DAS
DEPARTMENT OF ADMINISTRATIVE SERVICES

STATE CONTROLLER'S DIVISION

Statewide Accounts Receivable Management

STRATEGIC PLAN

Liquidated and Delinquent Accounts
2010–2011

Analysis of the Legislative Fiscal Office
Report on Liquidated and Delinquent Accounts for FY 2009

A discussion of the areas state agencies should monitor and recommended actions to improve collection efficiencies.

Accounts Receivable Core Committee (ARCC)
March 2010

Table of Contents

Strategic Plan

Statewide Accounts Receivable Management (SWARM)
Based on the Legislative Fiscal Office Liquidated and
Delinquent Accounts Receivable Report FY 2009

Executive Summary

Summary of Findings

- For Fiscal Year (FY) 2009, the combined efforts of state agencies, the Other Agency Accounts (OAA) unit at the Department of Revenue and Private Collection Firms (PCF), collected $325,492,893. The statewide collection rate of 13.53% for liquidated and delinquent accounts in FY 2009 reflects a decrease from the 15.15% rate for FY 2008.

- Of the approximately $727 million in interagency receivables shown in the 2009 Comprehensive Annual Financial Report (CAFR), only $1,165,172 (or 0.16%) is reflected in the Legislative Fiscal Office (LFO) Report as delinquent. Interagency receivables are only 0.06% of the total liquidated and delinquent debts reported to the LFO. This illustrates that, overall, agencies continue to effectively manage the process of paying interagency receivables on a timely basis.

- The current Account Turnover Rate (ATR) of 94.5% means that there were more accounts in the system at the end of the year than in the beginning. The following agencies saw the biggest increase of accounts: Oregon Judicial Department, Department of Revenue and Department of Justice.

- While the ending inventory for PCF's has declined in recent years, the volume of new accounts assigned has actually increased 86% since 2007. The volume of new accounts assigned to the Other Agency Accounts Unit (OAA) in the Department of Revenue has increased 34% since 2007 while the ending inventory has increased by 49% over that same period.

Plan Purpose

- Provide analysis of the data for executive branch agencies presented in the LFO Report on Liquidated and Delinquent Accounts Receivable.
- Based on data from the 2009 LFO report, the plan addresses **three areas of observation**:
  - ✓ Collection Effectiveness
  - ✓ Account Assignment Pipeline
  - ✓ Third Party Partners
- Identify the economic factors that will affect collection of delinquent debt.
- Recommend actions that may be taken to improve collection efficiencies.
- Establish a projection of what the future will hold for the collection of delinquent debts by state agencies.

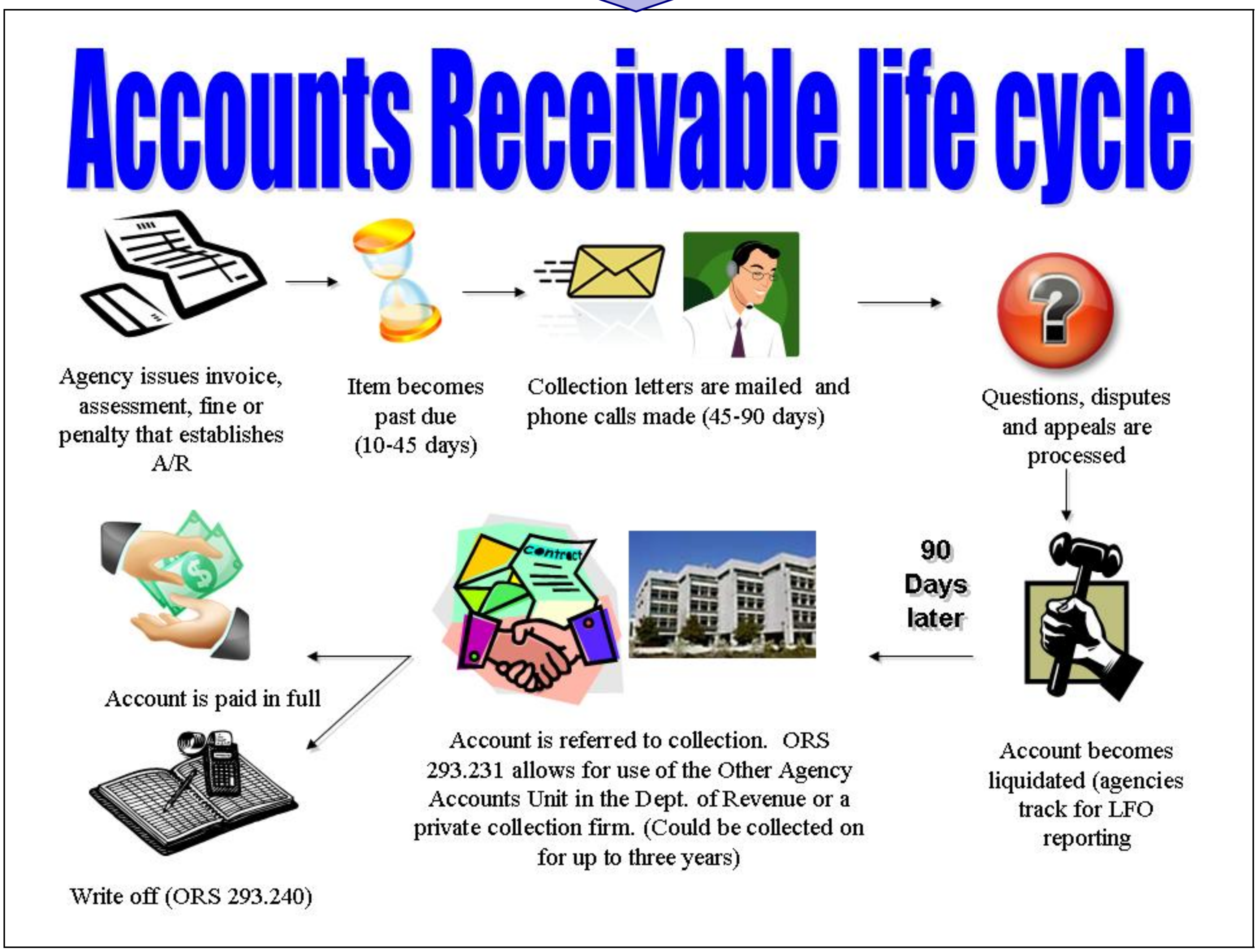
Background

On December 31, 2009, the LFO released their *Report on Liquidated and Delinquent Accounts Receivable* for the fiscal year ending June 30, 2009. The 2009 LFO report, required by ORS 293.229, is the tenth compilation of data supplied by state agencies under the law.

The Accounts Receivable Core Committee (ARCC) is comprised of representatives from state agencies who meet monthly to discuss current collection practices and develop strategies in improving statewide accounts receivable management. Within the ARCC is a sub-committee called the Strategic Planning Committee. This committee meets annually to analyze the data submitted to LFO and to prepare this Strategic Plan. This Strategic Plan contains information on liquidated and delinquent receivables as submitted by state agencies to the LFO.

Accounts Receivable Life Cycle – Figure 1 illustrates the process of collecting an agency's receivables from beginning to end. (This diagram is provided as a general overview, various agencies may have different statutory authority that is not reflected here.)

FIGURE 1

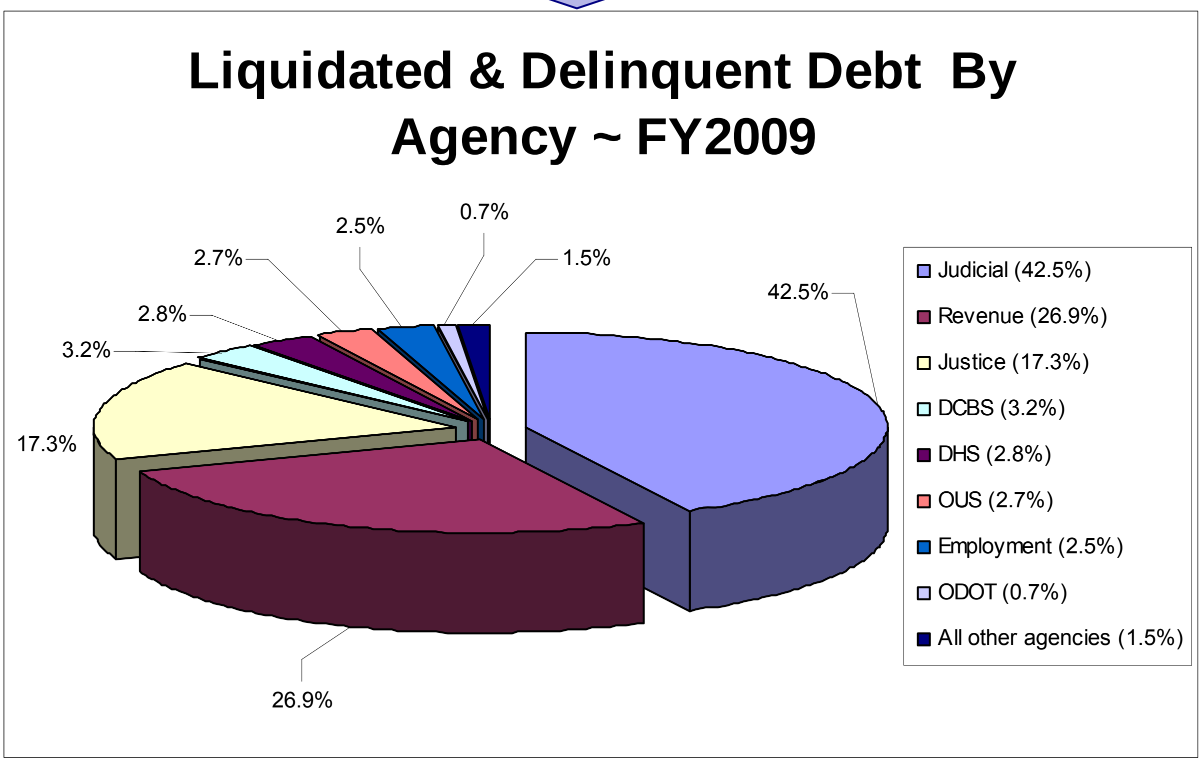


To reduce the number and amount of accounts receivable owed to the state, it is important to look at the way the state does business and when and how payment for services or goods is required. Delinquent debt issues would not exist if collection took place at the point of sale. To improve the collection process, the state must consider what options we offer customers and taxpayers to pay for a good or service. The ability to offer customers a variety of payment options such as cash, check, credit card, ACH, or online drastically improves the likelihood of receiving a payment on an accounts receivable.

Agency Summary

To understand the nature of the debt, it is important to understand which agencies have the largest delinquencies. Figure 2 shows that eight agencies comprise 98.5% of the total debts reported.

FIGURE 2



Three agencies comprise 86.7% of the total debts reported, Oregon Judicial Department, Department of Revenue and the Department of Justice. Below, each agency has provided a brief description of the debts that they are collecting.

Judicial – Oregon Judicial Department – 42.5% of total debt

Judicial Department liquidated and delinquent debt includes fines, fees, assessments, restitution and recovery of court-appointed counsel amounts ordered by the court as part of the judgment. Amounts due are sanctions imposed pursuant to law. Ability to pay is not a primary consideration. Outstanding amounts due are due from individuals who are unable to pay in full at the time of final judgment. Debtors may be incarcerated, transient or unemployed. The ability to take collection actions for amounts ordered in criminal cases can be as long as 50 years after entry of judgment. Recipients of amounts collected are primarily state and local governments and crime victims. For more information regarding Judicial collections, refer to appendix VIII (page 35).

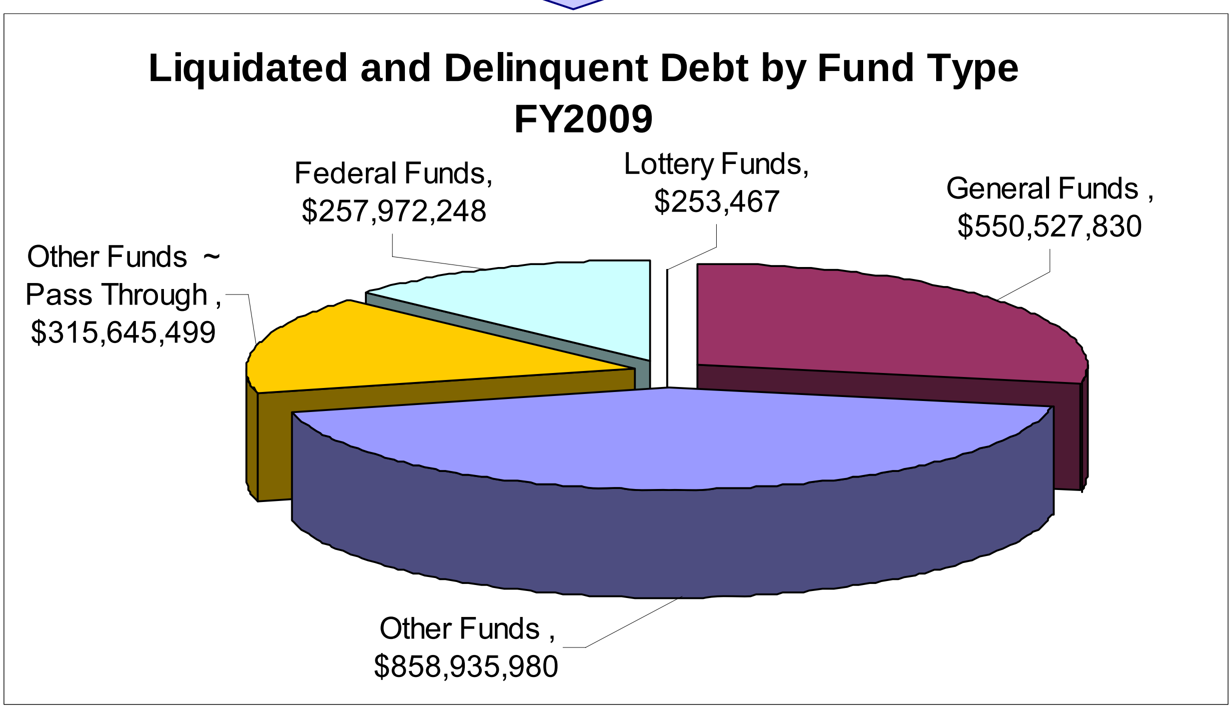
Revenue – Department of Revenue – 26.9% of total debt
Debt balances managed by the Department of Revenue (DOR) are comprised of taxes or fees, along with any accompanying penalties and/or interest, owed the State by individuals or businesses. This debt is primarily general fund money. The majority of the debt managed by DOR is Personal Income tax owed by residents and nonresidents who earn income in Oregon. The Personal Income tax debt is comprised of taxes owed as reported by taxpayers and compliance assessments initiated by the department.

