



April 30, 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 March 31, 2024. 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 (IJB) (various liabilities)

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 March 31, 2024 totaled \$56.77 million, up approximately \$2.57 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 from the Department of Administrative Services to the Iowa Department of Revenue.

For the quarter ending March 31, 2024, the IDR State Setoff Program intercepted 41,106 state issued payments to obligors for a total of \$16,133,106, and sent those funds to the respective agencies participating in the program. In the same period, IDR intercepted 1,553 state issued payments for a total of \$1,920,482 that were applied to delinquent tax debt.

Collections for Iowa Judicial Branch totaled \$1.95 million for the quarter, down \$23,404 from the same period last year. Collections for HHS Child Support totaled \$169,127, up \$25,952 from the same period last year. Finally, total collections for all other partners were \$25,662, up \$10,749 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. Significant changes in reporting and system capabilities may result in variances when comparing reported values before and after this date.

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

	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimated
Cost Incurred	\$19,056,111	\$19,742,027	\$21,129,154

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	\$169,127		\$373,941
HHS Health & Wellness	\$1,807	\$685	\$9,802		\$12,294
HHS Medicaid	\$650	\$350	\$4,950		\$5,950
DNR	\$0	\$0	\$10,365		\$10,365
Iowa Insurance Division	\$605	\$235	\$545		\$1,385
Iowa Judicial Branch	\$1,674,467	\$1,465,077	\$1,947,296		\$5,086,840
Stage 1 & 2 Tax Debt	\$63,591,841	\$70,209,861	\$56,766,125		\$190,567,827
Total	\$65,359,798	\$71,790,594	\$58,908,209		\$196,058,600
	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
Total	\$58,717,449	\$55,206,891	\$56,378,132	\$48,717,451	\$219,019,922
	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
Total	\$52,753,755	\$59,577,856	\$52,276,474	\$47,498,371	\$212,106,457

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.