

SPECIAL REPORTS

Quarterly Progress Reports on Third-Party Collections



Oregon Judicial Department
Business and Fiscal Services Division

Revenue Management and Collections Activities July 2011 – March 2012



SPECIAL REPORTS

OJD Revenue Management and Collections Activities, July 2011-March 2012

The Oregon Judicial Department (OJD) was requested by a budget note to provide quarterly reports to the Legislative Fiscal Office regarding its “overall revenue activities, including cost of collections, amounts collected, and collection rates.” (See, Budget Report, 2012, SB 5701). This is the first such report, and covers the first nine months of the 2011-13 biennium.

Summary:

- OJD has collected \$113.2 million in the first nine months of the biennium. Total collections to date exceed projections by 3 percent, and have increased 17 percent over the same period in 2009-11.
- OJD continues to implement its reorganization of revenue management and collections activities that was initiated in 2011. This effort emphasizes automating collection referrals and centralizing many collections activities in order to increase efficiency and effectiveness.
- Funding revenue management activities with General Fund instead of Other Funds has diminished the ability of OJD to document the cost of all collections activities. OJD does receive a separate General Fund appropriation to pay third-party collectors (the Oregon Department of Revenue (DOR), private collection firms, State Treasury, and costs associated with accepting credit cards) that can be clearly identified and tracked.
- Collection rates vary by court and by case type. Generally, civil fees have the highest collection rates since they are collected at the time of filing. In the offense category, violations are collected at the highest rate, followed by misdemeanor and felony offenses. Collection rates vary between trial courts. During this reporting period the lowest rate reported by a court was 48 percent and the highest collection rate reported by a court was 84 percent.
- Collections activities are structured so that debtors – not taxpayers – pay for many collections costs.

Background:

State courts collect revenue from a variety of sources. In civil cases, state law imposes filing fees and some additional fees for settlement conferences, filing some motions, and other activities. These fees are collected at the time of filing or the activity. In these civil fees, judges have the authority to waive (not impose) or defer (allow payment at a later date or over time). Where these actions are taken, fee deferrals are more likely to be granted than waivers. Civil fees comprise a small part of OJD’s liquidated and delinquent debt (debt resulting from a judgment that is not paid on time).

Courts also impose and collect fines for offenses (crimes and noncriminal violations) which are sent to state-level funds and accounts, and to local governments. Courts also impose and collect restitution and compensatory fines that go to individual crime victims. Monetary obligations in offense cases can remain valid for up to 50 years.

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OJD Revenue Management and Collections Activities, July 2011-March 2012

Revenue Management/Collections Activities:

Revenue management activities in OJD include staff functions such as receiving and accounting for funds, setting up payment plans, distributing and managing collected revenue, and collections activities including phone calls, reminder letters, and referring accounts to third-party collectors. An OJD survey updated in 2009 found that about three-quarters of revenue management positions involved receiving, managing, and distributing money (228.17 FTE), and about one-fourth of the activities involved collections activities (83.65 FTE). Most of these activities are integrated into other staffing functions -- a limited number of staff positions perform revenue management activities exclusively.

In 2011 OJD reorganized its collections efforts. It standardized processes used in the courts statewide, automated many of those processes, centralized some collections activities, emphasized outsourcing some collections activities, and established standard timelines for when uncollected debt would be referred to third-party collectors. In addition, OJD established new policies to "recycle" old debt, so renewed collections activities would occur periodically on all uncollected debt. These actions not only increased the efficiency and effectiveness of collections activities, it moved some collections functions from court staff paid for with General Fund to outside collectors paid for with Other Funds, thereby reducing costs to the taxpayer.

Collection Costs:

Any time a fee or fine must be referred to a third party for collection, ORS 1.202(2) requires courts to assess a collections fee to the debtor. That collections fee pays for the cost of third-party collections.

The legislature in 2011 changed how it funded collections activities in OJD. Prior to the 2011-13 biennium, revenue management functions were self-funding, and paid for with Other Funds -- statutorily authorized fees assessed on most collected amounts and on people whose accounts were referred to third parties for collection. Revenue from a separate charge on people who were placed on payment plans always has been directed to the General Fund. Beginning in 2011-13, the legislature directed collections fee revenue to the General Fund, and paid for revenue management activities from the General Fund -- either through the general OJD operations appropriation or through a specific appropriation for third-party collections activities.

The 2011 Legislative Assembly appropriated \$11,679,729 General Fund to OJD to pay for third-party debt collection costs for the 2011-13 biennium. These third-party debt collection costs include fees paid to the Department of Revenue (DOR) and three private collections agencies (Alliance One, Municipal Services Bureau, and Linebarger), credit card fees paid to US Bank (for credit card payments made directly to OJD), and State Treasury charges related to collections.

The following is an itemization of third-party expenditures for the first nine months of the 2011-13 biennium. After payment of third-party collection costs through March 2012, the balance left is \$6,552,642. Increased payments in January-March 2012 are due primarily to increased collections by DOR's tax offset program from filed tax returns.

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OJD Revenue Management and Collections Activities, July 2011-March 2012

2011-13 Third-Party Collections Expenditures

Beginning Appropriation	11,679,729	11,219,725	10,723,133	10,226,476	9,765,604	9,345,045	8,921,645	8,312,287	7,244,533	Biennium to Date
	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	
DEPARTMENT OF REVENUE	309,026	334,032	319,992	317,534	279,207	291,635	466,964	850,119	484,713	3,653,222
ALLIANCEONE, INC	51,234	61,076	71,141	60,721	56,945	54,249	54,422	81,720	74,354	565,861
MUNICIPAL SERVICES BUREAU	24,084	33,095	39,609	35,089	37,977	28,463	32,555	56,203	47,661	334,736
LINEBARGER	12,903	14,561	12,628	9,222	9,734	11,795	16,547	36,088	39,766	163,242
US BANK CREDIT CARD FEES	42,785	44,187	43,815	29,388	27,167	28,124	29,853	33,307	35,081	313,708
STATE TREASURER CHARGES	19,971	9,642	9,472	8,919	9,529	9,135	9,018	10,317	10,317	96,318
Total Expenditures	460,004	496,593	496,656	460,873	420,558	423,400	609,358	1,067,754	691,891	5,127,087
Remaining Appropriation Balance	11,219,725	10,723,133	10,226,476	9,765,604	9,345,045	8,921,645	8,312,287	7,244,533	6,552,642	

The following is a projection for 2011-13 third-party expenditures based on the first nine months of 2011-13 compared to 2009-11. Third-party collection expenditures have increased in 2011-13 due to a 38 percent rate increase by DOR, and increased costs resulting from higher-than-projected collections from tax offset and third parties. At the current spend rate, OJD will need an additional \$1,196,843 in General Fund appropriation to pay third-party debt collection costs for 2011-13. An anticipated refund of collection charges from the Department of Revenue is expected to mitigate most of the projected shortfall.