Justice – Department of Justice – 17.3% of total debt
Department of Justice (DOJ) debt is comprised primarily of child support recoveries, the portion of punitive damages awarded to the Crime Victims Services Division and court judgments from the Financial Fraud/Consumer Protection and Charities programs.

TYPE OF DEBT

In addition to knowing which agencies comprise the debt, it is also important to understand to what fund types the debts are applied. Figure 3 shows the allocation of the FY2009 liquidated and delinquent debt by fund type. Less than 28% of the debt owed applies to the General Fund.

FIGURE 3



ACCOUNTS RECEIVABLE HISTORY

Over the last seven years state agency inventory percentages have remained constant at 61% with a slight decline in 2006 to 56% and increase in 2009 to 68%. Over the same time OAA inventory has dropped from 15% to a low of 10% in 2006 and ending at 13% in 2009. Meanwhile the PCF inventory grew from 24% in 2003 to 34% in 2006 and then dropped to 19% by 2009.

Figure 4 displays the ten year history of percentage of ending inventory by location.

FIGURE 4

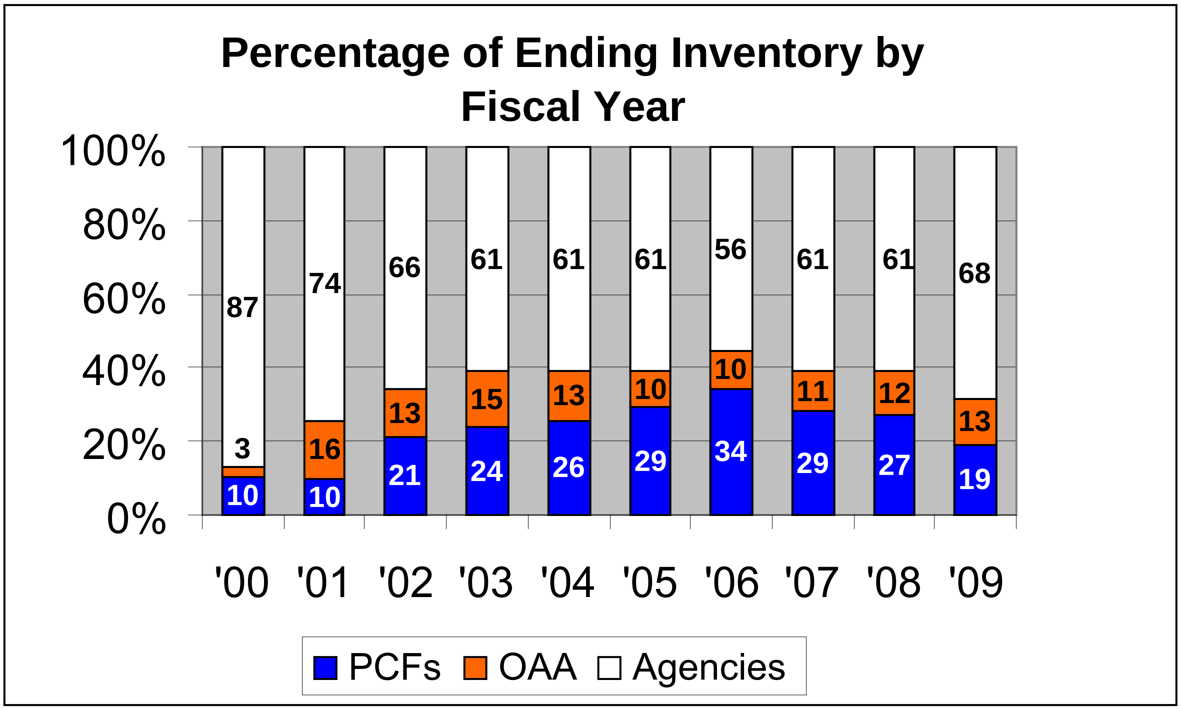


Figure 5 displays the ten year history of inventory in dollars.

FIGURE 5

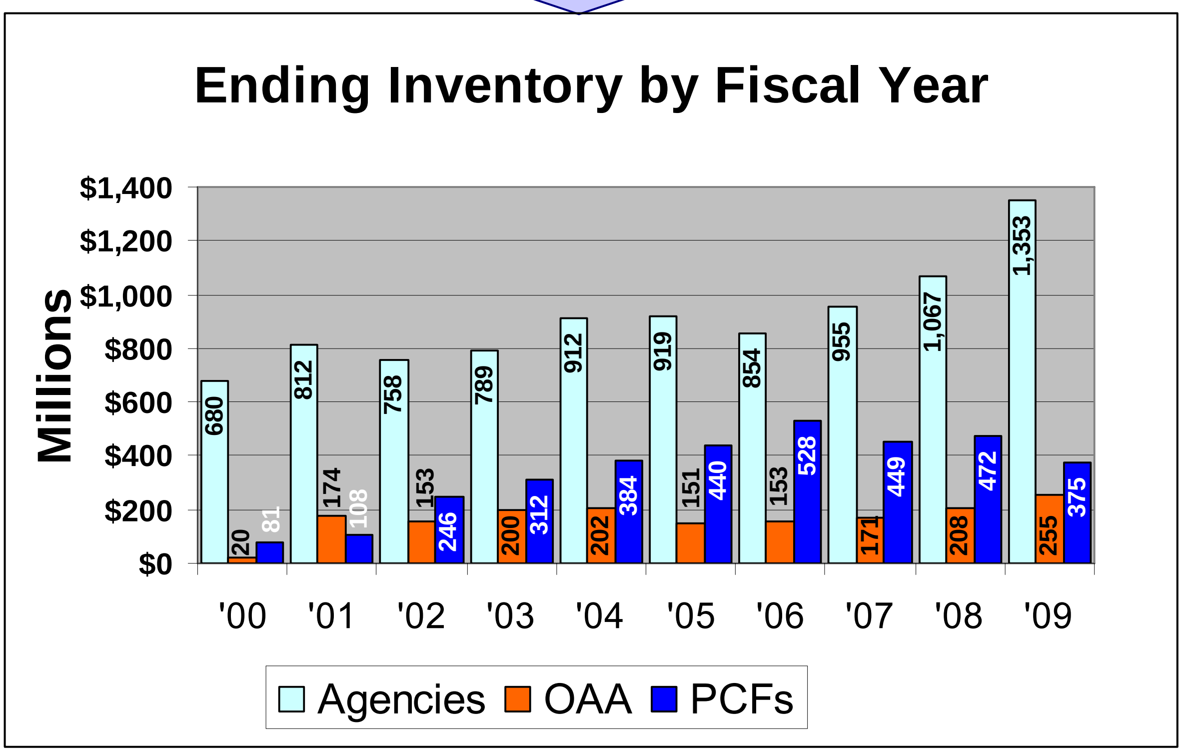


Figure 6 shows the ten year history of collections by fiscal year.

FIGURE 6

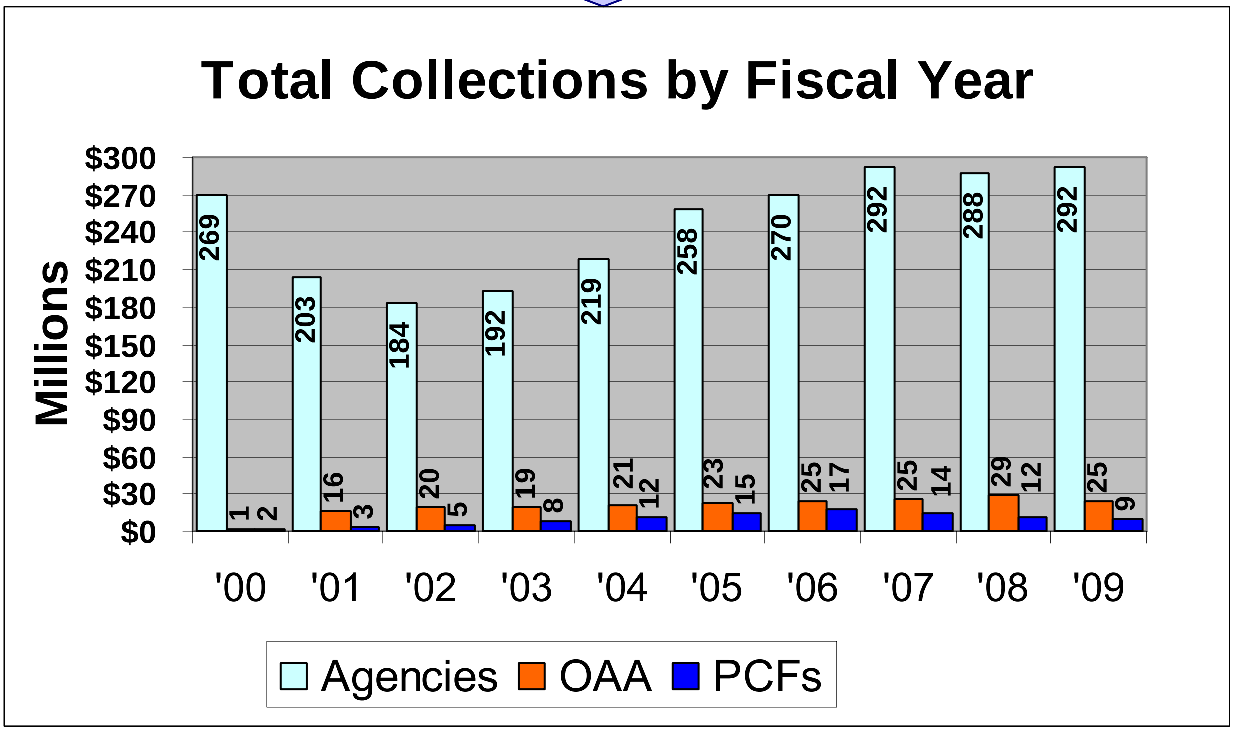
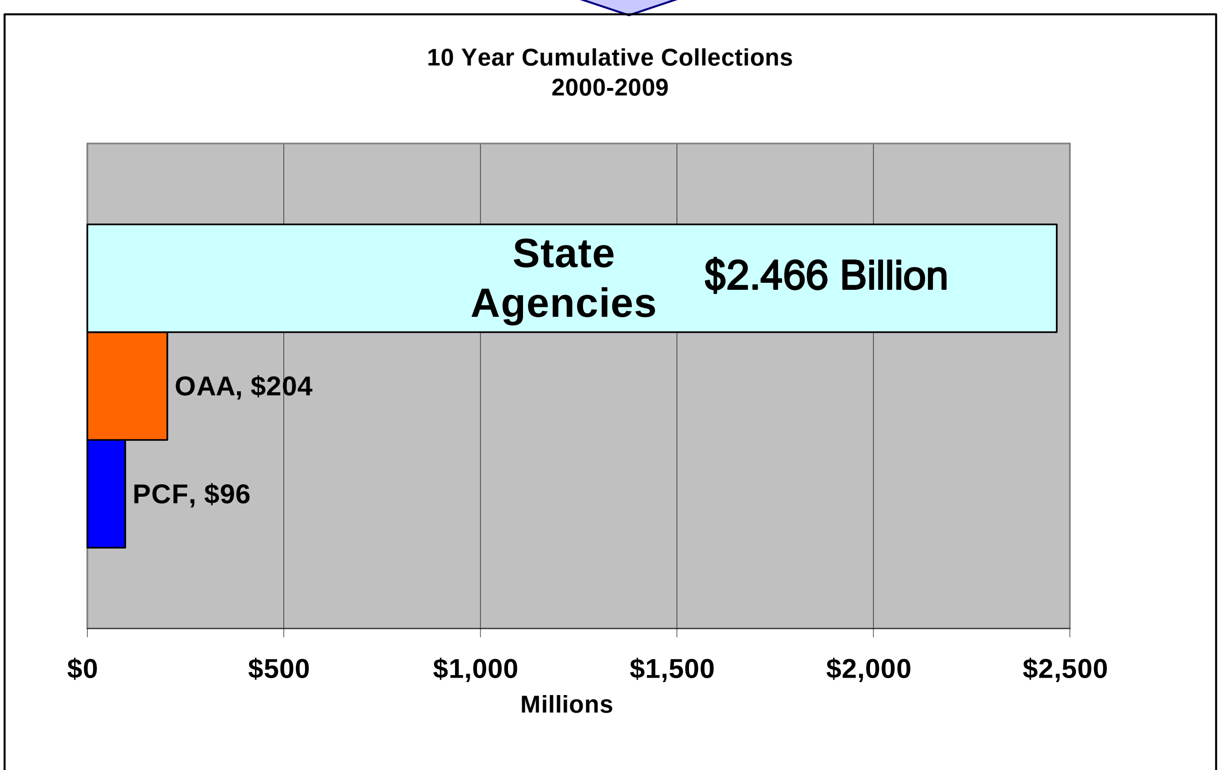


Figure 7 shows the cumulative collections over a ten-year history.

