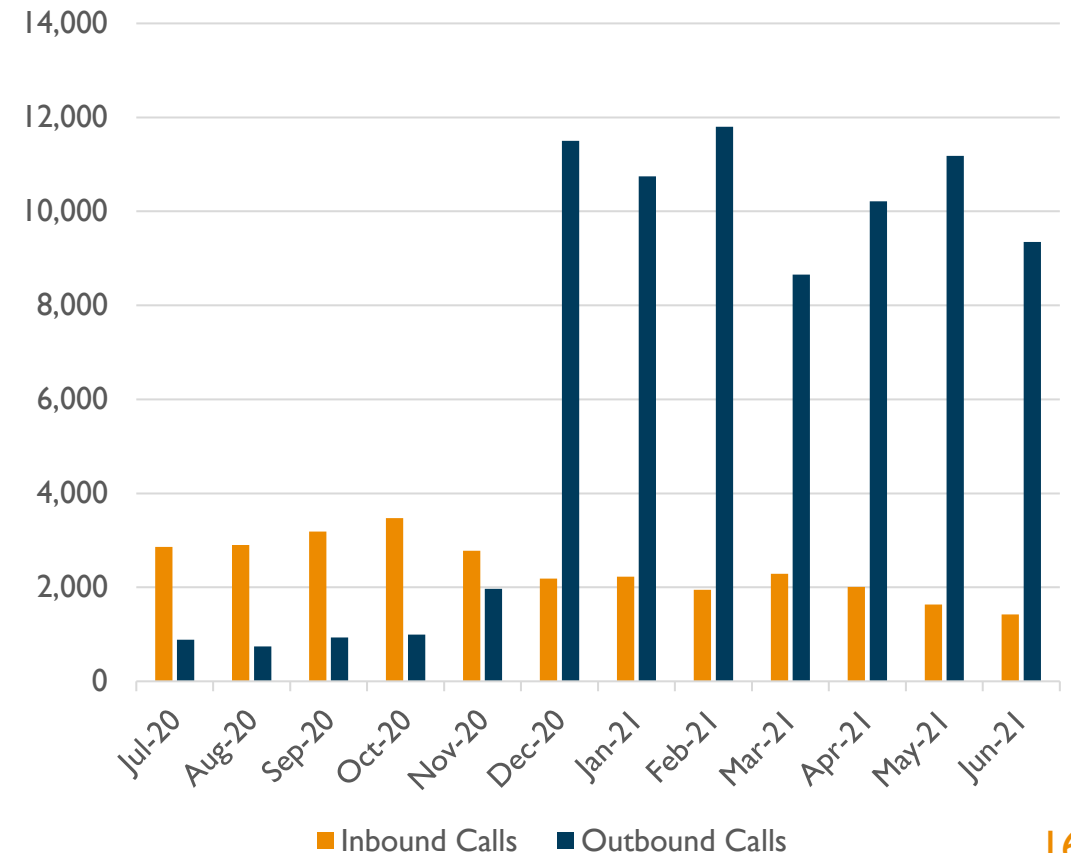
- Focuses on outbound calling instead of letters
- Improves:
 - Customer Service by offering the customer the ability to immediately ask questions to an expert
 - Collection Performance by immediately discovering a way to bring the customer into compliance
 - Customer Outcomes by educating the customer to get them into compliance by paying in full or with manageable payment plans (See Payment Plan Strategy)
- Why is this important and valuable?
 - Customers: More compliance means more customers are not affected by more adversarial actions (such as revoking a license)
 - State Agencies: More compliance dollars and more customers going to school, maintaining jobs, and paying taxes (compliant people have higher economic activity)
 - For everyone: A realization that everyone is paying their fair share

