

Chair Burdick, Vice Chair. George, Members of the Committee...

My name is Catherine Webber and I am the CEO at the Institute for Modern Government. IMG is a new non-profit, part of the Willamette Graduate School of Management.

The Board is comprised of former state managers and Atkinson faculty. As the name implies, we are committed to the modernization of government, particularly state government.

"The 2013 Oregon LFO Delinquent and Liquidated Account Report" identifies \$3 billion owed by debtors to Oregon State Government (no one believes \$3 billion is collectible). IMG decided to "study" the collections process. We believe the collection process needs to be modernized.

My board includes John Radford, former State Comptroller and Jon Dufrene, former PERS CFO and SCD Collections Mgr. who ran a DAS collections unit until it was discontinued. Prof. Fred Thompson's main area of research is Tax Policy. Our plan was to start by raising awareness of the problem and increasing the knowledge/documenting of the collection process in Oregon.

Last November, we put on a symposium "Modernizing Collections" at WU Law School co-sponsored by IMG, DOR and DAS. The result was a very successful 2 day session. Forty-eight organizations and over one hundred people including two legislators, legislative staff, agency management and staff, federal treasury, U.S. Bank and local government attended.

One of the sessions was on the use of private collection agencies. As a result of the sessions, we confirmed how truly complex and intertwined and needing modernizing that state collection processes are.

We then compiled the list of suggestions from the symposium, listed research areas including use of private collection agencies and have a draft plan of action... for tackling this very "Wicked"¹ problem. These documents are on our website, WWW.InstituteForModernGovernment.Org .

IMG believes our follow-up research and the work of DOR and DAS will provide guidance on whether and when to perform collection activities in-house and when to outsource to private collectors.

We would like to suggestion that the Committee defer action on this bill at this time.

I understand that DOR's Director, Jim Bucholz and DAS Director, Michael Jordan have made the \$3 billion delinquent and liquidated debt problem a priority for solving. Both have projects underway to deal with aspects of this complex, modernization problem.

IMG believes that it would be unfortunate to eliminate private collections, a potential useful tool for collecting the \$3 billion owed, until there is more information available on collection practices and more knowledge about how the state can accurately report debt and maximize the amount collected while still keeping with state policy and commitments to treat all citizens fairly.

¹ "**Wicked problem**" is a planning term used in to describe a complex/compound problems difficult or impossible to solve because of incomplete, contradictory, and changing requirements. Moreover, because of complex interdependencies, the effort to solve one aspect of a wicked problem may reveal or create other problem. The term "wicked" is used to denote resistance to resolution, rather than evil.