FIGURE 7



Areas of Observation

Collection Effectiveness

Collection effectiveness can be determined in several ways. For the purposes of this strategic plan, collection effectiveness will focus on:

Dollar Collection Rate

Interagency Receivables

Communication Effectiveness

Table I represents all liquidated and delinquent accounts reported by agencies, including those pursued by OAA and PCFs.

TABLE I

State of Oregon Liquidated and Delinquent Accounts

June 30, 2009

		Number of Accounts	***Dollar Value of Accounts***
1.	Beginning Balance	1,837,751	$1,747,978,308
2.	Additions	586,888	$658,144,254
3.	Collections		($325,492,893)
4.	Accounts Closed	(453,427)	
5.	Write-Offs	(21,661)	($30,371,591)
6.	Adjustments		$6,916,666
7.	Reversals	(4,701)	($73,839,720)
8.	**Ending Balance**	**1,944,850**	**$ 1,983,335,024**

(Further break down of data from prior year to current year's information is provided in Appendices III, IV, V, and VI)

Dollar Collection Rate:

The *Dollar Collection Rate* is determined by using collections divided by the beginning balance plus additions. This represents the relative ability to collect the maturing liquidated and delinquent accounts. It also measures how much of the balance of accounts worked by state agencies converts into dollars.

Statewide Dollar Collection Rate

$$\frac{\$325,492,893}{(\$1,747,978,308 + \$658,144,254)} = 13.53\%$$

Table II data represents liquidated and delinquent accounts pursued by OAA. OAA has extensive access to information that assists in locating debtor's assets. OAA also has the ability to apply state tax refunds to delinquent debt owed to the state.

TABLE II

Other Agency Accounts Unit
June 30, 2009

		Number of Accounts	***Dollar Value of Accounts***
1.	Beginning Balance	228,377	$209,152,125
2.	Additions		$185,428,410
3.	Collections		($24,526,261)
4.	Returned		($114,764,048)
5.	**Ending Balance**	**250,312**	**$255,290,226**

OAA Dollar Collection Rate

$$\frac{\$24{,}526{,}261}{(\$209{,}152{,}125 + \$185{,}428{,}410)} = 6.22\%$$

Table III data represents liquidated and delinquent accounts pursued by private collection firms:

TABLE III

Private Collection Firms
June 30, 2009

		Number of Accounts	***Dollar Value of Accounts***
1.	Beginning Balance	688,701	$472,216,933
2.	Additions		$236,280,248
3.	Collections		($9,320,175)
4.	Returned		($324,495,842)
5.	**Ending Balance**	**348,510**	**$374,681,134**

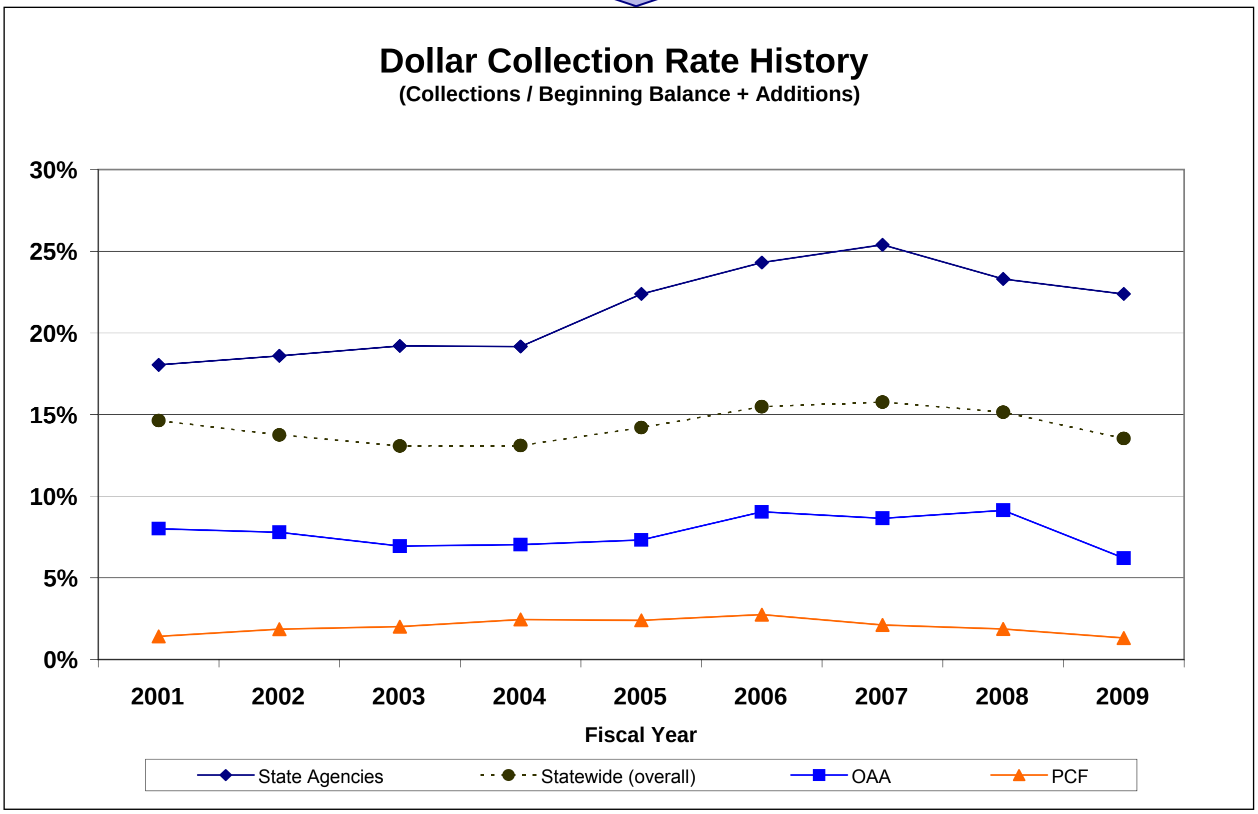
PCF Dollar Collection Rate

$$\frac{\$9{,}320{,}175}{(\$472{,}216{,}933 + \$236{,}280{,}248)} = 1.32\%$$

Dollar Collection Rate History

Overall collection rates dropped starting in 2001 before leveling off in 2004. Collection rates rose between 2005 and 2007. Since 2007, collection rates have again started to decline due to the impacts of the economic recession. Collection rates are likely to continue dropping until the end of the current recession. Figure 8 shows the dollar collection rates over the last nine years.

FIGURE 8

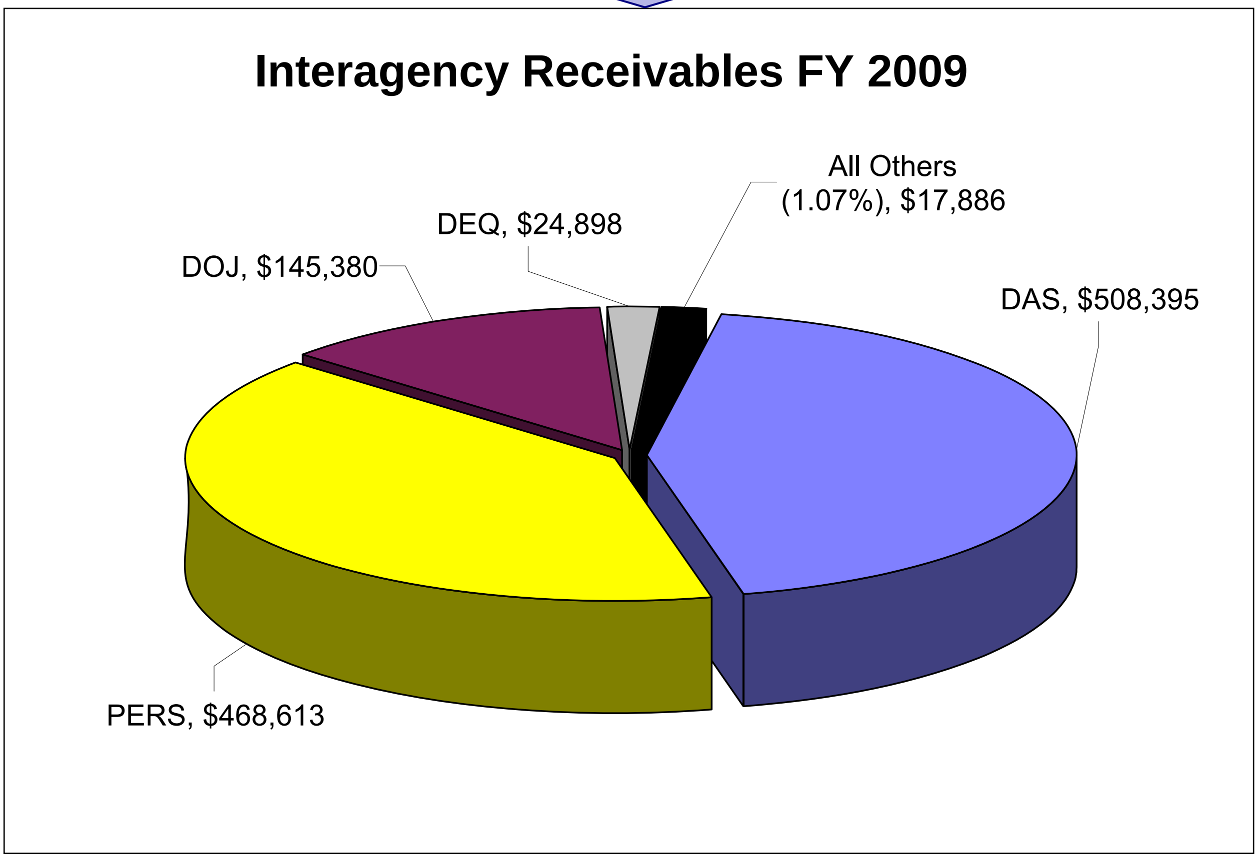


Interagency Receivables:

Of the approximately $727 million in interagency receivables shown in the 2009 CAFR, only $1,165,172 (or 0.16%) is reflected in the LFO report as liquidated and delinquent. Interagency receivables are only 0.06% of the total liquidated and delinquent debts reported to the LFO. This illustrates that, overall, agencies continue to be effective in managing the process of paying interagency receivables on a timely basis.

Figure 9 shows the breakdown of those agencies with the highest delinquent interagency receivables for FY 2009.

FIGURE 9



The FY2009 LFO Report shows that interagency delinquencies decreased by more than $800,000 when compared to FY2008. This reduction occurred entirely from DAS, which has a historical pattern of increasing and decreasing interagency receivables from year to year because of their biennium based billing cycle. Over 96% of the total interagency receivables are owed to DAS, PERS or DOJ. This is a direct result of the specific funding model used by these agencies to bill for services.

While some interagency receivables are normal throughout the year, if agencies comply with the provisions established in OAM 15.45.10 and 35.70.10-35.70.30 more of those receivables would be paid timely and therefore reduce delinquencies. Due to limitations in funding, not all agencies pay their interagency receivables within the timeframes identified by the OAMs.

Communication Effectiveness:

The SWARM coordinator chairs the Accounts Receivable Core Committee (ARCC), and its membership is comprised of state agencies involved in collection activity. ARCC and SWARM have jointly expanded communications as follows:

- ARCC meetings – Monthly meetings provide a forum for agency staff to discuss and share their concerns and ideas and to develop an action plan to improve the receivable and collection practices of the state. Information about upcoming ARCC meetings can be found at: http://egov.oregon.gov/DAS/SCD/ASP/training.shtml
- Legislative coordination – ARCC solicits input from agency staff on legislative concepts that could improve collection and receivable practices. Concepts receiving the approval of ARCC are proposed and managed by DAS.
- SWARM website – Information is available on collections and receivables with links to the statewide collection master contract, information on the contracted PCFs, OAMs being reviewed and/or updated, the annual LFO reporting process manual, liquidated and delinquent accounts receivable information, and much more. The SWARM website is located at: http://www.oregon.gov/DAS/SCD/ASP/SWARM_main.shtml
- Training – SWARM provides training sessions for agency staff in the area of receivables and collection practices. Information about upcoming training sessions can be found at: http://egov.oregon.gov/DAS/SCD/ASP/training.shtml
- Collection RFP – A subcommittee was formed to review current contract language and draft language for a new collection contract. A new collection contract is scheduled to be available by May 1, 2011. The current collection contract is available at: http://egov.oregon.gov/DAS/SCD/ASP/newpcf.shtml
- Skip Tracing RFP- A subcommittee was formed to draft language for a new statewide skip tracing contract. The final collection contract and other skip tracing information is available at: http://oregon.gov/DAS/SCD/SRS/skiptrace.shtml

SWARM has provided or arranged for the following training sessions this year:

- Collection Techniques for a Recession- Webinar
- Annual LFO Reporting Process
- Skip Tracing 101 and the New Statewide Price Agreement
- Garnishment Processing

State agencies exchange information and ideas at monthly ARCC meetings, vendor fairs, training sessions, and meetings involving the PCFs. The more agencies that participate in the ARCC meetings, the more thorough and complete the information sharing can be.

