

# STATEWIDE ACCOUNTS RECEIVABLE MANAGEMENT

# The Buzz



## SWARM Team News

The Statewide Accounts Receivable Management (SWARM) team has been working diligently with state agency accounts receivable representatives to learn more about the nature of agency debts and debtors and to identify process improvements that may assist the agency in increasing accounts receivable recovery.

To schedule a meeting with your SWARM representative, contact SWARM at: [SWARM@oregon.gov](mailto:SWARM@oregon.gov).

## Senate Bill (SB) 89 Update

Members of the Joint Committee on Ways and Means Subcommittee on General Government have verbalized interest and concern regarding the \$3.3 billion ending balance of liquidated and delinquent state debt during several agency budget hearings. To date, Senator Betsy Johnson and Representative David Gomberg have inquired about improving collection activities, vendor offset and a statewide lien registry. SWARMs proposal to centralize state debt collections, Senate Bill (SB) 89 [formerly Legislative Concept 775], was introduced to the Senate Committee on General Government and Accountability on March 8. Representative Gomberg provided compelling testimony in support of SB 89. SWARM is pleased with the legislative interest and is anxious for the session outcomes.

For more information, contact SWARM at: [SWARM@oregon.gov](mailto:SWARM@oregon.gov).

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## Accounts Receivable Core Committee (ARCC)

The ARCC includes four subcommittees established to address specific statewide accounts receivable management topics: communication; performance metrics; policy review and development; and tools and process improvement. The role of the Communication Subcommittee is to improve communication between state agencies, debtors and debt collection stakeholders. The goal of the Performance Metrics Subcommittee is to assist SWARM in the identification of performance metrics to measure statewide accounts receivable management efforts. The objective of the Policy Development and Review Subcommittee is to review existing accounts receivable policies, reflected in Oregon Accounting Manual Chapter 35, and to assist SWARM in developing new statewide accounts receivable policies based on administrative or legislative changes. *(Continued on page 4)*

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### Tips and tricks

When assigning liquidated and delinquent accounts to the Department of Revenue Other Agency Accounts (DOR-OAA) unit, state agencies must add the cost of collections to the debt prior to assignment if they intend for the debtor to pay the collection fees. During the account assignment process, record the debt amount in the “principal” field and the collection fee in the “penalties” field. [This procedure does not apply to accounts assigned to private collection firms (PCF); refer to the PCF account representative for further guidance].

## Dept. of Revenue: Other Agency Accounts

How can the Department of Revenue Other Agency Accounts (DOR-OAA) unit assist your agency with account collections? DOR has the authority to issue a distraint warrant, a legal instrument which authorizes the agency to take advanced collection action. Specifically, a distraint warrant allows the agency to secure personal property from debtors, including wage and bank garnishments. The distraint warrant, when recorded in a county lien record, has the same force of authority as a court judgement and may be used to offset debts by intercepting proceeds associated with the refinancing or sale of real property.

Before issuing a garnishment DOR-OAA must provide the debtor: a notice of garnishment, a distraint warrant (or true copy thereof), items specified in Oregon Revised Statute 18.650, and any associated fees. When DOR-OAA issues a garnishment against a debtor’s wages, the garnishment is effective until the debt is paid in full; other garnishments must be renewed every 90-days.

State agencies are encouraged to authorize DOR-OAA to issue garnishments to collect state debts. For more information, visit the DOR-OAA website at: <http://www.oregon.gov/DOR/programs/gov-research/Pages/oaas.aspx>.



## Partner Focus:

**NACM**Northwest

The following article was written and submitted by Rodney Wheeland, NACM Northwest Chief Executive Office.

NACM Northwest Service Co., one of the longest tenured collection agencies in the Northwest, has been collecting past-due accounts from Portland since 1915. In 2016, this company merged with NACM Inland Northwest in Spokane, and we now have two offices providing collection services. The Service Co. is a wholly-owned subsidiary of NACM Northwest, a trade association focused on providing products and services to member companies, primarily in Oregon and Washington and including companies across North America.

