

Debt Collection

Debt Collection: The City continues to develop new ways to improve collection of debt owed to the City.

Background

The City consistently looks to improve collections of outstanding debt, both long-standing and new debt. Many of these efforts have been outlined and discussed in connection with recent budgets, and have contributed to closing those year's budget gaps.

The City's most recent efforts have focused on use of data and technology to enhance the ability to locate and contact debtors. These efforts include:

- The City is using advanced software to match debt with debtors. This 'matching' software has improved the City's ability to provide effective notice, even when individuals change addresses or are difficult to locate.
- This matching software has also helped to streamline and improve the effectiveness of the City's practice of conducting debt checks prior to issuing licenses and permits.
- The City has also improved the form and language of debt notices in an effort to clarify the obligations and options for those receiving notices.
- It has become a best practice in collection to call debtors while the debt is still relatively new, as data indicates that calling earlier (within the first 60 days of the debt being incurred) elicits greater collections. The City tracks businesses that owe the largest amount to the City, and has begun making calls to those businesses early in the life of the debt.
- By comparing active licenses to actual tax returns filed, and by analyzing patterns and trends in historical tax returns, the City is able to identify businesses that may be under-filing or non-filing. The City then deploys its auditing resources in areas where they are most likely to be effective.

These efforts are in addition to ongoing efforts from prior years, and compliment enhancements to payment plan options and the recently-announced 2016 amnesty program.

Revenue Impact

The City estimates that improved and data-driven collection efforts will yield approximately \$23.4 million in additional annual revenue in 2016.

Other Cities

The City recently engaged with other municipalities to develop a roundtable to discuss experiences and best practices on topics related to collections and municipal finance. Current participants include New York City, Los Angeles, Atlanta, and Philadelphia.