SWARM shall continue to identify and facilitate opportunities for agencies and third party partners to share information and best practices. Agencies are encouraged to participate and promote improved communications within their own agencies as well as with other agencies and third party partners.

Improvements in collection effectiveness are most noticeable in agencies that track their effectiveness through specific performance measures. The dollar collection rate is just one type of measure that is determined through the data reported by agencies to the Legislative Fiscal Office. Some other examples of accounts receivable performance measurements are a Single Overriding Communication Objective (Appendix I) and Cost of Collection Formula (Appendix II).

Stakeholders in accounts receivable and collection processes (agencies, OAA, PCF and SWARM) are encouraged to identify and document appropriate performance measures that relate to their agency or program.

Agencies are also encouraged to explore new technologies to assist in the management of accounts receivable and collections processes. The use of such technology will help to ensure that agency resources are being utilized as efficiently as possible through the automation of many steps in the collection life cycle.

Account Assignment Pipeline

The account assignment pipeline is how a receivable moves through the collection process. The assignment pipeline includes collection efforts at state agencies, referrals to OAA, and referral to PCFs.

Account Turnover Rate:

The Account Turnover Rate (ATR) is a calculation that indicates how well accounts are moving through the account assignment pipeline. To calculate the ATR, divide the beginning number of accounts by the ending number of accounts. An ATR of over 100% means that there are fewer accounts at the end of the year than at the beginning.

Statewide Account Turnover Rate (Table I, Page 7)

$$\frac{1{,}837{,}751}{1{,}944{,}850} = 94.5\%$$

The current ATR of 94.5% means that there were more accounts in the system at the end of the year than in the beginning. Oregon Judicial Department (39%*), Department of Revenue (37%) and Department of Justice (14%) account for 91% of the increased inventory during fiscal year 2009. State agencies have experienced an increase in the number of delinquent accounts receivable as citizens have fewer resources to pay debts due to the economic recession.

OAA Account Turnover Rate (Table II, Page 8)

$$\frac{228{,}377}{250{,}312} = 91.2\%$$

The increase in OAA inventory was entirely from OJD accounts. As of June 30, 2009, OJD comprised over 96%* of the OAA inventory reported to the Legislative Fiscal Office. OAA also provides services to governmental agencies that are exempt from reporting such as OHSU and SAIF, community colleges, municipal courts and county sheriffs.

PCF Account Turnover Rate (Table III, Page 8)

$$\frac{688{,}701}{348{,}510} = 197.6\%$$

The decrease in PCF inventory came entirely from the Judicial Department. During FY 2009 OJD implemented a system enhancement that automated the returned account process with the PCF. This enhancement replaced a manual process and allowed OJD to recognize returned accounts for many counties that otherwise would have been reported in previous years. Oregon Judicial Department accounts comprise 87% of the outstanding accounts assigned to PCFs*.

**Refer to appendix VIII, page 35, for more information about the Judicial Department collections program*

Background:

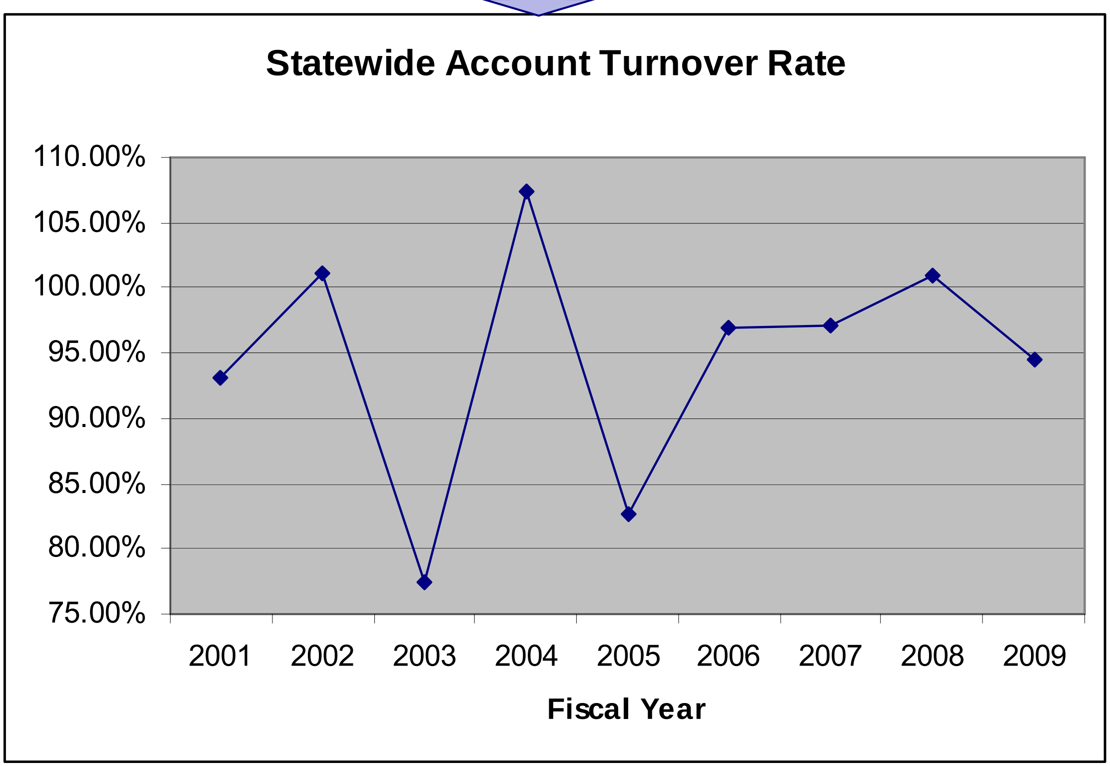
ORS 293.231 requires most state agencies to assign accounts to either OAA or a private collection firm 90 days from the date the account was liquidated or 90 days after the most recent payment. ORS 1.197 governs Judicial Department account assignments, refer to appendix VIII for more information regard Judicial Department collections.

Accounts assigned to OAA are collected for up to twelve months; if no payments are received during that period, the account is returned to the agency for assignment to a PCF. OAA continues to collaborate with state agencies to streamline the collections process and return accounts if assets are not readily available or the debtor has moved out of state. This streamlining allows more accounts to flow through the assignment pipeline and allows OAA to focus collection resources where they are most effective.

Under the statewide collections contract, accounts assigned to a PCF may be worked for a maximum of twenty-four months, if no payment has been received in that time the account is returned to the agency.

Figure 10 shows the nine year history of the statewide account turnover rate.

FIGURE 10



Once an account has moved through the pipeline from agency to DOR and onto the PCF, if the account is still unpaid then the agency reviews the account to determine if additional collection action is necessary, or if the account meets the Secretary of State criteria for uncollectibility as identified in OAM 35.50.10.PO. Accounts that meet the criteria are then written off, with proper authorization from the agency management (balances less than $5,000) or from Secretary of State (balances greater than $5,000).

Third Party Partners

Overview:

Third party partners are entities outside of the agency, which the agency establishes an agreement for assisting with their collection processes and procedures. Some examples of third party partners include:

Skip tracing vendors	Other state agencies
Payment processing vendors	Private collection firms

To the extent that such vendors provide a cost effective and valuable service, state agencies should review their internal collection processes to ensure that third party partners are being utilized in the most efficient and effective manner possible. In some cases, Oregon law requires the use of third party partners. Each agency that collects delinquent debts, regardless of account volume, is responsible for compliance with applicable laws that require the use of third party partners,

Third party partners can provide services that assist agency staff in the collection of delinquent accounts receivable in a variety ways. Primarily these partners either provide: 1) information that assists with locating individuals and/or assets; or

2) provide services related to payment processing; or

3) provide direct account collection activity

Skip tracing vendors, such as the current vendor under state contract, provide an online search database. Information commonly used in collections include address, telephone numbers, assets, potential employers, public record portions of credit reports, judgments, bankruptcies, licenses (hunting, professional, etc.), and potential relatives. Use of this information as part of an agencies collection procedure will increase the ability to make contact with the debtor, which typically results in more accounts making payment of their debt. More information about the statewide skip tracing contract can be found online at: www.oregon.gov/DAS/SCD/ASP/skiptrace.shtml.

Other state agencies have data available to help locate debtors. For example, the Department of Motor Vehicles provides electronic access to records for a minimal cost to state agencies. For more information about access to DMV records can be found in the previous training presentation section of www.oregon.gov/DAS/SCD/ASP/training.shtml. ARCC meetings during calendar year 2010 will include presentations from various agencies that are able to share with others and the process for accessing that information. Some information is not available to other agencies due to legal restrictions (such as HIPAA) and confidentiality requirements. The Other Agency Accounts Unit (OAA) in the Department of Revenue is another example of a third party partner that agencies can use as part of their collections processes.

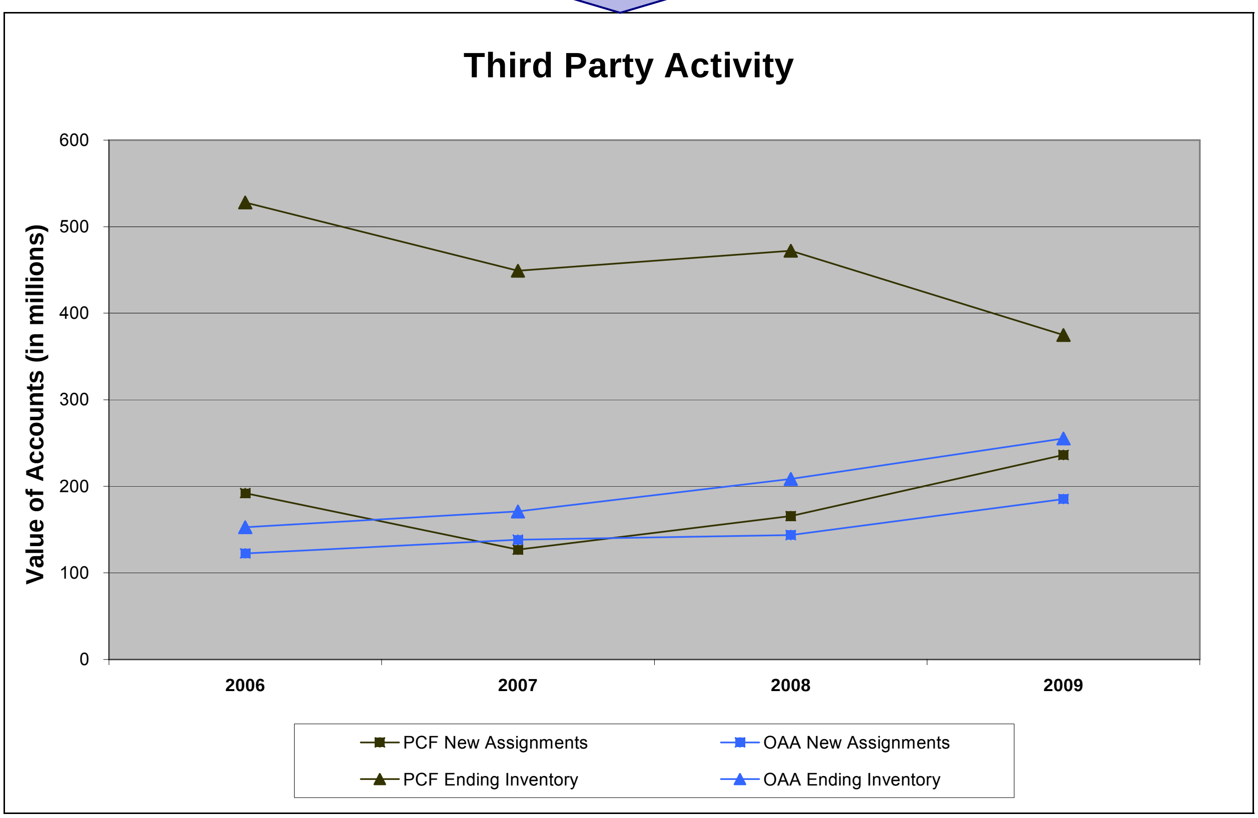
Payment processing vendors offer services such as online credit card processing and Interactive Voice Response (IVR) solutions that allow for data capture of payment information via the telephone keypad. Payment processing is also subject to the regulation and oversight of the Oregon State Treasurer's Office. The Relationship Management Team is available to assist agencies identify the products, services and vendors that will best suit the agencies needs. To learn more about the Relationship Management Team visit www.ost.state.or.us/divisions/finance/agency_services/rmt.htm.