Third-Party Collections Expenditures

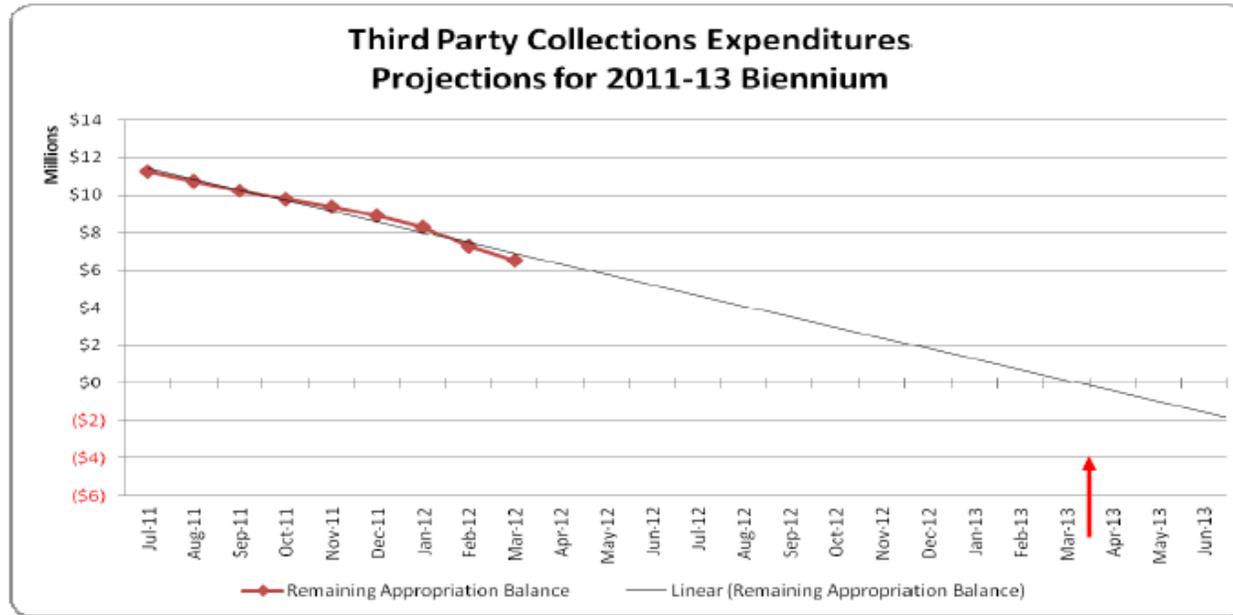
2009-11 vs. 2011-13 (projected)

BIENNIUM	3RD PARTY COLLECTION FEES	US Bank (CREDIT CARD FEES)	STATE TREASURY	TOTAL EXPENDITURES
2009-11	\$ 8,505,635	\$ 975,644	\$ 9,018	\$ 9,481,279
Projected 2011-13	\$ 11,805,071	\$ 839,920	\$ 231,581	\$ 12,876,572

The following graph shows OJD's spend rate of the \$11,679,729 General Fund appropriation to pay for third-party debt collection costs. At this rate, the \$11,679,729 General Fund appropriation is expected to be depleted by March 2013 unless OJD receives a refund from the Department of Revenue.

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OJD Revenue Management and Collections Activities, July 2011-March 2012



Third-party revenue collections include restitution owed to victims, fines, assessments, and deferred civil filing fees. This revenue is distributed to victims of crime, the General Fund, the Criminal Fine Account, and to counties, cities, and local agencies. The Department of Revenue (DOR) has a larger percentage of OJD's delinquent accounts and is usually the first agency where new debt is referred; therefore, they are able to collect more money than the private collection firms (PCFs).

The following is an itemization of the revenue collected by each third party for the first nine months of 2011-13.

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OJD Revenue Management and Collections Activities, July 2011-March 2012

2011-13 Third-Party Collections Revenue

YEAR	MONTHS	DOR TAX OFFSET	DOR REGULAR COLLECTIONS	ALLIANCE ONE	MUNICIPAL SERVICES BUREAU	LINEBARGER	TOTAL 3RD PARTY COLLECTIONS
2011	Jul-Sept	\$ 72,173	\$ 5,366,132	\$ 1,112,752	\$ 263,797	\$ 96,216	\$ 6,911,069
2011	Oct-Dec	\$ 64,601	\$ 4,921,955	\$ 1,034,689	\$ 231,542	\$ 79,654	\$ 6,332,441
2012	Jan-Mar	\$ 2,541,301	\$ 9,277,070	\$ 876,174	\$ 262,504	\$ 235,274	\$ 13,192,324
		\$ 2,678,075	\$ 19,565,158	\$ 3,023,615	\$ 757,842	\$ 411,144	\$ 26,435,834

The following is an itemization of the revenue collected by both OJD and third parties for the first nine months of 2011-13.

