

Alberta Darling
Wisconsin State Senator
Co-Chair, Joint Committee on Finance

**TESTIMONY BEFORE THE SENATE COMMITTEE ON REVENUE,
FINANCIAL INSTITUTIONS, AND RURAL ISSUES**
Senate Bill 735
February 18, 2016

Thank you Chairman Marklein and committee members for holding a public hearing today on Senate Bill 735. I am proud to co-author this legislation with my colleagues Reps. Knodl and Zepnick as well as working with Rep. Zamarripa on amendments that improve the bill.

The legislation before you will allow Milwaukee County to enter into an agreement with the State Debt Collection program (SDC) administered by the Department of Revenue.

Currently, more than 150 government entities utilize services from the SDC. The current list of entities includes both municipal and state agencies. In other words, Milwaukee County would not be the first entity to enter into an agreement with the SDC.

According to current estimates, Milwaukee County is owed approximately \$63 million in uncollected debts. Centralizing Milwaukee County's debt and using the effective tools the SDC employs, Milwaukee County will be able to achieve higher collection rates.

This legislation as amended contains protections for lower income families. Under this bill, individuals whose family income is less than 200% of the federal poverty level (FPL) will be able to enter into payment plans that are currently unavailable to them. This bill would also include individuals who experience unemployment, who experience a family hospitalization, or a disability that is expected to drop their annual income below 200% of FPL.

Another key component in this bill includes committing \$1 million dollars in new revenue to the Milwaukee Area Workforce Investment Board. This money will be used to administer workforce training initiatives for residents within Milwaukee's poorest neighborhoods.

This bill has similarities and differences compared to the original legislation that was contained in the Bucks Arena Funding package. A memo drafted by Legislative Council is attached to this testimony and helps explain the differences between SB 735 and the original proposal. I ask for your support for this bi-partisan piece of legislation.

I want to thank Representative Knodl for his work on this bill and thank you again committee members for holding a hearing today on SB 735.



WISCONSIN LEGISLATIVE COUNCIL

Terry C. Anderson, Director

TO: REPRESENTATIVE DAN KNODL

FROM: ^{SA} Scott Grosz, Principal Attorney

RE: 2015 Assembly Bill 885, Relating to the Department of Revenue Collecting Debt for a County and Making an Appropriation

DATE: February 15, 2016

This memorandum responds to your request for a comparison of 2015 Assembly Bill 885 to the provisions of 2015 Assembly Bill 279, relating to constructing a sports and entertainment arena and related facilities and making appropriations. 2015 Senate Bill 209, the Senate companion to Assembly Bill 279, was amended in the Senate and enacted as 2015 Wisconsin Act 60.

LEGISLATIVE HISTORY OF 2015 WISCONSIN ACT 60

Assembly Bill 279 and its companion, Senate Bill 209, contained provisions relating to debt collection in Milwaukee County. As introduced, the bills required Milwaukee County to enter into an agreement with the Department of Revenue (DOR) no later than October 5, 2015 for the collection of debts owed to the county, and provided various procedures relating to that agreement and debt collection. The bills directed that revenues from such debt collection must be deposited in an appropriation account created by each bill.

As one component of financing for arena facilities, the bills then required \$4 million per year of such revenues to be transferred to the Wisconsin Center District. In any year in which DOR's collection of county debt is less than \$4 million, the bills provided for a reduction in the county's municipal aid payment in the amount necessary to provide the transfer of \$4 million to the Wisconsin Center District.

Prior to enactment, Senate Bill 209 was amended to remove all provisions of the bill relating to the collection of Milwaukee County's debts by DOR. Instead, under the amendment, and as enacted, the county's municipal aid payment must be reduced by \$4 million per year during the 20-year period for financing arena facilities. Act 60 retained the transfer of that \$4

million per year to the Wisconsin Center District as one component of financing for the arena facilities.