Private collection firms are a required component of state agency collections under ORS 293.231 and ORS 1.197. Unless prohibited by law, a state agency is required to assign all liquidated and delinquent debts to a private collection firm. The law provides that an agency may choose not to assign an account that meets specific criteria such as accounts owed by hospitalized debtors or owed by a student attending school. The Department of Administrative Services maintains a statewide contract with private collection firms. State agencies may use these pre-approved vendors to comply with the statutory assignment requirements. More information about the statewide collection contract is available online at: www.oregon.gov/DAS/SCD/ASP/pcf.shtml. The Oregon University System also has a contract with several private collection firms for the collection of debts owed to universities. The Oregon Judicial Department also has a contract and recently selected several collection firms to collect delinquent court accounts, refer to appendix VIII on page 35 for more information regarding Judicial collections.

The Statewide Accounts Receivable Management Coordinator is available to assist agencies with the review of collection practices to ensure compliance with any applicable laws that require the use of third party partners.

Figure 11 shows the four year history of new accounts assigned to third parties, compared to the ending balance. As noted on page 13, the Oregon Judicial Department implemented a system enhancement in FY 2009 that automated the process of recording accounts returned by the PCF, which significantly reduced the ending inventory for FY 2009.

FIGURE 11



Oregon's collection rates have continued to improve; however, three economic factors will have the most affect on the collection of liquidated and delinquent accounts in the near future. Those factors include:

- Mortgage foreclosures
- Unemployment rates
- Bankruptcy rates

MORTGAGE FORECLOSURES

Mortgage foreclosures have become an increasing economic issue over the last few years.

Figure 12 shows the number of foreclosure filings between 2005 and 2009 for both Oregon and the United States. In the last four years Oregon has seen mortgage foreclosures increase by over 600%, in that same time the national foreclosures have increased by 445%. This data indicates the number of filings and not the number of homes, there can be more than one filing on the same home depending on the nature of the foreclosure.

FIGURE 12

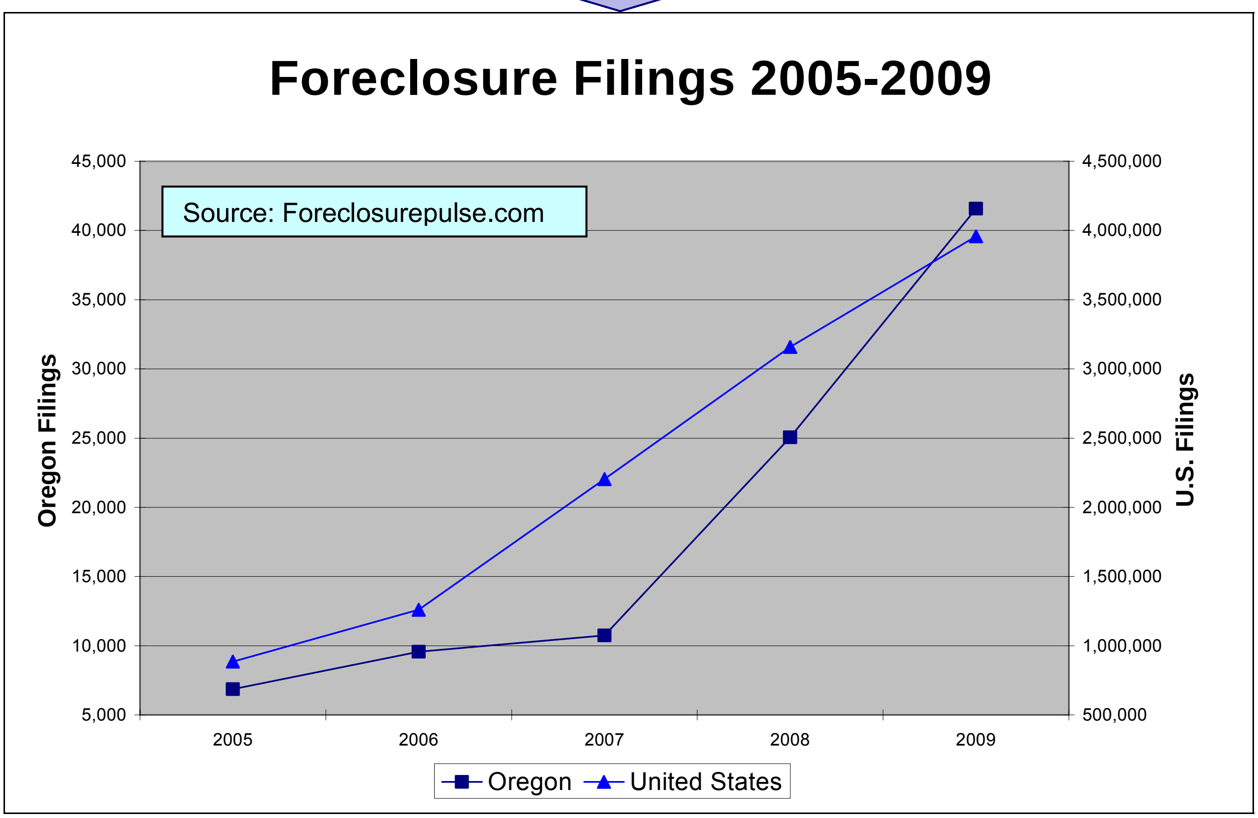
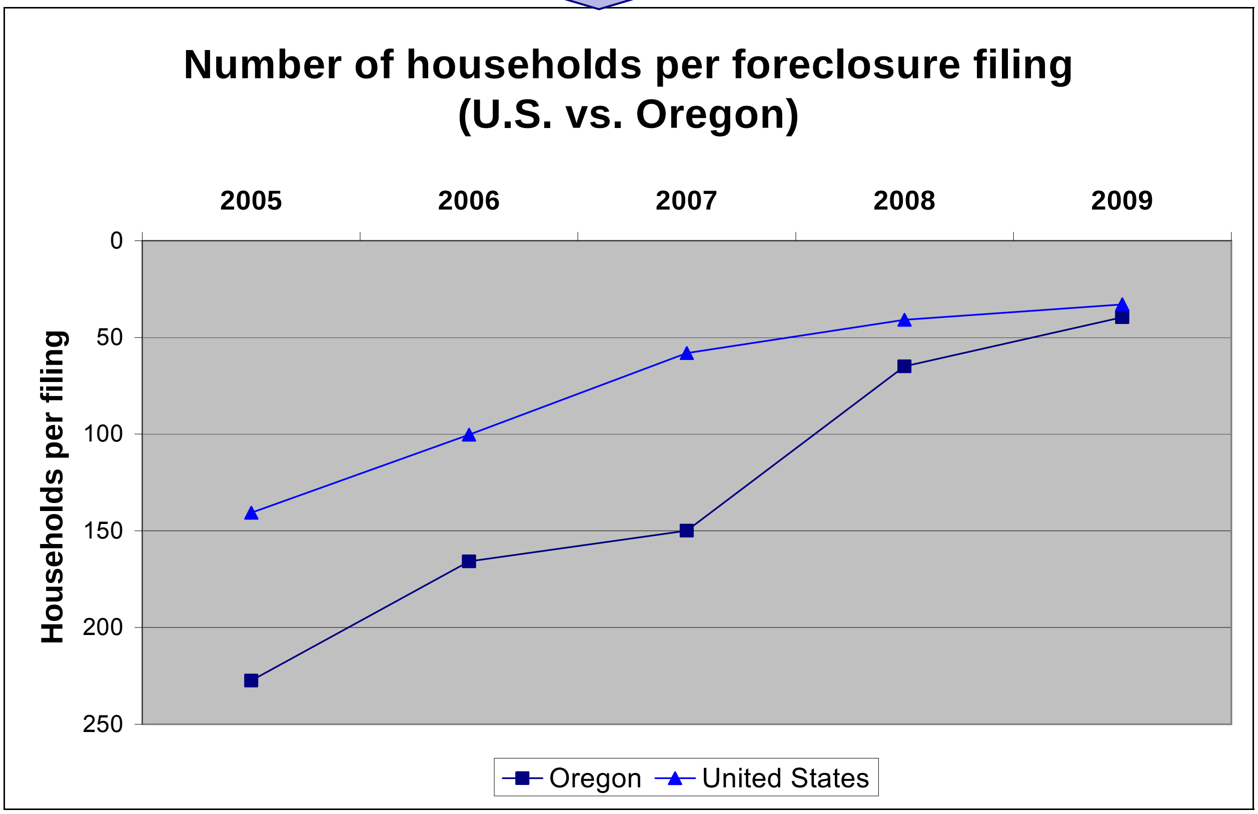


Figure 13 shows the number of foreclosure filings per household between 2005 and 2009 for both Oregon and the United States. Based on the foreclosure filings and the estimated number of housing units, one in every 40 households received a foreclosure notice during 2009.

FIGURE 13



Due to the severe impact the recession, mortgage foreclosures in Oregon have increased six fold over the last five years. While some of these foreclosures can be linked to sub-prime lending practices, since 2007 the increase in foreclosure filings can be closely linked to the rise in unemployment (page 19).

As mortgage foreclosures increase, the collection of state debts will become more difficult. As an increasing number of people find they are unable to pay their mortgage, they also have fewer resources available to pay other debts such as taxes, judgments, fines and child support.

UNEMPLOYMENT RATE

Between December 2000 and June 2003, Oregon's unemployment rate rose from 5.1% to 8.5% while the U.S. rate rose from 3.9% to a high of 6.3%. In January 2007, Oregon's unemployment rate was 5.0% and as of December 2009 had more than doubled to 11.0%.

FIGURE 14

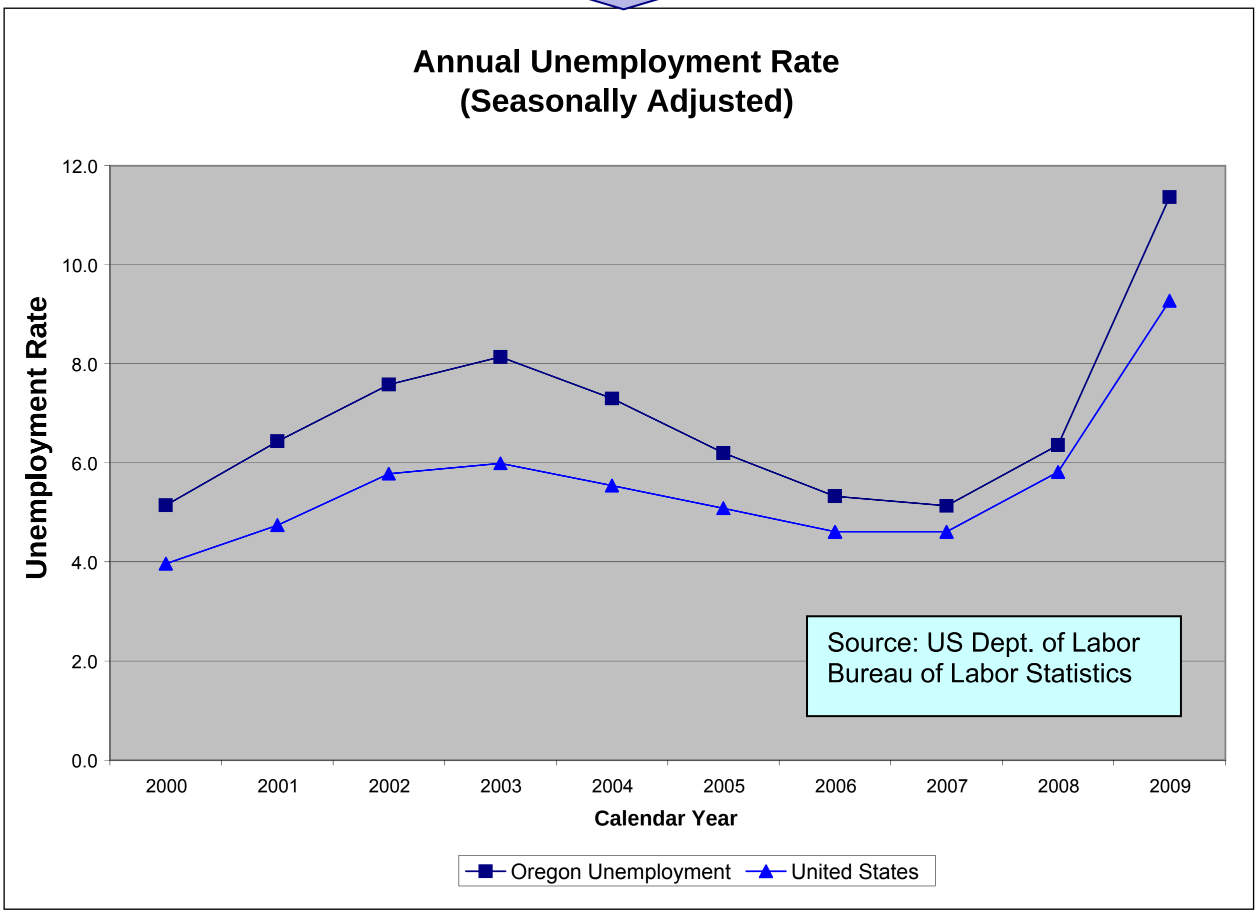
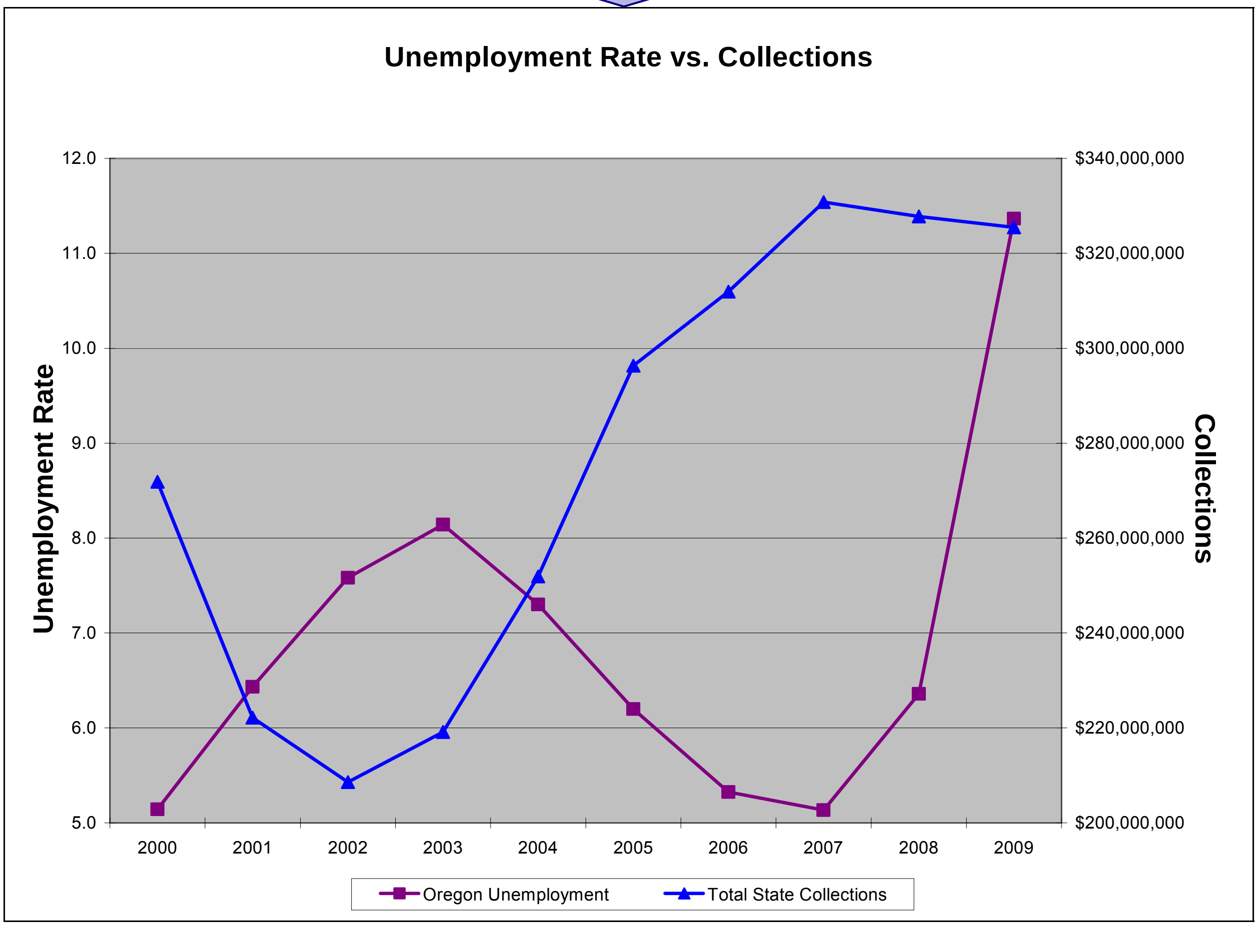


