

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER



Office of Finance and Treasury

March 1, 2018

The Honorable Muriel Bowser
Mayor of the District of Columbia Government
1350 Pennsylvania Avenue, NW – 6th Floor
Washington, DC 20004

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia Government
1350 Pennsylvania Avenue, NW – Suite 504
Washington, DC 20004

Re: Central Collections Unit 2018 Annual Report

Dear Mayor Bowser and Chairman Mendelson:

In accordance with the requirements of Section 11 of the Delinquent Debt Recovery Act of 2012 (D.C. Official Code §1-350.11), please find below the 2018 annual activity report for the Central Collection Unit (CCU). This report reflects activity for the fiscal year 2017.

Background Information

The CCU operates within the Office of Finance and Treasury (OFT) of the Office of the Chief Financial Officer (OCFO). CCU's primary responsibility is to collect all delinquent debts owed to the District of Columbia Government, except those excluded by law (taxes, child support, water and sewer debts), and deposit the collections into the Delinquent Debt Fund (Fund). At the end of each fiscal year, the CCU must make the following transfers from the Fund: (1) to the Not-For-Profit Hospital t/a: United Medical Center (UMC), net of costs and fees, all delinquent debt collected for the Not-For-Profit Corporation; (2) to the University of the District of Columbia (UDC), net of costs and fees, all delinquent debt collected for the University of the District of Columbia; and, (3) to the General Fund of the District of Columbia all remaining delinquent debt collected (including accrued interest), net of all costs and expenses less ten percent (10%) retained as a reserve for the next operating year.

The report outline is as follows:

1. Statistical data, including debt settlements, installment payment plans, agency transfers of delinquent debt to the CCU, delinquent debt collections, net transfer to the General Fund, and customer service data;

2. Amount of uncollected delinquent debt owed to the District; and
3. Summary of the efforts made to collect delinquent debt owed to the District, and the action items (challenges) that remain.

1. **Statistical Data:**

CCU Collections in FY2017:

	Fiscal Year 2017	Fiscal Year 2016
Gross Debt Collected	\$35,696,018	\$34,006,108
CCU Collection Expenses	(\$ 5,135,388)	(\$ 5,129,502)
Net CCU Collections	\$30,560,630	\$28,876,606
10% CCU Reserve	\$ 3,056,063	\$ 2,887,661
Funds Returned to UMC/UDC	\$ 241,063	\$ 348,818
Net Transfer to General Fund	\$27,504,567	\$25,640,127

CCU Settlement Statistics:

Fiscal Year	Original Balance Due	Settlement Revenue Collected	Percentage of Total Debt Collected	Total Settlement Customers
FY2017	\$4,246,828	\$3,121,544	74%	2,197
FY2016	\$4,363,371	\$3,042,323	70%	2,299
Comparison			4% growth	

CCU Installment Payment Plan Statistics:

Fiscal Year	Number of Installment Payment Plans	Monthly Average
FY2017	3,319	277
FY2016	3,227	269

CCU Customer Service Statistics:

Fiscal Year	Walk-In Customers	Monthly Average	Incoming Telephone Calls	Monthly Average
FY2017	11,918	993	24,921	2,077
FY2016	11,958	997	31,034	2,586

2. Amount of Uncollected Delinquent Debt Owed to the District:

The universe of uncollected delinquent debt owed to the District of Columbia government and eligible for CCU collection is approximately \$47.5 million based on available information from agencies actively participating in CCU collections.

3. Summary of the Efforts Made to Collect Delinquent Debt Owed to the District and the Challenges that Remain:

A) CCU System of Record and Outside Collection Agency:

The CCU determined that the optimal solution for its debt collection needs would be collection services combined with utilizing the technology of a selected vendor as the CCU's system of record. Implementation of this turnkey solution will provide CCU greater functionality and efficiency through a streamlined approach to improve customer service, generate standard and ad-hoc reports, allow enhanced use of collection tools and consolidate delinquent debtor accounts to maximize collection efforts. Additionally, working in an automated environment will provide the CCU with opportunities to initiate special collection programs, closely monitor traditional installment payment plans, identify trends and patterns, and evaluate the performance of the CCU.