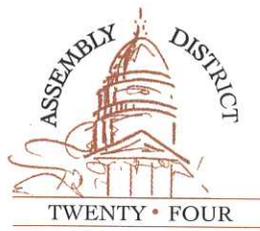
ASSEMBLY BILL 885

Assembly Bill 885, relating to DOR collecting debt for a county and making an appropriation, would use a similar structure to that proposed in Assembly Bill 279 to direct Milwaukee County to enter into an agreement with DOR to collect county debt no later than June 30, 2016. Generally, revenues collected under the agreement would be transferred to the county. In several instances, the provisions of Assembly Bill 885 depart from the provisions regarding debt collection in Assembly Bill 279, including the following:

- Technical changes to specify new dates regarding implementation of the debt collection agreement required by the bill and to recognize prior treatment of debt collection statutes in 2015 Wisconsin Act 55.
- Authorization for the Milwaukee County Executive to establish a division of revenue within the county Department of Administration to administer debt collections under the agreement and to establish payment plans for certain qualified debtors, and specification that the county executive may approve acceptable payment arrangements as those arrangements relate to collection efforts under the agreement with DOR.
- From the revenue received under the debt collection agreement, commitment of \$1 million each fiscal year for job training and workforce development programs, through agreement with the local workforce development board.
- Specification that if a county does not certify its debts to the fullest extent possible, as determined by the DOR Secretary, the Secretary shall report to the county its estimate of foregone revenue and the unit of county government responsible for not certifying the debt to the fullest extent possible. Upon receiving such a report, the county shall proportionately reduce funding to each responsible unit of county government in the final budget approved by the county.

If you have any questions, please feel free to contact me directly at the Legislative Council staff offices.

SG:ty



DAN KNODL

STATE REPRESENTATIVE • 24TH ASSEMBLY DISTRICT

Senate Bill 735

Public Testimony

Senate Committee on Revenue, Financial Institutions, and Rural Issues

February 18, 2016

Thank you Chairman Marklein and committee members for hearing testimony on Assembly Bill 885. This proposal will allow the Milwaukee County administration to enter into an agreement with the State Debt Collection (SDC) program located within the Department of Revenue. The SDC program currently collects for public entities throughout the state including over 100 municipalities, 15 state agencies, and 14 UW Campuses.

Prior audits at the county level have shown that debt collection would be well served if it were centralized. Conservative estimates at the county level show a five percent increase in collections. Any agreement would require that Milwaukee County certify its debts to the Department of Revenue which would then become the collecting agency.

Debtors would be eligible to enter into payment plans for outstanding debt if their family income falls below 200% of the federal poverty level. There are also safeguards built in for unexpected medical expenses or unemployment as well as for active duty military service. Money collected will also be directed to workforce development training in Milwaukee County, one million or 50% (whichever is less) of debt collected.

Some concerns were raised regarding the success of the SDC program versus current debt collection efforts in Milwaukee County. As a result of these concerns, an amendment will be offered to require a review of the program every three years that must be certified by the Milwaukee County Comptroller. The program will be eligible to continue if the comptroller certifies that funds collected have increased since the county entered into an agreement with the SDC program.

A similar proposal was included in the original plan for financing the new arena in Milwaukee. Efforts have been made in the Assembly to work across the aisle, which have resulted in a bipartisan assembly amendment that will be offered today. Thank you again for hearing testimony on AB 885 and I am happy to answer any questions you may have.



State of Wisconsin • DEPARTMENT OF REVENUE

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Scott Walker
Governor

Richard G. Chandler
Secretary of Revenue

February 16, 2016

Representative Rob Swearingen
123 West, State Capitol
Madison, WI 53708

Chairman Swearingen:

As the Assembly Committee on State Affairs and Government Operations considers Assembly Bill 885, relating to the Department of Revenue's debt collection program, I want to provide some background information about the State Debt Collection (SDC) program.

Many times government entities can work together to achieve efficiencies they could not achieve alone. The SDC program run by the Wisconsin Department of Revenue is a prime example of this. It provides an efficient method of collecting delinquent debt owed to governments.

The SDC program was created by legislation in 2009 and modeled after a similar program operated successfully in Minnesota. Current participants include more than 150 government entities all across the state of Wisconsin, including municipal agencies, state agencies and University of Wisconsin campuses. Collections have increased from \$300,000 in 2011, the first full year of operation, to \$15 million in 2015. The average rate of collection for SDC participants is 28% of delinquent debts.

The SDC program is an efficient way to collect debt. The SDC program has more comprehensive collection tools than other debt collection programs. It follows best practices for collecting debt, including centralization of collections, use of the most effective collection tools, and reduced collection fees. SDC charges collection fees to the debtor, which means that governments receive full payment when debts are collected, rather than payment minus a percentage collection fee.