NACM Northwest Service Co. collects all types of delinquent accounts, with a special emphasis on business accounts. As a non-profit, member-benefit company with a strong service orientation, we are focused on providing the best available credit services, promptly and courteously, at fair and reasonable fees. We provide a variety of collection services, including final demands, immediate action, and litigation, with the objective of gaining prompt and full payment for our clients.

NACM Northwest Service Co. also provides credit reporting products, including Dun & Bradstreet, Equifax, Experian, the NACM Trade Credit Report, consumer reports, and international reports. We also provide industry credit group services to thirty-six industry groups which benefit from the legal sharing of information by industry, for example, electrical suppliers or food service suppliers, as well as from the early-warning alert systems these groups use.

The Service Co. values its relationship with various state agencies. For more information about our collection services or other services, please contact Kathy Linscott, Vice President, at [mklinscott@nacmnorthwest.org](mailto:mklinscott@nacmnorthwest.org).

### Collection Fees Paid by the Debtor

In 2015, legislation passed authorizing state agencies subject to Oregon Revised Statute (ORS) Chapter 293 to pass the costs associated with collecting liquidated and delinquent debts through the Department of Revenue Other Agency Accounts (DOR-OAA) unit to the debtor. For many years, state agencies have had the authority to pass the collection fees associated with private collection firm (PCF) assignment but up until 2015 the authority did not include collection fees associated with accounts assigned to DOR-OAA. For state agencies to pass these costs on to the debtor, advanced notification is required. The debtor must be notified that the account may be assigned to DOR-OAA or a PCF per ORS 293.231 and the maximum amount of fees. Per [Oregon Accounting Manual policy number 35.40.20](#) the collection fee rate is calculated using the following formula: rate / (1-rate) wherein the rate represents the PCF contracted commission percentage.



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**Special thanks to:**

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David Carpenter, Oregon  
Employment Department

Rodney Wheeland, NACM  
Northwest



## ARCC (continued)

The purpose of the Tools and Process Improvement (TPI) Subcommittee is to identify best practices and effective collection tools available to state agencies for accounts receivable management. The TPI Subcommittee is in the process of developing a resource toolkit to assist state agencies in improving debt collections. Each of the four ARCC subcommittees meet regularly and report progress monthly at the ARCC meeting. ARCC meeting minutes are available on the SWARM website at: <http://www.oregon.gov/das/Financial/Acctng/Pages/Accounts-receivable-resources.aspx#arcc>.

To participate, send an email to: [SWARM@oregon.gov](mailto:SWARM@oregon.gov).

## Employment Department Recovery Unit

The Oregon Employment Department is one of the few state agencies in Oregon that has its own collection unit that focuses solely on debt recovery. This work is performed by the Recovery unit which is part of a larger Benefit Payment Control (BPC) group. The BPC group is responsible for protecting the integrity of the Unemployment Insurance (UI) Trust Fund, through preventing and detecting improper UI payments, investigating fraudulent activities, and collecting UI overpayments and delinquent employer UI taxes.

The Recovery unit has one unit manager and sixteen revenue agents. The team utilizes a robust set of tools to collect debt owed to the state. In 2012 the Employment Department combined the UI Benefits and Tax collections units into one team that allowed for more consistent practices and cross training of staff. Several of the collections tools that are used include: federal and state tax refund offsets; UI benefit offsets; wage and bank garnishments; real property liens; and several skip tracing tools.

Federal program guidelines set by the U.S. Department of Labor define quality measures for a state's Unemployment Insurance program, to include its collection activities. One of the quality metrics used to determine Acceptable Levels of Performance (ALP) for collection activities is the Overpayment Recovery Rate. The current ALP for this measure is 68%. The Oregon Employment Department's results as of the 4<sup>th</sup> quarter of 2016 were almost 80%, while the national average for the same time period is a little over 58%.

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