CUSTOMER ENGAGEMENT STRATEGY

Letters Sent



Phone Calls

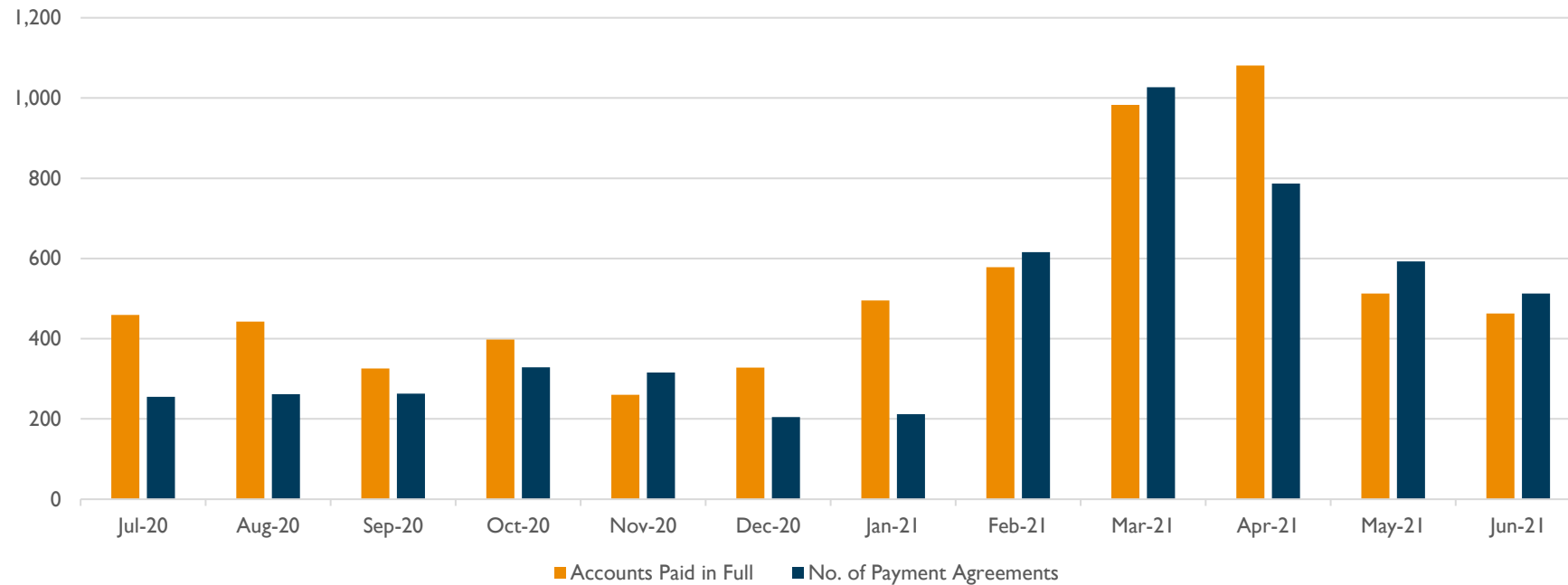


PAYMENT PLAN STRATEGY

- When payment in full isn't achievable what does the ORC do?
- 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

PAYMENT PLAN STRATEGY

Account Resolutions



DUE PROCESS HEARINGS

- Customer education about the purpose of a hearing

Fiscal Year	# of Debts Referred to the ORC	# of Hearings Requested	# of Hearings Adjudicated	# of Hearings Dismissed or Withdrawn
2017	63,336	24	12	12
2018	28,800	20	17	3
2019	30,217	2	1	1
2020	27,868	15	9	6
2021	24,493	2	0	2

WHAT'S NEXT?

- Bringing 2 new third-party collection agencies into the ORC
 - Centralized platform
 - Better Customer Experience
 - Enhanced Data Security
- State Agency Participant Training
 - Provide State Agency staff various Collection Training Opportunities
 - Develop Desk User Guide
- Work with State Agency Participants to Develop Strategy
 - Regular Portfolio Analysis and Operational Evaluation
 - Assess Portfolio Collectability (added focus on accounts over 2 years old)
 - Work with State Agency to develop strategy for successfully collecting and/or closing accounts
 - Prioritize and organize specific collection projects



QUESTIONS