

The Success of Private Collection Agencies

Debt Management Services Annual
Conference

L'Enfant Plaza Hotel - Washington, DC

Background

- Debt Collection Improvement Act of 1996
 - Mandated the collection of delinquent government debt be centralized within Treasury
 - Maximize collections through use of all appropriate tools – offsets, tax levy, wage garnishment, private sector companies, litigation
- Debt Management Services (DMS) awarded third private collection agency (PCA) contract in March 2007

Background

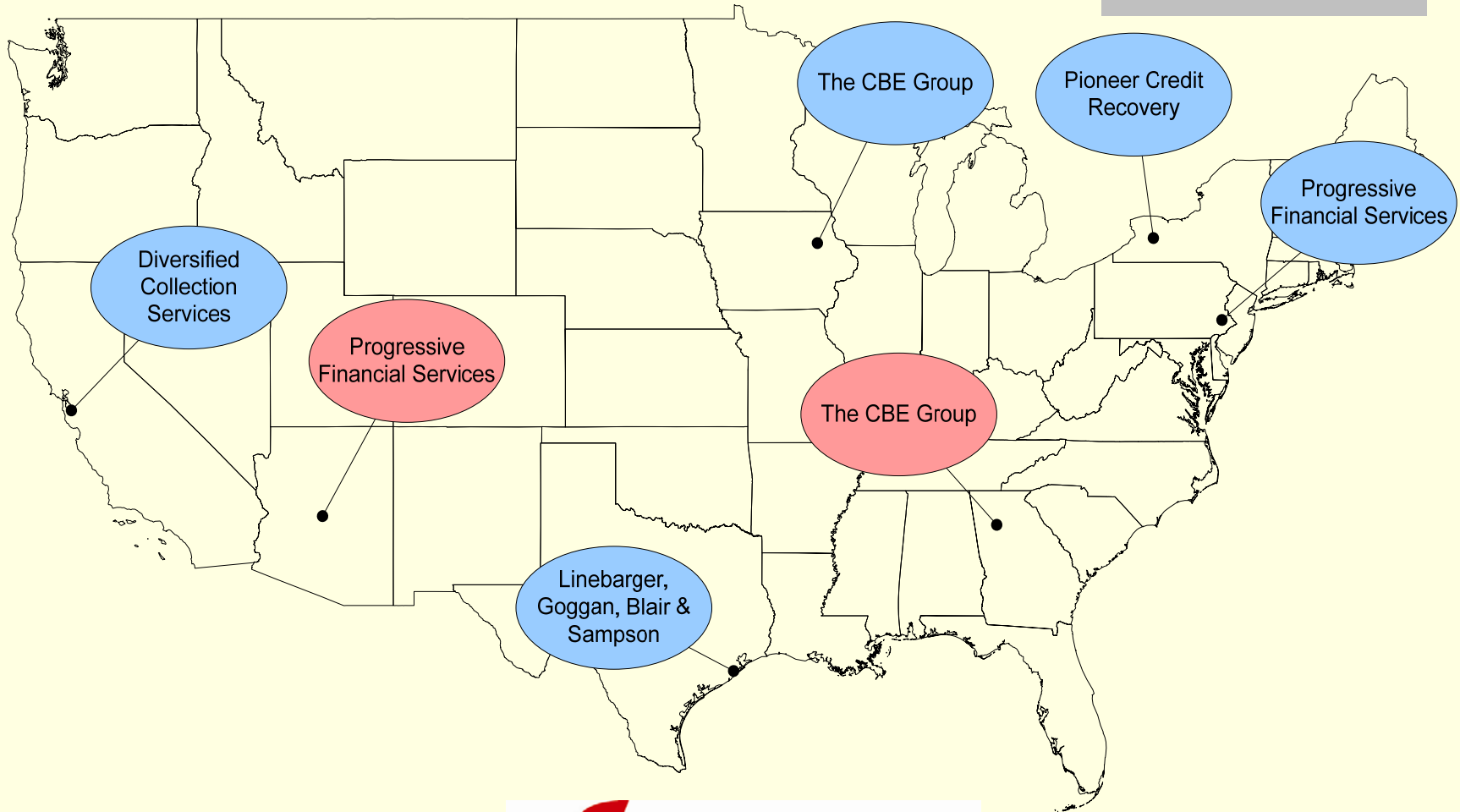
- PCA contract goals
 - Collect & resolve debt
 - Competitive environment
- Collection tools available to PCAs
 - Letters & skiptracing
 - payment agreements
 - administrative wage garnishment
 - administrative resolutions
 - recommendation of Department of Justice referral



Background

- Monitoring/safeguards
 - Adherence to collection laws and regulations
 - Treasury's accounts in segregated collection area
 - Personnel security clearances
 - Information technology security reviews
 - Remote monitoring of contractor's collection system
 - Compliance reviews
 - Complaint tracking

