

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



Office of Finance and Treasury

FY 2022 Annual Activity Report for the Central Collections Unit

Background Information

The CCU operates within the Office of Finance and Treasury (OFT) of the Office of the Chief Financial Officer (OCFO). The CCU's primary responsibility is to collect all delinquent debts, i.e., debts older than 90 days, 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). The CCU also collects dishonored checks (NSF) deposited through the General Fund of the District of Columbia (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 all remaining delinquent debt collected (including accrued interest), net of all costs and expenses.

If the CCU meets its targeted revenue projections, District law requires a specified amount be transferred from the Fund to the Arts and Humanities Fund. See D.C. Official Code § 1-350.04(d).

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 by Fiscal Year			
	2022	2021	2020
Gross Delinquent Debt Collected	\$34,127,705	\$34,796,942	\$34,679,515
CCU Collection Expenses	(\$3,975,987)	(\$6,258,569)	(\$4,542,360)
Net CCU Collections	\$30,151,718	\$28,538,373	\$30,137,155
Transfer to Arts and Humanities	0	\$2,500,000	\$ 2,500,000
Net Transfer to General Fund	\$30,151,718	\$26,038,373	\$27,637,155
Total Transfer to the General Fund	\$30,508,854*	\$26,038,373	\$27,637,155

*Includes OMA prior year cost recovery of \$659,422 and OFOS designated fund transfer of (\$302,286).

The CCU did not meet its September 2022 net collection target of \$31,001,302. Therefore, the CCU did not make 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 22	\$3,289,007	\$2,168,115	66%	1,978
FY 21	\$6,122,104	\$3,869,200	63%	3,913
FY 20	\$3,539,063	\$2,445,442	69%	1,606

CCU Installment Plan Statistics		
Fiscal Year	Number of Installment Payment Plans	Monthly Average
FY 22	1,357	113
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.

2. Amount of Uncollected Delinquent Debt Assigned to CCU

As of the FY 2022 Annual Comprehensive Financial Report, net CCU receivables were \$116,348,661.

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:

In May 2019, the OCFO awarded a contract to Harris & Harris (H&H), a revenue recovery company, to collect all non-tax debt over 90 days on behalf of the CCU for the District and its affiliated agencies. The H&H contract enables the CCU to increase the amount and types of debt collected. The awarded contract includes both third-party collections as well as the support of a system of record for CCU operations. These factors provide the CCU stronger internal controls, transparency, and oversight of its collection process. As of September 30, 2022, the agencies utilizing the 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 ten (10) team members: collections manager, two (2) staff accountants, two (2) program analyst, and six (6) collections representatives. The team provides full-service support and information to the 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, online services, and the Interactive Voice Response payment system.

The CCU and H&H have the discretion to extend installment payment plans and settlements to all delinquent debtors. The CCU offers payment arrangement options to District government employees requiring assistance to resolve outstanding delinquent debt. In addition, for customers

needing to resolve delinquent debts, the CCU has provided more generous settlements and extended payment plans based on customer hardships.

C) CCU Community Outreach Programs:

The CCU continues to work with the Executive Office of the Mayor (EOM), Mayor’s Office of Returning Citizens Affairs (MORCA), and the DMV under the MORCA Pathways to Work Reentry program to offer and assist District residents extending special payment options for qualifying returning citizens and their delinquent debt. The CCU works with the Mayor’s Office of Veteran Affairs (MOVA) to incorporate special payment options to carry out the same mission of assisting District Veterans. 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. In addition, the CCU staff helps facilitate program participants through the DMV service process. This collaboration has created several success stories in which the CCU’s direct involvement has assisted program participants resolve their delinquent debts to obtain their driver’s licenses. Due to CCU’s support of these programs, EOM has traditionally invited CCU staff to the program’s annual graduation ceremony.

MORCA Debt Settlement Statistics				
Fiscal Year	Original Balance Due	Settlement Revenue Collected	Percentage of Total Debt Collected	Total Settlement Customers
FY 22	\$549,735	\$135,061	25%	137
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 22	0	0
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 22	\$28,026	\$14,339	51%	8
FY 21	\$17,891	\$9,761	54%	7
FY 20	\$16,698	\$8,425	50%	7

MOVA Installment Plan Statistics		
Fiscal Year	Number of Installment Payment Plans	Monthly Average
FY 22	0	0
FY 21	2	0.16
FY 20	6	0.50

D) CCU Initiatives:

The CCU consistently works with District agencies to acquire accurate data to improve collection rates, as some agencies have not retained all required data fields. In FY 2022, the CCU developed an implementation team, consisting of a quality assurance officer and business analyst, that works with agencies to identify their respective debts, develops data transfer systems, and executes memorandums of understanding (MOUs) to document expectations.

During FY 2022, the District implemented the District Integrated Financial System (DIFS), an enterprise resource planning financial system. Once DIFS is fully stabilized and all agencies are fully trained and acquainted with the new system, the OCFO expects the debt placement processes from agencies to the CCU to become more efficient. Agencies will upload their delinquent debt directly into the DIFS application, where the CCU will receive and view the delinquent debt recently transferred and assigned to it.