



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK KHOURI  
STATE TREASURER

November 30, 2015

Mr. John S. Roberts  
Director of State Budget Office  
111 S. Capitol Avenue  
Lansing, MI 48933

Dear Mr. Roberts:

Sections 903(3) and 930(2) of Public Act 252 of 2014 require that the Department of Treasury report by November 30, 2015 on the collection of unpaid taxes and other accounts due to the State of Michigan for the immediately preceding fiscal year.

Section 903 authorizes the Department of Treasury to contract with private collection agencies to collect unpaid taxes and other accounts due the State of Michigan. Listed below is a schedule detailing the contracted agencies, amounts collected, and the costs of collection.

Section 903

<u>CONTRACTOR</u>	<u>TYPE OF DEBT</u>	<u>FY 2015 COMMISSION COLLECTIONS</u>	<u>COST</u>
GC Services L.P.*	TAX	\$136,212,105.57	\$21,105,470.18
	NON-TAX	49,613,853.66	9,859,982.10
Special Attorneys	TAX	10,400.00	3,147.00
General	NON-TAX	00.00	00.00
(Contracted by Dept. of Attorney General)			
	<b>GRAND TOTAL</b>	<b>\$185,836,359.23</b>	<b>\$30,968,599.28</b>

Section 930 requires the Department of Treasury to provide accounts receivable collection services for other principal executive department and state agencies pursuant to Public Act 375 of 1927, as amended and Michigan Compiled Laws 14.131 through 14.134. Section 930 also provides that the Department of Treasury report on the agencies served, funds collected, and the costs of collection. The attached Chart B details this information. These collections and costs summarized on the next page are exclusive of the amounts collected by private agencies which are reported above.

\*See the attached Chart A, Commission Collections, and Chart C, Cost Explanation.

Section 930

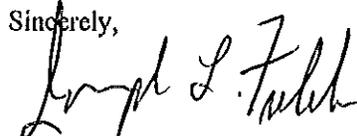
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	<u>FY 2015</u> <u>COLLECTIONS</u>	<u>COST</u>
GC Services L.P.	\$49,613,853.66	\$9,859,982.10
State Agency*	52,679,677.99	1,472,931.53
Special Attorneys General (Contracted by Dept. of Attorney General)	00.00	00.00
<b>GRAND TOTAL</b>	<b>\$102,293,531.65</b>	<b>\$11,332,913.63</b>

\*See Chart B.

If you or your staff desire additional information, please contact Ann Good, Director of the Office of Collections at (517) 636-5300.

Sincerely,



Joseph L. Fielek, Deputy State Treasurer  
Financial and Administrative Services

Enclosures

cc: Nick Khouri, State Treasurer  
Tom Saxton, Chief Deputy Treasurer  
Ann Good, Director, Office of Collections  
Cindy Peruchietti, Bureau Director

CHART A

MICHIGAN ACCOUNTS RECEIVABLE COLLECTION SYSTEM COLLECTIONS\*

FISCAL YEAR ENDED 9/30/2015

TAX DEBT	COMMISSION COLLECTIONS
INDIVIDUAL INCOME	\$77,913,901.36
SALES	19,281,094.38
SINGLE BUSINESS	2,691,052.00
WITHHOLDING	9,416,693.63
USE	2,378,541.86
MOTOR FUEL	1,067,946.66
TOBACCO	226,729.19
MICHIGAN BUSINESS RETALIATORY	232,618.23
HOMESTEAD PROPERTY	394,397.76
MOTOR CARRIER	2,895.00
CAR LOANING	102.84
CONVENTION FACILITIES	16,230.18
ENVIRN PROTECT REG	920.03
PUBLIC UTILITIES	37,465.15
ACCOUNTS RECEIVABLE	115.19
REAL ESTATE TRANSFER	0.00
RETALIATORY	0.00
SEVERANCE	0.00
INTANGIBLES	0.00
UNCLAIMED BOTTLE DEPOSIT	847.53
MICHIGAN BUSINESS	17,710,798.65
UNCLASSIFIED ACQUIRER	161,160.94
HICA	127,328.32
CORPORATE INCOME	3,308,848.60
CORPORATE INCOME RETALIATORY	120,390.03
FLOW THRU WITHHOLDING	1,123,028.04
ESTATE	0.00
TOTAL TAX	\$136,212,105.57

<u>NON-TAX DEBT</u>	<u>COMMISSION COLLECTIONS</u>
AGRICULTURE	\$14,476.02
ATTORNEY GENERAL	721.94
COMMUNITY HEALTH	921,274.10
CORRECTIONS	979,911.12
EDUCATION	5,900.00
LICENSING AND REGULATORY AFFAIRS	407,970.50
HOUSING & DEVELOPMENT AUTHORITY	145,531.98
HUMAN SERVICES	299,598.41
LOTTERY	41,039.80