DMS's PCAs 2007-2012



May 27 - 28, 2009

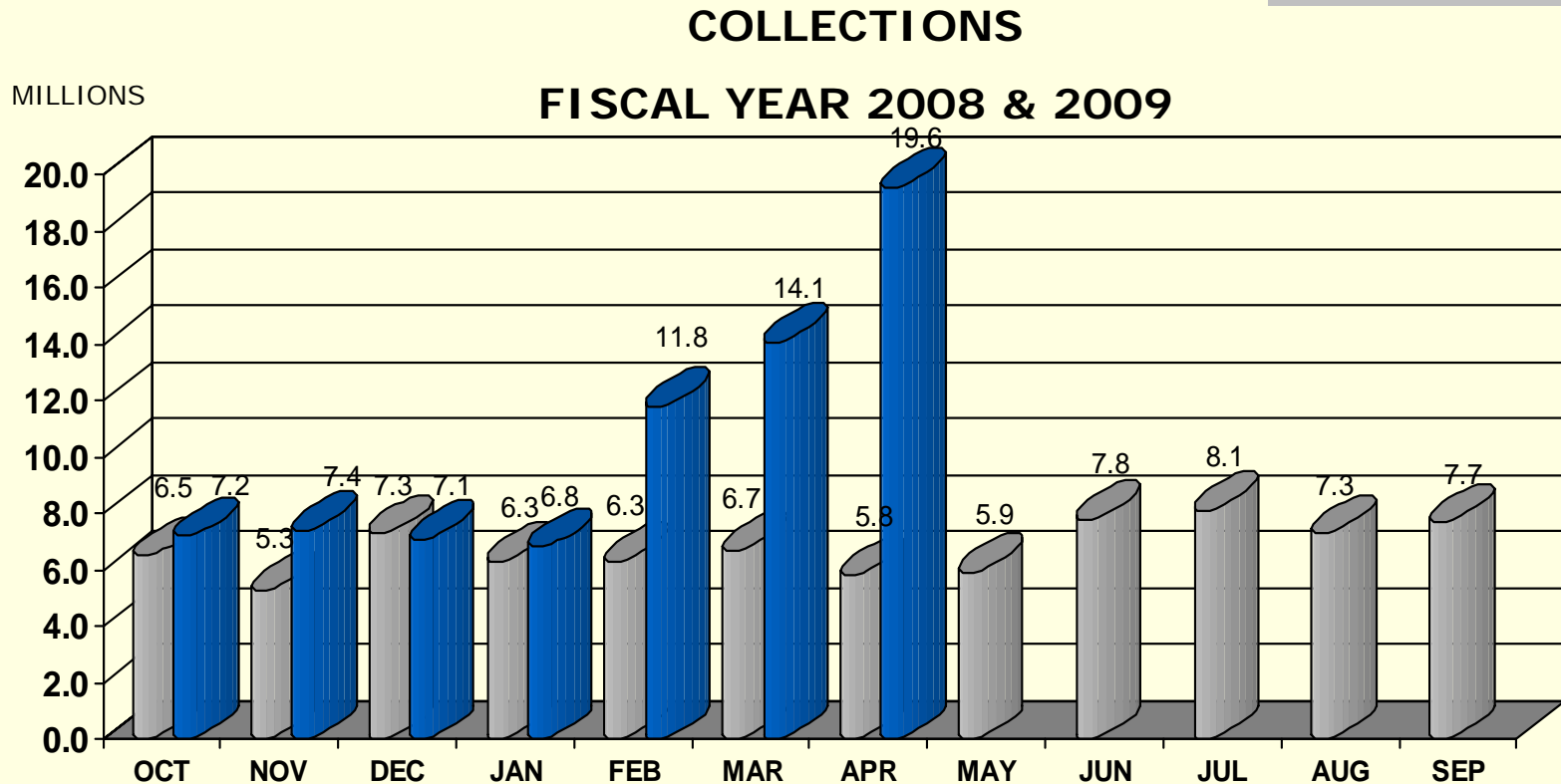


Accomplishments



- FY 08
 - Record collections for PCAs, \$81.3M
 - Started utilizing Pay.Gov for collections
 - Increased DOJ referrals by more than 90% from FY 07
- FY 09
 - Highest monthly collection total in April, \$19.6M
 - On pace to break FY collection record
 - Largest single PCA collection ever occurred in April, \$3.4M

