

CLERK'S OFFICE

APPROVED

Date: 9-25-07

Submitted by: Chair of the Assembly
at the request of the Mayor
Prepared by: Finance Department
For Reading: September 25, 2007

ANCHORAGE, ALASKA
AR 2007-209

A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING NINETY SEVEN THOUSAND DOLLARS (\$97,000) OF ANTICIPATED UNEARNED REVENUES TO THE AREAWIDE FUND (101) 2007 FINANCE DEPARTMENT GENERAL GOVERNMENT OPERATING BUDGET TO PAY COSTS RELATED TO: (1) A NEWLY ESTABLISHED WAGE GARNISHMENT PROGRAM FOR COLLECTING DELINQUENT CRIMINAL FINES AND (2) PROJECTED INCREASES IN COLLECTION AGENCY COMMISSIONS TIED TO GREATER COLLECTIONS OF DELINQUENT CRIMINAL AND CIVIL FINES AND FEES

WHEREAS, over the past four years the Municipality's Finance Department has significantly improved its ability to collect delinquent criminal and civil fines and fees by pursuing special Information Technology and operational initiatives with both the Alaska Court System and the Anchorage Police Department, collecting in excess of \$13 million owed through the efforts of internal staff and external collection agencies; and

WHEREAS, during the Summer of 2007 the Municipality's Finance Department successfully worked with State of Alaska / Department of Labor to begin to receive employer information in support of a new initiative to garnish wages of delinquent debtors owing criminal fine judgment cases; and

WHEREAS, the Municipality's external collection agencies are paid commission only for delinquent criminal and civil fines and fee cases in which dollars are successfully collected; and whereas these agencies have exhibited a stronger than anticipated upward trend in their collections during the first 8 months of 2007; now therefore,

THE ANCHORAGE ASSEMBLY RESOLVES:


Section 1. That NINETY SEVEN THOUSAND DOLLARS (\$97,000) of anticipated unearned revenues are hereby appropriated to the Areawide Fund (101) 2007 Finance Department General Government Operating Budget to fund costs related to: (1) a newly established wage garnishment program for collecting delinquent criminal fines and (2) projected increases in Collection Agency commissions tied to greater collections of delinquent criminal and civil fines and fees.

Section 2. This resolution shall take effect immediately upon passage and approval by the Anchorage Municipal Assembly.

PASSED AND APPROVED by the Anchorage Municipal the Assembly this 25th day of September, 2007.


Chair

ATTEST:


Municipal Clerk

Departmental Appropriation: Finance -- \$97,000



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 566-2007

Meeting Date: September 25, 2007

FROM: Mayor

1 **SUBJECT:** Appropriating \$97,000 from Anticipated Unearned Revenues to the Areawide
2 Fund (101) 2007 Finance Department General Government Operating Budget,
3 to pay costs related to wage garnishment and collection agency commissions
4 associated with collection of delinquent criminal / civil fines and fees

5 The Administration requests approval of the attached Assembly Resolution to appropriate
6 **\$97,000** from anticipated unearned revenues to the Areawide Fund (101) Finance Department
7 2007 General Government Operating Budget, to pay two categories of new and increased
8 costs related to collection of delinquent criminal / civil fines and fees, namely:

9 10 Wage Garnishment of Criminal Fines

11
12 During the summer of 2007 the Municipality entered into an agreement with Department of
13 Labor whereby they will provide employer data to the Municipality to assist in garnishing
14 wages associated with unpaid criminal fine judgment cases. All costs of this new program are
15 to be borne by the Municipality per federal Department of Labor rules. The initial setup fee is
16 \$25,000 and each data request made by the Municipality will be charged \$7,500. The 2007
17 supplemental appropriation will provide ~~\$32,500~~ of new, additional funding within the
18 Finance Department (i.e., Treasury Division) operating budget to pay these necessary costs.
19 In addition, the Court System requires that all debtors affected by wage garnishment must be
20 personally served; process server costs are ultimately reimbursed by the debtor, however, the
21 Municipality must front the initial estimated cost of ~~\$24,000~~.

22
23 A broad-based wage garnishment attempt, affecting up to 1,200 debtors, is expected to occur
24 during the 4th quarter of 2007. Earlier this year a test file with Department of Labor generated
25 a 75% match rate against a randomly selected population of debtors. The median individual,
26 unpaid judgment case balance is \$500. Assuming a batch of 1,200 matched debtors from the
27 Department of Labor employer database, the Municipality expects to collect up to \$600,000
28 from this first round of wage garnishment. The "net" revenues, after paying Department of
29 Labor and Process Server Costs, will be credited to the Anchorage Police Department.

30 31 Collection Agency Commissions

32
33 Since 2004 the Municipality has employed two external collection agencies specializing in the
34 collection of delinquent criminal / civil fines and fees (i.e., unpaid court judgment cases).
35 Over time these two collection agencies have increased their ability to collect cases on behalf
36 of the Municipality. These agencies currently earn a 30% commission for any dollar amounts
37 collected on cases referred by the Municipality. Thus far in 2007 the collection rate for both
38 agencies has been stronger than anticipated (i.e., up 7% year-to-date) and the 2007 budget for
39 commissions is expected to fall short by as much as ~~\$40,500~~. The collection agencies'

1 successes from now through the end of 2007 will be credited to the Anchorage Police
2 Department after netting out commission expense.

3
4 The associated collection-related costs for both the wage garnishment and collection agency
5 efforts (i.e., Department of Labor costs, Process Server Costs, and Collection Agency
6 Commissions) are all to be budgeted as an expense and as an offsetting, anticipated unearned
7 revenue within the Treasury budget.

8
9 The accounting detail is as follows:

10	Revenues	101-1342-9210	Fines & Forfeitures	\$32,500
11		101-1342-9499	Reimbursed Costs	\$24,000
12		101-1342-9008	Collection Service Fees	\$40,500
13				
14	Expenditures:	101-1342-3804	Court Costs, Invest, Record	\$56,500
15		101-1342-3101	Professional Services	\$40,500
16				
17				
18				

19 The Administration recommends approval of the attached Assembly Resolution appropriating
20 \$97,000 from Anticipated Unearned Revenues to the Areawide Fund (101) 2007 Finance
21 Department General Government Operating Budget to pay new and increased costs related to
22 wage garnishment and collection agency commissions associated with collection of
23 delinquent criminal / civil fines and fees.

24
25 Prepared by: Daniel Moore, Municipal Treasurer

26 Concurrence & Fund Certification: Jeffrey E. Sinz, Chief Fiscal Officer

27 101-1342-9210 \$32,500

28 (Anticipated Unearned Revenue, Subject to Assembly Approval)

29 101-1342-9499 \$24,000

30 (Anticipated Unearned Revenue, Subject to Assembly Approval)

31 101-1342-9008 \$40,500

32 (Anticipated Unearned Revenue, Subject. to Assembly Approval)

33 Concurrence: Denis C. LeBlanc, Municipal Managerer

34 Respectfully submitted: Mark Begich, Mayor

Content Information**Content ID :** 005482**Type:** AR_FundsApprop - Funds Approp Resolution

Previously PACE #5467 - Appropriating \$97,000 to pay costs

Title: related to wage garnishment/collection agency commissions,
Finance**Author:** pruittns**Initiating Dept:** Finance**Keywords:** garnish, wage, collection, commissions, revenues, areawide,
Finance, fines and fees**Date Prepared:** 9/17/07 3:31 PM**Director Name:** Jeffrey Sinz**Assembly Meeting Date**
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