

Office of the
Legislative Fiscal Analyst

FY 2003 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:

- ◆ Collecting and managing state receivables;
- ◆ Developing consistent policies governing the collection and management of State receivables;
- ◆ Overseeing and monitoring State receivables;
- ◆ Developing policies, procedures and guidelines for accounting, reporting, and collecting monies owed to the State;
- ◆ Providing information, training, and technical assistance to State agencies on collection-related topics;
- ◆ Writing an inclusive receivables management and collection manual for use of State agencies;
- ◆ Preparing quarterly and annual reports of the State's receivables;
- ◆ Creating/coordinating a State accounts receivable database, information systems, and procedures;
- ◆ Establishing an automated case receipt process between State agencies;
- ◆ 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 2003 Base	Analyst FY 2003 Changes	Analyst FY 2003 Total
Financing			
Dedicated Credits Revenue	450,000		450,000
Licenses/Fees	145,000		145,000
Interest Income	664,900		664,900
Transfers	(86,500)		(86,500)
Other Financing Sources	9,200		9,200
Total	\$1,182,600	\$0	\$1,182,600
Programs			
ISF - Debt Collection	1,182,600		1,182,600
Total	\$1,182,600	\$0	\$1,182,600
FTE/Other			
Total FTE	4		4
Retained Earnings	681,800		681,800

2.0 Budget Highlights

2.1 Conversion of OSDC to an Internal Service Fund

Prior to Fiscal Year 2001 the Office of State Debt Collection was partially funded with an appropriation from the General Fund. In Fiscal Year 1999, OSDC's retained earnings exceeded \$190,000. As part of a restructuring effort in the 2000 General Session, the Legislature removed the OSDC appropriation and directed the Division to fund operations out of its collection effort. Although DAS expressed some concern with the timing of this change, the Division responded positively and again will show an increase in collections. It seems certain that collections will continue to generate revenue in excess of expenses.

3.0 Program: Debt Collection

Recommendation The Analyst is recommending OSDC’s request.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Dedicated Credits Revenue	396,900	409,100	450,000	40,900
Licenses/Fees	140,000	145,000	145,000	
Interest Income	569,700	615,800	664,900	49,100
Transfers			(86,500)	(86,500)
Other Financing Sources	9,200	9,200	9,200	
Total	\$1,115,800	\$1,179,100	\$1,182,600	\$3,500
Expenditures				
Personal Services	278,400	279,200	314,700	35,500
In-State Travel	100	100	100	
Out of State Travel	1,800	1,800	1,800	
Current Expense	305,500	386,900	416,600	29,700
DP Current Expense	14,900	18,800	22,700	3,900
Other Charges/Pass Thru	388,600	410,800	426,700	15,900
Total	\$989,300	\$1,097,600	\$1,182,600	\$85,000
Profit/Loss	\$126,500	\$81,500	\$0	(\$81,500)
FTE/Other				
Total FTE	4	4	4	
Retained Earnings	600,300	681,800	681,800	

Purpose The Office of State Debt Collection uses private vendors to skip trace and contact individuals with past due debts owed to the state. With automation of contact lists and cooperation from the Tax Commission, OSDC continues to increase collections over previous years.

Performance Measures Performance measures are tracked in the OSDC’s Annual Report, which can be found following this report. One concern with the conversion of OSDC to an Internal Service Fund was in the ability of the Division to continue to make enough profit to cover expenses. Since conversion, Retained Earnings have grown by approximately \$500,000 in spite of the responsibility to fund two additional FTE.

4.0 Tables: Office of Debt Collection

	1999	2000	2001	2002	2003
Financing	Actual	Actual	Actual	Estimated	Analyst
Dedicated Credits Revenue		239,200	396,900	409,100	450,000
Licenses/Fees		153,300	140,000	145,000	145,000
Interest Income		282,000	569,700	615,800	664,900
Dedicated Credits - Intragvt Rev	363,900				
Transfers					(86,500)
Other Financing Sources		5,700	9,200	9,200	9,200
Total	\$363,900	\$680,200	\$1,115,800	\$1,179,100	\$1,182,600
Programs					
ISF - Debt Collection	363,900	680,200	1,115,800	1,179,100	1,182,600
Total	\$363,900	\$680,200	\$1,115,800	\$1,179,100	\$1,182,600
Expenditures					
Personal Services	41,800	67,900	278,400	279,200	314,700
In-State Travel			100	100	100
Out of State Travel		900	1,800	1,800	1,800
Current Expense	143,400	191,100	305,500	386,900	416,600
DP Current Expense			14,900	18,800	22,700
Capital Outlay	500				
Other Charges/Pass Thru		190,500	388,600	410,800	426,700
Total	\$185,700	\$450,400	\$989,300	\$1,097,600	\$1,182,600
Profit/Loss	\$178,200	\$229,800	\$126,500	\$81,500	\$0
FTE/Other					
Total FTE	1	2	4	4	4
Retained Earnings	195,100	195,100	600,300	681,800	681,800