



Date: June 3, 2022

To: Supervisor Otto Lee, Chairperson
Supervisor Cindy Chavez, Vice Chairperson
Finance and Government Operations Committee

Jeffery V. Smith, County Executive

From: Margaret Olaiya, Finance Agency Director
Margarita Rodriguez, Department of Tax and Collections Director

Subject: Contingency Plan for the Absence of Superior Court Referrals

Background:

During the Finance and Government Committee meeting on March 17, 2022, (item no.10), Supervisor Lee requested that the Department of Tax and Collections (DTAC) provide an off-agenda memo relating to (1) a written contingency plan in the event the Superior Court does not renew the comprehensive collection program with DTAC in 2024, and (2) details relating to ambiguous performance requirements in the Court Collections Agreement.

Contingency Plan Analysis:

DTAC serves as the county's collection agency, collecting a wide variety of delinquent debts that include court, medical, public assistance, unsecured property tax, and other county debts including Victim Restitution. It is important to note that Victim Restitution is not assigned to DTAC but the Department recognizes the need to compensate county victims of crime and takes a proactive approach by creating records, collecting restitution, locating victims, and remitting funds directly to the victims.

Currently, the County is in contract with the Superior Court to provide a comprehensive collections program for court-specific debts. This agreement has been in place since 2004 and has recently been extended to June 30, 2024. During Fiscal Year 2020-21, the total Superior Court collections were \$8M for court debt and \$4M for the victim restitution fund. The total of \$12M combined, represents 31.5% of the total fiscal year delinquent collection of \$38M. It is important to note that since the courts were closed for more than a year when the pandemic started, the number of accounts assigned to DTAC was also greatly reduced.

Currently, DTAC has been proactively working to adjust internal operations to mitigate future risks related to a reduction in debt collections. As experienced in 2017, the Superior Court moved traffic collections to another agency which resulted in a decrease in traffic debts referred to DTAC. As a result, DTAC moved collectors from the Traffic Collections unit to support other collection lines of service.

Similar to the approach in 2017, if the current agreement with the Superior Court is not renewed after its expiration in June 2024, the Department would implement the following:

- Redirect resources to other revenue collections such as healthcare debt and/or the unsecured portion of property taxes.
- As positions become vacant, eliminate classifications directly related to court collections such as cashiers, etc.
- Reassign the work of other codes such as account clerk and revenue collections officer to other work duties within the Department.

Performance Requirements:

The metric in the current court collections agreement is written as such:

“Increase revenue from collection of Court-ordered Delinquent and Current Debt as measured. DTAC shall endeavor to increase its collections for such debts by up to 5% each fiscal year during the length of this agreement, based on current referrals levels from the Court to DTAC each fiscal year.”

This language can seem unclear if the 5% increase is attributed to the overall collection rate or the total dollar value of collections. To create a clear and measurable performance requirement, DTAC will work with the Court to establish the metric and level of growth desired by the Superior Court taking into consideration the significant decrease in assignments during the crisis of the pandemic.

In addition, DTAC will formally establish a Collections Committee and will meet monthly unless otherwise mutually agreed, with the Superior Court. These meetings can provide additional clarity around the performance measures for both parties.

The DTAC committee establishment, meetings with the Court, and the discussion of goals for the next contract negotiation will begin in August 2022.

cc: Supervisor Mike Wasserman, District 1
Supervisor Susan Ellenberg, District 4
Supervisor S. Joseph Simitian, District 5
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