

DAS

DEPARTMENT OF
ADMINISTRATIVE
SERVICES

CHIEF FINANCIAL
OFFICE

STATEWIDE WRITE-OFF, ABATED, AND CANCELED CERTIFICATION REPORT

FISCAL YEAR ENDING
JUNE 30, 2021





Oregon

Kate Brown, Governor

Department of Administrative Services

Chief Financial Office
155 Cottage Street NE
Salem, OR 97301
PHONE: 503-378-3106
FAX: 503-373-7643

December 30, 2021

To the members of the Oregon Legislative Assembly,

As required by ORS 293.234, enclosed is the report of liquidated and delinquent debt that were written off by a state agency under ORS 293.240, abated by a state agency, or canceled by the Department of Revenue under ORS 305.155.

The following table references liquidated and delinquent account activity reported by state agencies for the fiscal year ending June 30, 2021.

Sincerely,

George Naughton
Chief Financial Officer

REPORT OF LIQUIDATED AND DELINQUENT ACCOUNTS WRITTEN OFF, ABATED, OR CANCELED

[ORS 293.234](#) requires DAS to annually report to the Legislative Assembly the amounts of liquidated and delinquent debt that in the previous fiscal year were: written off under [ORS 293.240](#); canceled by DOR under [ORS 305.155](#); or abated by a state agency.

For reference purposes, the following terms used in this report are defined as follows:

Written Off – Accounts receivable that are determined to be uncollectible by management and have been removed from the agency's accounting records. If an agency has made all reasonable efforts to collect the money owed to it and has determined that the money and any interest and penalties on the money are uncollectible, the agency may write-off the debt on its accounts. Before determining that money is uncollectible, a state agency must adopt criteria for determining when money is uncollectible. The criteria must include the right of offset and must be approved by the Attorney General.

Abated – An amount waived, settled, or determined not to be owed.

Canceled – As defined in [ORS 293.234](#), the value of canceled accounts certified to DAS is limited to DOR tax debts. Other agencies with debt cancellation authority reported the value of canceled accounts as abated.

The fiscal year 2021 total amount of written off, abated and canceled liquidated and delinquent debts certified by state agencies represents a 2% decrease from the amount reported for fiscal year 2020. As with last year, the agencies with the largest combined write-offs, abated and canceled debt for 2021 were Oregon Judicial Department (OJD), Department of Revenue (DOR) and Oregon Employment Department (OED):

- OJD's combined report for 2021 of \$108.9 million represents 51% of the total reported by all agencies, plus it reported a 16% increase from its combined fiscal year 2020 amounts. In early 2021, OJD began running a monthly automated process to identify and remove any remaining balances on debt that becomes expired (pursuant to timelines set forth in ORS 18.180(3)(4)). The automated process increased abatement of accounts that were identified as expired and subsequently adjusted off (\$50.3 million in fiscal year 2021 vs \$29.8 million in fiscal year 2020). In addition, OJD continues to vacate or waive collection fees that had been previously assessed on accounts for incarcerated debtors.
- DOR's combined report for 2021 of \$47.2 million is 22% of the total reported by all agencies and a 35% reduction from the prior year. The value of accounts written off remain the largest factor for the decrease in the value reported on DOR's annual write-off, abated, and cancelled debt certification over the past two fiscal years. The value of accounts written off continue to decrease after the DOR's fiscal year 2019 implementation of its enhanced system to write-off debts automatically. While future tax administration activity, such as filing enforcement, can cause future spikes in such type

of activity, DOR expects a continued decrease as older uncollectible accounts continue to be removed from the department's accounts receivable until the activity normalizes with the majority of older uncollectible accounts having been resolved.

- OED's report of \$28.5 million in combined write-offs and abatements for 2021 represents a 23% decrease from fiscal year 2020 amounts. The net decrease is a combination of a decrease in abatements of \$14.3 million and an increase in write-offs of \$5.8 million. Abatements decreased primarily due to relief received by reimbursing employers under the CARES Act. Generally, businesses must be closed for three years before debt associated with that business is written off. Much of the debt was from businesses that had closed in 2018 or prior.