Figure 15 shows the ten year history of state agency collections compared to the annual unemployment rate.

FIGURE 15



Historically, there has been a direct correlation between the unemployment rate and the collection of liquidated and delinquent accounts. As Figure 15 shows, whenever the unemployment rate rises, there is a corresponding drop in total collections of liquidated and delinquent accounts receivable.

Since 2007 statewide collections have decreased slightly, but not nearly as extreme as the rise in unemployment. State agencies have continued to focus on the collection of delinquent accounts receivable in a diligent and professional manner and are dedicated to improving their processes to maximize revenue for the State of Oregon.

Collecting liquidated and delinquent debt will become increasingly difficult, as the unemployment rate remains high and families find themselves struggling to provide simple necessities with less income each month.

BANKRUPTCY RATES

In April 2005, President Bush signed the Bankruptcy Abuse Prevention and Consumer Protection Act into law. The provisions of the Act made filing for a Chapter 7 bankruptcy more difficult. In response to the October 2005 effective date of the new law, a massive increase in bankruptcy filings occurred prior to the October effective date of the Act.

Bankruptcy filings immediately after October 2005 (fiscal year 2006) dropped to 1/3 of the pre-Act rate, however, they have been consistently increasing ever since. As more people are facing mortgage foreclosures, it is believed that bankruptcy filings will continue to rise. Figure 16 compares the number of bankruptcies filed in Oregon vs. United States from 1997 and 2009.

FIGURE 16

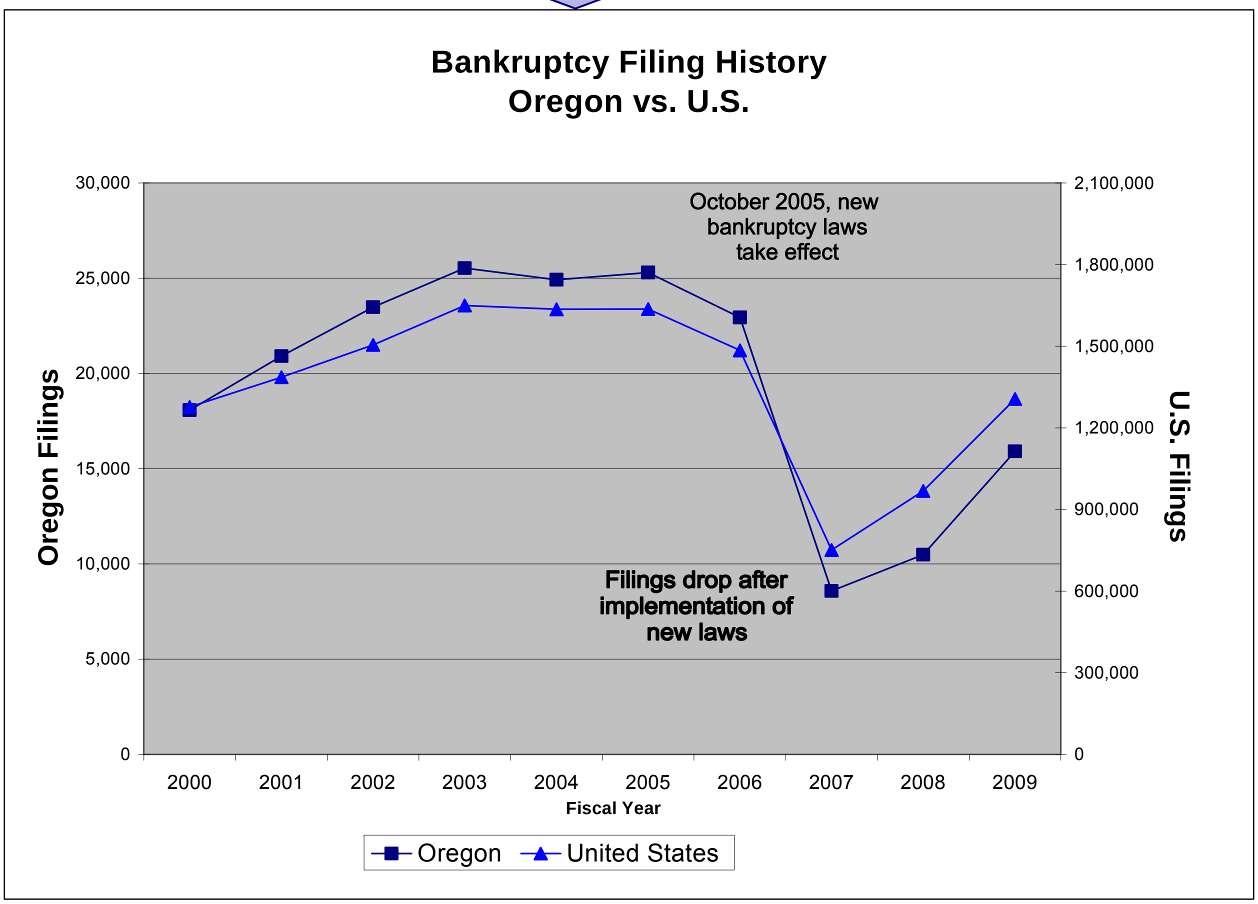
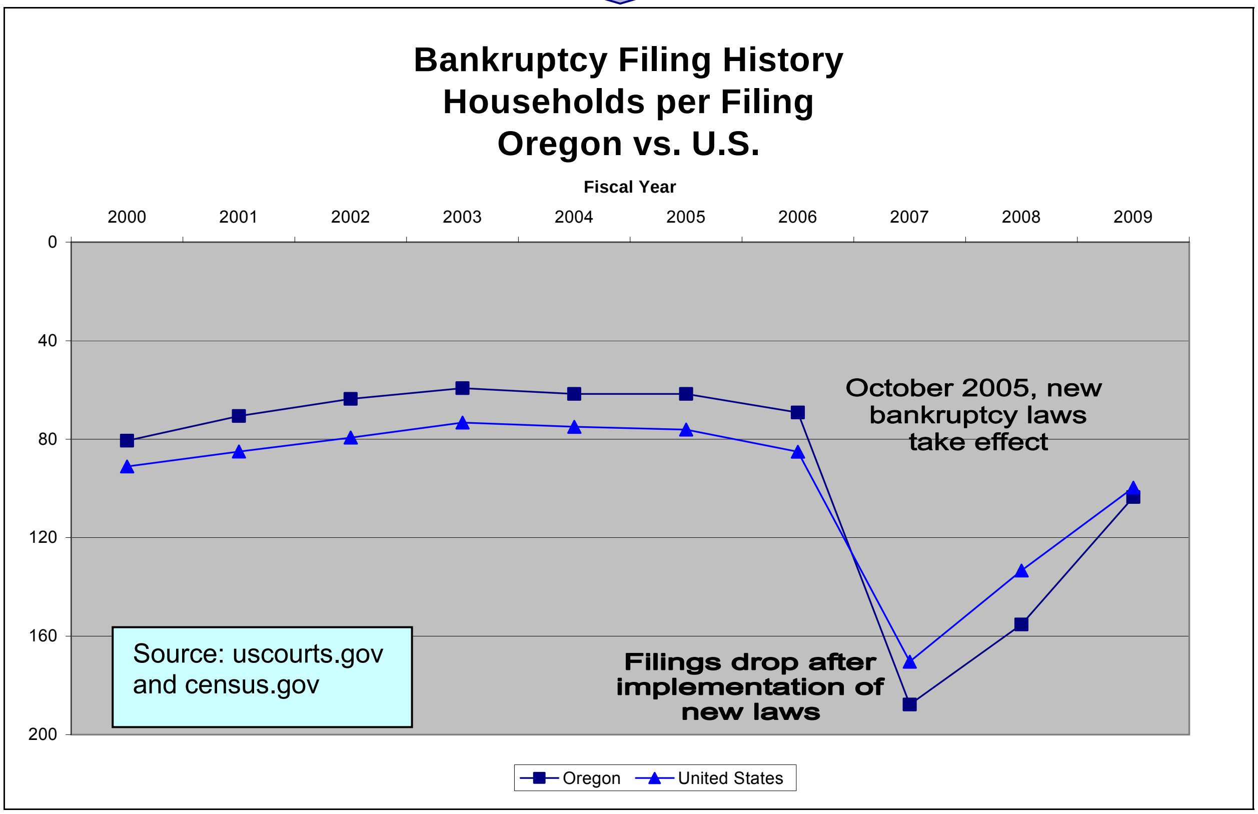


Figure 17 shows the number of households per bankruptcy filing for both Oregon and the U.S. between 2000 and 2009.

FIGURE 17



Higher bankruptcy rates will result in an environment that significantly slows or in some cases completely stops an agencies ability to collect a liquidated and delinquent account. Even if the debt is not discharged in the bankruptcy, the very fact the debtor has filed for bankruptcy indicates the debtor's potential lack of resources to pay a debt.

As long as unemployment remains high, foreclosure filings will continue to increase and more debtors will look to bankruptcy for relief. While many state debts (criminal judgments, taxes and child support) are non-dischargeable in bankruptcy, most state agencies collection procedures are affected by the automatic stay which is in place until the bankruptcy is discharged (four to six months) or dismissed. As of June 30, 2009, state receivables currently reported in bankruptcy or other forms of litigation totaled $95 million, which is an increase of 24% since 2007.

The plan objectives listed below provide recommended actions for the collection of government debt. These objectives are designed to improve collection efficiencies through quantitative monitoring, technology, communication and more effective use of third party partners.

Collection Effectiveness

- In order to maximize collection effectiveness, stakeholders in collection processes (agencies, OAA, PCF and SWARM) are encouraged to identify and document appropriate performance measures that relate to their agency or program. Some examples of accounts receivable performance measurements are a Single Overriding Communication Objective (Appendix I) and Cost of Collection Formula (Appendix II).

