

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



Office of Finance and Treasury

March 28, 2022

The Honorable Muriel Bowser
Mayor of the District of Columbia
1350 Pennsylvania Avenue, NW – 6th 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 2021 Annual Report

Dear Mayor Bowser and Chairman Mendelson:

In accordance with the requirements of the 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 2021 annual-activity report for the Central Collection Unit (CCU). This report reflects activity for the fiscal-year 2021 (FY 21).

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 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; (3) to the Office of the State Superintendent of Education (OSSE), net of costs and fees, all delinquent debt collected for OSSE; and, (4) to the General Fund of the District of Columbia all remaining delinquent debt collected (including accrued interest), net of all costs and expenses. If CCU meets its targeted revenue

projections legislation requires \$2.5 million of the net general fund transfer be placed in the Arts and Humanities Fund.

The report is organized in accordance with the Delinquent Debt Recovery Legislation requirements, and is outlined 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 FY 2021

	FY21	FY20
Gross Delinquent Debt Collected	\$34,796,942	\$34,679,515
CCU Collection Expenses	(\$6,258,569)	(\$4,542,360)
Net CCU Collections	\$28,538,373	\$30,137,155
Transfer to Arts and Humanities	\$2,500,000	\$ 2,500,000
Net Transfer to General Fund	\$26,038,373	\$27,637,155
Total Transfer to the General Fund	\$26,038,373	\$27,637,155

CCU met its September 2021 net collection target of \$22,000,000. Therefore, CCU made the transfer to the Arts and Humanities Fund pursuant to D.C. Official Code § 1-350.04(d).

Debt Settlement Statistics

Fiscal Year	Original Balance Due	Settlement Revenue Collected	Percentage of Total Debt Collected	Total Settlement Customers
FY 21	\$6,122,104	\$3,869,200	63%	3,913
FY 20	\$3,539,063	\$2,445,442	69%	1,606
FY 19	\$5,00,4933	\$3,721,313	74%	2,557
FY 18	\$4,591,053	\$3,368,960	73%	2,234

CCU Installment Payment Plan Statistics

Fiscal Year	Number of Installment Payment Plans	Monthly Average
FY 21	1,814	363*
FY 20	2,024	169

*Payment Plans were only from January through May 2021. DMV ticket Amnesty was in effect from June through December 2021.

CCU Customer Service Statistics

Fiscal Year	Walk-In Customers	Monthly Average	Incoming Telephone Calls	Monthly Average
FY 21	*	*	54,733	4,561
FY 20	9,958	830	22,037	1,836

*Service center was closed for walk-in customers due to pandemic protocols.

2. Amount of Uncollected Delinquent Debt Owed to the District

As of the FY 21 Annual Comprehensive Financial Report, the amount of net uncollected delinquent debt owed to the District was \$149,136,363.

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 revenue recovery company, to collect all non-tax debt over 90 days on behalf of CCU for the District and its affiliated agencies. The H&H contract enables CCU to increase the amount and types of debt collected. The awarded contract included both third-party collections as well as the support of a system of record for CCU operations. These factors provide CCU stronger internal controls, transparency, and oversight of its collection process.

As of FY 21, those agencies utilizing CCU collection services include:

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 Attorney General (OAG)
Office of the State Superintendent of Education (OSSE)
Alcohol Beverage and Regulation Administration (ABRA)
Board of Ethics and Government Accountability (BEGA)
Department of Energy and Environment (DOEE)
Metropolitan Police Department (MPD)
Office of Planning (OP)
Fire and Emergency Medical Services (FEMS)
Office of the Lottery and Gaming (OLG)

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 13 team members: collections manager, collections supervisor, two (2) staff accountants, two (2) program analyst, one (1) lead collections representatives, and six (6) collections representatives. The team provides full-service support and information to CCU customers via phone and email, or by in-person appointment at the CCU walk-in center and business office. H&H’s collection representatives also support the CCU staff and customers via telephone, web and Interactive Voice Response payment system.

H&H and the CCU staff work to resolve delinquent accounts in the best interest of both the customer and the District. 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. During COVID, payment plan amortizations have been extended to allow residents financial recovery time to resume payment without losing the plan terms. Also, for customers needing to resolve debts, the CCU has provided more generous settlements based on customer hardships.

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 and MOVA pilots, the CCU continues to assist returning citizens and District Veterans.

MORCA Debt Settlement Statistics

Fiscal Year	Original Balance Due	Settlement Revenue Collected	Percentage of Total Debt Collected	Total Settlement Customers
FY 21	\$275,567	\$74,945	27%	96
FY 20	\$396,184	\$97,540	25%	133

MORCA Installment Payment Plan Statistics

Fiscal Year	Number of Installment Payment Plans	Monthly Average
FY 21	4	0.33
FY 20	29	2.42

MOVA Debt Settlement Statistics

Fiscal Year	Original Balance Due	Settlement Revenue Collected	Percentage of Total Debt Collected	Total Settlement Customers
FY 21	\$17,891	\$9,761	54%	7
FY 20	\$16,698	\$8,425	50%	7

MOVA Installment Payment Plan Statistics

Fiscal Year	Number of Installment Payment Plans	Monthly Average
FY 21	2	.16
FY 20	6	.5

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 act 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 has traditionally been invited to the graduation ceremony annually.

D) CCU Initiatives:

CCU continues to work with agencies to consistently acquire accurate data to improve collection rates as agencies have not retained all required fields of data. In FY 21, the CCU developed an implementation team consisting of its quality assurance officer and business analyst to work with agencies to identify their debts, develop data transfer systems, and executed MOUs to document expectations.

If you have any questions or would like to discuss the information outlined above, please feel free to contact me at 202-727-6055.

Sincerely,



Carmen Pigler
Deputy Chief Financial Officer and Treasurer