



January 26, 2022

Tim McDermott, Interim Director
Legislative Services Agency
State Capitol
LOCAL

Dear Mr. McDermott:

This letter provides an update on the central debt collection program for the quarter ending December 31, 2021. This report is required quarterly by Iowa Code Chapter 421.17(27) (h) regarding collection results, costs, and positions added.

Debt Collection Program

The Central Collections Unit (CCU) provided debt collection services related to the following:

- Department of Human Services (DHS) Child Support Recovery Unit
- DHS Health & Wellness Premiums
- DHS Medicaid Provider Overpayments
- Department of Natural Resources (DNR) (various liabilities)
- Iowa College Student Aid Commission (Partnership Student Loans)
- Iowa Department of Revenue (IDR) (various liabilities)
- Iowa Insurance Division (IID)
- Iowa Judicial Branch

Each agency placing accounts with the CCU may also undertake additional collection efforts beyond those reflected in this report.

CCU collections consist of two stages. Stage 1 collections are performed by TSI, and include tax debt accounts in pre-collection and collection, and non-tax debt. Stage 2 collections are performed by IDR agents and consist of tax debt that TSI was unable to collect in Stage 1.

Collections by Quarter

Stage 1 collections for the quarter ending December 2021 totaled \$33.1 million, an increase of \$10.33 million compared to the same quarter last year (see Table 2). Collections for Iowa Judicial Branch Court Debt began on January 1, 2021, and totaled \$1.88 million for the quarter ending December 2021. Total collections for all other non-tax partners are up \$60,017 from the same quarter last year. Collections for the three DHS agencies led the way, up a total of \$72,544 from the same quarter in FY21.

Stage 2 collections for the quarter ending December 2021 totaled \$18.27 million, down \$3.31 million compared to the same period last year (see Table 3). The Iowa Department of

Revenue is modernizing its technology and processes to better serve taxpayers. Rollout one of the new technology occurred in November 2021. While we have temporarily experienced a drop in collections, we are confident dollars collected will increase with time and experience in the new system.

The tables and figures provided reflect only the efforts of the CCU.

Cost

The CCU is self-supporting and charges for all direct and indirect costs are properly allocable to CCU activities. Fiscal year costs for the last two fiscal years and an estimate of the total receipts to be retained by the Department to pay for salaries, support, maintenance, services, and other costs incurred related to the CCU in the upcoming budget year are provided in Table 1. The actual and anticipated increases in FY 2021 and FY 2022 costs are due to the IDR technology modernization project.

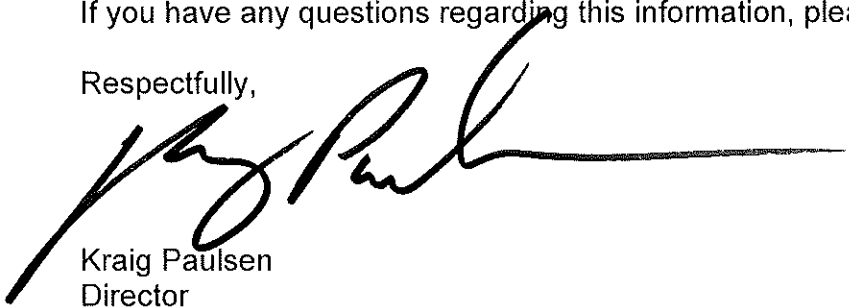
Table 1. Central Collections Unit Cost, FY 2020-2022

| | <u>FY 2020</u> | <u>FY 2021</u> | <u>FY 2022</u> |
|---------------|----------------|----------------|------------------|
| | <u>Actual</u> | <u>Actual</u> | <u>Estimated</u> |
| Cost Incurred | \$10,072,006 | \$15,222,773 | \$18,624,503 |

The fiscal benefits of the Central Collections Unit continue to increase.

If you have any questions regarding this information, please let me know.

