



Debt Collection Act Training

Transcript

November 12, 2020

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Introduction

Welcome the Debt Collection Act Training.

This course has lessons on:

- Resources
- Disclosure
- Referring Debts
- Payments and Balances
- e-Services
- Program Participation
- Assessment

This training has sound. Please adjust your volume. The training will take 40 minutes to complete.

We recommend you close other programs and do not multi-task while taking this training. It may result in not tracking and you will need to re-take it.

Navigation

Use the navigation buttons at the bottom of each slide to move throughout this training. Some slides have additional buttons. Select those buttons as they become available.

- Play - arrow pointing right
- Pause - two vertical lines
- Backward – vertical line with arrow to the left
- Forward – vertical line with arrow to the right
- Audio on – speaker icon with sound waves
- Audio off – speaker icon
- Closed Captioning - cc
- Exit – x

Resources

This lesson will tell you what resources are available and how to access them.

Website

When it comes to referring debts, you have a couple of resources. Our website contains up-to-date information for debt referral and provides instructions on how to complete tasks. Access our website at www.revenue.state.mn.us.

1. Select Governments.
2. Expand Other Agency Debts.
3. Select Referring Agencies.

The information is organized in sections. Select the section to expand or minimize it. We recommend you bookmark or add this page to your Favorites for quick access in managing your referred debts.

Sections organize the [Referring Agencies page](#):

- Referral Process section provides information on:
 - Debt types you can refer
 - Contact information
- Resources section has links to:
 - Resources
 - Common issues
- e-Services Information section provides links to:
 - log into e-Services
 - instructions and help topics

Client Relations Program

Another resource is our staff. The Client Relations Program is specific to the Collection Division. Revenue Collection Officers staff the program to help you with your questions.

Program members collect your referred debts and our collection costs at the lowest cost to the state.

Program members receive specialized training to ensure the accuracy of referred debts. They do this by:

- Reviewing accounts
- Completing necessary adjustments
- Answering referring agency staff member questions
- Resolving potential issues

The best way to contact us is by e-Services Web messages or email us at mdor.client@state.mn.us.

Disclosure

This lesson will discuss security and define disclosure and private information.

Emails and working online help us communicate faster and with efficiency. Along with those conveniences, we must increase security to prevent identity theft.

Disclosure

Government agencies use statutes to identify who can have access to what information. The Rules of Public Access to Records of the Judicial Branch serve the same purpose. Giving information beyond this is considered disclosure.

Private and Nonpublic Information

Minnesota law defines public, non-public, and private information. These laws apply to the Debt Collection Act.

In general, private information can only be shared between the debtor and the agency.

Statute 16D.06 allows the transfer of private information between the Minnesota Department of Revenue and agencies for debt collection purposes.

The statute also allows passing information to the Taxpayer Rights Advocate and the Attorney General.

Private information includes:

- Social Security numbers
- Names
- Addresses

Court users consider the debtor's Social Security number as nonpublic.

You could face civil or criminal penalties for disclosing information for purposes outside of administering the referral of debts. This can include fines or jail time.

Employees

Employees with access to this information may not share it, regardless of their employment status. If your employment is terminated, the law still requires you do not share the information with anyone.

To ensure you are following disclosure and data privacy laws, use these general guidelines.

- Do not tell or show people information they are not entitled to know.
- Lock up private information when you are away from your desk.
- Do not research or collect information on or for yourself, family, friends, or acquaintances. This is considered browsing.

The content within e-Services is private and confidential. You are responsible for any information accessed and any changes made under your username.

Only use your own e-Services access information. Do not use any other username and password to use e-Services. Do not share your username and password with others.

Notify us when an employee is no longer with your agency. If an employee leaves your agency and still has access to e-Services, they still have access to private debtor information. This poses potential risks for both of our agencies and the debtors.

To secure access to e-Services:

- Set up private usernames and passwords by contacting the Client Relations Program. Each user must have and maintain their own username.
- Keep passwords secret and secure. Change the password if another person knows it.
- Lock your computer when you leave your desk.
- Log out of e-Services when not actively working.
- Only look at information you have a business need to know.

Ask your supervisor, legal division, or disclosure officer what to do if there is a violation or suspected violation.

In addition to this disclosure lesson, agencies must provide training on data privacy and anti-browsing to all employees who refer or manage referred debts.

Referring Debts

This lesson discusses the process of referring debts.

It explains:

- When to send your notification letter
- What to include in the letter
- What debts are eligible

Notification

When your agency is ready to refer debts to the department, make sure there are no surprises for the debtor.

You must confirm, or authenticate, the debtor's identity. Do this through, written, telephone, or face-to-face contact.

