

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



Office of Finance and Treasury  
Central Collection Unit

May 16, 2024

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 Fiscal Year 2023 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 2023 annual activity report for the Central Collection Unit (CCU). This report reflects activity for Fiscal Year 2023 (FY 2023).

**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 Hospital Corporation; (2) to the University of the District of Columbia (UDC), net of costs and fees, all delinquent debt collected for UDC; (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 Act requirements, 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:**

<b>Collections by Fiscal Year</b>			
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Gross Delinquent Debt Collected	\$45,525,125	\$34,111,324	\$34,796,457
Collection Expenses	(\$5,128,366)	(\$3,975,987)	(\$6,258,569)
Net Collections	\$40,396,759	\$30,135,337	\$28,537,888
Interest income earned	\$347,878	\$16,381	\$485
Transfer to Arts and Humanities Fund	(\$2,500,000)	\$0	(\$2,500,000)
Net Transfer to General Fund	\$38,244,637	\$30,151,718	\$26,038,373
Total Transfer to the General Fund	\$38,244,637	\$30,508,854	\$26,038,373

The CCU met its FY 2023 net collection target of \$34,000,000. Therefore, the CCU did make the transfer to the Arts and Humanities Fund pursuant to D.C. Official Code § 1-350.04(d).

<b>Debt Settlement Statistics</b>				
<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 2023	\$6,942,684	\$4,804,846	69%	30,663
FY 2022	\$3,289,007	\$2,168,115	66%	1,978
FY 2021	\$6,122,104	\$3,869,200	63%	3,913

<b>CCU Installment Plan Statistics</b>		
<b>Fiscal Year</b>	<b>Number of Installment Payment Plans</b>	<b>Monthly Average</b>
FY 2023	3,741	311
FY 2022	1,357	113
FY 2021	1,814	363*

\*Payment Plans were only from January through May 2021. Department of Motor Vehicles Ticket Amnesty was in effect from June through December 2021.

<b>CCU Customer Service Statistics</b>				
<b>Fiscal Year</b>	<b>Walk-In Customers</b>	<b>Monthly Average</b>	<b>Incoming Telephone Calls</b>	<b>Monthly Average</b>
FY 2023	867	72	36,872	3072
FY 2022	35	3	30,531	2,544
FY 2021	*	*	54,733	4,561

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

## **2. Amount of Uncollected Delinquent Debt Assigned to CCU**

As of September 30, 2023, net CCU receivables were \$104,031,295.

## **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. The contract provides the CCU with stronger internal controls, transparency, and oversight of its collection process.

**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 14 team members: collections manager, two staff accountants, one program analyst, and ten 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.

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.

<b>MORCA Debt Settlement Statistics</b>				
<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 2023	\$694,834	\$158,148	23%	181
FY 2022	\$549,735	\$135,061	25%	137
FY 2021	\$275,567	\$74,945	27%	96
<b>MORCA Installment Payment Plan Statistics</b>				
<b>Fiscal Year</b>	<b>Number of Installment Payment Plans</b>		<b>Monthly Average</b>	
FY 2023	0		0	

FY 2022	0	0
FY 2021	4	0.33

<b>MOVA Debt Settlement Statistics</b>				
<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 23	\$27,186	\$10,756	40%	6
FY 22	\$28,026	\$14,339	51%	8
FY 21	\$17,891	\$9,761	54%	7

<b>MOVA Installment Plan Statistics</b>		
<b>Fiscal Year</b>	<b>Number of Installment Payment Plans</b>	<b>Monthly Average</b>
FY 23	6	0.5
FY 22	0	0
FY 21	2	0.16

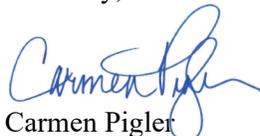
**D) CCU Initiatives:**

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.

During the fourth quarter of FY 2023, CCU, in partnership with H&H, launched a debtor text messaging campaign. The campaign was initiated on August 1<sup>st</sup>, 2023, and targeted Department of Motor Vehicles photo enforcement debtors, sending over 400,000 text messages, to much success, overall collecting \$969,991 for FY 2023.

If you have any questions or would like to discuss the information outlined above, please feel free to me at 202-727-7209.

Sincerely,



Carmen Pigler  
Deputy CFO and Treasurer