



January 31, 2024

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 December 31, 2023. 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 Health and Human Services (HHS) Child Support Services
- HHS Health & Wellness Premiums
- HHS Medicaid Provider Overpayments
- Department of Natural Resources (DNR) (various liabilities)
- 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 can be assigned to one of two types, CCU-TSI or CCU-IDR. CCU-TSI includes all non-tax debt and any tax debt determined to be better worked by an outside collection agency. Today, IDR partners with TSI, Transworld Systems, Inc., on debt collection. CCU-IDR includes all other tax debt and reserves the right to recoup collection cases if CCU-TSI's attempts to establish a payment agreement prove unsuccessful. Advanced collection actions may take place on collection cases placed with CCU-IDR.

### **Collections by Quarter**

Tax debt collections for the quarter ending December 31, 2023 totaled \$70.21 million, up approximately \$16.92 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, Setoffs, and Non-filer payments.

In November of 2023, the Iowa Department of Revenue completed Rollout 3 of its department wide systems modernization project. This rollout included the migration of individual income tax, non-tax debt, and the transition of the State Offset Program administered by the Department of Accounting Services, to the State Setoff Program administered by IDR. From November 15 through December 31, the IDR State Setoff Program intercepted 727 state issued payments to obligors for a total of \$618,393.07, and sent those funds to the respective agencies

participating in the program. In the same period, IDR intercepted 236 payments for a total of \$188,879.29 that were applied to delinquent tax debt.

Collections for Iowa Judicial Branch totaled \$1.47 million for the quarter, down \$157,209 from the same period last year. Collections for HHS Child Support totaled \$114,386, down \$54,825 from the same period last year. Finally, total collections for all other partners were \$1,270, down \$36,532 from the same period last year.

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

Please note, while every effort has been made to maintain consistency in reporting across fiscal years and between IDR's legacy and modernized systems, some changes and improvements are unavoidable. As of November 15, 2023, several data sets have transitioned into IDR's modernized systems. Comparing reported values before and after this date will not be direct matches due to significant changes in reporting and system capabilities.

**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 FY2024 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 2022-2024**

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>
<b>Cost Incurred</b>	<b>\$19,056,111</b>	<b>\$19,742,027</b>	<b>\$21,129,154</b>

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

Respectfully,



Mary Mosiman  
Director



**Table 2. Central Collections Unit Quarterly Collections**

Program	Collections for Quarter Ending				FY 2024
	September 2023	December 2023	March 2024	June 2024	
HHS Child Support	\$90,428	\$114,386			\$204,814
HHS Health & Wellness	\$1,807	\$685			\$2,492
HHS Medicaid	\$650	\$350			\$1,000
DNR	\$0	\$0			\$0
Iowa Insurance Division	\$605	\$235			\$840
Iowa Judicial Branch	\$1,674,467	\$1,465,077			\$3,139,544
Stage 1 & 2 Tax Debt	\$63,591,841	\$70,209,861			\$133,801,702
<b>Total</b>	<b>\$65,359,798</b>	<b>\$71,790,594</b>			<b>\$137,150,392</b>
	September 2022	December 2022	March 2023	June 2023	FY 2023
College Aid	\$142,851	\$90,334	\$54,665	\$43,247	\$331,097
HHS Child Support	\$128,007	\$169,211	\$143,175	\$109,426	\$549,819
HHS Health & Wellness	\$28,639	\$29,764	\$11,634	\$10,610	\$80,648
HHS Medicaid	\$2,820	\$2,311	\$2,294	\$1,045	\$8,470
DNR	\$27,979	\$5,277	\$480	\$628	\$34,364
Iowa Insurance Division	\$5,450	\$450	\$505	\$605	\$7,010
Iowa Judicial Branch	\$1,707,429	\$1,622,286	\$1,970,700	\$1,816,179	\$7,116,593
Stage 1 & 2 Tax Debt	\$56,674,273	\$53,287,258	\$54,194,680	\$46,735,710	\$210,891,921
<b>Total</b>	<b>\$58,717,449</b>	<b>\$55,206,891</b>	<b>\$56,378,132</b>	<b>\$48,717,451</b>	<b>\$219,019,922</b>
	September 2021	December 2021	March 2022	June 2022	FY 2022
College Aid	\$16,950	\$12,554	\$15,327	\$50,917	\$95,748
HHS Child Support	\$163,033	\$187,564	\$171,993	\$159,490	\$682,080
HHS Health & Wellness	\$10,214	\$17,095	\$10,019	\$16,247	\$53,575
HHS 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	\$57,476,807	\$49,931,079	\$45,400,175	\$203,308,936
<b>Total</b>	<b>\$52,753,755</b>	<b>\$59,577,856</b>	<b>\$52,276,474</b>	<b>\$47,498,371</b>	<b>\$212,106,457</b>

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.