

STATEWIDE ACCOUNTS RECEIVABLE MANAGEMENT

The Buzz



SWARM Team News

Gerold and Stacey have been busy little bumble bees due to the increased interest in state debt collections. With support from Governor Brown and several legislative members, our plans are coming to fruition sooner than originally anticipated.

In the coming months Gerold and Stacey will be working diligently to implement requirements referenced in [Executive Order 17-09](#) (refer to page 2) as well as reviewing and planning for implementation of new legislation affecting accounts receivable management.

Senate Bill (SB) 89 Update

On March 30, [SB 89](#) was referred to Ways and Means and has been pending subcommittee assignment since that date. For those monitoring [SB 89](#), do not be discouraged if you notice the bill isn't moving...the state debt collection centralization concept has gained momentum via another bill.

[SB 1067](#), a state government cost containment bill sponsored by Senate President Peter Courtney and Speaker of the House Tina Kotek, includes all of the language referenced in the A-Engrossed version of [SB 89](#). Following its first reading, [SB 1067](#) was referred to Ways and Means and immediately assigned to the Capital Construction Subcommittee. Within a few days, the bill was scheduled for a public hearing. The state debt collection centralization concept continues to move forward with support from Democrats, Republicans, Senators and Representatives.

SWARM will continue to monitor these bills and others related to accounts receivable management. For more information, contact SWARM: swarm@oregon.gov.

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Executive Order (EO) 17-09

EO 17-09 was issued by Governor Brown on May 5, 2017 in an effort to promote fiscal responsibility by recovering monies owed to the state. The order contains six focus areas to improve collection of monies owed to the state, including: 1) assigning debts to the Department of Revenue Other Agency Accounts (DOR-OAA) unit no later than 60 days after the debt is declared liquidated and delinquent; 2) tracking debt collection activities quarterly; 3) modifying procurement and contracting practices to facilitate debt collection; 4) recouping liquidated and delinquent debt owed by vendors by means of reducing state agencies' payments to such vendors; 5) assessing the feasibility of creating a website listing entities and individuals that owe the state liquidated and delinquent debt; and 6) issuing Department of Revenue garnishments using electronic means. (Continued on page 4.)

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Tips and tricks

Have limited resources available to perform collection functions? No problem! As soon as an account becomes delinquent, send a single collection letter notifying the debtor of the consequences associated with not making timely remittance of the amount due. The notification should include: assignment to DOR-OAA or a private collection firm (PCF); additional costs associated with interest and collections fees; the agency's dispute process; and a due date to respond. If the debtor doesn't respond by the due date, assign the account to DOR-OAA or a PCF.

For more information, contact SWARM at: swarm@oregon.gov.

Dept. of Revenue: Other Agency Accounts

Garnishment is a collection tool used when voluntary collection methods are unsuccessful. Before issuing a garnishment, DOR-OAA attempts to contact debtors by mail and by telephone giving debtors the opportunity to pay their debt off or to set up an approved payment plan. In the event the debtor does not respond or refuses to pay their debt, DOR-OAA has the ability to issue a garnishment to legally collect money from the debtor. There are three types of garnishments that DOR-OAA issues: 1) wage garnishment - money from the debtor's paycheck withheld each pay period not exceeding 25% of the debtor's disposable income until the debt is paid in full; 2) bank garnishment - money from the debtor's bank account(s) deducted by the bank equal to the amount of the debt or the balance of the bank account, whichever is less; and 3) State Land Board garnishment - debtor's abandoned property relinquished and applied to the debt.

DOR-OAA issues approximately 3,000 garnishments per month, resulting in collections of over \$1 million per month.

If your agency does not authorize DOR-OAA to issue garnishments to collect its debts, the probability of collecting those debts is reduced. Please contact Nikki Bennett at 503-945-8771 or Nikki.Bennett@oregon.gov for more information about using garnishments to collect your agency's debts.



Partner Focus:



Linebarger Goggan Blair & Sampson, LLP is a national collection law firm with a singular dedicated focus on collecting delinquent account receivables on behalf of government entities. Government collection work is all we do.

