

Minutes Accounts Receivable Core Committee (ARCC)



Meeting Date: February 23, 2021 2:00pm-3:00pm

Location: Virtual meeting via [Microsoft Teams](#) (The meeting was recorded and is available in the meeting “chat”)

Attendees: Andria Abrahamson (ODOT); Monica Addis (ODFW); Heidi Baker (DHS); Sheila Banke (DOJ); Brad Batchelor (PUC); Erica Baumann-Hilton (OHCS); Nikki Bennett (DOR-OAA); Jill Blackford (DOC); Dean Criscola (OED); Richard Dredge (DCBS); Marie Elkins (PERS); Svetlana Fadden (DHS); Joseph Flager (DSL) Gerold Floyd (DAS-SWARM); Olga Fokina (OMB); Theresa Gahagan (DAS-SWARM); Ethel Gallares (DEQ); Kim Gladwill-Rowley (LCB); Kimberly Hall (WRD); Shaumae Hall (DEQ); Jennifer Hodgdon (Lottery); Steven Ito (DOR); Eunice Kang (PERS); Craig Kiernan (OHCS); Doug Kleeb (ODOT); Tiffany M. Lane (DHS); Pam Lara (DSL); Sara Lotten (DOC); Jessica McCarthy (ODOT); Monique Murphy (HECC); Sue Nunley (DOJ); Doris Oliván (DCBS); Michael Pepler (ODOE); Matt Powell (DPSST); Bridgett Relphorde (Leg Admin); Ryan Roell (SAIF); Lisa Sardinha (Aviation); Elizabeth Skinner (DHS/OHA); Cindy Stockstill (OPRD); Julie Strauss (DHS); Star Thomson (DSL); Carol Todd (Leg Counsel); Melissa Tominaga (PERS); Anthony Truong (BOA); Adam Villareal (Leg Admin); Susan Westin (OSL); “Guest” (WOU).

ITEM	ACTION, DISCUSSION
Welcome and introductions	
SWARM announcements & other business	Gerold announced- <ul style="list-style-type: none"> • Due April 30 (if applicable) <ul style="list-style-type: none"> ○ ARPM 3rd quarter
<p><i>Unassigned, Non-exempt Accounts with no Payment in over 90 Days:</i></p> <p>Question: If an agency is subject to ORS 293.231 (Centralization), will it suffice if the agency sends accounts to DOJ’s civil enforcement division?</p>	<p>Gerold stated that the amount of Unassigned, Non-exempt accounts with no payment for over 90 days for Executive Branch agencies reported to LFO in FY20 was \$14 million, which is a considerable decrease from \$30.1 million reported in FY 19. Even so, the \$14 million indicates that 30 Executive Branch agencies were in violation of ORS 293.231.</p> <p>In an effort to continue improvements in this area, SWARM will be reaching out to these agencies to discuss the cause of the non-compliance and suggest ways to change agency practices to improve compliance going forward.</p> <p>Some agencies reported accounts were not assigned to DOR because they had been forwarded to DOJ civil enforcement for collections. It should be noted that sending accounts to DOJ Civil Enforcement does NOT meet the assignment requirement of ORS 293.231, which requires non-exempt accounts be assigned to DOR for collection.</p> <p>SWARM recognizes the important service that DOJ provides to agencies, and recommends that when an agency chooses to utilize DOJ in their collection efforts that those accounts be reported under the exemption for litigation, mediation. While the</p>