Respectfully,



Kraig Paulsen
Director

Table 2. Central Collections Unit Quarterly Collections: CCU-TSI

| Program | Collections for Quarter Ending | | | | |
|-------------------------------|--------------------------------|----------------------|---------------------|---------------------|---------------------|
| | September 2021 | December 2021 | March 2022 | June 2022 | FY 2022 |
| CCU - College Aid | \$16,950 | \$12,554 | | | \$29,503 |
| CCU - DHS Child Support | \$163,033 | \$187,564 | | | \$350,597 |
| CCU - DHS Health & Wellness | \$10,214 | \$17,095 | | | \$27,309 |
| CCU - DHS Medicaid | \$1,310 | \$2,637 | | | \$3,947 |
| CCU - DNR | \$750 | \$1,160 | | | \$1,910 |
| CCU - IDR, Stage 1 Tax Debt | \$19,370,076 | \$30,994,574 * | | | \$50,364,649 |
| CCU - Iowa Insurance Division | \$790 | \$785 | | | \$1,575 |
| CCU - Iowa Judicial Branch | \$2,059,833 | \$1,879,254 | | | \$3,939,088 |
| Total | \$21,622,956 | \$33,095,623 | | | \$54,718,579 |
| | September 2020 | December 2020 | March 2021 | June 2021 | FY 2021 |
| CCU - College Aid | \$24,511 | \$20,162 | \$31,202 | \$19,993 | \$95,868 |
| CCU - DHS Child Support | \$176,104 | \$133,452 | \$172,061 | \$163,052 | \$644,669 |
| CCU - DHS Health & Wellness | \$439 | \$215 | \$6,518 | \$14,973 | \$22,145 |
| CCU - DHS Medicaid | \$1,325 | \$1,085 | \$2,100 | \$1,110 | \$5,620 |
| CCU - DNR | \$5,993 | \$5,291 | \$1,458 | \$14,563 | \$27,306 |
| CCU - IDR, Stage 1 Tax Debt | \$17,693,025 | \$22,606,927 | \$17,073,507 | \$12,288,829 | \$69,662,289 |
| CCU - Iowa Insurance Division | \$2,250 | \$1,573 | \$2,488 | \$1,635 | \$7,945 |
| CCU - Iowa Judicial Branch | | | \$3,086,342 | \$2,728,020 | \$5,814,362 |
| Total | \$17,903,647 | \$22,768,705 | \$20,375,676 | \$15,232,175 | \$76,280,204 |
| | September 2019 | December 2019 | March 2020 | June 2020 | FY 2020 |
| CCU - College Aid | \$34,131 | \$25,201 | \$28,384 | \$28,393 | \$116,109 |
| CCU - DHS Child Support | \$115,056 | \$78,408 | \$79,682 | \$102,292 | \$375,437 |
| CCU - DHS Health & Wellness | \$54,764 | \$14,560 | \$25,061 | \$6,718 | \$101,102 |
| CCU - DHS Medicaid | \$2,244 | \$1,120 | \$43,782 | \$2,732 | \$49,878 |
| CCU - DNR | \$7,994 | \$3,151 | \$15,212 | \$6,592 | \$32,949 |
| CCU - IDR, Stage 1 Tax Debt | \$11,703,922 | \$12,051,115 | \$10,339,904 | \$9,318,441 | \$43,413,383 |
| CCU - Iowa Insurance Division | \$2,365 | \$9,380 | \$1,862 | \$340 | \$13,947 |
| Total | \$11,920,476 | \$12,182,935 | \$10,533,887 | \$9,465,508 | \$44,102,805 |

Totals may not equal the sum of quarterly numbers due to rounding.

*Payment for \$9,043,800.09 on a Stage 1 Tax Debt account is included in this amount, however, the fee for this payment was not included on the monthly invoice paid to TSI due to no collection activity by TSI prior to receipt of the payment.

Table 3. Central Collections Unit Quarterly Collections: CCU-IDR

| Program | Collections for Quarter Ending | | | | |
|-----------------------------|--------------------------------|----------------------|---------------------|---------------------|----------------------|
| | September 2021 | December 2021 | March 2022 | June 2022 | FY 2022 |
| CCU - IDR, Stage 2 Tax Debt | \$22,555,186 | \$18,265,448 | | | \$40,820,634 |
| Total | \$22,555,186 | \$18,265,448 | | | \$40,820,634 |
| | September 2020 | December 2020 | March 2021 | June 2021 | FY 2021 |
| CCU - IDR, Stage 2 Tax Debt | \$22,546,669 | \$21,575,582 | \$29,144,795 | \$28,353,464 | \$101,620,510 |
| Total | \$22,546,669 | \$21,575,582 | \$29,144,795 | \$28,353,464 | \$101,620,510 |
| | September 2019 | December 2019 | March 2020 | June 2020 | FY 2020 |
| CCU - IDR, Stage 2 Tax Debt | \$21,898,855 | \$22,133,348 | \$30,707,809 | \$22,933,089 | \$97,673,101 |
| Total | \$21,898,855 | \$22,133,348 | \$30,707,809 | \$22,933,089 | \$97,673,101 |

Totals may not equal the sum of quarterly numbers due to rounding.

