

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



Office of Finance and Treasury

February 28, 2020

The Honorable Muriel Bowser  
Mayor of the District of Columbia  
1350 Pennsylvania Avenue, NW – 6<sup>th</sup> 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 2019 Annual Report**

Dear Mayor Bowser and Chairman Mendelson:

In accordance with the requirements Delinquent Debt Recovery Act of 2012, effective October 1, 2012 (D.C. Law 19-168; D.C. Official Code §1-350.11), please find below the 2019 annual activity report for the Central Collection Unit (CCU). This report reflects activity for the fiscal year end 2019 (FY19).

**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 (NSF) 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.

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
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 FY 2019:**

	<b>FY 19</b>	<b>FY 18</b>
Gross Delinquent Debt Collected	\$36,486,981	\$ 35,539,921
CCU Collection Expenses	(\$6,295,296)	(\$ 5,974,909)
Net CCU Collections	\$30,194,685	\$ 29,565,012
Transfer to Arts and Humanities	\$0**	N/A
Net Transfer to General Fund	\$30,194,685	\$ 29,565,012
Reconciliation of final 10% retained earnings – Transferred to the General Fund	***	\$ 12,128,811
Total Transfer to the General Fund	\$30,194,685	\$41,693,823

(\*\*) Pursuant to D.C. Official Code § 1-350.04(d), CCU did not meet the Office of Revenue Analysis’ September 2019 net revenue estimate of \$31,400,000. Therefore, a transfer to the Arts and Humanities Fund was not made.

(\*\*\*) The CCU did not hold back the 10% retainage pursuant to § 7132 of the Fiscal Year 2019 Budget Support Act of 2018, effective October 1, 2018 (D.C. Law 22-168) (amending D.C. Official Code 1-350.04).

**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>
FY 19	\$5,00,4933	\$3,721,313	74%	2,557
FY 18	\$4,591,053	\$3,368,960	73%	2,234
FY 17	\$4,246,828	\$3,121,544	74%	2,197

**CCU Installment Payment Plan Statistics:**

<b>Fiscal Year</b>	<b>Number of Installment Payment Plans</b>	<b>Monthly Average</b>
FY 19	3,711	309
FY 18	4,338	362
FY 17	3,319	277

**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>
FY 2019	12,829	1,069	21,978	1,831
FY 2018	13,372	1,114	26,570	2,214
FY 2017	11,918	993	24,921	2,077

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

As of the FY 19 Comprehensive Annual Financial Report close, the amount of net uncollected delinquent debt owed to the District was \$162,113,719.

**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:**

A contract was awarded in May 2019 to Harris & Harris, (H&H) a collections company, to collect all non-tax debt over 90 days on behalf of CCU for the District and its affiliated agencies, excluding taxes, child support and District of Columbia Water (DC Water). As of FY19, those agencies under collection included:

- Department of Motor Vehicles (DMV)
- United Medical Center (UMC)
- University of the District of Columbia (UDC)
- Office of Finance and Treasury (OFT-Dishonored Checks)
- Department of Consumer and Regulatory Affairs (DCRA)
- Office of the State Superintendent of Education (OSSE)

The H&H contract not only reduces collection expenses but enables CCU to increase the amount and types of debt collected. The awarded contract included both third-party collections as well as the use of H&H's collection system. These factors provide CCU stronger internal controls, transparency, and oversight of the collection process.

The H&H collection system provides greater efficiency and controls around the collection process. H&H will perform skip tracing and scrubs of all agency data prior to loading into H&H's system of record. This makes the source system easier to assist customers, perform research, allow collection analysis, and reporting.

H&H replaces the CCU's previous collection contractors - Industrial Bank/Duncan (PAM), William and Fudge, CONSERVE and Nationwide Recovery Services. William and Fudge, CONSERVE and Nationwide Recovery Services' contracts ended October 31, 2019. Industrial Bank/Duncan (PAM)'s contract ended November 30, 2019.

#### B) Customer Service:

The current CCU operation combines both an outside collection agency (H&H) and internal CCU staff. The internal customer service team currently consists of 19 team members: collections manager, collections supervisor, two (2) staff accountants, two (2) program analyst, two (2) lead collections representatives, nine (9) collections representatives, a senior Business Analyst (contractor) and a quality assurance program analyst. The collection representatives are responsible for servicing customers face-to-face, via telephone and email. The CCU walk-in facility currently has two (2) workstations and a third utilized to handle customer elevated cases 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 office.

H&H 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 DC DMV, or at their home state Motor Vehicle Registration's office. Customers requiring services such as renewal of a driver license and/or registration are unable to obtain the service due to outstanding motor vehicle ticket infractions or insurance lapse violations. CCU policies extend installment payment plans primarily to District residents, but will attempt to work out a debt settlement, when appropriate to do so, with District and non-District residents. CCU also offers payment arrangement options to District government employees requiring assistance to resolve outstanding debt.

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. However, during peak times wait times can increase.

CCU has been proactive in building relationships with the District Council staff in the form of outreach efforts. These efforts have assisted in familiarizing Council Members and staff with the mission and goal of the CCU as well as its policies and procedures.

C) CCU Community Outreach Programs:

In 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.” Subsequently, in 2018, the CCU also started working with the Mayor’s Office of Veteran Affairs (MOVA) to carry out the same mission of assisting District veterans. The programs incorporated special payment options for qualifying returning residents and District veterans in need of a driver’s license, to either obtain or maintain employment. Since the MORCA pilot went live in November 2017 the CCU has assisted over 500 returning citizens in resolving outstanding DMV tickets or insurance lapse violations. Since the inception of the MOVA program, the CCU has assisted over 40 District veterans in resolving their outstanding DMV debt.

**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>
FY 19	\$433,511	\$89,227	21%	226
FY 18	\$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>
FY 19	70	5.83
FY 18	75	5



**MOVA 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>
FY 19	\$61,900	\$10,153	16%	24

**MOVA Installment Payment Plan Statistics**

<b>Fiscal Year</b>	<b>Number of Installment Payment Plans</b>	<b>Monthly Average</b>
FY 19	17	1.42

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, plumbing, transportation and other fields. The collaboration has created several success stories with the CCU’s direct involvement in assisting the program participants with clearing up debts to obtain their driver’s license. In addition, CCU staff acts as facilitators through the service process with the Department of Motor Vehicles. Understanding the importance of the program and to further support the participants, the CCU staff was invited to the graduation ceremony again in 2019.

D) CCU Challenges:

A challenge that CCU faces is acquiring accurate data for collections as agencies have not retained required fields of data or retained accurate records. Sometimes antiquated systems may prohibit export of required data needed by the collection contractor. However, the CCU is developing an implementation team consisting of accounting, technical and business analysts to work with agencies to identify their debts and develop data collection systems. The CCU is anticipating a successful FY20 with increased collections.

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