As it relates to AB 885, the department has shared our technical concerns with the authors. The department wants to ensure we have the resources to handle an increased workload and that any changes to the language do not interfere with the current operation of the SDC program.

We are glad to be able to work as partners to help state agencies and local governments operate more efficiently and generate resources for the critically important services they provide. I hope this background is helpful to the committee.

Sincerely,

Nate Ristow
Legislative Advisor
Department of Revenue

cc: Senator Alberta Darling, Representative Dan Knodl, Senator Lena Taylor, Representative Josh Zepnick



OFFICE OF THE COUNTY EXECUTIVE

Milwaukee County

CHRIS ABELE • COUNTY EXECUTIVE

SB 735 – Milwaukee County Revenue Expansion

Testimony of Eric Peterson, on behalf of Milwaukee County Executive Chris Abele

Senate Committee on Revenue, Financial Institutions, & Rural Issues

Thursday, February 18, 2016

Chairman Marklein & members --

Thank you for taking testimony today on this bill, SB 735, Milwaukee County's Revenue Expansion which provides for the use of the State Debt Collection program for Milwaukee County debts. This issue came to prominence during the discussion of the funding mechanism for the new Bucks arena earlier this session. While the Legislature chose not to pursue this option at that time, we are thankful for the bipartisan support of the authors to advance this bill. It is important to note at the onset of this hearing and the legislative consideration of the bill that this proposal does not "fund" the Bucks arena or in any direct way connect to the County's share of the cost of the arena.

As you likely know the state debt collection program was begun in 2009 as a way to centralize and enhance the collection of debts owed to the state. The program was modeled after the very successful comparable program in Minnesota which has had remarkable success for the state. Since the inception of the program all state agency debts and local municipalities/authorities who have elected to join the state program have benefitted from the wider array of tools that can be used by the state to collect a debt.

In Milwaukee County, current practice is much like the practices of the state before centralization happened in 2009. Different departments and constitutional offices all hold different debts with different internal policies for collecting on the debt. There certainly is no consistency nor certainty for both the county on the collection of the debt and for the person owing the debt. Simply put, Milwaukee County has protected the "silos" of individual programs and offices with moving forward with common-sense centralizations and collaboration. In fact, a 2007 audit, done by the County Auditor, recommended centralizing the debt of the county in one functional place in the County. Sadly, it is 9 years later that we are before the Legislature to make such a reality happen due to local resistance to our own local advice. In fact, following the Bucks legislation, the County Board passed a resolution to authorize the Treasurer and Clerk of Courts to enter into the State Debt Collection program. Both of those officers declined to do so.

This proposal is relatively simple in its concept. Bills that are past due 90 days will be considered debts and transferred to the newly created Division of Revenue at the County. That office will assess the debtor's ability to pay, their income level, and the other extenuating circumstances that would prevent a debtor from being able to pay. This is where those persons in poverty would be firewalled out of the state debt collection and the county Revenue office would help to create payment plans and also connect these debtors to public and private services that can serve to help

the debtor achieve a better financial foothold. Think of these revenue agents, not as the taxmen, but rather like wraparound service providers to this population.

For those with an ability to pay, the debt is then sent to the State Debt Collection program, which can set up payment plans, utilize garnishments, seize assets, etc. to collect the debt. Again, the state program is replete with examples of further success in collecting debts due to the tools a sovereign state can use to collect the debt. All of the collected debt is returned to Milwaukee County as general revenue.

Of the debts collected, the bill calls for the county and the local Workforce Investment Board, MAWIB to enter into an agreement for job training and workforce development and allocates the first million dollars of collected debt annually to fund that agreement. This represents over the 20 year lifespan of the bill, an estimated \$20 million dollar investment in workforce development and training in Milwaukee, based on a 5% increase in collections over the current methods.

The State DOR and County Comptroller, along with the authors have identified a few changes to the bill that are necessary from the original blueprint of the program laid out in the Bucks arena bill. These changes are embodied in Assembly Amendment 1 & 3 that the Assembly is acting on today and we concur that they not only strengthen the county's position, but also provide better clarity to the intent and scope of this proposal. We urge your support of the amendments as well.

In summation, this proposal is about centralizing and leveraging a greater set of tools available to counties through state debt collection while protecting those in poverty and matching them with services. The experience in Minnesota and our state agencies has shown that this program can achieve better results for the taxpayers of Milwaukee County than our current methods and can do so without draconian impacts on the impoverished.