Notify them you intend to refer the debt to the Department of Revenue for collection. Notify the debtor at least twenty days before you refer the debt. Do this by U.S. mail or personal delivery to their last known address.

Minnesota Statute 16D.07 outlines what information to include in your notice.

A helpful way to remember these requirements is to use the acronym D I C E or dice.

D is for debt details. In your notification letter, include the reason for the debt. You can include multiple debts on the same letter, if you provide the reason for each debt. Include any information that will help the debtor understand. At a minimum, you must include why they owe the debt, who they owe it to, and the amount of the debt.

I is for interest. If your debt is interest bearing, it will continue to accrue interest.

C is for collection costs. Include notice of assessed collection costs up to twenty five percent. You must also let the debtor know of their right to ask for cancellation of those costs.

E is for enforced collection action. The Minnesota Department of Revenue can take enforced collection action.

According to Minnesota Statute 16D.08, we can:

- File liens against property
- Issue levies against wages or bank accounts
- Offset, or take, eligible payments including Minnesota and Wisconsin state tax refunds, Minnesota and federal tax payments, and lottery winnings
- Subpoena financial, personal, or business records
- Revoke or deny renewal or transfer of business and professional licenses
- Access non-public government data
- Obtain legal judgements
- Report them to a credit bureau
- Refer their debt to a private collection agency

The Demand for Payment letter we send to debtors contains similar language.

There is a sample notification on our website. Your letters must meet notification requirements explained in statute. We verify that you sent the proper notification. If notification requirements are not met, we will return the debt to you. To resubmit the debt, you must send proper notification to the debtor.

Contact the Client Relations Program if you would like your letter reviewed.

Eligible Debts

When you are ready to refer a debt, verify it is eligible. Eligible debts are at least twenty-five dollars at the time of the referral. If a debt falls below twenty-five dollars, we will close and return it unless it is on an active payment agreement or wage levy.

Do not refer debts that are:

- Under appeal
- In a dispute
- In legal or pre-legal status
- Under negotiation with the debtor for a payment agreement

You cannot refer debts with an expired statute of limitations or when the statute of limitations will expire in the next one hundred eighty days.

We will return ineligible debts you refer to us and explain why they are ineligible.

After verifying your debt is eligible, you must:

- Cancel any Revenue Recapture claims specific to the debt
- Stop sending demands for payment or trying to collect the debt
- Keep any documents related to the debt, such as your notice to the debtor, until you recall, or we return the debt
- Use a unique agency debtor and debt identification number

These numbers may not include Social Security numbers, Federal Employee Identification numbers, or Minnesota IDs.

When referring and keeping debts up to date, there are two options, e-Services and electronic file exchange. Agencies can you Virtual Room for electronic file exchange. For more information, visit our website or reach out to the Client Relations Program.

If you are a new client or need a new debt type added, you must complete the Debt Referral Questionnaire. You can find it on our website on the [Referring Agency Resources page](#).

The questionnaire ensures we have the correct information on:

- Your agency
- Debt type
- Interest bearing debts
- Pay off order
- Payment submission
- Debt referral selection

When referring debts with interest you choose how our system calculates interest. You will tell us if interest accrues daily and if it has a fixed or variable interest rate.

If the debt accrues interest and the rate changes, you will need to contact the Client Relations Program. For annual rate changes, you will complete a new [Debt Referral Questionnaire](#). For more frequent changes, use email or a web message.

You will see updated account balances at least every thirty days. Account balances may update sooner if there is a payment or a collection employee takes action.

Payments and Balances

This lesson explains:

- Payment application
- Interest-bearing debts
- Debt balances
- Disputes
- Debt recalls

Payment Application

An agency referred a \$2,000 interest-bearing debt to the Minnesota Department of Revenue. The debt enters the system and the department assesses collection costs. We hold the debt in our system for five days and it continues to add interest. After five days, our system sends a bill. The debtor has thirty days to pay in full without additional interest. If they pay the amount on the letter by the due date, we return the debt with a zero balance. If they do not pay the full amount on the letter by the due date, we add interest to the balance. Interest continues to accrue until the debt is resolved.

The Debt Questionnaire provides options for applying payments. One option is to have payments apply to penalty first. The remaining payment amount applies to:

- Interest
- Principal
- Fees or other costs

Another option is to have payments apply to principal first. The remaining payment amount applies to:

- Penalty
- Interest
- Fees or other costs

If you wish to apply payments differently, you must provide an explanation and your statutory requirements. The Debt Referral Questionnaire provides space to do that.