Three agencies individually reported a combined amount of written off and abated debt for 2021 that both exceeded \$1 million and represented a substantial increase compared to fiscal year 2020:

- The Construction Contractors Board (CCB) reported \$7.9 million of combined written off and abated accounts in fiscal year 2021, which is twelve times the amount reported for fiscal year 2020. CCB's new agency leadership identified the agency's active account balances as an area of concern given that 41% of the accounts were more than five years old and had already been through multiple stages of attempted collection. In connection with Secretary of State's recommendation, CCB undertook a review of the agency's outstanding accounts and where previous efforts of collection had been unsuccessful and the account met the adopted Oregon Accounting Manual (OAM) standards, the account was deemed uncollectable and written off. While write-offs for this year are substantial, it reflects multiple years of otherwise uncollectible debts being cleared.
- The Department of Consumer and Business Services reported \$5.3 million of combined written off and abated accounts in fiscal year 2021, which is more than seven times the combined report for fiscal year 2020. This increase is largely the result of the write-off of one account owed by an incarcerated debtor who is not scheduled for release within 20 years.
- The Bureau of Labor and Industries (BOLI) reported \$1.7 million of write-offs in fiscal year 2021, which is nine times more than their fiscal year 2020 write-offs. Each particular case can vary in the number of employees involved, the amount of wages owed and the amount of civil penalties assessed. Because of these variables, a single case can range in amounts attempting to be recovered from a few hundred dollars to amounts in the hundreds of thousands of dollars. Approximately \$800,000 of fiscal 2021 write-offs included several high dollar cases that were considered uncollectible. Additionally, higher write-offs in fiscal 2021 related to the timing of Department of Revenue, Other Agency Accounts (DOR-OAA) recommendation for write-off versus when BOLI wrote-off the account. In prior years, BOLI requested that DOR-OAA continue to pursue collections after DOR-OAA recommended accounts for write-off.

Upon review, BOLI concluded that delaying a write-off did not increase collections and therefore is now more expeditiously writing-off accounts upon DOR-OAA's recommendations. Approximately \$600,000 of fiscal 2021's write-offs pertain to accounts that DOR-OAA recommended for write-off prior to fiscal 2021.

The certified amounts reported by state agencies for fiscal year 2021 are listed below in alphabetical order by branch of government.

Agency Name	Written off	Abated	Canceled
Executive Branch Agencies			
Accountancy, Board of	\$ 48,492	\$ -	\$ -
Administrative Services, Dept. of	30,987	-	-
Advocacy Commissions Office, Oregon	-	-	-
Agriculture, Dept. of	300	-	-
Albacore Commission, Oregon	-	-	-
Alfalfa Seed Commission, Oregon	<i>Did not report</i>		
Appraiser Certification and Licensure Board	-	-	-
Architect Examiners, State Board of	50,095	-	-
Aviation, Dept. of	5,060	-	-
Beef Council, Oregon	-	-	-
Blind, Commission for the	-	-	-
Blueberry Commission, Oregon	-	-	-
Oregon Business Development Department	-	-	-
Chiropractic Examiners, Board of	-	-	-
Clover Commission, Oregon	-	-	-
Columbia River Gorge Commission	-	-	-
Construction Contractors Board	7,761,475	186,350	-
Consumer and Business Services, Dept. of	4,610,604	703,855	-
Corrections, Dept. of	313,928	-	-
Criminal Justice Commission, Oregon	-	-	-
Dairy Products Commission, Oregon	-	-	-
Dentistry, Oregon Board of	-	-	-
District Attorneys and their Deputies	-	-	-
Dungeness Crab Commission, Oregon	-	-	-
Education, Dept. of	-	-	-
Employment Dept.	8,432,631	20,022,675	-
Employment Relations Board	-	-	-
Energy, Dept. of	-	-	-
Environmental Quality, Dept. of	115,954	-	-
Exam. For Engin. & Land Survey, Board of	16,390	-	-
Facilities Authority, Oregon	-	-	-
Film and Video Office, Oregon	-	-	-
Fine Fescue Commission	-	-	-
Fish and Wildlife, Oregon Dept. of	1,128	-	-
Forest Resources Institute, Oregon	-	-	-
Forestry, Oregon Dept. of	-	-	-
Geologist Examiners, State Board of	-	-	-

<u>Agency Name</u>	<u>Written off</u>	<u>Abated</u>	<u>Canceled</u>
Executive Branch Agencies (continued)			
Geology and Mineral Industries, Dept. of	-	-	-
Government Ethics Commission, Oregon	-	-	-
Hazelnut Commission, Oregon	-	-	-
Health Authority, Oregon	286,174	599,698	-
Higher Education Coordinating Commission	-	-	-
Hop Commission, Oregon	-	-	-
Housing and Community Services Dept.	-	-	-
Human Services, Dept. of	1,031,537	42,041	-
Justice, Dept. of	8,193,900	12,309	-
Labor and Industries, Bureau of	1,656,471	-	-
Land Conservation and Development, Dept.	-	-	-
Land Use Board of Appeals	-	-	-
Lands, Dept, of State	-	-	-
Landscape Architects Board, State	-	-	-
Landscape Contractors Board, State	13,646	-	-
Library, Oregon State	-	-	-
Licensed Social Workers, Board of	-	-	-
Liquor Control Commission, Oregon	-	-	-
Long Term Care Ombudsman, Office of	-	-	-
Lottery Commission, Oregon	11,512	-	-
Marine Board, Oregon State	20,216	-	-
Massage Therapists, Board of	-	-	-
Medical Board, Oregon	45,417	-	-
Medical Imaging, Board of	-	-	-
Mental Health Regulatory Agency	-	-	-
Military Dept., Oregon	-	-	-
Mint Commission, Oregon	-	-	-
Mortuary and Cemetery Board	-	-	-
Nursing, Oregon State Board of	11,175	-	-
Occupational Therapy Licensing Board	-	-	-
Office of the Governor	-	-	-
Optometry, Oregon Board of	-	-	-
Oregon Corrections Enterprises	630	6,543	-
Oregon Naturopathic Medicine, Board of	-	-	-
Oregon Youth Authority	-	-	-
Parks & Recreation Dept., Oregon	-	-	-
Parole and Post-Prison Supervision, Board of	1,568	-	-
Patient Safety Commission, Oregon	-	1,335	-
Pharmacy, Board of	-	8	-