I have attached and distributed a FAQ about the proposal that will address some of the concerns the committee may have heard. I am happy to address those concerns and answer questions you may have.

Thank you.

Milwaukee County Revenue Expansion Act: FAQ's

Introduced by a bipartisan coalition of Milwaukee-area legislators, AB 885 would allow Milwaukee County to join other municipalities, state agencies, and the UW System campuses in participating in a State of Wisconsin revenue collection program created in 2009 under former Governor Jim Doyle and the Democratically-controlled legislature.¹ The State of Minnesota employs a similar program with its Department of Revenue collecting debts for other state agencies, the University of Minnesota, and County and District Courts.

Participation would let Milwaukee County strengthen its debt collection efforts, primarily related to suburban-located properties, allowing the County to invest \$20 million in workforce development initiatives in areas with high poverty and high unemployment.

1. Doesn't this punish poor people?

No. Actually, this legislation provides more protections than ever before for individuals who owe debts that they are unable to pay, through no fault of their own. Right now there are no protections in place for vulnerable individuals who can't afford to pay. Through this bill, the County will be able to enter into payment plans for individuals whose family income is less than 200% of the federal poverty line (FPL), those who have experienced unemployment which is expected to drop their annual income below 200% of FPL, individuals who have experienced a family hospitalization or disability which is expected to drop their annual income below 200% FPL, and individuals who are on active duty military service. *(Note: for a family of four, 200% FPL is \$48,500 per year.)*

Currently, there is no uniform criteria applied to repayment plans, income based or otherwise. Courts currently use the underwriting criteria of a private debt collector -- who can employ aggressive and arbitrary collection tactics with little to no oversight -- rather than these objective, income based standards.

The goal of this legislation is not to punish people who are down on their luck -- it is to collect payment from corporations and individuals who are able to pay what they owe but have not.

The County also recognizes that many people who need assistance may be reluctant to seek help for which they qualify out of fear of collection efforts on debts they owe the County. This legislation will help bring vulnerable individuals out of the shadows and allow them the opportunity to interact with County staff who can provide referrals to other services, such as mental health, housing, transit, job training, and child support services.

2. Why should Milwaukee County taxpayers be on the hook for an arena for billionaires? Isn't that what this is?

It's true that the legislation that passed on the Bucks arena created a \$4 million tax loophole for Milwaukee County taxpayers. The County Executive strongly opposed this cut to shared revenue. The

¹ 2009 Wisconsin Act 28

<http://doa.wi.gov/Documents/DEBF/Budget/Biennial%20Budget/Biennial%20Budget%20Archives/2009-11%20Biennial%20Budget/566-DOR.pdf>

County already has accounted for the \$4 million reduced shared revenue related to the arena. Consequently, any new debt collected can be allocated to services.

This bill doesn't fund the arena; it simply allows the County to more effectively and efficiently collect the debts it is owed, which will generate more revenue that can be spent funding needed priorities, like workforce development, transit, housing, healthcare, and our parks. The County's auditor in 2007 recommended that the County centralize its debt collection efforts.

3. How much is owed to the County? What is the debt and who owes it?

Based on conservative estimates, the County is owed approximately \$63 million in uncollected debts, a majority of which is related to unpaid property taxes in the Milwaukee County suburbs. This also includes court-related debts for things like fees and penalties associated with OWI offenses. Not included in this debt are municipal infractions, such as unpaid parking tickets issued by the City of Milwaukee or municipal fines associated with driver's license suspensions. Those debts remain with the City of Milwaukee Municipal Court, and are not a part of the County's collection efforts.

Examples of this debt include more than \$69,000 owed in property tax by a single Oak Creek Developer and \$131,466 dating back to 2004 that's owed by a Mequon corporation.

The independently elected Milwaukee County Comptroller's most conservative assumption, a revenue collection increase of just 1%, would result in an average of \$1 million per year over the next 20 years in new revenue.² A revenue collection increase of 5% would result in an average of \$1.85 million per year in new revenue.

This combined effort of (a) collecting from those that are able to pay, and (b) establishing payment plans and assistance that protect those that are not able to pay is similar to Milwaukee County's recent efforts regarding the collection of Child Support payments. This effort has resulted in a 9% increase in the delinquency collection rate over just two years, yielding millions of additional dollars collected for Milwaukee County children, and the attraction of regional awards and national grants. The County's Child Support program is also focused on empowerment; it provides opportunities for parents to increase their economic security by providing job training and driver's license recovery in addition to providing referrals to mental health counseling, family counseling, and peer mentoring programs. The County seeks to replicate this success as broadly as possible.