2011-13 Overall Revenue Collected by OJD and Third Parties

YEAR	MONTHS	LOCAL	STATE	COMP & REST	TOTAL REVENUE
2011	Jul-Sept	\$ 4,481,464	\$ 30,082,716	\$ 2,674,613	\$ 37,238,793
2011	Oct-Dec	\$ 4,274,935	\$ 27,929,101	\$ 2,506,761	\$ 34,710,796
2012	Jan-Mar	\$ 4,900,827	\$ 32,843,324	\$ 3,467,063	\$ 41,211,215
		\$ 13,657,227	\$ 90,855,141	\$ 8,648,437	\$ 113,160,804

The following is a projection for 2011-13 third-party collections based on the first nine months of 2011-13 compared to 2009-11. Projections for DOR Tax Offset in 2011-13 are substantially higher than 2009-11 because OJD did not fully participate in the DOR tax offset program during 2009-11 and personal income tax returns increased substantially in 2012 and that trend is expected to continue during 2011-13.

Third-Party Collections Revenue

2009-11 vs. 2011-13

BIENNIUM	DOR TAX OFFSET	DOR REGULAR COLLECTIONS	ALLIANCE ONE	MUNICIPAL SERVICES BUREAU	LINEBARGER	TOTAL 3RD PARTY COLLECTIONS
2009-11	\$ 2,408,105	\$ 47,594,581	\$ 8,017,035	\$ 352,345	\$ 103,974	\$ 58,476,040
(projected) Projected 2011-13	\$ 6,078,319	\$ 51,373,999	\$ 7,906,270	\$ 2,005,268	\$ 1,006,872	\$ 68,370,727

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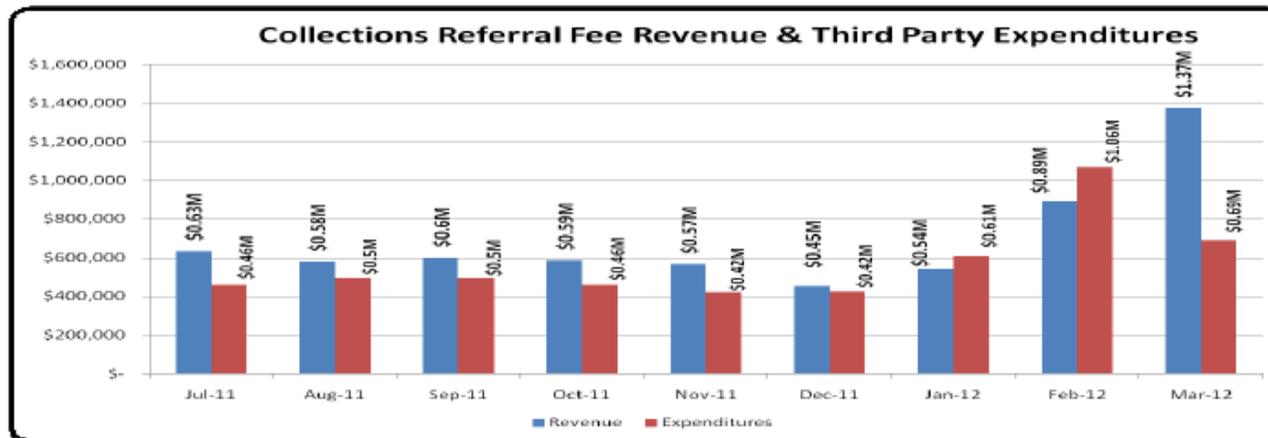
OJD Revenue Management and Collections Activities, July 2011-March 2012

The following is a projection for 2011-13 revenue collected by OJD and third parties based on the 2011-13 OEA revenue forecast compared to revenue collected by OJD and third parties in 2009-11.

**Overall Revenue Collected by OJD and Third Parties
2009-11 vs. 2011-13 (projected)**

BIENNIUM	LOCAL	STATE	COMP & REST	TOTAL REVENUE
2009-11	\$ 55,054,497	\$ 216,619,997	\$ 25,257,817	\$ 296,932,311
Projected 2011-13	\$ 31,871,108	\$ 213,938,923	\$ 23,062,499	\$ 268,872,529

Pursuant to ORS 1.202(2), OJD assesses a 28 percent fee (collection referral fee) to cover the costs of collecting judgments referred to third parties. That fee revenue is distributed to the General Fund, and is purposed by statute to pay for third-party debt collection costs. Previously, amounts paid and applied to this fee would be deposited into a collections fund managed by OJD in order to cover the costs of collections. As the chart below shows, the collection referral fee revenue is enough to cover the costs of third-party debt collections. However, now that the collection referral fee revenue is deposited into the General Fund, the OJD debt collection program is subject to a General Fund appropriation that could be less than the collection referral fee revenue generated during the biennium. This creates a systemic funding problem for OJD and DOR, Other Agency Accounts program. Increased referrals and collections by third parties have resulted in more fee revenue than projected in 2009, when the rate was set. OJD will review the fee calculation prior to the 2013-15 budget cycle.



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Oregon Judicial Department
Business and Fiscal Services Division

Revenue Management and Collections Activities April 2012 – June 2012



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OJD Revenue Management and Collections Activities, April 2012-June 2012

The Oregon Judicial Department (OJD) was requested by a budget note to provide quarterly reports to the Legislative Fiscal Office regarding its "overall revenue activities, including cost of collections, amounts collected, and collection rates." (See, Budget Report, 2012, SB 5701). This is the second such report, and covers the first fiscal year of the 2011-13 biennium.

Summary:

- OJD has collected \$150.9 million in the first fiscal year of the biennium, \$34.07 million (or 18.4%) of that revenue was collected by third parties.
- OJD continues to project a funding shortfall for third party collection expenditures in the amount of \$1.7 million. The OJD expects the Department of Revenue (DOR) to issue a \$1.2 - \$1.4 million dollar rebate of collection fees to bring our total funding deficit for 2011-13 down to \$520,581 (assumes a \$1.2 million DOR rebate).
- Both the June and September OEA forecast for OJD revenues have increased to bring total forecasted revenue up to \$268 million (excludes restitution paid to victims).

2011-13 Third-Party Collections Expenditures

The following is an itemization of expenditures from the third-party general fund appropriation for the first fiscal year of the 2011-13 biennium. Of the \$11,679,729 million total appropriation, \$4,978,114 is the available balance for the second fiscal year of the 2011-13 biennium.

