



**EL DORADO COUNTY
CHIEF ADMINISTRATIVE OFFICE**

Date: May 17, 2017

To: Honorable, Board of Supervisors

From: Don Ashton
Chief Administrative Officer

Subject: Child Support Services Revenue Recovery Division - Transfer of County Collections to Treasurer-Tax Collector

Summary

This report provides information regarding the transfer of County collections and collection of post-probation Victim Restitution from Child Support Services Revenue Recovery Division to the Treasurer-Tax Collector and subsequent action items 1 through 4 resulting in the revision of Policy B-4, adoption of a new Resolution to supersede Resolution 147-2012, and amendment of personnel allocations for Child Support Services and Treasurer-Tax Collector.

Chief Administrative Officer Recommending the Board of Supervisors:

1. Revise Board Policy B-4 to identify the Treasurer-Tax Collector as the department responsible for collecting delinquent debt owed to County departments.
2. Adopt new Resolution to supersede Resolution 147-2012 regarding post-probation Victim Restitution collections to identify the Treasurer-Tax Collector as the responsible County department.
3. Amend the personnel allocation for the Treasurer-Tax Collector to add one Senior Revenue Recovery Officer effective July 1, 2017 (to be enacted during the FY 2017-18 Budget Adoption).
4. Amend the personnel allocation for Child Support Services to delete one Senior Revenue Recovery Officer effective July 1, 2017 (to be enacted during the FY 2017-18 Budget Adoption).

Background

On December 12, 2016, the Superior Court of El Dorado chose to terminate their MOU with the Child Support Services Revenue Recovery Division for the collection of court debt effective July 1, 2017, and to transfer responsibility for the collection of delinquent fees and fines to an alternative collection agency.

The budgeted revenues for FY 2016-17 from the collection agreement with the Court were \$906,201. The anticipated reduction in revenue from the Court's decision to terminate their MOU required Child

Child Support Services Revenue Recovery Transfer to Treasurer-Tax Collector

Support Services to make difficult decisions regarding overhead and personnel, and on March 7, 2017, the Director of Child Support Services brought an item to the Board recommending the adoption of Resolution 049-2017, deleting eight of nine personnel positions in the Revenue Recovery Division and implementing a reduction in force (RIF).

When the item was brought to the Board, it was recommended that one Senior Revenue Recovery Officer position be excluded from the RIF and that the position be retained to perform the collection of post-probation Victim Restitution as well as County debts until further analysis could be conducted to determine how County collection services would continue to be provided after July 1, 2017.

After further analysis and discussion with the Director of Child Support Services, the Treasurer-Tax Collector, Probation, the District Attorney, Human Resources, and County Counsel, it is recommended that the collection of post-probation Victim Restitution as well as County collections be outsourced to Access Capital, a private vendor that the County has an existing contract with, and that the function of overseeing and coordinating County collections including data entry, billing, and reporting be transferred to the Treasurer-Tax Collector.

The alternative of keeping the Senior Revenue Recovery Officer position within Child Support Services was considered; however, with the Court's decision to terminate their MOU with the Child Support Services Revenue Recovery Division there is no longer funding to support the Division, including staffing, equipment, supplies, rent and other associated overhead. Further, without the Court collection function, and with the outsourcing of the County collection efforts to an outside vendor, the remaining function of overseeing and coordinating County collections no longer requires a full-time employee (FTE). Instead, it is estimated that these efforts will require .5 FTE.

In an effort to avoid a subsequent RIF and in keeping with the Good Governance Goal of the Strategic Plan, the CAO's office identified the Treasurer-Tax Collector as the appropriate County department to house the function of County collections including post-probation Victim Restitution. The Treasurer-Tax Collector performs similar transactions as the Revenue Recovery Division and also has the need for such a position to recover uncollected Transient Occupancy Tax (TOT) associated with vacation rentals.

It is, therefore, recommended that the personnel allocation for Child Support Services be revised to delete one Senior Revenue Recovery Officer and that the Treasurer-Tax Collector's personnel allocation be revised to add one Senior Revenue Recovery Officer to perform the function of overseeing and coordinating County collections and post-probation Victim Restitution, effective July 1, 2017.

Fiscal Impact

Currently, the Revenue Recovery Division deposits an average net amount of \$186,000 annually for accounts involving debts to various County agencies. In addition, post-probation Victim Restitution collections are made on behalf of the victims. Without a County revenue recovery function, this debt would not be collected.

The Net County Cost of the Senior Revenue Recovery Officer position is approximately \$90,000. When the Court's MOU was in effect, the majority of the cost associated with this position was covered by the

Child Support Services Revenue Recovery Transfer to Treasurer-Tax Collector

Courts for the collection of court debt, with the cost associated with County collection activities off-set by a 14% fee (~\$25,000) that was charged by Child Support Services to County departments.

Without the funding from the Courts, the entire cost of this position will be borne by the County. It is, therefore, recommended that the fee associated with County collections be increased to 25%, which will cover approximately \$45,000, or half of the position cost. Pursuant to Policy B-4, Section II(d), this fee will be based on a methodology approved by the Auditor-Controller and departments will be notified of this fee on an annual basis. This methodology is separate from that applied to post-probation Victim Restitution, which is defined in California Penal Code Section 1203.1(1). Here, the Board of Supervisors shall set the administrative fee, not to exceed 15% of the total amount ordered to be paid, to cover the actual administrative cost of collection for the county entity performing the collection of post-probation Victim Restitution. This fee is collected after the full restitution debt has been paid in full to the victim.

The remaining cost will be covered by the County's General Fund within the Treasurer-Tax Collector's office. The FY 2017-18 Recommended Budget will reflect sufficient savings within the Treasurer-Tax Collector budget to off-set the remaining General Fund cost of this position. In the future, this cost is expected to be offset by additional revenue associated with the TOT collections.

Strategic Plan

The recommended action contributes to the achievement of the Strategic Plan Goal of Good Governance: Achieving the best possible process for making and implementing decisions in accordance with the County's core values, legal requirements, and industry best practices. Specifically, the actions of preserving a Senior Revenue Recovery Officer to oversee and coordinate County collection efforts in accordance with Board Policy B-4; avoidance of a subsequent RIF; increased efficiencies and revenues by outsourcing to a private vendor to perform the collection efforts; and increased staffing for the Treasurer-Tax Collector to pursue currently uncollected TOT associated with vacation rentals, which is anticipated to increase County revenues, and reduce the cost of the position to the General Fund.

Recommendation

The CAO's office is recommending approval of action items 1 through 4.

DA:

Attachments

c. Don Semon, Director of Child Support Services
Cherie Rafferty, Treasurer-Tax Collector
Erin Hane, Interim Director Human Resources