

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Chief Financial Officer**



**Office of Finance and Treasury**

March 1, 2019

The Honorable Muriel Bowser  
Mayor of the District of Columbia  
1350 Pennsylvania Avenue, NW – 3rd Floor  
Washington, DC 20004

The Honorable Phil Mendelson  
Chairman  
Council of the District of Columbia  
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 Units (CCU). This report reflects activity for the fiscal year end 2018 (FY2018).

**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). CCU also collects the dishonored checks deposited through the General 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.

Beginning with FY18, CCU discontinued retaining the 10% reserve funds to be used to fund the following year's operations. Based on experience to date and sufficient budget authority, it is not necessary. CCU reconciled and transferred all remaining prior year's retained funds, which totaled \$12,128,811 to the General Fund with the annual FY18 transfer in October.

The report outlines the following:

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
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 FY2018:**

	<b>FY2018</b>	<b>FY2017</b>
Gross Delinquent Debt Collected	\$ 35,539,921	\$35,696,018
CCU Collection Expenses	( <b>\$ 5,974,909</b> )	( <b>\$ 5,135,388</b> )
Net CCU Collections	\$ 29,565,012	\$30,560,630
10% CCU Reserve	\$ 0	\$ 3,056,063
Net Transfer to General Fund	\$ 29,565,012	\$27,504,567
Reconciliation of final 10% retained earnings – Transferred to the General Fund	\$ 12,128,811	\$0
Total FY2018 Transfer to the General Fund	\$41,693,823	

**Debt Settlement Statistics:**

<b>Fiscal Year</b>	<b>Original Balance Due</b>	<b>Settlement Revenue Collected</b>	<b>Percentage of Total Debt Collected</b>	<b>Total Settlement Customers</b>
FY2018	\$4,591,053	\$3,368,960	73%	2,234
FY2017	\$4,246,828	\$3,121,544	74%	2,197
FY2016	\$4,363,371	\$3,042,323	70%	2,299

**CCU Installment Payment Plan Statistics:**

<b>Fiscal Year</b>	<b>Number of Installment Payment Plans</b>	<b>Monthly Average</b>
FY2018	4,338	362
FY2017	3,319	277
FY2016	3,227	269

**CCU Customer Service Statistics:**

<b>Fiscal Year</b>	<b>Walk-In Customers</b>	<b>Monthly Average</b>	<b>Incoming Telephone Calls</b>	<b>Monthly Average</b>
FY2018	13,372	1,114	26,570	2,214
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 amount of uncollected delinquent debt owed to the District of Columbia government and eligible for CCU collection is approximately \$39 million.

**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 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 award of the contract, a protest was filed, and a stop work order was issued on July 12, 2017. The Contract Appeals Board (CAB) issued a ruling for corrective action and the Contracting Officer complied. The subsequent proposed award of the contract was also protested. The OCFO Office of Contracts is awaiting the CAB's decision in the currently pending protest. At this time, the date of a contract award cannot be determined.

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 allow the CCU to 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 15 team members: collections manager, collections supervisor, two staff accountants, two program analysts, two lead collections representative, and seven collections representatives. The collection representatives are responsible for servicing customers face-to-face, via telephone and email. The CCU walk-in facility currently has two 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 also located at the Southwest Waterfront.

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 CCU customers have DMV-related concerns. Many times, a customer will visit the CCU because he/she needs a service at the DMV, or their home state Motor Vehicle Registration's office. They require services such as a renewal of a driver's license and/or registration, and the customer is unable to obtain the service due to outstanding motor vehicle 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. CCU will also consider DC Government employee attachments and payroll deduction agreements as well.

CCU debt settlements have resulted in an average lump sum payment of 73 percent of the total outstanding debt in these cases. CCU settlements are at minimal cost to the District and are responsible for collections exceeding \$3.4 million in FY2018.

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 minutes for walk-in customers. During peak times, however, such customer wait times can increase.

## C) CCU Community Outreach Programs:

In November 2017, the CCU started working with the 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 2017 the CCU has assisted over 500 returning citizens in resolving outstanding DMV tickets or insurance lapse violations. The program was expanded in February 2019 to include veterans.

**MORCA Debt Settlement Statistics**

<b>Fiscal Year</b>	<b>Original Balance Due</b>	<b>Settlement Revenue Collected</b>	<b>Percentage of Total Debt Collected</b>	<b>Total Settlement Customers</b>
FY2018	280,134	60,217	21%	159

**MORCA Installment Payment Plan Statistics**

<b>Fiscal Year</b>	<b>Number of Installment Payment Plans</b>	<b>Monthly Average</b>
FY2018	75	N/A

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. The collaboration has created several success stories with the CCU’s direct involvement in assisting the program participants. Understanding the importance of the program and to further support the participants, the CCU not only assists with payment options but by acting as a facilitator through the process with the Department of Motor Vehicles. As a result, the CCU staff was invited to participants’ graduation ceremony.

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 at the CAB. Despite this setback, the CCU collected a gross amount of over \$35 million in FY2018.

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,



Bruno Fernandes  
Deputy Chief Financial Officer and Treasurer