TECHNOLOGY, MANAGEMENT AND BUDGET	366,208.05
NATURAL RESOURCES	50,042.97
STATE	43,058,191.44
TRANSPORTATION	32,447.39
TREASURY	1,088,359.30
CENTRAL MICHIGAN UNIVERSITY	284,031.43
EASTERN MICHIGAN UNIVERSITY	274,837.52
FERRIS STATE UNIVERSITY	552,317.37
GRAND VALLEY STATE UNIVERSITY	241,071.13
LAKE SUPERIOR STATE UNIVERSITY	18,514.58
MICHIGAN TECHNOLOGICAL UNIVERSITY	2,497.16
NORTHERN MICHIGAN UNIVERSITY	14,211.52
OAKLAND UNIVERSITY	98,402.34
SAGINAW VALLEY STATE UNIVERSITY	4,080.36
5th DISTRICT COURT	22,280.72
37C DISTRICT COURT	67,516.77
37W DISTRICT COURT	488,090.80
42-1 DISTRICT COURT	11,751.00
42-2 DISTRICT COURT	19,767.00
43A DISTRICT COURT	94,295.91
43B DISTRICT COURT	0.00
50th DISTRICT COURT	2,541.00
54A DISTRICT COURT	5,974.03
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TOTAL NON-TAX	\$49,613,853.66

\*OPERATED BY GC SERVICES LIMITED  
 PARTNERSHIP UNDER CONTRACT WITH THE  
 DEPARTMENT OF TREASURY AS ORIGINALLY  
 AUTHORIZED BY SECTION 61 OF PUBLIC ACT 104 OF  
 1985.

**CHART B  
DEPARTMENT OF TREASURY'S  
STATE AGENCY COLLECTIONS  
FISCAL YEAR ENDED 9/30/2015**

AGENCY	COLLECTIONS*	COSTS*
AGRICULTURE	\$10,953.95	\$595.33
ATTORNEY GENERAL	\$2,762.14	\$11.45
COMMUNITY HEALTH	\$1,895,878.47	\$203,514.54
CORRECTIONS	\$876,220.64	\$162,627.62
EDUCATION	\$6,452.00	\$0.00
INSURANCE AND FINANCIAL SEVC	\$3,742.18	\$0.00
LICENSING AND REGULATORY AFFAIRS	\$96,549.85	\$33,368.77
MICHIGAN STATE HOUSING	\$242,619.66	\$5,886.73
HUMAN SERVICES	\$331,821.19	\$22,344.37
LOTTERY	\$17,990.23	\$4,876.15
MICHIGAN STATE POLICE	\$0.00	\$0.00
TECHNOLOGY, MANAGEMENT AND BUDGET	\$103,958.60	\$2,734.68
NATURAL RESOURCES STATE	\$12,438.48	\$1,467.52
TRANSPORTATION	\$45,729,297.13	\$594,724.92
TREASURY	\$244,018.78	\$2,419.47
CENTRAL MICHIGAN UNIVERSITY	\$1,258,271.20	\$113,820.74
EASTERN MICHIGAN UNIVERSITY	\$241,769.14	\$43,433.57
FERRIS STATE UNIVERSITY	\$422,522.40	\$57,605.17
GRAND VALLEY STATE UNIVERSITY	\$404,159.90	\$79,009.46
LAKE SUPERIOR STATE UNIVERSITY	\$134,932.46	\$31,059.64
MICHIGAN TECHNOLOGICAL UNIVERSITY	\$54,478.78	\$6,029.59
NORTHERN MICHIGAN UNIVERSITY	\$4,924.89	\$613.10
OAKLAND UNIVERSITY	\$18,708.78	\$2,719.37
SAGINAW VALLEY STATE UNIVERSITY	\$143,139.06	\$19,952.44
5th DISTRICT COURT	\$10,048.81	\$1,167.14
37C DISTRICT COURT	\$9,004.36	\$2,584.29
37W DISTRICT COURT	\$35,210.15	\$8,485.72
42-1 DISTRICT COURT	\$286,650.11	\$63,997.20
42-2 DISTRICT COURT	\$2,716.00	\$1,195.04
43A DISTRICT COURT	\$8,057.00	\$2,298.39
43B DISTRICT COURT	\$47,334.90	\$11,699.36
50th DISTRICT COURT	\$0.00	\$0.00
54A DISTRICT COURT	\$6,409.41	\$739.35
	\$17,637.34	\$1,950.41
<b>TOTAL</b>	<b>\$52,679,677.99</b>	<b>\$1,472,931.53</b>

\*Net of amounts reported in the letter. The "Collections" column represents the amount all non-MARCS State Agency collections (commissionable and non-commissionable) and includes adjustments, credits, or refunds. Adjustments, credits, and refunds can include collection amounts from a prior fiscal year. The costs above reflect the overhead expense of Collection Division on all commissionable collections and non-commissionable Driver Responsibility Fee (DRF) collections.

## CHART C

### COST EXPLANATION

#### MICHIGAN ACCOUNTS RECEIVABLE COLLECTION SYSTEM

The costs associated with the Michigan Accounts Receivable Collection System are as stipulated in contract 071B0200101. This contract is between the State of Michigan and GC Services, Limited Partnership.

Costs associated with this contract for FYE 15 are included in the GC Services costs. The costs incurred by the Michigan Accounts Receivable Collection System are as follows:

**Operating Expenses** – These expenses are incurred in operating the computer system and related software. Expenses include, but are not limited to, computer maintenance agreements, computer supplies and office supplies of IT staff.

**Commissions** – This cost is based on the actual collections made by GC Services on behalf of the State of Michigan. Commission costs are incurred on the status of the account at the time of collections. The collections on accounts are subject to a commission between 8.13% and 11.61%.