

2018 Agency Debt Collection Report

Proviso 117.34

In order to ensure accurate reporting for agency comparison, submit only the total amount of outstanding receivables still on agency books, which are 60 days or older as of December 31, 2018.

DO NOT INCLUDE DEBT PREVIOUSLY WRITTEN-OFF.

Agency Name/Number: SC Department of Transportation (SCDOT)/U120

Contact Person/Position: Kace L. Smith, Acting Deputy Secretary for Finance and Administration

Email address: SmithKL@SCDOT.org

Phone Number: (803)737-1240

Total agency receivables (to include those that are past due) as of 12/31/18	\$ 876,638.95
Total agency receivables 60 days, or older, as of 12/31/2018 (see chart below for a breakout of receivables)	\$ 746,091.37
Total amount of debt written off by agency during calendar year 2018. (DO NOT INCLUDE IN ABOVE TOTAL)	\$ 47,634.49

Categorization of Debt (Add lines as needed)	
Student Receivables	\$
Loans Receivables	\$
Departmental Receivables (Non-governmental: Contracts, grants, other entities, foundations)	\$ 734,222.81
Fees and Fines	\$
Returned Checks	\$
Patient Receivables	\$
Other (please specify): Misc. receivables (Payroll overpayment, Commuter mileage)	\$ 11,868.56
Other (please specify):	\$

Does the agency participate in the Worthless Check Program through the Circuit Solicitor's Office? (Choose One)	Yes ___	No <u>X</u>
Does the agency use the DOR set-off program? (Choose One)	Yes <u>X</u>	No ___
Does the agency use the DOR GEAR program? (Choose One)	Yes <u>X</u>	No ___

Does the agency use outside collection agencies? (Choose One)	Yes ___	No <u>X</u>
---	---------	-------------

Please answer the following questions to develop ‘lessons learned’ and statewide trends to be shared, **without attribution**, with all agencies.

- **Biggest issues the agency faces with collection of aged receivables:** The vast majority of SCDOT non-governmental receivables is for damage claims to agency property (guardrails, cable barriers, bridges, etc.) and is usually created by non-repeat offenders. A major challenge in the agency’s collections is the uninsured out-of-state driver. While SCDOT follows the standard collection procedures of calls and letters, these individuals usually do not have the funds to pay for claims and either seek payment plans or choose to pay nothing. Most of these end up delinquent. After the agency’s standard letter of communication, if the claim is over \$1,000, the Agency files a lawsuit against the individual.
- **Agency practices for collections that have proven effective:** Verbal communication and collection letters are the agency’s standard practices. SCDOT has also been helped by the SC Dept. of Motor Vehicles. When an accident occurs, the officer at the accident notes all damages to property, including SCDOT’s, in their accident report. SCDOT sends follow-up correspondence to SCDMV seeking insurance information for the claim. The SCDMV requests insurance information from the parties in the collision. If the insurance information is not returned to the SCDMV, the individual’s driving privileges are suspended as well as vehicle registration, title changes, etc. In order to have the suspension lifted, the driver must seek a release from all parties claiming property damage. At this point the driver must contact SCDOT seeking a waiver and the agency will work with the driver to arrange payment options.
- **Feedback on DOR’s Collection programs or Solicitor’s Worthless Check Units, if applicable:** SCDOT has been a user of the Debt Set-off and GEAR program for many years. The Debt Set-off and GEAR program has yielded good results but reaps only a small percentage of delinquent debt. With regards to the Solicitor’s Worthless Check Units, SCDOT infrequently has returned checks. SCDOT’s current procedure is to notify the individual by certified mail of the returned check plus a \$30 bad check fee. SCDOT request the funds to be sent within 10 days of receipt of the notification letter. If paid, the debt is canceled. If unpaid, the legal department is notified so action in the form of a more aggressive letter or legal action against the individual. While SCDOT has not used the Solicitor’s Worthless Check Unit in the past, SCDOT is willing to utilize this method of collection for the next returned check.

Summary of collection practices (Required by proviso):

In order to assist other agencies with collection efforts, provide a summary of collection practices and aged date each step is implemented. If known, an approximate percentage of recovery at each phase.

A debt is incurred against SCDOT whether a lease agreement, property damage claim, miscellaneous permit or payroll overpayment. SCDOT’s Right-Of-Way department negotiates leases and assists in collecting delinquent lease agreements. The Payroll department assists in collecting payroll overpayment of former employees. For all receivables, an invoice is established on the Agency’s Accounts Receivable with terms of Due Upon Receipt. For claims on damaged property, SCDOT will work closely with a debtor’s insurance company to collect the debt. Accounts Receivable personnel make collection calls as well as send 30/60/90-day letters to debtors in attempt to collect unpaid invoices. Receivables staff exhaust all available avenues of communication for collection. After 120 days, the file is referred to the Agency’s Legal department for further action. SCDOT’s Legal department handles each referred claim on a case-by-case basis, sometimes writing additional letters or making additional phone calls, particularly to businesses. The additional phone calls are useful to clear up any confusion as to amounts or reasons for the invoice. For unpaid invoices against a SC resident, Legal prepares that claim for the Debt Offset program by obtaining the social security number from SCDMV through a cooperative agreement. SCDOT each year utilizes SCDOR Debt Set-Off program in effort to collect delinquent SC resident accounts. Any uncollected amount after Debt Set-off, SCDOT will file for SCDOR’s GEAR program of a more aggressive collection approach. For unpaid non-resident invoices over the amount of \$1000, a lawsuit is filed against

that claimant. For any debt under \$25 and for debts against non-SC residents under \$1000, once every practical method of collection has been pursued to no avail, SCDOT's Legal department will recommend writing off.

Narrative to explain uniqueness of agency receivables categories or collection efforts (Optional):

SCDOT has receivables vastly comprised of damage claims, along with lease agreements, and payroll overpayments. Except for the lease agreements, these are usually one-time customers. Damage claim receivables are very much dependent upon individuals carrying motor vehicle insurance. SCDOT's over 60 days old amount is comprised of many small claims, all under \$15,000 in value.