4. What will the County do with the money it collects?

The legislation commits the first \$1 million in new revenue to the Milwaukee Area Workforce Investment Board (MAWIB) to administer workforce training initiatives for residents of Milwaukee's poorest neighborhoods. The return on investment here can be tremendous -- this is real training that empowers people to get a family-supporting career.

² Milwaukee County Office of the Comptroller, "Milwaukee County's Receivables and its Collectability," June 11, 2015, Legistar File 15-442, available at <https://milwaukeecounty.legistar.com/LegislationDetail.aspx?ID=2354353&GUID=B449D931-72C2-4DAF-A053-4E465740FD9D&Options=ID|Text|&Search=15-442>

MAWIB has a proven track record of achieving significant wage gains for unemployed and underemployed individuals working in the healthcare sector, and is already administering UpLift MKE, an ambitious program proposed by Milwaukee County Executive Chris Abele that provides job training, placement, and support for residents of Milwaukee's poorest neighborhoods, including 53206. The remaining new revenue will go towards other County services, like Transit, Parks, and various social services.

5. How will we ensure the defendants and property tax payers receive proper credit for payments made to the Department of Revenue?

The SDC Program provides monthly deposits and monthly reporting of debts collected. The Clerk would maintain the responsibility of entering payments received from the monthly reports into the CCAP system. The Treasurer would maintain the responsibility of entering payments received from the monthly reports into its system for tax foreclosure purposes.

6. Why isn't restitution part of the bill?

Restitution is an important part of our criminal justice system and it is important that it is collected with the same vigor as other debts. This bill, however, is about revenue for the County and those that owe money to the County. The County, of course, is not the owner of the restitution debt and the County could not, for example, use the revenue from restitution to cover workforce development expenditures as required by the bill (section 8, lines 9-12).

The actual language of the bill is "The agreement [with DOR] shall specify that debts under s. 59.40 (4) or 59.52 (28) for restitution owed to a person other than the county will not be certified for the purposes of this subdivision." (emphasis added). The Clerk would still maintain the ability to certify restitution to the SDC program, with a County Board Resolution, under Wis. Stat. 59.40(4)(a).



Patience D. Roggensack
Chief Justice

Supreme Court of Wisconsin

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J. Denis Moran
Director of State Courts

Written Testimony
Of

J. Denis Moran
Director of State Courts

For Information Only
2015 Senate Bill 735

Department of Revenue Collection of Milwaukee County Debt
Senate Committee on Revenue, Financial Institutions and Rural Issues
Senator Howard Marklein, Chair
February 18, 2016

I regret I will not be available to testify in person this morning, but I hope the committee will accept this information on behalf of my office. I am Denis Moran. I am the Director of State Courts, the chief non-judicial officer of the court system in the state. My testimony is for information only. Court personnel and staff have studied Senate Bill 735 and have sought answers to how the bill would be implemented. We remain troubled by the lack of clarity of the bill's provisions, by the restrictions placed on the courts in Milwaukee County and by possible unintended consequences of the structure of the bill.

We recognize that various forms of debt owed to Milwaukee County are covered by the bill, but I will address only the debt that is the responsibility of the court system. That debt is collected by the Clerk of Circuit Court.

First, the bill is silent on how debts owed to the courts that are collected by the Department of Revenue (DOR) will be credited to the individual cases from which they arise. Will the funds actually flow through the accounts of the Clerk of Circuit Court or will there simply be a report of the amounts collected from particular cases? How will the Clerk record the payments for the fees, surcharges and other statutory court-ordered amounts that are collected? There are currently approximately 50 different accounts that we track and report on every month. Different types of cases require some surcharges and not others. These are all defined by statute. How does the procedure created by SB 735 fit into the existing statutory framework?

Second, will the required payment of \$1,000,000 by Milwaukee County to a local workforce development board that is to come "from the revenue received under subd.2," result in collections of court debt being diverted from their designated statutory purposes? (See page 7, lines 9-12) When courts apply defendant's payments in criminal cases, they are required by s. 973.20 (12), Stats., to give top priority to restitution payments to crime victims, before any other costs or surcharges are paid. Does this bill maintain that important priority? Does the bill allow DOR to collect its fee before any payment to the crime victim?