Beginning Appropriation	11,679,729	11,219,725	10,723,133	10,226,476	9,765,604	9,345,045	8,921,645	8,312,287	7,244,533	6,552,642	5,970,190	5,456,696	Biennium to Date
Agency	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	
DEPARTMENT OF REVENUE	309,026	334,032	319,992	317,534	279,207	291,635	466,964	850,119	484,713	396,766	332,933	303,167	4,686,088
ALLIANCEONE, INC	51,234	61,076	71,141	60,721	56,945	54,249	54,422	81,720	74,354	62,686	63,563	59,350	751,461
MUNICIPAL SERVICES BUREAU	24,084	33,095	39,609	35,089	37,977	28,463	32,555	56,203	47,661	44,124	35,284	43,378	457,522
LINEBARGER	12,903	14,561	12,628	9,222	9,734	11,795	16,547	36,088	39,766	36,782	36,443	26,641	263,109
US BANK CREDIT CARD FEES	42,785	44,187	43,815	29,388	27,167	28,124	29,853	33,307	35,081	31,330	34,718	35,121	414,877
STATE TREASURER CHARGES	19,971	9,642	9,472	8,919	9,529	9,135	9,018	10,317	10,313	10,764	10,553	10,924	128,554
Total Expenditures	460,004	496,593	496,656	460,873	420,558	423,400	609,358	1,067,754	691,887	582,452	513,494	478,582	6,701,611
Remaining Appropriation Balance	11,219,725	10,723,133	10,226,476	9,765,604	9,345,045	8,921,645	8,312,287	7,244,533	6,552,642	5,970,190	5,456,696	4,978,114	

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OJD Revenue Management and Collections Activities, April 2012-June 2012

Third-Party Collections Expenditures 2009-11 vs. 2011-13 (projected)

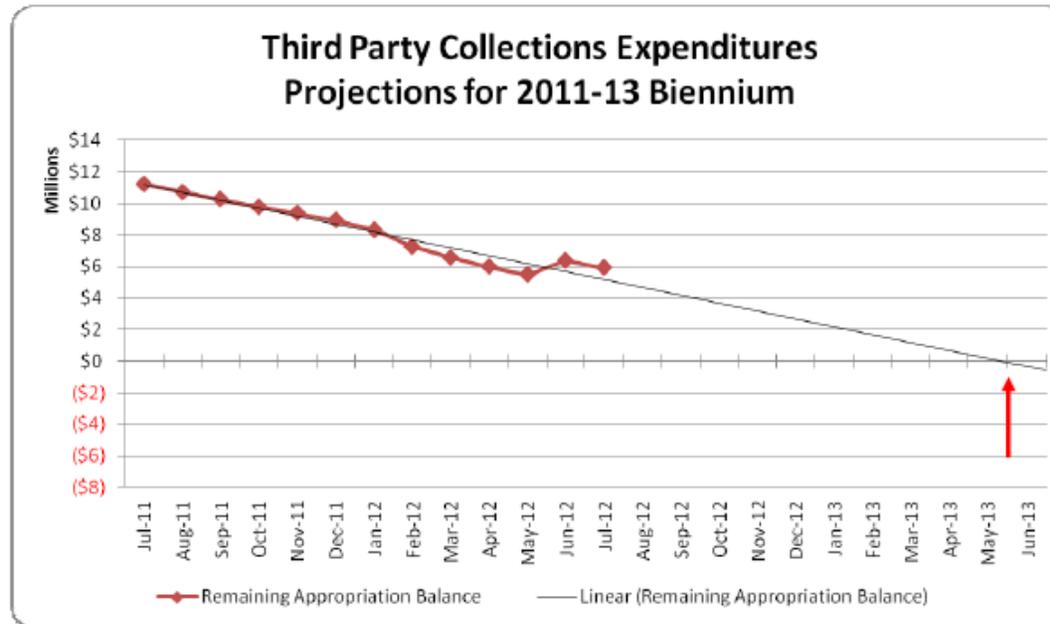
The following is an updated projection for 2011-13 third-party expenditures based on the first fiscal year of 2011-13 compared to 2009-11. Third-party collection expenditures have increased in 2011-13 due to a 38 percent rate increase by DOR, and increased costs resulting from higher than projected collections from tax offset and third-party collection programs. The Department of Revenue is expected to rebate \$1.2 - \$1.4 million of collection charges in late fall of 2012 and is included in the updated projection below (assumes a rebate of \$1.2 million). At the current spend rate, OJD will need an additional \$520,581 in General Fund appropriation to pay third-party debt collection costs for 2011-13 (this assumes the \$1.2 million DOR rebate will be paid in late fall of 2012).

BIENNIUM	3RD PARTY COLLECTION FEES	US Bank (CREDIT CARD FEES)	STATE TREASURY	TOTAL EXPENDITURES
2009-11 Actual	\$ 8,505,635	\$ 975,644	\$ 9,018	\$ 9,481,279
April 2012 Projection - 2011-13	\$ 11,805,071	\$ 839,920	\$ 231,581	\$ 12,876,572
July 2012 Projection - 2011-13	\$ 11,104,824	835,611	259,638	\$ 12,200,074

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OJD Revenue Management and Collections Activities, April 2012-June 2012

The following graph shows OJD's spend rate of the \$11,679,729 General Fund appropriation to pay for third-party debt collection costs. At this rate, the \$11,679,729 General Fund appropriation is expected to be depleted by June 2013 (this assumes a \$1.2 million DOR rebate).



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OJD Revenue Management and Collections Activities, April 2012-June 2012

2011-13 Third-Party Collections Revenue

Third-party revenue collections include restitution owed to victims, fines, assessments, and deferred civil filing fees. This revenue is distributed to victims of crime, the General Fund, the Criminal Fine Account, and to counties, cities, and local agencies. The Department of Revenue (DOR) has a larger percentage of OJD's delinquent accounts and is usually the first agency where new debt is referred; therefore, they are able to collect more money than the private collection firms (PCFs).

The following is a quarterly itemization of the revenue collected by each third party for the first fiscal year of 2011-13.