- In order to utilize staffing resources to their maximum potential and establish more efficient collection practices, stakeholders are encouraged to identify and implement new systems and technologies. The use of such technology can automate many of the collection steps currently performed manually.

- SWARM shall facilitate a workgroup consisting of agencies with interagency receivables that exceeds $50,000. The workgroup shall endeavor to identify areas for improvement in the interagency receivables process. SWARM shall facilitate a dialogue between the workgroup and the Accounts Payable forum convened through SFMS.

Account Assignment Pipeline

- Based on guidance from the Oregon Accounting Manual (Chapter 35) agencies shall review internal collection practices to ensure compliance with the assignment requirements of ORS 293.231. When requested, SWARM shall provide consultation to agencies during their review to provide recommendations and potential improvements to the assignment practices of the agencies. Account assignment partners (OAA and PCF) shall work to provide effective and efficient methods of account assignment, monitoring and reporting throughout the collection process.

Third Party Partners

- Agencies and SWARM shall work through the Accounts Receivable Core Committee (ARCC) to develop performance measures to assist in determining the effectiveness of third party partners used in collection processes. As new contracts for third party partners are developed, the performance standards identified, whenever possible, should be incorporated in the resulting contracts.

Future of Collections

What will the future bring for state collections?

While there is no certainty in predicting the answer to such a question, we can refer to information from the past to help us set expectations for what the future might bring. Over the last ten years, the status of the economy has influenced the total collections by state agencies. The impacts of the recession from 2001-2003 clearly had a significant reduction in total collections. Since that time, there has been a steady increase in collections through 2007. In 2008, the impacts of the current recession become evident by the first collections decrease in six years.

According to the Office of Economic Analysis March 2010 Economic Forecast, employment is expected to decline by 1% in 2010 and then rise by 2% in 2011 followed by 2.8% in 2012. It is expected that state agencies will continue to recognize a reduction in total collections until citizens begin finding jobs and the unemployment rate begins to significantly decline.

Bankruptcy and foreclosure filings are a thermometer that measures the overall financial health of our citizens. Families living with the effects of unemployment often experience a cascade of mounting debts. With no money to pay their mortgage and provide food to their families, many feel like they have no choice but to file for bankruptcy. It is expected that bankruptcy and foreclosure filings are likely to continue rising until long after the unemployment rate begins to decline.

Fiscal year 2010 will likely see a decrease in the collection of state debts as more citizens continue to feel the squeeze of the depressed economy. State agencies will also continue to see a rise in the inventory of delinquent debt, which will cause a relational decrease in the dollar collection rates as indicated in Figure 8 on page 9.

Long-term collections will likely begin to rebound during the 11-13 biennium as more jobs are expected to become available. The challenge for state agencies will be to collect the increasing volume of debts with a shrinking pool of resources as agencies continue to face budget challenges.

Appendix I

SINGLE OVERRIDING COMMUNICATION OBJECTIVE (SOCO)

FOR LIQUIDATED AND DELINQUENT ACCOUNT COLLECTION EFFORTS

As stated in the Plan Objectives for Communication Effectiveness, each state agency should have a Single Overriding Communication Objective (SOCO) in place for their collections efforts. This appendix provides a suggested format for agencies to use in developing a SOCO. When jointly prepared by collection staff, accounting staff and management, the SOCO form can serve as an instrument for agency discussion, planning, and decision-making. It can assist agencies when responding to questions from the media or the legislature. When a copy of the form is provided to the agency's legislative coordinator and public relations contact, it could serve as an educational tool and as a reference document for future inquiries.

The form should be used by state agencies in an effort to communicate their collection recovery success. It offers state agencies a series of informational points to explain and promote their agency's collection performance. To remain effective, it must be kept current through the annual collection and evaluation of data.

The following points make up the form:

SOCO (Single Overriding Communication Objective)

Sum up the agency's collection objective with regard to customer service.

Agency Mission

What is the agency's mission in regard to collections?

Revenue/Fund/Activity Perspective

Are the recovered funds general fund, other fund, etc.? What activities are supported by the funds collected?

Clients, Customers, Constituency

Describe the agency's clients and debtors.

Collection Rates

Choose the rate or rates that permit the best comparability. Consider year-to-year comparability and comparisons to other agencies, even comparable agencies in other states.

Staffing Perspective

Provide an overview of staffing characteristics and include information like dollars collected per FTE, calls handled per year, etc.

Benchmarks/Performance Measures

What are the agency's benchmarks and performance measures for their collection efforts?

5-Year History

Collection Rates, Turnover Rates, Average Days Outstanding.

Trends

What trends is the agency seeing as a result of their collection efforts?

[Sample]
Single Overriding Communications Objective (SOCO)
for Liquidated and Delinquent Accounts Collection Efforts

<u>SOCO (Single Overriding Communication Objective)</u>

Our agency seeks high collection standards and quality customer services...

<u>Agency Mission</u>

Our agency's mission is to [do good things with the money we have collected.]

<u>Revenue/Fund/Activity Perspective</u>

Our agency collects $X million of [Other Fund] monies that provide [X type of Services]

<u>Clients, Customers, Constituency</u>

Our agency works with everyday Oregonians that…

<u>Collection Rates (Choose one or more)</u>

- L&D Dollar Collection Rate: Collections ÷ (Beg. Balance + Additions)
- Delinquency Rate: Percentage of accounts that pay late.
- Turnover Rate: (Beginning Account Balance ÷ Ending Account Balance)
- Cost of Collection: (Total Direct Costs + Total Indirect Costs = Total Cost of Collection.)

<u>Staffing Perspective</u>

- We have X full time collectors on staff and a collection manager.
- They each collect about $X millions per year.
- That means our agency spends less than 12¢ per dollar collected on these LIQUIDATED AND DELINQUENT accounts. (Use the "Cost of Collection" ÷ Amount Collected.)

<u>Benchmarks/Performance Measures</u>

- Our agency does X – this is comparable with agencies in other states that do X amount of volume (Revenue dollars, A/R collections, Delinquent rate, etc.)
- Are you part of a national organization that performs state comparisons?

<u>5-Year History</u>

	2005	2006	2007	2008	2009
Collection Rate	X%	X%	X%	X%	X%
Turnover Rate	X%	X%	X%	X%	X%
Average Days	X%	X%	X%	X%	X%
Outstanding	X%	X%	X%	X%	X%

<u>Trends</u>

Overall trends indicate…

Appendix II

CALCULATING THE COST TO COLLECT –

The Accounts Receivable Core Committee (ARCC) convened a sub-committee in the fall of 2008 to review methodologies for calculating the cost of collecting delinquent debt. While many larger agencies use their budgeting process for calculating these costs, below is the formula suggested for agencies that do not already identify and monitor their collection costs.

$$\textbf{Cost per \$ collected} = \frac{\textbf{Department costs* + PCF Fees + Legal Fees}}{\textbf{Dollars collected during period}}$$

* Department costs (to the extent possible) should include:

- o Wages,
- o Other payroll expenses,
- o Training,
- o Facilities costs (only the costs related to the FTE doing collection work)

Other costs (if available) would include:

- Information technology charges (hardware, software, maintenance, data center)
- Communications costs (telephone, toll free lines, letter printing, postage)
- Utilities (only for the FTE performing collection work and not included in facilities costs)
- External costs (search fees, postage, office supplies, etc.)

If only a percentage of employee's duties are delegated to collecting liquidated and delinquent accounts, then the costs should be multiplied by that percentage.

ARCC recommends that all state agencies use some methodology for calculating and monitoring the cost of their collection programs. Agencies should review the costs of their collection program at least annually.

If program costs exceed the current fee charged by the Other Agency Accounts Unit at the Department of Revenue, the agency should work with the DAS SWARM to review agency practices and propose recommendations for improving agency collection efficiencies and procedure changes.

LIST OF REFERENCES ON WEB

- The **SWARM** (Statewide Accounts Receivable Management) website is used to inform state agencies about receivable and collection issues, LFO reporting, training, presentations, meetings, etc.

  http://www.oregon.gov/DAS/SCD/SRS/SWARM_main.shtml

- The SWARM website maintains a special web page to display and track the progress of **proposed additions to the Oregon Accounting Manual (OAM)** regarding accounts receivable and collections. This web page displays the formally adopted OAM policies and procedures.

  http://www.oregon.gov/DAS/SCD/SRS/policies.shtml

- ORS 293.229 requires the Legislative Fiscal Office to produce an annual report by December 31 of each year for the legislature. These reports, entitled ***Report on Delinquent and Liquidated Accounts Receivable***, offer a view of the state's liquidated and delinquent accounts.

  http://www.oregon.gov/DAS/SCD/SRS/lfo.shtml

- The **Collection Contract Firms** website provides specific information about the statewide collection master contract. It includes a complete copy of the master contract along with the name, biography, address, email address, phone number and an individual link to each of the eleven collection firms who were awarded a master contract as of July 1, 2006.

  http://www.oregon.gov/DAS/SCD/SRS/PCF_List.shtml

- Referred to as the **Unlawful Debt Collection Practices Act**, ORS 646.639 et. seq. provides Oregon with laws regarding unlawful debt collection practices. This law, coupled with the guidelines provided in the OAMs, furnishes state agencies the boundaries for lawful collection policies.

  http://www.leg.state.or.us/ors/646.html

- The **Federal Trade Commission administers the Fair Debt Collection Practices Act**. For information on this and other consumer and business issues.

  http://www.ftc.gov/os/statutes/fdcpajump.htm

- The **ACA International** website is a resource guide built to educate consumers, business professionals and the media about the credit and collection industry. The ACA International is an international trade organization of credit and collection professionals that provide a variety of accounts receivable management services to over one million credit grantors. It was formerly known as the American Collectors Association.

  http://www.acainternational.org/

- The **Skip Tracing website** is a resource to assist agencies in searching for debtors who have left without leaving a forwarding address. It contains information about the statewide price agreement for skip tracing and is available as a reference guide but is not intended to be the only source for online search resources available to agencies.

  http://www.oregon.gov/DAS/SCD/SRS/skiptrace.shtml

Table IV represents a year-by-year comparison of all accounts reported; even those pursued by the OAA unit and private collection firms:

Appendix IV

TABLE IV

OVERALL COLLECTION RESULTS - THREE YEAR HISTORY				
		June 30, 2007	**June 30, 2008**	**June 30, 2009**
Total Dollar Value of Liquidated and Delinquent Accounts	Beginning	$1,555,382,877	$1,575,615,079	$1,747,978,308
	Additions	541,861,265	587,422,281	658,144,254
	Collections	(330,790,218)	(327,795,578)	(325,492,893)
	Write-Offs	(43,163,914)	(39,789,053)	(30,371,591)
	Adjustments	(94,611,392)	6,702,604	6,916,666
	Reversals	(53,581,868)	(54,521,492)	(73,839,720)
	Ending Balance	**$1,575,096,750**	**$1,747,633,841**	**$1,983,335,024**
Total Number of Liquidated and Delinquent Accounts	Beginning	1,506,855	1,860,858	1,837,751
	Additions	497,346	450,666	586,888
	Accounts Closed	(383,492)	(420,174)	(453,427)
	Write-Offs	(52,126)	(16,948)	(21,661)
	Reversals	(17,551)	(32,008)	(4,701)
	Ending Balance	**1,551,032**	**1,842,394**	**1,944,850**
Overall Collection Rate		**15.77%**	**15.15%**	**13.53%**
Overall Account Turnover Rate		**97.2%**	**101.0%**	**94.5%**

Table V represents a year-by-year comparison for accounts assigned to OAA:

Appendix V

TABLE V

OTHER AGENCY ACCOUNTS UNIT COLLECTION RESULTS – THREE YEAR HISTORY				
		June 30, 2007	**June 30, 2008**	**June 30, 2009**
Dollar Value of Liquidated and Delinquent Debt at OAA	Beginning Balance	$153,328,078	$170,699,153	$209,152,125
	Additions	138,284,438	143,679,040	185,428,410
	Collections	(25,209,086)	(28,714,962)	(24,526,261)
	Returned	(95,503,215)	(77,237,752)	(114,764,048)
	Ending Balance	**$170,900,215**	**$208,425,479**	**$255,290,226**
Number of Accounts	Beginning Balance	195,534	195,859	228,377
	Ending Balance	**197,264**	**228,392**	**250,312**
OAA Dollar Collection Rate		**8.64%**	**9.13%**	**6.22%**
OAA Account Turnover Rate		**99.1%**	**85.8%**	**91.2%**

Table VI represents a year-by-year comparison for accounts assigned to PCFs:

Appendix VI

TABLE VI

PRIVATE COLLECTION FIRM COLLECTION RESULTS –THREE YEAR HISTORY				
		June 30, 2007	**June 30, 2008**	**June 30, 2009**
Dollar Value of Liquidated and Delinquent Debt at Private Collection Firms	Beginning Balance	$530,357,479	$449,508,653	$472,216,933
	Additions	126,785,297	165,649,837	236,280,248
	Collections	(13,923,831)	(11,559,295)	(9,320,175)
	Returned	(194,082,490)	(131,411,519)	(324,495,872)
	Ending Balance	**$449,136,455**	**$472,187,676**	**$374,681,134**
Number of Accounts	Beginning Balance	682,550	665,581	688,701
	Ending Balance	**665,488**	**688,691**	**348,510**
PCF Dollar Collection Rate		**2.12%**	**1.88%**	**1.32%**
PCF Account Turnover Rate		**102.6%**	**96.6%**	**197.6%**

