OFFICE OF STATE DEBT COLLECTION

CAPITAL FACILITIES & GOVERNMENT OPERATIONS APPROPRIATIONS SUBCOMMITTEE
STAFF: RICH AMON AND GARY RICKS

ISSUE BRIEF

SUMMARY

The Department of Administrative Services oversees the Office of State Debt Collection (OSDC) and has provided the following information describing the Office. The mission of the Office of State Debt Collection is to maximize receipt of money to the State of Utah by effectively managing and collecting state receivables.

The Office was organized during Fiscal Year 1996. The enabling legislation is found in 63A-8.

The major responsibilities of the Office are:

- Responsibility for collecting and managing state receivables;
- Develop consistent policies, procedures and guidelines for accounting, reporting, collecting and writing off monies owed to the state;
- Prepare quarterly and annual reports of the state's receivables
- Overseeing and monitoring state agencies receivable programs to ensure that state agencies are following established policies and procedures and collection of accounts receivable is efficient.

The Office is funded with fees and interest approved in the annual appropriation act passed by the legislature. Section 63A-8-201 Utah Code authorizes the collection of the fees and interest from the citizen in addition to the original amount owed. The fees and interest are deposited into the "State Debt Collection Fund" as designated in 63A-8-301. In summary, the OSDC receives no state funding but is funded with dollars collected from the citizens owing the receivable.

The fees and interest authorized by law, 63A-8-201, and those actually being charged are presented below:

- A fee to cover the administrative cost of collection;
- A late penalty fee that may not be more than 10% of the account receivable;
- An interest charge that is:
    1. The post judgment interest rate established by the courts;
       or
    2. Not more than 2% above the prime rate for accounts receivable for which no court judgment has been entered.

Monies in the State Debt Collection Fund are used to offset systems, administrative, legal, and other collection costs of the Office. The fees are also used to provide training to state agencies. The post judgment interest is used to fund the organized collection programs in the District Courts. Recent fiscal information is found on the following page.

Budget Detail

Administrative Services - State Debt Collection

Sources of Finance	FY 2009 Actual	FY 2010 Estimated	Changes	FY 2010 Estimated	Changes	FY 2011* Base Budget
Dedicated Credits	1,306,400	1,623,500	0	1,623,500	(316,500)	1,307,000
Total	$1,306,400	$1,623,500	$0	$1,623,500	($316,500)	$1,307,000
Programs						
Debt Collection	1,306,400	1,623,500	0	1,623,500	(316,500)	1,307,000
Total	$1,306,400	$1,623,500	$0	$1,623,500	($316,500)	$1,307,000
Categories of Expenditure						
Personnel Services	453,500	468,300	0	468,300	0	468,300
In-state Travel	0	0	0	0	100	100
Out-of-state Travel	0	6,200	0	6,200	(6,100)	100
Current Expense	711,600	892,500	0	892,500	(251,000)	641,500
Data Processing Current Expen	160,200	167,200	0	167,200	(10,200)	157,000
Total	$1,325,300	$1,534,200	$0	$1,534,200	($267,200)	$1,267,000
Other Data						
Budgeted FTE	6.5	6.5	0.0	6.5	0.0	6.5
Retained Earnings	($18,900)	$89,300	$0	$89,300	($49,300)	$40,000

*This program is not appropriated funds by the Legislature, but is given authority to expend from collections.