YEAR	MONTHS	DOR TAX OFFSET	DOR REGULAR COLLECTIONS	ALLIANCE ONE	MUNICIPAL SERVICES BUREAU	LINEBARGER	TOTAL 3RD PARTY COLLECTIONS
2011	Jul-Sept	\$ 72,173	\$ 5,366,132	\$ 1,112,752	\$ 263,797	\$ 96,216	\$ 6,911,069
2011	Oct-Dec	\$ 64,601	\$ 4,921,955	\$ 1,034,689	\$ 231,542	\$ 79,654	\$ 6,332,441
2012	Jan-Mar	\$ 2,541,301	\$ 9,277,070	\$ 876,174	\$ 262,504	\$ 235,274	\$ 13,192,324
2012	April-June	\$ 495,392	\$ 5,645,507	\$ 953,766	\$ 294,203	\$ 251,931	\$ 7,640,800

2011-13 Overall Revenue Collected by OJD and Third Parties

The following is a quarterly itemization of the revenue collected by OJD and all third parties for the first fiscal year of 2011-13.

YEAR	MONTHS	LOCAL	STATE	COMP & REST	TOTAL REVENUE
2011	Jul-Sept	\$ 4,481,464	\$ 30,082,716	\$ 2,674,613	\$ 37,238,793
2011	Oct-Dec	\$ 4,274,935	\$ 27,929,101	\$ 2,506,761	\$ 34,710,796
2012	Jan-Mar	\$ 4,900,827	\$ 32,843,324	\$ 3,467,063	\$ 41,211,215
2012	April-June	\$ 4,252,632	\$ 30,710,708	\$ 2,777,186	\$ 37,740,526

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OJD Revenue Management and Collections Activities, April 2012-June 2012

Third-Party Collections Revenue 2009-11 vs. 2011-13 (projected)

The following is a projection for 2011-13 third-party collections based on the first fiscal year of 2011-13 compared to 2009-11. Projections for DOR Tax Offset in 2011-13 are substantially higher than 2009-11 because OJD did not fully participate in the DOR tax offset program during 2009-11 and personal income tax returns increased substantially in 2012. That trend is expected to continue during 2011-13.

BIENNIUM	DOR TAX OFFSET	DOR REGULAR COLLECTIONS	ALLIANCE ONE	MUNICIPAL SERVICES BUREAU	LINEBARGER	TOTAL 3RD PARTY COLLECTIONS
2009-11 Actual	\$ 2,408,105	\$ 47,594,581	\$ 8,017,035	\$ 352,345	\$ 103,974	\$ 58,476,040
April 2012 Projection - 2011-13	\$ 6,078,319	\$ 51,373,999	\$ 7,906,270	\$ 2,005,268	\$ 1,006,872	\$ 68,370,727
July 2012 Projection - 2011-13	\$ 6,212,626	\$ 50,421,330	\$ 7,930,517	\$ 2,054,679	\$ 1,326,150	\$ 67,945,303

Overall Revenue Collected by OJD and Third Parties 2009-11 vs. 2011-13 (projected)

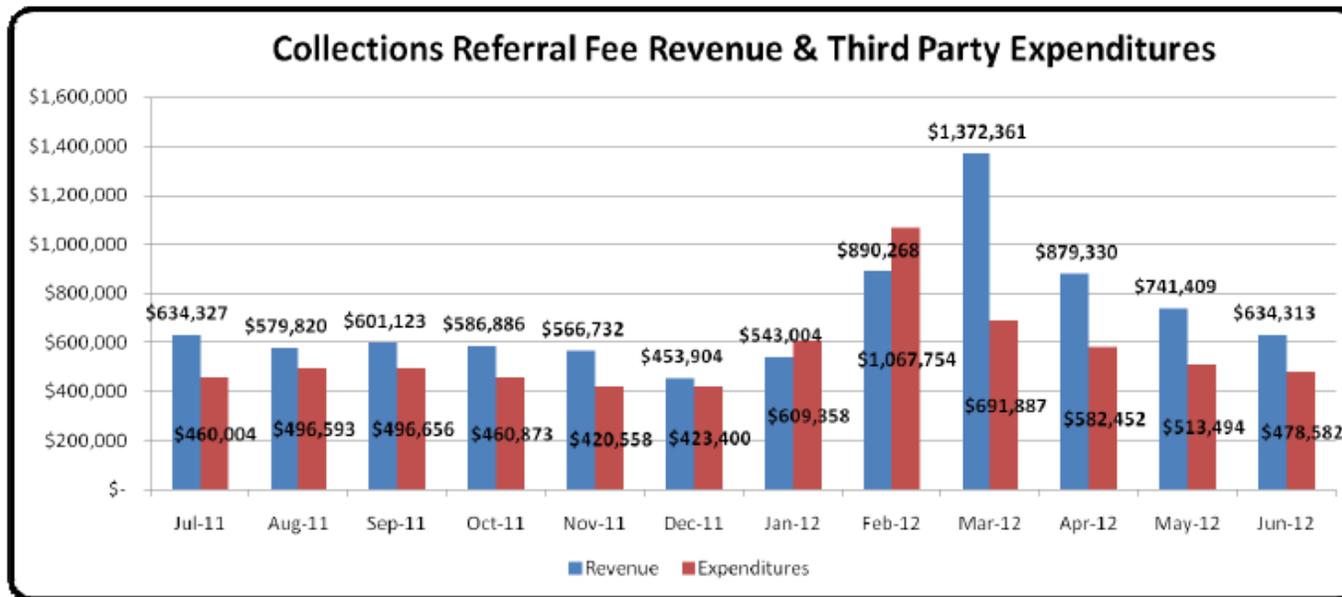
The following is a projection for 2011-13 revenue collected by OJD and third-parties based on the 2011-13 OEA revenue forecast and OJD's 2011-13 revenue trends compared to revenue collected by OJD and third-parties in 2009-11. The large increase between the April 2012 and July 2012 projections reflect the increases in the OEA revenue forecasts in June 2012 and September of 2012.

