



April 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 March 31, 2022. 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 CCU-TSI, and include tax debt accounts in pre-collection and collection, as well as non-tax debt. Stage 2 collections are performed by CCU-IDR agents and consist of tax debt that CCU-TSI was unable to collect in Stage 1.

Collections by Quarter

Stage 1 tax collections for the quarter ending March 2022 totaled \$15.84 million, down approximately \$1.2 million compared to the same quarter last year (see Table 2). This decrease can be attributed to a reduction in the CCU-TSI pre-collection phase from 60 days to 30 days. This system change allows the taxpayer 30 days to self-cure prior to CCU-TSI beginning complimentary telephone calls asking if the taxpayer has questions or needs assistance navigating IDR's website.

During the March 2022 quarter, taxpayers submitted \$4.23 million in the first 30 days from the date of billing, saving IDR over \$105,000 in vendor collection fees. Prior to IMPACT Rollout

1, which went live November 2021, these first 30 days of collections would have been included in Stage 1 figures.

Collections for Iowa Judicial Branch Court Debt began on January 1, 2021, and totaled \$4.11 million for the quarter ending March 2022, the highest quarterly total to date. Total collections for all other non-tax partners are down \$14,400 from the same quarter last year. CCU-TSI is in the process of increasing their staff, allowing them to achieve a balance between staffing and service. In addition to CCU-TSI's staffing increase, CCU-IDR will be forming a new non-tax debt team in April 2022. This team will focus solely on non-tax debt collection.

Stage 2 collections for the quarter ending March 2022 totaled \$21.29 million, down \$7.86 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

	FY 2020	FY 2021	FY 2022
	Actual	Actual	Estimated
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				FY 2022
	September 2021	December 2021	March 2022	June 2022	
CCU - College Aid	\$16,950	\$12,554	\$15,327		\$44,830
CCU - DHS Child Support	\$163,033	\$187,564	\$171,993		\$522,590
CCU - DHS Health & Wellness	\$10,214	\$17,095	\$10,019		\$37,328
CCU - DHS Medicaid	\$1,310	\$2,637	\$2,850		\$6,797
CCU - DNR	\$750	\$1,160	\$545		\$2,455
CCU - IDR, Stage 1 Tax Debt	\$19,370,076	\$30,994,574*	\$15,836,921		\$66,201,571
CCU - Iowa Insurance Division	\$790	\$785	\$694		\$2,269
CCU - Iowa Judicial Branch	\$2,059,833	\$1,879,254	\$4,108,853		\$8,047,941
Total	\$21,622,956	\$33,095,623	\$20,147,203		\$74,865,781
	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				FY 2022
	September 2021	December 2021	March 2022	June 2022	
CCU - IDR, Stage 2 Tax Debt	\$22,555,186	\$18,265,448	\$21,286,171		\$62,106,804
Total	\$22,555,186	\$18,265,448	\$21,286,171		\$62,106,804
	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

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