Third, does the bill restrict the ability of judges and clerks to negotiate payment plans? Payment plans are not just about collecting the maximum amount for the state and county coffers; they are also important tools for enforcing court orders. Judges often have to balance a party's resources against obligations for child support, substance abuse treatment, family counseling, attorney fees, and other costs associated with the case. Courts need the ability to set the terms of any repayment plan, and that need continues well after the judgment is entered. Will judges and clerks be constrained in what they can agree to by the requirement of certifying all debt "more than 90 days past due?" (See page 5, lines 14-16)

Fourth, we do not understand the meaning of the proposed s. 59.67(3), which includes the phrase "and no other person shall have any claim to the amounts?" To whom does this provision apply? (See page 5, lines 21-24)

Fifth, will there be a significant reduction in funds available to the Milwaukee County Clerk of Court's office because of the language penalizing a county department that fails to certify its debts "to the fullest extent possible," as determined by DOR? If that happens, there is the potential to cripple our largest court, a court that handles more than 100,000 cases every year. Personnel from the Clerk's office serve in courtrooms every day, whether the court is hearing criminal cases, small claims, contract cases, probate, family law or juvenile cases. Their services are essential to a properly-functioning, efficient court system. (See page 7, lines 13-20)

Sixth, will it be feasible for the Milwaukee courts to transfer their debts electronically without a CCAP-DOR interface? No such interface currently exists, and we do not know the cost or the length of time it would take to build such an interface. The cost would be borne by the state court system through its CCAP program. CCAP has already suffered from declining program revenues over the last several years, and this would add to the current strain on its resources. We do not have the funds to support development of a new project of this size. (See page 5, line 12) At present, two clerks of circuit court are sending their debts to DOR through the State Debt Collection service. Those clerks report that all the information must be loaded into the system manually through a labor-intensive process. One clerk has entered only 200 debts in the past two months because of the time commitment involved. It took her office 20 hours of staff time to enter 100 cases (only 5 cases per hour). It seems highly unlikely the clerk in Milwaukee will be able to send the required number of debts this way.

And finally, does SB 735 set a precedent that will hurt other clerks of court if they choose to use DOR debt collection? Will it be forced upon them, as this bill does to Milwaukee County?

There is nothing inherently wrong with any county using the DOR debt collection process; some counties already have agreements with DOR to use that service for court-related debts. But those counties have entered into agreements voluntarily and have had an opportunity to work out each party's responsibilities.

What is worrisome about SB 735 – and which we sincerely hope this committee will inquire into – is the number of unanswered questions relating to implementation of this proposal. If a proposal of this kind is to be forced on a county, then all parties should be fully aware of how the program is to work in order to avoid unintended consequences.

Thank you for holding this public hearing today and accepting this written testimony.

Senate Committee on Revenue, Financial Institutions and Rural Issues
Regarding Assembly Bill 885 / SB 735

February 18, 2016 Room 201SE

Credit Management Control, Inc. (CMC)
Jim Brick

CMC has been Milwaukee County's Clerk of Courts collection agency since 1999. We are a long-term partner and an extension of their office. Our collection efforts start as soon as a ticket is issued by the sheriff and don't end until it is paid.

Passing this bill will mean the Clerk of Courts no longer contracts with CMC and will use the SDC/DOR. Before entering into this decision, it is important that you understand the services that are currently being provided.

I am not here as a scared business owner but as a concerned business partner and citizen. Bill 885 changes the dynamic of county government by taking responsibility and control away from officials who have been elected to do a job simply because the executive does not agree with the way they manage their responsibilities in addition to harming the operations of the Clerk of Courts.

When Bill 885 was proposed last week, no one in the Clerk of Courts' office was aware of it or was consulted as to its viability. This is evident as a request for proposal (RFP) for collection services was just issued by them on February 2nd. The RFP was issued because the Clerk of Courts had met with the SDC/DOR, undertook a comprehensive review of their services and determined they are not a viable option to serve as a collection provider. The SDC/DOR is only able to comply with 13 of the 36 required services on the RFP.

I have been to many Clerk of Courts and Treasurers conferences and know the SDC has been presenting to them for years, but no treasurers are using them (per David Cullen, Milwaukee County Treasurer) and only about 4 of the 72 counties have contracted with the SDC. The county executive has stated that he has been responsible for a portion of the county's bad debt for years, however he has not contracted with the SDC/DOR either.