A Request for Proposal (RFP) for a turnkey solution was issued and a competitive selection process used, including a Source Selection Evaluation Board (SSEB), to evaluate responses. The SSEB included representatives from government agencies including Department of Motor Vehicles (DMV), UMC and UDC, which all utilize the services of the CCU. Upon conclusion and subsequent awarding of the contract, a protest was filed, and a stop work order was issued on July 12, 2017. The Contracts Appeal Board (CAB) provided a ruling, and the Contracting Officer is currently working to comply with the decision handed down by the CAB. At this time, no new award date has been confirmed.

Once a contract is awarded, the CCU will work in an automated environment and aggressively work with additional District agencies to collect their debts. The process will occur in stages and will bring remaining agencies into compliance with the Delinquent Debt Recovery Act of 2012.

B) Customer Service:

The current CCU operation combines both outside collection agencies and internal CCU staff. The internal customer service team consists of a Collections Supervisor, Lead Collections Representative, and seven (7) Collections Representatives. This portion of the CCU staff is responsible for servicing customers face-to-face and via telephone. The CCU walk-in facility currently has two (2) workstations and a third utilized to handle customer elevated cases and special projects located within the Office of Tax and Revenue's Customer Operations Center at

the southwest waterfront offices. CCU's telephone call center is located within the Office of Finance and Treasury at 1101 4th Street, Southwest.

The outside collection agencies and the CCU staff work to resolve delinquent accounts in the best interest of both the customer and the District. The majority of the internal CCU customers have DMV-related concerns. Many times, a customer will visit the CCU because he/she needs a service at the DMV, such as renewal of a driver license and/or registration and are unable to obtain the service due to outstanding DMV ticket infractions or insurance lapse violations. CCU policies extend installment payment plans to District residents only, but will attempt to work out a debt settlement, when appropriate to do so, with District and non-District residents. Per the CCU legislation, District government employee attachments and payroll deduction agreements are available.

CCU debt settlements have resulted in an average lump sum payment of seventy-four percent (74%) of the corresponding total outstanding debt in these cases. CCU settlements are at minimal cost to the District and are responsible for collections exceeding \$3.1 million in FY2017.

CCU prides itself on providing excellent customer service both in the walk-in customer center and its call center. During non-peak season, the review of Aspect telephony and Q-Matic reports shows that the CCU has an average wait time of less than ten (10) minutes for walk-in customers. During peak times, however, such customer wait times increase.

C) CCU Community Outreach Programs:

In March 2017, the CCU started working with the Executive Office of the Mayor (EOM), Mayor's Office on Returning Citizens Affairs (MORCA), and the DMV to implement a pilot program titled, "MORCA Pathways to Work Reentry." The pilot program incorporates special payment options for qualifying returning citizens in need of a driver license, to either obtain or maintain employment. Since the pilot went live in November, the CCU has assisted over 100 returning citizens in resolving outstanding DMV tickets or insurance lapse violations.

The CCU continues to work with community services programs such as "Building Futures" and "Project Empowerment" to accomplish similar goals for young adults deserving of a fresh start with careers in construction and other fields.

D) CCU Challenges:

As stated previously, the CCU is faced with a delay in awarding a contract for a system of record and collection services due to vendor protest. Despite this setback, the CCU collected a gross amount of just under \$36 million in FY2017.

Once a turnkey contract is implemented, the CCU expects to substantially increase collections through the addition of other District agencies, through new collection initiatives, a continued partnership with DMV Adjudication Services and growing our partnership with the Department of Public Works Blue Plains Impoundment Lot.

If you have any questions or would like to discuss the information outlined above, please feel free to contact me at 202-727-0846.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffy Barnette". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Jeffrey Barnette
Deputy Chief Financial Officer and Treasurer