

The Institute for Modern Government

SB 55

Estimate - ROI Establishing 4 DAS Positions to implement SB 55

Debt	Collection Rate	Amount Collectible	Staff Needed	Position with OPE	Total Staff \$	\$ROI	% ROI
\$3,200,000,000	1%	\$32,000,000	4	\$150,000	\$600,000	\$31,400,000	5,233
\$3,200,000,000	5%	\$160,000,000	4	\$150,000	\$600,000	\$159,400,000	26,567
\$3,200,000,000	10%	\$320,000,000	4	\$150,000	\$600,000	\$319,400,000	53,233
\$3,200,000,000	20%	\$640,000,000	4	\$150,000	\$600,000	\$639,400,000	106,567
\$3,200,000,000	25%	\$800,000,000	4	\$150,000	\$600,000	\$799,400,000	133,233
\$3,200,000,000	30%	\$960,000,000	4	\$150,000	\$600,000	\$959,400,000	159,900
\$3,200,000,000	40%	\$1,280,000,000	4	\$150,000	\$600,000	\$1,279,400,000	213,233
\$3,200,000,000	45%	\$1,430,857,143	4	\$150,000	\$600,000	\$1,430,257,143	238,376
\$3,200,000,000	50%	\$1,600,000,000	4	\$150,000	\$600,000	\$1,599,400,000	266,567

1. Collections is not viewed as a core function of most agencies.
2. Authority and responsibility for collections is diffuse and ambiguous. No particular agency has overall accountability for the function.
3. Agency that does the collection often does not keep the collected amounts and often is not funded or staffed for the collections cost. Agencies then have low motivation to assign their staff to collect for other entities.
4. Collections statutes, rules, and consequently the Oregon Accounting Manual can be confusing and sometimes contradictory. Regular training is no longer provided for A/R functions or on the OAM.
5. The number and classification of staff assigned to collections appears to be inadequate. The state "revenue agent" classification has 3 series. In FY 2014, the state employed 262 staff in this series. Salaries (does not include Other Payroll Expenses) totaled \$9,799,492. DOR is believed to be reviewing staffing. However, other agencies staffing appears inadequate in numbers and expertise.
6. Technology is outdated and inadequate to support best collections practices. Note: DOR's new computer system should improve certain collections; however, many of the "feeder" agencies have totally inadequate computer and manual systems.
7. Data to populate the LFO Reports often requires significant data abstraction, abstraction time (several months of staff time reported by one agency), manual computation, and analysis.
8. Since 1997, SOS Audits have repeatedly made significant findings and recommendations; however, little change has been made. I believe their testimony at the Public Hearing was that the topic is extraordinary complex, will take some years to fix and that there likely would be a significant ROI from passing and funding SB 55.
9. There is evidence that not all of the state debt is "bad debt" and uncollectible. An unknown portion is collectible.

10. Another state "Legend" is that the recession alone caused the upswing in delinquent debt. Using Oregon Unemployment rates as a proxy for the recession indicates other variables, specifically staffing at DAS and positions eliminate maybe correlated. Staff were also laid off at agencies.
11. The 1.25 FTE in the State Comptroller's Division Office (SWARM) were eliminated in 2007. The staff cut appears to show some correlation with the increase (no proof of causation) with a significant rise in Liquidated and Delinquent Accounts Receivable. See SWARM Report attached on IMG Website.

DAS FTE/Staff, Increase in Deliquent & Liquidated Accounts, & Oregon Unemployment Rate