	<p>service provided by DOJ does not always include actual litigation, this exemption most closely describes the reason the account is not assigned to DOR.</p>																		
<p>Has your agency experienced staff turn-over on the Accounts Receivable desk? One on one training is available.</p>	<p>Theresa announced that for any agency that has experienced staff turnover in their receivables department, or who would just like to refresh their skills are welcome to contact their SWARM analyst. We would be happy to provide one on one training.</p> <p>(Please let us know if any of the agency A/R contacts needs to be updated, please be sure to provide phone numbers and email addresses for new staff to be added).</p>																		
<p>Agency Collection Letters should be updated for the most current contract collection rate. (Only applies to agencies that pass collection fees to the debtor)</p>	<p>Gerold provided a review on the collection fee calculation: When an agency chooses to pass collection fees to the debtor, as allowed in ORS 293.231(10)(a) and OAM 35.40.20, the agency must first provide notice to the debtor in writing (OAM 35.40.20 paragraph 103). One of the items that must be included is the amount of the collection fee that debtors would be responsible for if they don't pay their account in full.</p> <p>OAM 35.30.50 provides sample collection letters that include language that meets the criteria for this notification. In the OAM, the amount of that fee, or "collection rate" is defined as a formula of rate/1-rate (rate is the highest collection fee as provided by DOR-OAA). This formula is used so that the agency receives the full repayment of the debt and is not incurring costs for the collection of the debt. Here is an example of how this formula works:</p> <table border="1" data-bbox="570 984 1305 1514"> <thead> <tr> <th></th> <th>Example</th> </tr> </thead> <tbody> <tr> <td>Principal Debt-\$1000</td> <td>\$1000</td> </tr> <tr> <td>Rate (contingency fee)</td> <td>20%</td> </tr> <tr> <td>Formula</td> <td>$(20\% / (100\% - 20\%))$ or $(20\% / 80\%)$</td> </tr> <tr> <td>Collection letter notice</td> <td>25%</td> </tr> <tr> <td>Fee added</td> <td>\$250 (\$1000 X 25%)</td> </tr> <tr> <td>Total debt to be collected</td> <td>\$1250</td> </tr> <tr> <td>Fee retained by DOR/PCF (assumes full payment)</td> <td>\$250 (\$1250 X 20%)</td> </tr> <tr> <td>Amount remitted to agency</td> <td>\$1000 (\$1250 - \$250)</td> </tr> </tbody> </table> <p>Please note: With the new private collection firm contracts that became effective April 1, 2020, there are new rates charged by the private collection firms, therefore if an agency passes responsibility for paying the collection fee on to the debtor and has not updated the rate used in their collection letters, they should be revised now.</p> <ul style="list-style-type: none"> Executive branch agencies that are subject to centralization under ORS 293.231 should use 20% in the formula which is the highest rate of the three PCF's that DOR-OAA uses. As such, <u>the notification in executive branch agency collection letters should state that debtors would be responsible for a collection fee "up to 25%"</u> (result of the calculation). 		Example	Principal Debt-\$1000	\$1000	Rate (contingency fee)	20%	Formula	$(20\% / (100\% - 20\%))$ or $(20\% / 80\%)$	Collection letter notice	25%	Fee added	\$250 (\$1000 X 25%)	Total debt to be collected	\$1250	Fee retained by DOR/PCF (assumes full payment)	\$250 (\$1250 X 20%)	Amount remitted to agency	\$1000 (\$1250 - \$250)
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	<ul style="list-style-type: none"> Agencies that are <u>not</u> subject to centralization and have their own contracts with private collection firms and also pass the fee to the debtor should review their current contracts to determine if the correct rate is being used in agency notices. <p>DOR-OAA’s Client Agency Service Statement provides the collection fee rates charged by the PCFs and DOR-OAA is currently working to update their Client Agency Service Statement to reflect the new contracted collection fee rates.</p> <p>DOR-OAA also provides debtors the notice prior to assigning a debt to a PCF, but the statute does require the notice to be sent prior to assigning a debt to DOR.</p>
<p>Honor Roll recipients will be announced soon!</p>	<p>Gerold stated that one element of the second special session of the 2020 legislature, was to change the deadline for DAS to submit the annual management report on accounts receivable (ORS 293.252) from December 31 to February 1. As a result the determination of Honor Roll recipients for FY20 was delayed but we expect to be notifying agencies very soon.</p>
<p>Accounts Receivable Management Report Highlights</p>	<p>Theresa began by saying that even though the legislature changed the due date of the <i>Accounts Receivable Management Report (ARMR)</i> to Feb 1, the report on accounts written-off by state agencies was still due Dec 31. In prior years, including FY 2019, the report on accounts written-off by state agencies was included in an appendix in the ARMR. Beginning in FY 2020 the report on accounts written off became a standalone report.</p> <p>The FY 2020 ARMR highlights are:</p> <ol style="list-style-type: none"> 1. Statewide collections and outstanding receivables were not dramatically different than FY 19. This is encouraging given the start of the COVID-19 pandemic in spring of 2020. 2. Executive branch <i>Accounts Receivable Performance Measures (ARPM)</i> data- Total A/R collections of \$6.4 billion was a decrease of \$1.9 billion from FY 19, however is the result of two agencies and was explained. ARPM L&D collections in FY 20 increased \$13.9 million compared to FY19. 3. Unassigned, non-exempt accounts with no payment for more than 90 days was reported as \$14 million by Executive branch agencies which was a \$16 million improvement from FY 19. This improvement is encouraging, however SWARM will be reaching out to agencies that reported accounts in this category to provide assistance in improving compliance. 4. A Report of FY19 Honor Roll recipients was included in the ARMR: 80% of eligible agencies received this recognition! <p>Areas for improvement were primarily data integrity issues. Theresa reminded everyone that SWARM provides a checklist for agencies to use that identifies issues prior to submitting reports.</p> <p>SWARM is currently revising the format of the checklist to make it easier to use and will announce the new checklist in the near future.</p> <p>Links for these reports is as follows:</p> <ul style="list-style-type: none"> FY2020 Accounts Receivable Management Report + FY2020 Statewide Write-Off, Abated Or Canceled Certification Report.

