



August 1, 2022

Tim McDermott, 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 June 30, 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.

Collections by Quarter

Stage 1 tax collections for the quarter ending June 2022 totaled \$17.06 million, up approximately \$4.77 million compared to the same quarter last year (see Table 2). The \$17.06 million collected is near the average quarterly collections over the last eight quarters.

The Iowa Department of Revenue built a new process flow in IMPACT. During the first 30 days of the 60 day appeal period, the taxpayer is given time to self-correct and pay their outstanding balance due. During the second 30 days of the 60 day appeal period, taxpayers with a remaining outstanding balance due receive a complimentary call from CCU-TSI. The purpose of these calls is to see if the taxpayer needs a payment voucher, needs assistance navigating the Department's website, or has any questions regarding their billing. As a result of the process change, taxpayers submitted \$7.28 million within 30 days of the billing, saving the Department over \$182,000 in vendor collection fees during the June 2022 quarter.

Collections for Iowa Judicial Branch totaled \$1.86 million for the quarter ending June 2022, down \$870,000 from the same quarter last year. Total collections for all other non-tax partners were \$240,234, up nearly \$25,000 from the same quarter last year. CCU-IDR formed a new non-tax debt collection team in April 2022. This new team will work non-tax debt inventory TSI has not been successful in either establishing a pay plan or obtaining payment in full. In the first two months of production, this new CCU-IDR team collected \$61,672.

Stage 2 collections for the quarter ending June 2022 totaled \$21.51 million, down \$6.85 million compared to the same period last year (see Table 3). The temporary decline can be attributed to the implementation of an upgraded, integrated tax system; IMPACT. Rollout One of the multi-year modernization project took place November 2021.

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

Cost

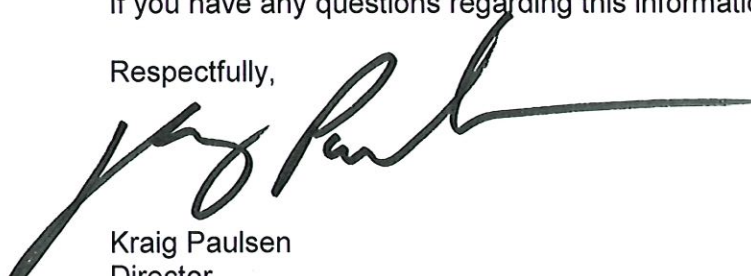
The CCU is self-supporting and charges for all direct and indirect costs are properly allocable to CCU activities. Fiscal year costs for the last two fiscal years and an estimate of the total receipts to be retained by the Department to pay for salaries, support, maintenance, services, and other costs 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

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	\$15,327	\$50,917	\$95,748
CCU - DHS Child Support	\$163,033	\$187,564	\$171,993	\$159,490	\$682,080
CCU - DHS Health & Wellness	\$10,214	\$17,095	\$10,019	\$16,247	\$53,575
CCU - DHS Medicaid	\$1,310	\$2,637	\$2,850	\$4,677	\$11,474
CCU - DNR	\$750	\$1,160	\$545	\$3,354	\$5,809
CCU - IDR, Stage 1 Tax Debt	\$19,370,076	\$30,994,573.59*	\$15,836,921	\$17,056,240	\$66,201,571
CCU - Iowa Insurance Division	\$790	\$785	\$694	\$5,550	\$7,819
CCU - Iowa Judicial Branch	\$2,059,833	\$1,879,254	\$2,143,966	\$1,857,962	\$7,941,016
Total	\$21,622,956	\$33,095,623	\$18,182,316	\$19,154,436	\$74,999,091
	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	\$21,286,171	\$21,507,815	\$83,614,620
Total	\$22,555,186	\$18,265,448	\$21,286,171	\$21,507,815	\$83,614,620
	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.