BIENNIUM	LOCAL	STATE	COMP & REST	TOTAL REVENUE
2009-11 Actual	\$ 55,054,497	\$ 216,619,997	\$ 25,257,817	\$ 296,932,311
April 2012 Projection - 2011-13	\$ 31,871,108	\$ 213,938,923	\$ 23,062,499	\$ 268,872,529
July 2012 Projection - 2011-13	\$ 35,668,197	\$ 238,450,678	\$ 22,823,826	\$ 296,942,701

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OJD Revenue Management and Collections Activities, April 2012-June 2012

Pursuant to ORS 1.202(2), OJD assesses a 28 percent fee (collection referral fee) to cover the costs of collecting judgments referred to third parties. That fee revenue is distributed to the General Fund, and is purposed by statute to pay for third-party debt collection costs. Previously, amounts paid and applied to this fee would be deposited into a collections fund managed by OJD in order to cover the costs of collections. As the chart below shows, the collection referral fee revenue is enough to cover the costs of third-party debt collections. However, now that the collection referral fee revenue is deposited into the General Fund, the OJD debt collection program is subject to a General Fund appropriation that could be less than the collection referral fee revenue generated during the biennium. This creates a systemic funding problem for OJD and DOR, Other Agency Accounts program. Increased referrals and collections by third parties have resulted in more fee revenue than projected in 2009, when the rate was set. OJD will review the fee calculation prior to the 2013-15 budget cycle.



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Revenue Management and Collections Activities July 2012 – September 2012



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OJD Revenue Management and Collections Activities, July 2012-September 2012

The Oregon Judicial Department (OJD) was requested by a budget note to provide quarterly reports to the Legislative Fiscal Office regarding its "overall revenue activities, including cost of collections, amounts collected, and collection rates." (See, Budget Report, 2012, SB 5701). This is the third such report, and covers the first five quarters of the 2011-13 biennium.

Summary:

- OJD has collected \$185.8 million in the first five quarters of the 2011-13 biennium, \$40.4 million (or 22%) of that revenue was collected by third parties.
- OJD continues to project a funding shortfall for third party collection expenditures in the amount of \$495,754. This deficit for 2011-13 is calculated after applying the \$1,221,705 rebate of collection fees received from the Department of Revenue (DOR).
- The most recent December 2012 OEA forecast for 2011-13 OJD revenue is \$269.8 million (excludes \$22.7 million restitution paid to victims).

2011-13 Third-Party Collections Expenditures

The following is an itemization of expenditures from the third-party general fund appropriation for the first five quarters of the 2011-13 biennium. Of the \$11,679,729 million total appropriation, \$4,804,057 is the available balance for the remainder of the 2011-13 biennium. The line item for the Department of Revenue collection expenditures for September 2012 reflects the net amount after the credit of the \$1,221,705 rebate and the \$254,923 in collections fees charged to OJD for September 2012.

	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	
Beginning Appropriation	11,679,729	11,230,436	10,732,775	10,235,948	9,774,522	9,354,574	8,930,780	8,321,305	7,254,850	6,563,011	5,981,010	5,467,305	4,989,094	4,511,522	4,006,142	Biennium to Date
Agency	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	
DEPARTMENT OF REVENUE	309,026	334,032	319,992	317,534	279,207	291,635	466,964	850,119	484,711	396,766	332,933	303,167	304,309	307,908	(966,782)	4,331,522
ALLIANCEONE, INC	51,234	61,076	71,141	60,721	56,945	54,249	54,422	81,720	74,354	62,686	63,563	59,350	58,962	62,994	52,713	926,130
MUNICIPAL SERVICES BUREAU	24,084	33,095	39,609	35,089	37,977	28,463	32,555	56,203	47,661	44,124	35,284	43,378	37,099	49,864	39,821	584,306
LINFBARGER	12,903	14,561	12,628	9,222	9,734	11,795	16,547	36,088	39,766	36,782	36,443	26,641	31,432	34,716	31,463	360,720
US BANK CREDIT CARD FEES	42,785	44,187	43,815	29,388	27,167	28,124	29,853	33,307	35,031	31,330	34,718	35,121	34,845	38,504	34,868	523,044
STATE TREASURER CHARGES	9,260	10,711	9,642	9,472	8,919	9,529	9,135	9,018	10,317	10,313	10,764	10,553	10,924	11,395	9,999	149,948
Total Expenditures	449,293	497,662	496,827	461,425	419,948	423,794	609,475	1,066,455	691,839	582,000	513,705	478,211	477,571	505,380	(797,917)	6,875,670
Remaining Appropriation Balance	11,230,436	10,732,775	10,235,948	9,774,522	9,354,574	8,930,780	8,321,305	7,254,850	6,563,011	5,981,010	5,467,305	4,989,094	4,511,522	4,006,142	4,804,059	

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OJD Revenue Management and Collections Activities, July 2012-September 2012

Third-Party Collections Expenditures 2009-11 vs. 2011-13 (projected)