<p>COVID impacts on A/R management, roundtable discussion.</p>	<p>SWARM asked everyone attending how COVID-19 has impacted agency A/R management.</p> <p>Lisa Sardina from Aviation stated that due to working from home three days a week and using a state issued cell phone, she has noticed that it is more difficult to reach people from her state-issued cell phone. She posits that because her phone doesn't indicate that Aviation is calling people are not answering her calls, thinking the call is a scam caller. Theresa asked whether her calls would be more successful if her phone's caller ID showed "State of Oregon" or "Department of Aviation". Lisa thought that it would.</p> <p>Someone from PERS shared that their laptops have a software application (Cisco Softphone) that allows staff to make calls through the laptop but uses their desk phone number.</p> <p>Doris Oliven from DCBS shared that many of their collection accounts have paper records such as agency orders and that when staff are attempting to collect and the debtor asks for copies of those records and proof that orders were served, staff have to go into the office to locate the physical orders. DAS-SFS utilized their contacts through Ricoh to obtain an upgraded scanner (better than the ones on the copiers) and use a software called KOFAX that helps organize the documents to be stored on the agency network drives.</p> <p>Sara Lotten from DOC asked about payroll overpayments questions about negotiating a balance due to hardship after LWOP, does this qualify under offers in compromise, what to do with the remaining balance. Gerold responded that payroll overpayments are addressed in the OAM (45.50.00) and provides guidelines for the collection of that overpayment including the ability to pay back in monthly installments (the exact amount required is based on the collective bargaining agreement). Even if the debtor is paying back in monthly installments, if the employee leaves the agency before the overpayment is completely repaid then the balance may be taken from their final paycheck. Beyond OAM 45.50.00, agencies have the ability to negotiate payment plans under OAM 35.30.60, and with impacts from COVID the agency can temporarily modify their payment plan terms based on a debtors ability to pay or a hardship. The offers in compromise (OAM 35.30.80) is used when a debtor is unable to make the full payment, since in the case of payroll overpayments the employee is still earning an income and the agency should use the payment plan process instead of compromising or eliminating a portion of the debt. Julie Strauss commented that she was told their agency can't offset final paychecks for non-payroll items. Gerold responded that while this is true, the information provided in OAM 45.50.00 is specific to the collection of a payroll overpayment only. There are many other "legal" issues with payroll and impacts the ability to offset a debt owed to the agency from an employee for say a travel overpayment. However, if an agency is owed for a travel overpayment the agency can use offset for any non-payroll payment made, for example if the same employee goes on travel status again and submits a travel reimbursement form the agency can offset the amount owed to the agency for the second travel period against the overpayment from the first travel period.</p>
<p>Roundtable</p>	<p>Nothing came up during this part of the agenda.</p>
<p>Adjournment</p>	<p>The meeting was adjourned at 3:01 pm</p>

Next meeting:

Tuesday, April 20, 2021

2:00pm – 3:30pm

via Teams ([meeting link](#))