

Office of the
Legislative Fiscal Analyst

FY 2001 Budget Recommendations

Joint Appropriations Subcommittee for
Capital Facilities and Administrative Services

Utah Department of Administrative Services
Internal Service Funds
Office of State Debt Collection

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1.0 Office of Debt Collection

Summary

Senate Bill 235 of the 1995 Legislative Session established the Office of State Debt Collection. The office manages collection for past due debts to the State and has the following responsibilities:

- a. Collecting and managing state receivables;
- b. Developing consistent policies governing the collection and management of State receivables;
- c. Overseeing and monitoring State receivables;
- d. Developing policies, procedures and guidelines for accounting, reporting, and collecting monies owed to the State;
- e. Providing information, training, and technical assistance to State agencies on collection-related topics;
- f. Writing an inclusive receivables management and collection manual for use of State agencies;
- g. Preparing quarterly and annual reports of the State's receivables;
- h. Creating/coordinating a State accounts receivable database, information systems, and procedures;
- i. Establishing an automated case receipt process between State agencies;
- j. Establishing procedures for writing-off accounts receivable for accounting and collections purposes.

The internal service fund program contracts with private vendors to assist in collection of outstanding debt. Revenue is generated for the program by assessing an administrative fee against each collection.

	Analyst FY 2001 Base	Analyst FY 2001 Changes	Analyst FY 2001 Total
Financing			
Dedicated Credits	\$153,000	\$563,100	\$716,100
Licenses/Fees	\$47,500	(\$47,500)	
Total	<u>\$222,100</u>	<u>\$494,000</u>	<u>\$716,100</u>
Programs			
ISF - Debt Collection	<u>\$222,100</u>	<u>\$494,000</u>	<u>\$716,100</u>
Total	<u>\$222,100</u>	<u>\$494,000</u>	<u>\$716,100</u>
FTE	1.0		1.0
Authorized Capital Outlay	\$0	\$0	\$0
Retained Earnings	\$195,100	\$0	\$195,100

2.0 Budget Highlights

2.1 Conversion of OSDC to and Internal Service Fund

The Office of State Debt Collection is partially funded with an appropriation from the General Fund. Beginning in Fiscal Year 1999, OSDC retained enough earnings exceeded \$190,000. If collections continue to generate retained earnings, the Legislature may consider converting OSDC into an internal service fund fully funded with dedicated credits.

3.0 Program: Debt Collection

Recommendation The Analyst is recommending OSDC’s request, but notes that net operating income may allow future conversion of the Division to a full internal service fund.

	FY 1999	FY 2000	FY 2001	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Dedicated Credits	\$363,900	\$567,400	\$716,100	\$148,700
Licenses/Fees				
Total	<u>\$363,900</u>	<u>\$567,400</u>	<u>\$716,100</u>	<u>\$148,700</u>
Expenditures				
Personal Services	\$41,800	\$62,700	\$94,700	\$32,000
In-State Travel				
Current Expenses	143,400	210,400	233,300	22,900
DP Current Expenses			4,100	4,100
DP Capital Outlay		291,800		(291,800)
Capital Outlay (except DP)	500	600		(600)
Other Charges/Pass Thru			382,100	382,100
Depreciation		1,900	1,900	
Total	<u>\$185,700</u>	<u>\$567,400</u>	<u>\$716,100</u>	<u>\$148,700</u>
Net Operating Income	<u>\$178,200</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
FTE	1.0	1.0	1.0	
Authorized Capital Outlay		\$5,600	\$0	(\$5,600)
Retained Earnings	\$195,100	\$195,100	\$195,100	\$0

Purpose The Office of State Debt Collection is partially funded with an appropriation from the General Fund. Beginning in Fiscal Year 1999, OSDC retained enough earnings to fund all operations without a General Fund subsidy. If the Division continues to operate in this successful manner, the Analyst believes that it should be fully funded from dedicated credits.

4.0 Tables: Office of Debt Collection

4.1 Funding History

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
	Actual	Actual	Actual	Estimated	Analyst
Financing					
Dedicated Credits		\$27,800	\$363,900	\$567,400	\$716,100
Licenses/Fees					
Total	<u>\$0</u>	<u>\$27,800</u>	<u>\$363,900</u>	<u>\$567,400</u>	<u>\$716,100</u>
% Change			1209.0%	55.9%	26.2%
Programs					
ISF - Debt Collection		\$10,900	\$185,700	\$567,400	\$716,100
Total	<u>\$0</u>	<u>\$10,900</u>	<u>\$185,700</u>	<u>\$567,400</u>	<u>\$716,100</u>
Expenditures					
Personal Services			\$41,800	\$62,700	\$94,700
Current Expenses		10,900	143,400	210,400	233,300
DP Current Expenses					4,100
DP Capital Outlay				291,800	
Capital Outlay (except DP)			500	600	
Other Charges/Pass Thru					382,100
Total	<u>\$0</u>	<u>\$10,900</u>	<u>\$185,700</u>	<u>\$567,400</u>	<u>\$716,100</u>
Net Operating Income	<u>\$0</u>	<u>\$16,900</u>	<u>\$178,200</u>	<u>\$0</u>	<u>\$0</u>
FTE			1.0	1.0	1.0
Authorized Capital Outlay				\$5,600	\$0
Retained Earnings		\$16,900	\$195,100	\$195,100	\$195,100