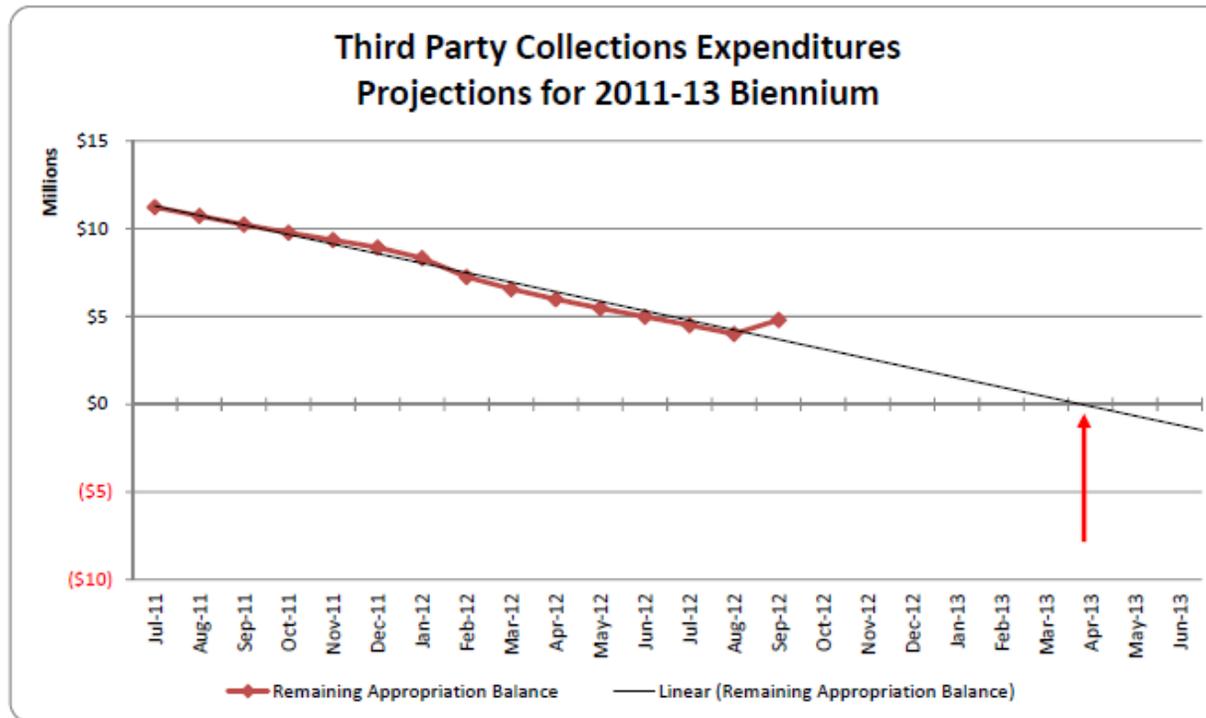
The following is an updated projection for 2011-13 third-party expenditures based on the first five quarters of 2011-13 compared to 2009-11. Third-party collection expenditures have increased in 2011-13 due to a 38 percent rate increase by DOR, and increased costs resulting from higher than projected collections from tax offset and third-party collection programs. The Department of Revenue issued a \$1,221,705 rebate for collection charges in September 2012 that is included in the updated projection below. At the current spend rate, OJD will need an additional \$495,754 in General Fund appropriation to pay third-party debt collection costs for 2011-13 (this takes into account the \$1.2 million rebate received from DOR).

BIENNIUM	3RD PARTY COLLECTION FEES	US Bank (CREDIT CARD FEES)	STATE TREASURY	TOTAL EXPENDITURES
2009-11 Actual	\$ 8,505,635	\$ 975,644	\$ 9,018	\$ 9,481,279
April 2012 Projection - 2011-13	\$ 11,805,071	\$ 839,920	\$ 231,581	\$ 12,876,572
July 2012 Projection - 2011-13	\$ 11,104,824	\$ 838,771	\$ 244,926	\$ 12,188,521
October 2012 Projection - 2011-13	\$ 11,077,477	\$ 838,771	\$ 244,926	\$ 12,161,174

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OJD Revenue Management and Collections Activities, July 2012-September 2012

The following graph shows OJD's spend rate of the \$11,679,729 General Fund appropriation to pay for third-party debt collection costs. At this rate, the \$11,679,729 General Fund appropriation is expected to be depleted by April 2013.



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OJD Revenue Management and Collections Activities, July 2012-September 2012

2011-13 Third-Party Collections Revenue

Third-party revenue collections include restitution owed to victims, fines, assessments, and deferred civil filing fees. This revenue is distributed to victims of crime, the General Fund, the Criminal Fine Account, and to counties, cities, and local agencies. The Department of Revenue (DOR) has a larger percentage of OJD's delinquent accounts and is usually the first agency where new debt is referred; therefore, they are able to collect more money than the private collection firms (PCFs).

The following is a quarterly itemization of the revenue collected by each third party for the first five quarters of 2011-13.

YEAR	MONTHS	DOR TAX OFFSET	DOR REGULAR COLLECTIONS	ALLIANCE ONE	MUNICIPAL SERVICES BUREAU	LINEBARGER	TOTAL 3RD PARTY COLLECTIONS
2011	Jul-Sept	\$ 72,173	\$ 5,366,132	\$ 1,112,752	\$ 263,797	\$ 96,216	\$ 6,911,069
2011	Oct-Dec	\$ 64,601	\$ 4,921,955	\$ 1,034,689	\$ 231,542	\$ 79,654	\$ 6,332,441
2012	Jan-Mar	\$ 2,541,301	\$ 9,277,070	\$ 876,174	\$ 262,504	\$ 235,274	\$ 13,192,324
2012	April-June	\$ 495,392	\$ 5,644,564	\$ 953,766	\$ 294,203	\$ 251,931	\$ 7,639,857
2012	Jul-Sept	\$ 65,105	\$ 4,805,917	\$ 899,681	\$ 288,203	\$ 217,312	\$ 6,276,219

2011-13 Overall Revenue Collected by OJD and Third Parties

The following is a quarterly itemization of the revenue collected by OJD and all third parties for the first five quarters of 2011-13.

YEAR	MONTHS	LOCAL	STATE	COMP & REST	TOTAL REVENUE
2011	Jul-Sept	\$ 4,481,464	\$ 30,082,716	\$ 2,674,613	\$ 37,238,793
2011	Oct-Dec	\$ 4,274,935	\$ 27,929,101	\$ 2,506,761	\$ 34,710,796
2012	Jan-Mar	\$ 4,900,827	\$ 32,843,324	\$ 3,467,063	\$ 41,211,215
2012	April-June	\$ 4,252,632	\$ 30,710,708	\$ 2,777,186	\$ 37,740,526
2012	Jul-Sept	\$ 3,747,547	\$ 28,007,438	\$ 2,550,985	\$ 34,305,970

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OJD Revenue Management and Collections Activities, July 2012-September 2012

Third-Party Collections Revenue 2009-11 vs. 2011-13 (projected)

The following is a projection for 2011-13 third-party collections based on the first five quarters of 2011-13 compared to 2009-11. Projections for DOR Tax Offset in 2011-13 are substantially higher than 2009-11 because OJD did not fully participate in the DOR tax offset program during 2009-11 and personal income tax returns increased substantially in 2012. That trend is expected to continue during 2011-13.