This is an example of how we apply a \$250 payment if you choose to pay penalty first:

Amount Remaining	Amount of Payment Applied to Remaining Balance
Penalty: \$125.00	(125.00)
Interest: \$68.00	(68.00)
Principal: \$2000.00	(15.49)
Collection costs: \$438.60	(41.51)
Total Balance: \$2,631.60	Total Payment: (250.00)

The payment applies to penalty first. Once that is resolved, it applies to interest, then we apply the remaining payment amount to principal and collection costs.

Payments received without a voucher for a referred debt apply by date. It could apply to the debt with the older referral date. It could apply to the debt with the older origination date.

In this example, the agency referred two debts on different days. One on June thirtieth and one on October fifteenth of the same year. If we receive a payment without a voucher, it will apply to the June thirtieth date first.

In a different example, an agency refers two debts for the same debtor on the same day. If we receive payment without a voucher, we apply it to the debt with the older origination date.

Refunds apply in a specific order as well. First, they apply to tax debt. Next, they apply to child support. After that, they apply to restitution, then to medical claims. Medical claims include hospital and ambulance debts. Finally, they apply to other debts.

Direct Agency Payments

You should not accept direct agency payments. If a debtor contacts your agency to make a payment after their debt was referred to the department, have them contact us. By doing so you reduce potential balance inconsistencies and other issues with their debt.

Do not accept direct agency payments. If a debtor contacts your agency to pay on a debt you referred to us, do not accept payment. Instead, have them contact us. This avoids balance inconsistencies or other issues with the debt.

If you receive direct agency payments from a debtor on a referred debt, you must report it to us. Use your agency's electronic reporting method to report direct payments.

Some agencies only use the Statewide Integrated Financial Tools (SWIFT) accounting system. If your agency only uses SWIFT, send the payment directly to us.

If the effective date was incorrect on a direct agency payment, we cannot change it. You must submit the correction.

Debt Balances

Once you refer a debt, you may not add to it. Instead, you may either refer the extra balance as a new debt or recall the debt and resubmit it. You must send a new notification to the debtor. You are not required to refer the additional amount and may manage it yourself.

Managing debt referrals ensures we have an up-to-date balance to prevent overpayments.

Balance change for reasons such as payments, adjustments, court rulings, or offsets. You can view balances as of the previous day in e-Services. If a payment posts today, it will not show in e-Services until the next business day. Because of this, if a debtor contacts your agency for a balance, refer them to us.

e-Services reports help you manage debts and reconcile balances with us. If you notice any discrepancies, let us know right away. Use the report date and Letter ID you are referencing; this will help us locate the report.

Update balances within five business days when you become aware of a change. Use your agency's electronic reporting method.

If there is a credit on any referred debts, contact us before you issue any refunds. We will determine the amount of the refund, who to send it to, and who will issue it.

You must notify us of resolved debts. If you do not, and we continue to collect on your behalf, you will be responsible to pay our collection costs.

Disputes

Frank calls us because they received a Demand for Payment for a court fine. Frank insists they paid the debt.

This is an example of a dispute. When a debtor contacts us disputing a debt, we determine what they are disputing. If they dispute our collection action or offset, we handle their dispute. If it is the origination date or the debt itself, we will refer them to you.

When you receive a valid dispute for a debt referred to us, you must:

- Determine how much time you need. If the dispute will take longer than 60 days, recall the debt or contact us for an exception.
- Let us know the outcome of the dispute within five business days.
- Report any changes

Recalling Debts

When you recall a debt for any reason, you need to notify us.

Recall debts if any of the following occur:

- Referred them in error
- Expect an active dispute to exceed 60 days, unless Revenue approves an exception
- Know the debtor is in bankruptcy

Do not re-refer a debt unless the debtor does any of the following:

- Resolves a dispute with you
- Completes bankruptcy and the debt is still valid
- Fails to follow court ordered community service

e-Services

Welcome to [e-Services](#)!

Log in

This is the e-Services login screen. The tiles at the bottom provide additional information for you, including help links for step-by-step directions.

1. Enter your username and password to log in. You can select the 'Forgot username or password?' link to have a temporary password or your username sent to you.
2. Select Log in.

e-Services uses emails, text messages, or an authenticator app as part of a two-step authentication process. An authenticator app is usually installed on a smartphone and generates a short passcode

recognized on your device or allows you to approve an attempt to log in. This helps make sure the connection between you and e-Services is secure.

Home Page

This is the home page. Underneath your agency's name and address, you have three tabs, the Accounts tab, Alerts tab, and the I Want To...tab.

You may also have a Favorites tab, depending on how many accounts you can access.

