



November 18, 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 September 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 both tax debt and non-tax debt accounts. Stage 2 collections are performed by CCU-IDR on debt CCU-TSI was unable to collect in full or establish a repayment plan.

Collections by Quarter

Stage 1 & 2 Tax Debt collections for the quarter ending September 30, 2022 totaled \$56.75 million, up approximately \$6.25 million compared to the same quarter last year (see Table 2). This amount includes tax collection efforts by CCU-TSI, CCU-IDR, Accounts Receivable activities, and Non-filer payments.

During FY2022, the Iowa Department of Revenue implemented a new process flow into 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 to see if they need a payment voucher, need assistance navigating the Department's website, or have questions regarding their billing. As a result of this process change, the Department saved nearly \$200,000 in vendor collection fees during the September 2022 quarter.

Collections for Iowa Judicial Branch totaled \$1.71 million for the quarter, down \$352,000 from the same period last year. Total collections for all other non-tax partners were \$336,044, up nearly \$143,000 from the same quarter last year.

CCU-IDR formed a new non-tax debt collection team in April 2022. This new team works non-tax debt inventory CCU-TSI has not been successful in either collecting in full or establishing a repayment plan. The CCU-IDR non-tax debt team collected \$192,203 for the quarter.

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

Cost

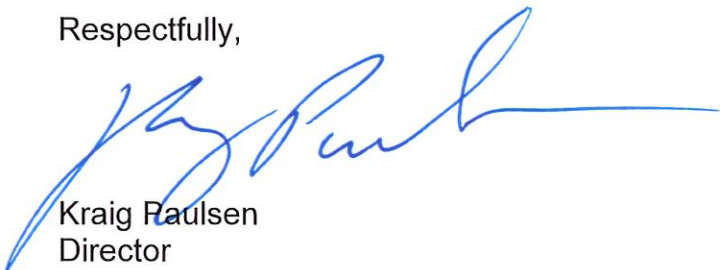
The CCU is self-supporting and charges for all direct and indirect costs that are properly allocable to CCU activities. CCU costs for the last two fiscal years, and an estimate of the total receipts to be retained by the Department to pay for FY2023 salaries, support, maintenance, services, and other costs incurred are provided in Table 1. The increase in cost is due to the IDR modernization tax system project, with Rollout 1 occurring in FY2022.

Table 1. Central Collections Unit Cost, FY 2021-2023

	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimated
Cost Incurred	\$15,222,773	\$19,056,111	\$19,028,185

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

Respectfully,



Kraig Paulsen
Director

Table 2. Central Collections Unit Quarterly Collections

Program	Collections for Quarter Ending				FY 2023
	September 2022	December 2022	March 2023	June 2023	
College Aid	\$142,851				\$142,851
DHS Child Support	\$128,305				\$128,305
DHS Health & Wellness	\$28,639				\$28,639
DHS Medicaid	\$2,820				\$2,820
DNR	\$27,979				\$27,979
Iowa Insurance Division	\$5,450				\$5,450
Iowa Judicial Branch	\$1,707,429				\$1,707,429
Stage 1 & 2 Tax Debt	\$56,746,674				\$56,746,674
Total	\$58,790,147				\$58,790,147
	September 2021	December 2021	March 2022	June 2022	FY 2022
College Aid	\$16,950	\$12,554	\$15,327	\$50,917	\$95,748
DHS Child Support	\$163,033	\$187,564	\$171,993	\$159,490	\$682,080
DHS Health & Wellness	\$10,214	\$17,095	\$10,019	\$16,247	\$53,575
DHS Medicaid	\$1,310	\$2,637	\$2,850	\$4,677	\$11,474
DNR	\$750	\$1,160	\$545	\$3,354	\$5,809
Iowa Insurance Division	\$790	\$785	\$694	\$5,550	\$7,819
Iowa Judicial Branch	\$2,059,833	\$1,879,254	\$2,143,966	\$1,857,962	\$7,941,016
Stage 1 & 2 Tax Debt	\$50,500,875	\$56,275,862	\$45,698,237	\$38,118,910	\$190,593,884
Total	\$52,753,755	\$58,376,911	\$48,043,632	\$40,217,106	\$199,391,404
	September 2020	December 2020	March 2021	June 2021	FY 2021
College Aid	\$24,511	\$20,162	\$31,202	\$19,993	\$95,868
DHS Child Support	\$176,104	\$133,452	\$172,061	\$163,052	\$644,669
DHS Health & Wellness	\$439	\$215	\$6,518	\$14,973	\$22,145
DHS Medicaid	\$1,325	\$1,085	\$2,100	\$1,110	\$5,620
DNR	\$5,993	\$5,291	\$1,458	\$14,563	\$27,306
Iowa Insurance Division	\$2,250	\$1,573	\$2,488	\$1,635	\$7,945
Iowa Judicial Branch			\$3,086,342	\$2,728,020	\$5,814,362
Stage 1 & 2 Tax Debt	\$51,995,784	\$51,740,084	\$57,636,964	\$52,872,875	\$171,282,799
Total	\$52,206,406	\$51,901,862	\$60,939,133	\$55,816,222	\$220,863,622

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

Beginning with FY2023, values displayed in Table 2 reflect collection efforts by CCU-TSI and CCU-IDR, tax debt and non-tax debt. Prior years' reports contained separate tables for CCU-TSI and CCU-IDR.