BIENNIUM	DOR TAX OFFSET	DOR REGULAR COLLECTIONS	ALLIANCE ONE	MUNICIPAL SERVICES BUREAU	LINEBARGER	TOTAL 3RD PARTY COLLECTIONS
2009-11 Actual	\$ 2,408,105	\$ 47,594,581	\$ 8,017,035	\$ 352,345	\$ 103,974	\$ 58,476,040
April 2012 Projection - 2011-13	\$ 6,078,319	\$ 51,373,999	\$ 7,906,270	\$ 2,005,268	\$ 1,006,872	\$ 68,370,727
July 2012 Projection - 2011-13	\$ 6,212,626	\$ 50,421,330	\$ 7,930,517	\$ 2,054,679	\$ 1,326,150	\$ 67,945,303
October 2012 Projection - 2011-13	\$ 6,205,559	\$ 49,860,172	\$ 7,717,446	\$ 2,079,086	\$ 1,447,247	\$ 67,309,509

Overall Revenue Collected by OJD and Third Parties 2009-11 vs. 2011-13 (projected)

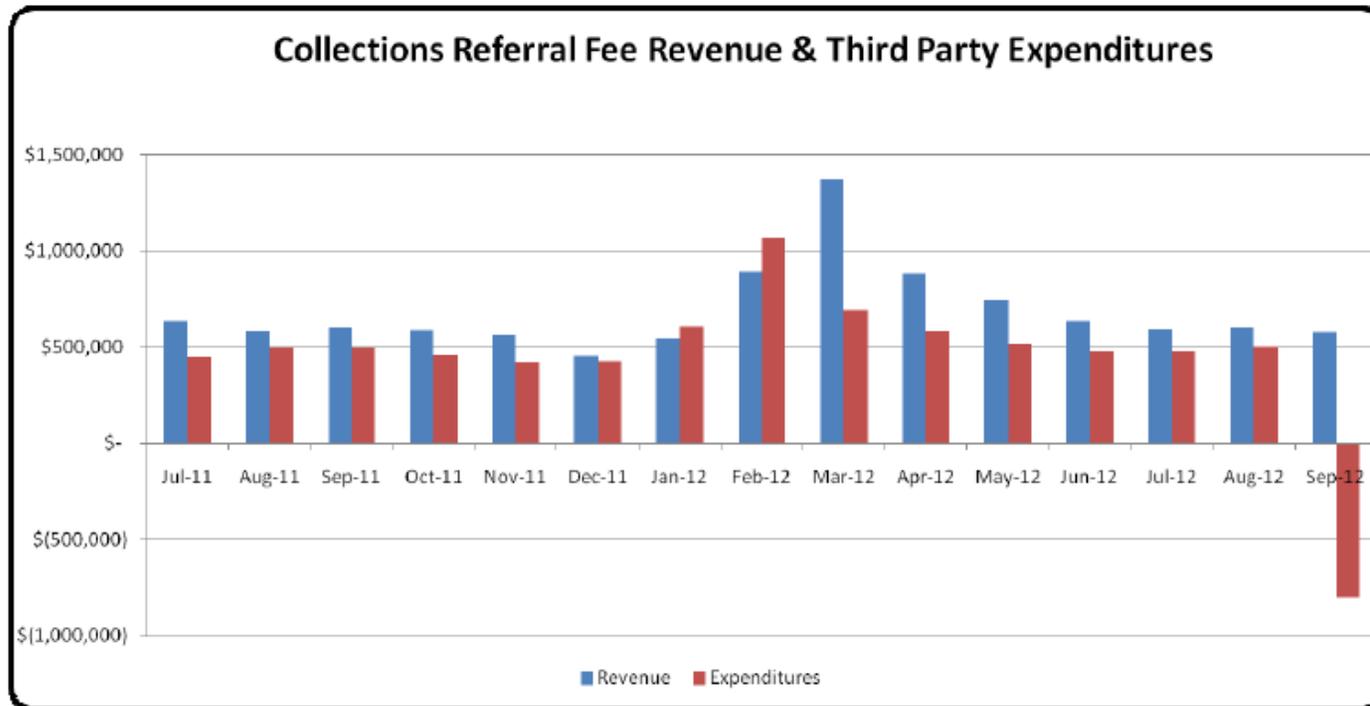
The following is a projection for 2011-13 revenue collected by OJD and third-parties based on the 2011-13 OEA revenue forecast and OJD's 2011-13 revenue trends compared to revenue collected by OJD and third-parties in 2009-11. The large increase between the April 2012 and July 2012 projections reflect the increases in the OEA revenue forecasts in June 2012 and September of 2012.

BIENNIUM	LOCAL	STATE	COMP & REST	TOTAL REVENUE
2009-11 Actual	\$ 55,054,497	\$ 216,619,997	\$ 25,257,817	\$ 296,932,311
April 2012 Projection - 2011-13	\$ 31,871,108	\$ 213,938,923	\$ 23,062,499	\$ 268,872,529
July 2012 Projection - 2011-13	\$ 35,668,197	\$ 238,450,678	\$ 22,823,823	\$ 296,942,698
October 2012 Projection - 2011-13	\$ 34,939,791	\$ 237,480,917	\$ 22,700,197	\$ 295,120,906

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Pursuant to ORS 1.202(2), OJD assesses a 28 percent fee (collection referral fee) to cover the costs of collecting judgments referred to third parties. That fee revenue is distributed to the General Fund, and is purposed by statute to pay for third-party debt collection costs. Previously, amounts paid and applied to this fee would be deposited into a collections fund managed by OJD in order to cover the costs of collections. As the chart below shows, the collection referral fee revenue is enough to cover the costs of third-party debt collections. However, now that the collection referral fee revenue is deposited into the General Fund, the OJD debt collection program is subject to a General Fund appropriation that could be less than the collection referral fee revenue generated during the biennium. This creates a systemic funding problem for OJD and DOR, Other Agency Accounts program. Increased referrals and collections by third parties have resulted in more fee revenue than projected in 2009, when the rate was set. OJD will review the fee calculation prior to the 2013-15 budget cycle.



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