- **Accounts:** Default tab when you open e-Services. This tab displays all your accounts, with links for common actions. You can:
 - Add a claim
 - Search for your existing claims
 - Run reports
- **Alerts:** Items that require your agency's attention.
 - You can dismiss an alert by selecting the 'X' on the right side of the notification
 - An example of an alert is when we replay to a web message
- **I Want To:** Tiles for additional actions you can take, like:
 - Reviewing history of your agency's requests
 - Sending or reading a web message
 - Adjusting names and address on the agency's account

Web Messages

Web messages are the preferred way to contact us regarding your agency, account, or claims.

To send a web message, start from the I Want To tab:

1. Select Send a Message.
2. Select the link to send a message regarding your agency or a specific account.
3. Select the message type. This will give us an idea why you're reaching out.
4. Enter a subject and a message.
5. Select the Submit button.

You can select the Minnesota Department of Revenue logo at any time in the upper left to return to the home page.

Profile

Find information about your profile in the Manage My Profile link.

From here, you can edit your profile information. You can change your name, email or phone number in the My Information tile. The Security tile is where you change your password, secret question, and two-step verification options. There are two tabs:

- Alerts: Displays any messages or actions required of you
- I Want To: Allows you to change and view options, like your access history, messages, or activity

Log out

When you're done in e-Services:

1. Select the profile menu icon in the upper right corner.
2. Select yes to confirm logging out.

Add a Referral

This lesson shows you how to send a referral to us by adding it in e-Services. The agency and debtors we review today are fictitious.

To add a referral:

1. Select Add Referral.
2. Select the debt type.
3. Select Next.

Notice the Agency ID and Agency Name auto populate. Fields with a red asterisk are required.

4. Enter the debt referral details, including the:
 - a. Agency Debt ID
 - b. Agency Debtor ID

We recommend you review all options in each section to ensure your entry is accurate.

5. Select if the debt is for restitution.
6. Enter additional details in the Debt Description field if needed.
7. Enter the financial information for the debt including:
 - a. Origination Date
 - b. Statute of limitations date
 - c. Principal amount
 - d. Penalty, interest, or other amounts
8. Select the Next button.
9. Select the debtor type.
10. Select the Next button.
11. Add information for the primary debtor.

- a. ID number, such as a Social Security number
- b. First name
- c. Middle name
- d. Last name

Each field with a red asterisk is required. We recommend you review all fields to ensure your entry is accurate.

12. Enter Address information.
13. Add information for a co-debtor.
14. Select the Next button.

Changes that need to be made on previous pages are done by selecting Previous.

From the Submission Summary page, carefully review all the details you entered to ensure accuracy.

15. Select Submit.

When you successfully submit a debt referral, you will get a confirmation page for your records. The confirmation page includes:

- A confirmation number
- Date and time of submission
- Who entered the referral
- A summary of the information entered

Change a Referral

This section shows you how to change a referral in e-Services.

You may need to make some changes including:

- Reducing the balance
- Changing the statute of limitations
- Recalling a referral
- Reporting a Direct Agency Payment

From the From the Accounts tab:

1. Select Debt Search.

The Debt Search page allows you to find debts you referred. You may search using any of the criteria on this page including:

- Taxpayer ID
- Debt ID

- Debtor ID
- Last or Business Name
- First Name

2. Enter search criteria.
3. Select Search.

Search results display below.

4. Select the link for the Taxpayer Id to open the referral.

Available actions include:

- Recall Debt
 - Declare Payment
 - View/Change Referral
 - View Correspondence
 - Back to Search Results
5. Select View/Change Referral.
 6. Select Change in the I Want To...Column.
 7. Enter any updates.
 8. Select Submit.

When you successfully submit a change, you will get a confirmation page for your records. It includes a summary of the information entered.

Report Direct Agency Payments

Earlier in training, we discussed receiving payments directly from debtors. You can report direct agency payments in e-Services.

From the Accounts tab:

1. Select Debt Search.
2. Enter search criteria.
3. Select Search.
4. Select the Taxpayer ID to open the referral.
5. Select Declare Payment.
6. Scroll down to the Payment section.
7. Select a reason for the payment.
8. Select Direct Pay.
9. Enter the amount.

10. Enter the Effective Date of the payment.
11. Enter the Payment Deposit Date.
12. Select Submit.

When you successfully submit a change, you will get a confirmation page for your records. It includes a summary of the information entered.

Recall a Referred Debt

There are times when you need to recall a referred debt from us. You can do that in e-Services.

From the Accounts tab:

1. Select Debt Search.
2. Enter search criteria.
3. Select Search.
4. Select the Taxpayer ID to open the referral.
5. Select Recall Debt.
6. Scroll down to the Recall Reason section.
7. Select a reason why you are recalling the debt.
8. Select Submit.

