

**STATE OF NEW JERSEY  
DEPARTMENT OF THE TREASURY  
DIVISION OF REVENUE  
REQUEST FOR INFORMATION  
ON NON-TAX DEBT ADMINISTRATION AND COLLECTION**

**Purpose**

The Department of the Treasury, Division of Revenue (Revenue) is seeking information to assist it in developing requirements to procure contractors to provide the following services under two (2) separate contracts for collections services:

1) a General Contractor (GC) to score, assign and manage the State's current non-tax debt and to manage the contractor(s) awarded the contract(s) under # 2; and

2) multiple contractors to provide non-tax primary and secondary collection services on behalf of the State.

The State believes that engaging a contractor to serve as a general contractor to score, assign and manage the collection process of the collection contractors is one way to enhance the cost effectiveness and efficiency of these functions for taxpayers and Revenue.

The State is proposing to issue one (1) RFP with a bifurcated scope of work to hire; 1) the GC, and 2) multiple contractors for the direct collection efforts. Prospectively, the structure of the program will require the GC to score the debt, assign the debt and manage the collection efforts of the collection contractors. The collection contractors will be required to submit contingency rates as part of their response to the RFP and will be paid based on those rates submitted. This RFP seeks alternatives for the payment mechanism for the GC in its efforts of the overall management of the program.

This RFI seeks responses from entities that perform non-tax debt administration, resolution and recovery services on a state or county scale and from other interested, relevant parties that may have information helpful to the upcoming procurement. Specifically, this RFI seeks to secure viable compensation mechanisms for the GC function.

The State seeks responses to the questions set forth in the attached "Respondent Questionnaire". Those entities that have used or are using a collection model similar to the proposed (above) are urged to disclose the most fair and equitable payment method for compensation of the GC.

Please email responses with the heading **NON TAX DEBT SCORING OF DEBT, ADMINISTRATION AND COLLECTION** to: [roy.hambrecht@treas.state.nj.us](mailto:roy.hambrecht@treas.state.nj.us).

**Responses are requested by July 13, 2011.**

**Background**

Revenue is responsible for the State of New Jersey's centralized non-tax debt collection program. Under this program, all executive branch agencies are required to collect amounts due from fees, fines, penalties, costs and other assessments. Once the debt becomes delinquent after 90 days, the debt is transferred to Revenue for collection activities through contracted collection vendor(s), as well as the State's Set-off of Individual Liability (SOIL) Program. The current workable value of this portfolio is nearly \$500 million. The average annual collection amounts over the past 4 years are listed in the table below.

<u>Fiscal Year</u>	<u>SOIL</u>	<u>Vendor</u>	<u>Total Collections</u>
2008	\$2,136,328	\$2,716,918	\$4,853,246
2009	\$3,178,616	\$2,507,153	\$5,685,769
2010	\$3,780,142	\$6,085,504	\$9,865,646
2011 (thru 4/30)	\$2,454,325	\$5,128,124	\$7,582,449

As stated previously, the structure of the program will require the GC to score the debt, assign the debt and manage the collection efforts of the collection contractors. The responsibilities of the GC will include, but may not be limited to, the following:

- Interface with Revenue's computerized system(s) associated with the non-tax debt program;
- Score the data in accordance with best industry practices;
- Based on pre-determined criteria approved by the State of New Jersey, assign the debt to the various contracted collection agencies;
- Monitor the various collection agencies' progress and performance and recall/reassign debt in accordance with guidelines provided by the State of New Jersey;
- Generate billing and performance reports for the State of New Jersey, as well as any other reports deemed necessary by the State;
- Reconcile the accuracy of the billing reports prior to the submission to Revenue, ensuring the proper collection rate/amounts were charged by the various collection agency (ies) in accordance with the various price lines approved by the Purchase Bureau;
- Interface with one or more collection agencies on a daily basis (e.g., transmitting daily payment files from the collection agency to Revenue's computer system(s), etc.);

What form of compensation to the GC would be fair and equitable? Below are a few alternatives:

- 1) A flat rate fee
- 2) A straight commission rate
- 3) A commission rate based on performance, whereby the GC would be paid a commission on the revenue collected above a pre-determined amount (e.g., FY 2010 final collection figure - \$6,085,504).
- 4) A 'cloud-based' computing system, where Revenue would pay a periodic licensing fee (e.g., monthly, annually, etc.) for the use of an appropriate web based service system. Please provide some insights as to how this would be structured for this project.
- 5) Other. If there is any other alternative, please provide details.