Appendix VII

Collection of Agency Liquidated and Delinquent Accounts

			2007	2008	2009
Totals for All Collection Efforts	Beginning Inventory	(a)	$1,555,382,877	$1,575,615,079	$1,747,978,308
	Additions	(a)	541,861,265	587,422,281	658,144,254
	Total Available for Collection		$2,097,244,142	$2,163,037,360	$2,406,122,562
	Total Ending Inventory	(a)	$1,575,096,750	$1,747,633,841	$1,983,335,024
	Total Collected (All Sources)	(a)	$330,790,218	$327,795,578	$325,492,893
	% Total Available Collected	(b)	**15.77%**	**15.15%**	**13.53%**
Total for State Agencies (X)	***Net Ending State Agency Inventory***		$955,060,080	$1,067,020,686	$1,353,363,664
	Total Collected		$291,657,301	$287,521,321	$291,646,457
	% Total Available Collected		**25.39%**	**23.31%**	**22.38%**
Totals for Other Agency Accounts	Beginning Inventory	(a)	$153,328,078	$170,699,153	$209,152,125
	Additions	(a)	138,284,438	143,679,040	185,428,410
	Total Available for Collection		$291,612,516	$314,378,193	$394,580,535
	Ending Inventory	(a)	$170,900,215	$208,425,479	$255,290,226
	Collections for the State	(a)	$25,209,086	$28,714,962	$24,5264,261
	% Total Available Collected	(b)	**8.64%**	**9.13%**	**6.22%**
Totals for Private Collection Firms	Beginning Inventory	(a)	$530,357,479	$449,508,653	$472,216,933
	Additions	(a)	126,785,297	165,649,837	236,280,248
	Total Available for Collection		$657,142,776	$615,158,490	$708,497,181
	Ending Inventory	(a)	$449,136,455	$472,187,676	$374,681,134
	Collections for the State	(a)	$13,923,831	$11,559,295	$9,320,175
	Avg Historical Cost of Collections	(c)	$2,550,428	$2,117,316	$1,707,176
	% Total Available Collected	(b)	**2.12%**	**1.88%**	**1.32%**

(*x*) State agency totals are calculated [total LFO - (OAA + PCF)] for the purpose of benchmarking collection and inventory percentages.

(a) This information is from the LFO Liquidated and Delinquent Account Reports.

(b) Based on LFO data [Collection Amount / (Beginning Inventory + Additions)]

(c) Based on current contracted collection rates the average fee is 18.317%.

Appendix VIII

OREGON JUDICIAL DEPARTMENT
Office of the State Court Administrator

Judicial Department Collections Program

Background Summary

Collections of court ordered fines, fees and restitution is an integral component of the justice process. Enforcement of court orders holds defendants accountable and enhances the integrity of the judicial system. Court debt is created when defendants are unable to pay amounts ordered at final judgment. Money judgment remedies for criminal cases expire 50 years after the entry of judgment when restitution is ordered and 20 years after the entry of judgment when no restitution is ordered. Civil judgments expire in ten years, but may be extended for an additional 10 years.

Generally, the statutes that govern the collections program for the Oregon Judicial Department are found in ORS Chapter 1. Reporting of liquidated and delinquent accounts to the Legislative Fiscal Office is addressed in ORS 1.195 and ORS 1.197 refers to assignment of accounts to the Oregon Department of Revenue (DOR) and Private Collection Firms.

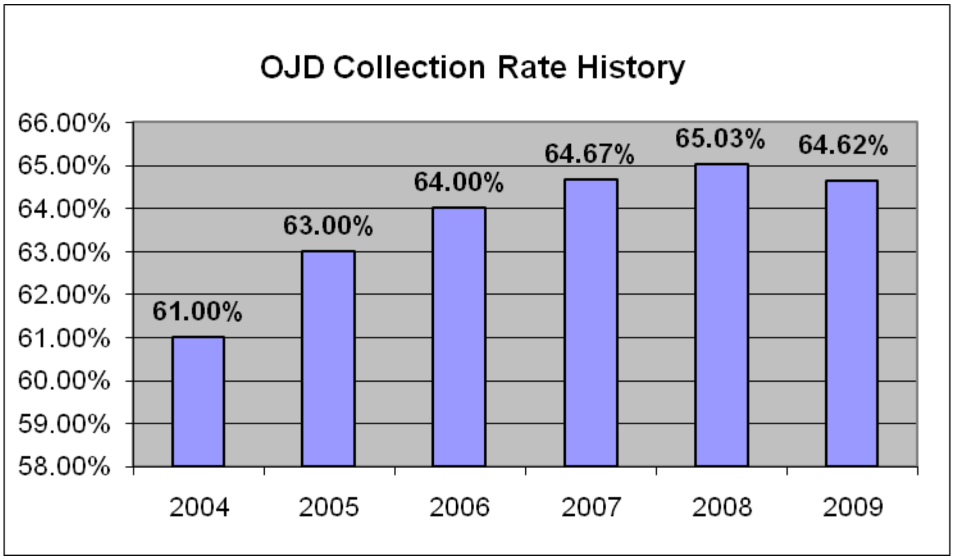
The Oregon Judicial Department has established policies, processes, and tools to ensure active collection occurs on each case owing money. For the purposes of this report, delinquent accounts are defined as those cases on which no payment has been received within 30 days of the agreed upon payment date.

The Oregon Judicial Department has a progressive collection system, which includes delinquency notices, license suspension, show cause hearings, warrants, probation violations, and referrals to third parties for non-voluntary payment actions. The Department is continually improving the collection process to hold defendants accountable for court ordered amounts, working closely with private collection firms, Community Corrections, Board of Parole, District Attorneys, Department of Justice, and the Department of Revenue, Other Agency Accounts Unit. Additionally, the Department continues to work with the Department of Revenue to refine the existing process to intercept tax offsets and rebates from delinquent tax filers.

Money collected by the courts is distributed according to ORS 137.295

The Department has a legislative performance measure related to the effectiveness of the collections activities of the department as measured by the statewide collection rate. The target is a collection rate of 68 percent. For fiscal year 2009, the collection rate was 64.62 percent. For comparison, the collection rates for the last six years are shown below.

Office of the State Court Administrator | Supreme Court Building | 1163 State Street | Salem, Oregon 97301-2563
(503) 986-5000 | FAX (503) 986-5856



Fiscal Year 2009 Liquidated and Delinquent Debt Amounts

The Oregon Judicial Department reported $842.3 million in liquidated and delinquent debt accounts as of June 30, 2009. This is a 20% increase from fiscal year 2008.

The economic crisis in Oregon impacted the ability of the Department to collect on court ordered financial obligations. In addition, all staff in the Department were required to take 6 furlough days in the final 3 months of the biennium. This reduced the resources pursuing delinquent debt and eliminated the ability to use DOR's tax intercept program for the 2009 tax season. These two factors increased the growth in liquidated and delinquent debt.

Assessments added to cases per ORS 1.202 totaled 13 percent of the Department's total liquidated and delinquent debt accounts. Restitution and compensatory fine amounts owed to victims of crime totaled approximately $252.7 million or 30 percent. The remaining 57 percent of the $842.3 million is primarily related to fines and fees related to felony and misdemeanor crimes.

Appendix IX

CHRONOLOGY OF SWARM IMPLEMENTATION

►	HB3509 becomes law. (Oregon Laws 1999, Chapter 1092)	10/23/99
►	Assignment law becomes operative. (ORS 293.231 – See Section 6 under note.)	01/01/00
►	First reporting period ends. (ORS 293.229(3) permits an agency a 1-year report exclusion.)	06/30/00
►	First Statewide Collection Master contract in place. (Eight private collection firms were awarded a contract.)	08/01/00
►	First L&D reporting to LFO is due. (Turnover of mature accounts – pre-stabilization period)	10/01/00
►	First LFO report to the legislature is due.	12/31/00
►	DOR assignment law becomes operative. (This time frame, combined with law changes, produced an increased transfer of mature accounts.)	07/01/01
►	SB 70 becomes law. (Oregon Laws 2001, Chapter 823)	07/20/01
►	Second LFO report to Legislature. (This report allowed for comparison to the first year's report, however, it was not a true year-to-year comparison.)	12/31/01
►	New statewide collection master contract. (There were 11 private collection firms awarded a master contract.)	11/15/02
►	Third LFO report to Legislature is published.	12/23/02
►	House Bill 2055 becomes law. (Oregon Law 2003 Ch. 66. allows agencies to add collection costs to debts.)	05/07/03
►	House Bill 3023 approved by the Governor. (Oregon Law 2003 Ch. 805, requires agencies to turnover L&D accounts in 90-days rather than 1 year.)	09/24/03
►	Fourth LFO report to Legislature is published.	12/15/03
►	House Bill 3023 becomes law. (Oregon Law 2003 Ch. 805)	01/01/04
►	Fifth LFO report to Legislature is published.	12/15/04
►	Amendment to collection contract allowing contractors to file Small Claims and Garnishments with proper approvals.	07/01/05
►	Sixth LFO report to Legislature is published.	12/15/05
►	New statewide collection master contract. (There were 10 private collection firms awarded a master contract.)	07/01/06
►	Seventh LFO report to Legislature is published.	12/15/06
►	Eighth LFO report to Legislature is published.	12/28/07
►	Ninth LFO report to Legislature is published.	12/29/08
►	First Statewide Skip Tracing contract is finalized.	8/27/09
►	Tenth LFO report to Legislature is published.	12/29/09

Acknowledgements

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Arlen Stewart – DCBS	Richard Kilgore – DHS	Lynette Horton – DHS
Gerold Floyd – DAS		

We would also like to acknowledge and thank:

- The Legislative Fiscal Office (LFO) and Laurie Byerly for sharing the raw agency data collected through the LFO data collection website to permit further evaluation.
- The Oregon Collectors Association for their assistance in making the collection process work for the benefit of the state.
- The Statewide Accounting and Reporting Section which each year compiles and presents the state's Comprehensive Annual Financial Report (CAFR) and their sharing of the receivable data, thereby permitting a more detailed analysis.
- The State Controller, John Radford for his valuable advice and counsel.

Definitions

Accounts Receivable (A/R) – In governmental activities an A/R is usually created by regulations based on taxes, licensing, fees, fines, restitution, penalties, etc. This governmental type of A/R does not allow state agencies to select their customer or perform credit checks. In the private sector, an A/R is generally created when credit is extended for the transfer of a good or a service. Also, private industry organizations typically screen those customers to whom they choose to extend credit.

Accounts Receivable Core Committee (ARCC) – The ARCC provides the opportunity for state agency representatives to meet and share ideas to help improve business practices and enhance state receivable and collection policies and results.

Automatic Clearing House (ACH) – A nationwide electronic funds transfer network which enables participating financial institutions to distribute electronic credit and debit entries to bank accounts and to settle such entries.

Comprehensive Annual Financial Report (CAFR) – This annual report provides an accounting of the state's financial and budgetary operation as of June 30th of each year. The report is prepared under Generally Accepted Accounting Principles and is audited by the Secretary of State's Division of Audits.

Department of Administrative Services (DAS) – DAS works to effectively implement policy and financial decisions made by the Governor and the Oregon Legislature. This agency also sets and monitors high standards of accountability, ensuring that tax dollars are used productively.

Legislative Fiscal Office (LFO) – Is a permanent, non-partisan legislative service agency. It provides research, analysis, and evaluation of state expenditures, financial affairs, program administration, and agency organization. The LFO also provides fiscal impact statements on legislative measures.

Liquidated and Delinquent (L&D) – OAM 35.30.10 defines L&D debts as accounts that have proceeded past the status of a regular account receivable. Delinquent implies the account was not paid by the due date. Liquidated implies the amount owed is known by the debtor, the debtor has been notified of the debt, and that the debtor has been given an opportunity to go through a due process proceeding. Within this report, we refer to these accounts collectively as "liquidated and delinquent" accounts.

Oregon Accounting Manual (OAM) Policies – Is intended to provide a comprehensive set of policies and procedures to assist state fiscal managers with analyzing, processing, and reporting financial transactions in accordance with Generally Accepted Accounting Principles (GAAP).

Other Agency Accounts unit (OAA) – Located at the Department of Revenue, is the "in-house" collection agency for State of Oregon agencies. OAA was established in 1975 under ORS 293.250 (amended 2001) to collect debts owed to any agency of the State of Oregon. The program is self-supporting based on the retention of a percentage of dollars collected for other state agencies.

Private Collection Firm (PCF) – Private sector debt collection organizations contracted by the State to assist in state agency debt collection.

Single Overriding Communication Objective (SOCO) – A document that is designed to sum up the agency's collection objective with regard to customer service and communicate the agencies recovery success. See Appendix I

Skip Tracing- The act of locating information about a person. Information such as address, telephone numbers or financial assets is commonly used for attempting to collect a debt.

State Controller's Division (SCD) – The State Controller's Division exists to support and ensure accuracy and accountability in state government financial systems by providing services and controls in the management of statewide accounting, receivables, financial reporting, and payroll functions.

Statewide Accounts Receivable Management (SWARM) – A unit of the Administration and Special Projects section, State Controller's Division.