The main areas of concern with switching to the SDC are: 1. Incorrect allocation of funds 2. Inability to service restitution 3. Discontinuation of service after 2 years on an account if not collected. 4. Inability to accept

any accounts with warrants. 5. Not allowing defendants to pay the county directly 6. Not providing for the processing of payments starting with the date the ticket was issued. 7. Requiring the entering of accounts certified with the SDC to be manually entered one at a time (currently there are 133,332 accounts they would have to certify). 8. Not accepting accounts under \$100. 9. Not offering comprehensive, out-bound collection activities. 10. Only remitting payments monthly as opposed to daily, which is currently done. (Please see attached chart for a comparison between current services and what the SDC will be able to provide).

In addition, how is the new, yet-to-be-created division of revenue that will be required by Bill 885 (with an unknown cost to staff annually on top of the \$1 million the bill commits to workforce development) going to be able to verify the poverty standards set forth in the bill prior to certifying them with the DOR? With very little, if any, demographic, financial or number of dependents information available, their ability to effectively do this should be called into question.

Switching to the SDC will ultimately result in a reduction of services and loss of revenue for the Milwaukee County Clerk of Courts. In a state that professes to encourage job creation and revenue generation, this seems to be a step in the wrong direction for the county and the state.

Service for Milwaukee County	CMC	SDC	Result of switching to SDC
Full TRIP and past-due collection services	YES	NO	County will lose services and it will take a long time for significant recovery to be achieved after switch
TRIP processing	YES 89% of debt certified (max amount based on regulations)	YES	No benefit – can't certify more debt than already is
Handle phone calls re. intercepts	YES	NO	County will have to handle calls
Wage garnishment	YES	YES	No benefit
Restitution account processing at no charge	YES (\$548,000 collected since '13)	NO	County will need to manage
Offers debtors several payment options (pay-fine.com website, Interactive Voice Response phone number, agency rep at courthouse 5 days a week)	YES	NO	Debtors can only make payments by going directly to SDC
Continues to work TRIP accounts regardless of age	YES (over half of '15's collections came from accounts 2+ years)	NO (returns accounts after 2 tax cycles)	County will lose all income from older accounts (CMC intercepted \$1,040,459 in '15 on accounts 2+ years)
Can collect on accounts as low as \$20	YES	NO (min of \$100 proposed)	County will lose all revenue currently generated from smaller accounts
Can collect on accounts after warrant issued	YES	NO	County will lose revenue currently generated from these accounts
Can accept high-volume/batch listings from the County	YES	NO	County reps would have to manually enter each account into the DOR's system
All required, free-of-charge debtor notices already in system	YES	NO	Could cost County up to appx. \$100,000 to generate and send new notices
Actively works voluntary pay accounts by sending notices, making calls, reporting to credit bureaus, etc.	YES – appx. half of all money collected comes from voluntary payments (appx \$1.4 mil per year)	NO	County will lose all money currently recovered through voluntary payments (upwards of \$1.5 mil annually)
Able to fulfill all 36 service requirements for Clerk of Courts as outlined in current RFP	YES	NO	County will receive only about a third of their requested services needed for successful collections and will likely still need to retain agency services for extra collections efforts
Ability to remit payments daily	YES	NO	The County will have to wait a month for its payments.

Actual collection statistics

CMC processes \$1.4 million in non-past due payments annually for the Clerk of Courts

Since September 2009:

- ✓ 40% of accounts listed have been recovered
- ✓ Total listings = \$46,909,428
- ✓ DOR/TRIP collections = \$9,046,902
- ✓ Voluntary collections = \$8,720,610
- ✓ Total amount collected = \$17,767,511

Collections in 2015 on accounts over two years old: \$1,040,459

Current past-due receivables: \$40,665,313

- ✓ Accounts under \$100 = \$1,377,907
- ✓ Accounts with warrants = over \$2,000,000 according to the Clerk of Courts

Remaining eligible to certify with DOR/SDC = about \$37,287,406, not \$41,000,000 as projected

121,748 accounts are certified with TRIP = 91% of all listings

On collections from 1/1/2016 thru 2/16/2016, the Clerk of Courts would have received approximately \$91,000 less from the SDC than they actually did.

CMC has collected \$725,576 in restitution at no cost since 2013