Please provide recommendations on how to manage this portfolio in the most cost effective and efficient manner, utilizing the best practices in the collection industry, as well as providing a fair and equitable form of compensation to the GC.

## Non-Tax Debt Administration and Collection RFI Questionnaire

Respondent Questionnaire Page 1	
1.	Firm Name:
2.	Firm Street Address:
3.	Firm City, State, Zip:
4.	Firm Primary Business:
5.	Contact Person Name:
6.	Contact Person Title:
7.	Contact Person Voice:
8.	Contact Person Fax:
9.	Contact Person Email:
10.	Are you willing to make a presentation in Trenton, New Jersey at your company's expense, if requested? <span style="float: right;">Yes <input type="checkbox"/></span> <span style="float: right;">No <input type="checkbox"/></span>
11.	Parent Company Name:
12.	Parent Company Street Address:
13.	Parent Company City, State, ZIP:
14.	Parent Company Primary Business:
15.	Does your firm <i>(check those that apply)</i> <span style="margin-left: 100px;">Tax debt administration and collections <input type="checkbox"/></span> <span style="margin-left: 100px;">Collections <input type="checkbox"/></span> <span style="margin-left: 100px;">Other <input type="checkbox"/></span>
16.	If Other, please describe <i>(Please attach additional pages, if necessary)</i> :

**Respondent Questionnaire Page 2**

17.	Volume of non-tax debt administration and collection services currently provided ( <i>Please provide as Annual gross amount \$</i> )		
18.	Number of non-tax debt administration and collection services clients ( <i>Please attach list of clients with volumes in gross dollars and number of referrals, locations of client and dates of contracts/service provision.</i> )		
19.	Form in which you are compensated ( <i>Please check those that apply</i> ): hourly rates <input type="checkbox"/> contingency fee <input type="checkbox"/> other <input type="checkbox"/>		
20.	If Other, please describe:		
21.	Do your contracts include tax collections? Yes <input type="checkbox"/> No <input type="checkbox"/>		
22.	If yes, please provide the gross dollar volume and number of referrals, by contract and total:		
23.	Form in which you are compensated ( <i>Please check those that apply</i> ): hourly rates <input type="checkbox"/> contingency fee <input type="checkbox"/> other <input type="checkbox"/>		
24.	Does the contingency fee remain the same for all years of the contract or does it increase/decrease each year based on performance?	Same <input type="checkbox"/>	Increases <input type="checkbox"/> Decreases <input type="checkbox"/>
25.	If you are compensated through a contingency fee, is your firm subject to a financial penalty for failure to comply with contract guidelines or excessive customer service complaints?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
26.	If yes, please provide details of the penalty process. ( <i>Please attach</i> )		
27.	Is the contingency fee paid subject to adjustment for dishonored payments?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
28.	After the fee is paid, if the entity engaging you determines that the debt collected was an erroneous balance and subsequently issues a refund to the debtor, is the fee paid for the next billed period adjusted for the original collection that was refunded?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
29.	Are receivables paid directly to your firm or are they made payable/processed by the entity engaging your firm?	Paid to firm <input type="checkbox"/>	Payable by entity <input type="checkbox"/>
30.	If paid directly to your firm, is the fee retained by your firm upfront or are all receivables remitted to your hiring entity and you submit a monthly billing invoice to the entity for payment of the fee?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
31.	Revenue would expect certain customer service levels/review of case handling prior to payment of the contingency fee. Please explain what quality assurance steps your firm would take to ensure resolution processes are completed correctly and within the given timeframe. ( <i>Please attach</i> )		
32.	Some account adjustments/filed delinquent returns may not result in any balance due. Would your firm seek compensation for accounts with zero receivables?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
33.	Please provide an explanation of how your firm would attempt to collect a minimum of \$5 million monthly for Revenue. ( <i>Please attach</i> )		

**Respondent Questionnaire Page 3**

34.	Are any bonuses included in your current contract for exceeding the contract expectations?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
35	Is there a guaranteed debt placement on your current contract?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
36.	If so, does this factor in to the compensation your firm receives, i.e., large value of referred debt, so lower compensation rate?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Thank you for your providing a response and completed Questionnaire to Revenue and the State of New Jersey.