<u>Agency Name</u>	<u>Written off</u>	<u>Abated</u>	<u>Canceled</u>
Executive Branch Agencies (continued)			
Physical Therapists Licensing Board	-	-	-
Police, Dept. of State	54,225	-	-
Potato Commission, Oregon	-	-	-
Processed Vegetable Commission, Oregon	-	-	-
Psychiatric Security Review Board	-	-	-
Public Employees Retirement System	359,746	923	-
Public Safety Standards and Training, Dept. of	-	-	-
Public Utility Commission	3,335	-	-
Racing Commission, Oregon	-	-	-
Raspberry & Blackberry Commission, Oregon	-	-	-
Real Estate Agency	-	-	-
Revenue, Dept. of	24,303,844	10,031,450	12,828,552
Ryegrass Growers Seed Commission, Oregon	-	-	-
Salmon Commission, Oregon	-	-	-
Secretary of State, Office of the	-	-	-
Sheep Commission, Oregon	-	-	-
Speech Lang. Path. and Audiology, Board of	-	-	-
Strawberry Commission, Oregon	-	-	-
Sweet Cherry Commission, Oregon	-	-	-
Tall Fescue Commission, Oregon	-	-	-
Tax Practitioners, Board of	-	-	-
Teacher Standards & Practices Commission	-	-	-
Tourism Commission, Oregon (Travel Oregon)	-	-	-
Transportation, Dept. of	4,137,781	371,538	-
Travel Information Council	-	-	-
Trawl Commission, Oregon	-	-	-
Treasurer, Office of the State	Not subject to reporting requirement		
Veterans' Affairs, Dept. of	22,630	-	-
Veterinary Med. Examiners, Board of	-	-	-
Water Resources Dept.	21,297	-	-
Watershed Enhancement Board, Oregon	-	-	-
Wheat Commission, Oregon	-	-	-
Oregon Wine Board	Not subject to reporting requirement		
Total Executive Branch Agencies	61,562,198	31,978,725	12,828,552

<u>Agency Name</u>	<u>Written off</u>	<u>Abated</u>	<u>Canceled</u>
Judicial Branch Agencies			
Judicial Dept., Oregon	4,371,735	104,574,450	-
Judicial Fitness and Disability, Commission on	-	-	-
Public Defense Services Commission	-	-	-
Total Judicial Branch Agencies	4,371,735	104,574,450	-
Legislative Branch Agencies			
Legislative Administration Committee	Not subject to reporting requirement		
Legislative Assembly	Not subject to reporting requirement		
Legislative Commission on Indian Services	Not subject to reporting requirement		
Legislative Counsel Committee	Not subject to reporting requirement		
Legislative Fiscal Office	Not subject to reporting requirement		
Legislative Policy and Research Office	Not subject to reporting requirement		
Legislative Revenue Office	Not subject to reporting requirement		
Total Legislative Branch Agencies	-	-	-
Special Government Entities			
Affordable Housing Assistance Corporation	Not subject to reporting requirement		
Eastern Oregon University	Not subject to reporting requirement		
Oregon Health & Science University	Not subject to reporting requirement		
Oregon Institute of Technology	Not subject to reporting requirement		
Oregon State University	Not subject to reporting requirement		
Portland State University	Not subject to reporting requirement		
SAIF Corporation	229,842	-	-
Southern Oregon University	Not subject to reporting requirement		
State Fair Council	Not subject to reporting requirement		
University of Oregon	Not subject to reporting requirement		
Utility Notification Center, Oregon	-	-	-
Western Oregon University	Not subject to reporting requirement		
Total Special Government Entities	229,842	-	-
Grand Total	\$66,163,775	\$136,553,175	\$12,828,552