PCA Collections



FY 2008 - Total Collections = \$81.3M

FY 2009 - Total Collections through April 30 = \$73.9M

May 27 - 28, 2009

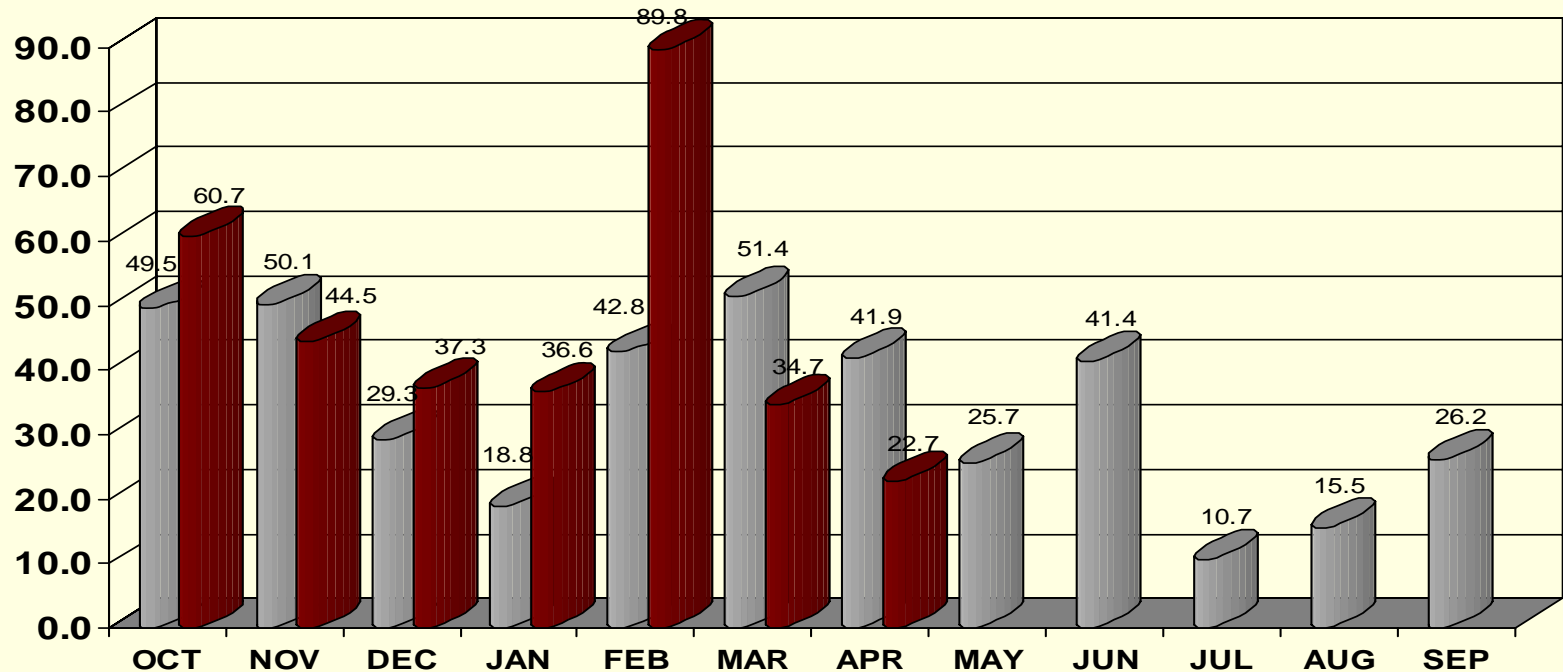


PCA Resolution Data

ACCOUNTS RESOLVED

FISCAL YEAR 2008 & 2009

MILLIONS



FY 2008 - Total Resolved - \$403.3 M

FY 2009 - Total Resolved through April 30 - \$326.3 M

May 27 - 28, 2009



Projects to Increase Collections

- National Directory of New Hires
 - DMS authorized to obtain employer information from the Department of Health and Human Services for debt collection purposes
 - Employer information for:
 - Newly hired employees
 - Retained employees
 - Employment information will increase ability to perform administrative wage garnishment
 - Anticipate matching to start in May 2009

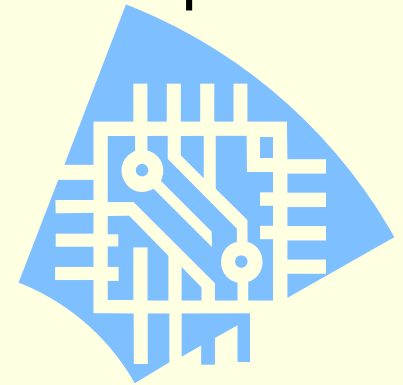


Projects to Increase Collections

- Additional PCA Referrals
 - Select specific programs to refer to PCAs more than twice
 - Same collection tools available to PCAs
 - Possibly increase payment agreement authority provided to PCAs due to age of debt
 - Decrease PCA retention period and do not penalize them for returning debts under this program
 - Catch some programs which authorized administrative wage garnishment later
 - DMS in the planning stages and anticipate implementation during current contract period

Projects to Increase Collections

- Increase PCAs use of Pay.Gov
 - Currently PCAs generating over \$600K per month through this tool
 - DMS working on automating the transactions into FedDebt
 - Expanding the use to automatic debits for PCA payment arrangements
 - Automating the transaction interface for the PCAs and DMS



Questions



May 27 - 28, 2009