Our 2,400+ government entity clients receive collection services provided within the State of Oregon and throughout the United States by more than 1,300 focused employees in our 44 offices located across the country.

True one-stop-shopping. We provide customized services at a local level, as well as pursuing delinquent account holders who may leave your State boundaries. Our clients acknowledge the advantages, benefits and ease of referring an account to Linebarger; having a single point of contact; and obtaining all necessary and desired collection services under a single roof.

Fair but firm treatment. We focus solely on handling government entity collection work, having an inherent understanding and unmatched experience in effectively handling delinquent government entity account holders. Our efforts are intended to move matters toward mutually satisfactory resolution while insulating our government entity clients from risks and complaints.

Knowledge and experience. Linebarger has worked with government entity clients in numerous states and jurisdictions at every stage – from consulting and assisting in development of legislative framework to allow for an effective overall collection program, to implementing “best practice” collection programs to meet client preferences and needs.

We are always available as a resource to our existing and prospective government clients and look forward to serving your Oregon needs! For more information, please contact Scott McGlasson at 844-568-4051 or Scott.McGlasson@lgbs.com.

Account write-off

Oregon Revised Statute (ORS) 293.240 states: *if a state agency has made all reasonable efforts to collect money owed to it, including money owed on a liquidated and delinquent account that has been relinquished by a private collection agency under ORS 293.231, and has determined that the money and any interest or penalties on the money are uncollectible, the agency may write-off the debt on its accounts. Before determining that money is uncollectible..., a state agency must adopt criteria for determining when money is uncollectible. The criteria must include the right of offset and be approved by the Attorney General [AG].*

Oregon Accounting Manual (OAM) policy 35.50.10 includes AG approved criteria. Agencies may adopt OAM policy 35.50.10 or may obtain agency-specific criteria approved by the AG.

Agencies should certify which criteria an account is being written off under prior to recording the accounting entry. If the account subsequently becomes collectible, the agency must attempt to collect monies owed per ORS 293.245.



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Special thanks to:

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Coral Smith, Department of
Human Services Overpayment
Recovery Unit

Scott McGlasson, Linebarger
Goggan Blair & Sampson, LLP



EO 17-09 (continued)

The EO requires state agencies to issue a report to the Department of Administrative Services Chief Operating Officer by June 30, 2017. SWARM created a template reporting form for agencies to use to comply with the EO reporting requirement.

For more information about EO 17-09 and state agency responsibilities, visit the SWARM EO 17-09 webpage at: <http://www.oregon.gov/das/Financial/Acctng/Pages/Executive-Order-17-09.aspx>.

DHS Overpayment Recovery Unit

The Oregon Department of Human Services (DHS) Overpayment Recovery Unit (ORU) is a small, 10-person team that is dedicated to recovering overpaid food, cash, medical benefits, and other assistance programs. ORU is under DHS and Oregon Health Authority (OHA) Shared Services, within the Office of Payment Accuracy and Recovery (OPAR). ORU works closely with the Overpayment Writing and Fraud Investigations units, who establish claims and determines if they are fraudulent.

ORU has both state and federal guidelines to follow in recovering overpayments, and make every attempt to work with our clients to establish voluntary payment plans, or for those clients currently receiving assistance, to recoup through benefit reduction. ORU also has warrant authority, to issue garnishments directly to banks and employers – and is currently the only state agency other than the Department of Justice (child support) to offset lottery winnings as a recovery method.

2016 was a busy and exciting year for ORU, as the unit went through quite a few changes to help improve our collections process and methods. A 6-month LEAN process improvement was completed by the end of 2016, which streamlined our collections process, reducing inefficiencies and eliminating duplicate work. ORU recovered \$618,412 more January-May 2017 than during the same time period of 2015, with a 2017 YTD total of \$5,386,641 being returned to DHS/OHA programs and services. This year's revenue to date would provide an average of 1,018 households SNAP benefits AND 518 households TANF cash assistance for an entire year. For more information, contact: Coral.Smith@state.or.us.