When you successfully submit a change, you will get a confirmation page for your records. It includes a summary of the information entered.

Reports

This lesson demonstrates how to run a report in e-Services.

Viewing information about your referred debts is available on e-Services by running a report. There are several reports available to you.

- Collection Cost Removals and Adjustments Report — a list of all the fee-type adjustments that we may make
- Inventory Report by Referred Date — a list of all referred debts sorted by debt type and then referral date
- Payment Detail Report — a list of all the payments that applied to each debt.
- Performance Analysis Report — quarterly activity including the number of referred tickets, referral and payment amounts, and recalled and returned debts
- Returned Debt Report — a list of all debts that we are no longer collecting due to closure, return, or recall, sorted by debt type

The steps are the same for requesting all available reports.

From the Accounts tab in e-Services:

1. Select View Reports.
2. Enter a date in the Report Date From field.
3. Enter a date in the Report Date To field.
4. Select the Report type
5. Select Search
6. Select the report.
7. Select Export to export the data to a spreadsheet.

Program Participation

This lesson includes:

- Service level agreement
- Suspensions
- Audits
- Annual training

Service level Agreement

The Debt Collection Act Service Level Agreement outlines participation and program use. Your agency administrator signs the agreement, which authorizes us to collect debts for you. The authorization is based in Minnesota Statute 16D, also known as the Debt Collection Act. We expect all members who manage referred debts to understand the service level agreement.

The agreement includes:

- Definitions
- Duties of both the referring agency and the department
- Data practice responsibilities
- Legal requirements including the length of the agreement
- Consequences for violations

Suspensions

Suspending an agency is a serious action. Our goal is to uphold statute and to protect debtor's rights.

A suspension may occur if agencies:

- Violate any part of the Service Level Agreement
- Fail to ensure staff members complete our annual required training

- Do not cooperate with the audit process

We will notify and explain any violations. We will give you an opportunity to:

- Understand the violation
- Apply a fix
- Appeal by contested claim hearing

Once suspended, the agency must take action to prevent future violations. The agency must provide documentation showing the steps taken. A reinstatement may occur after 90 days if we receive satisfactory documentation.

Audits

The Referring Agency Debt Collection program is successful for agencies and the department. We regularly review practices to hold the program to Minnesota law. This includes an audit process.

Audits of the program allow us to:

- Address non-compliance
- Protect debtor information
- Improve efficiency
- Keep our information up to date
- Ensure agencies follow applicable laws

Knowledge Check

1. If someone logs into e-Services under your username and password, you are responsible for the information they access.
 - a) True
 - b) False
2. What are ways to confirm or authenticate a debtor's identity?
 - a) Verifying a debtor's Social Security number.
 - b) Contacting them by phone or in writing.
 - c) Speaking with them face-to-face.
 - d) All of the above.
3. If your notification to the debtor does not contain all of the information required by Minnesota Statute 16D.07, we will return the debt.

- True
- False

4. A debtor contacts you to make a payment for a referred debt. Should you accept the payment?

- Yes
- No

5. Martin is disputing a debt your agency referred to the Minnesota Department of Revenue. It will take your agency 90 days to make a determination. What do you need to do?

- a) Nothing until the issue is resolved.
- b) Notify us and recall the debt.
- c) Recall the debt.

You have completed the Debt Collection Act training to receive credit please select the Submit button.



Correct answers for the Knowledge Check

1. If someone logs into e-Services under your username and password, you are responsible for the information they access.

- a. **True**
- b. False

The correct answer True, never share your username or password as you are responsible for any information accessed under your access.

2. What are ways to confirm or authenticate a debtor's identity?

- a. Verifying a debtor's Social Security number.
- b. Contacting them by phone or in writing.
- c. Speaking with them face-to-face.
- d. **All of the above.**

The correct answer is d). There are several ways to authenticate the debtor.

3. If your notification to the debtor does not contain all of the information in Minnesota Statute 16D.07 we will return the debt.

- a. **True**
- b. False

The correct answer is True. Your notification to the debtor must contain the correct information. Remember the acronym DICE.

4. A debtor contacts you to make a payment for a referred debt. Should you accept the payment?

- a. Yes
- b. **No**

The correct answer is No. You should not accept payments on referred debts.

5. Martin is disputing a debt your agency referred to the Minnesota Department of Revenue. It will take your agency 90 days to make a determination. What do you need to do?

- a. Nothing until the issue is resolved
- b. **Notify us and recall the debt**
- c. Recall the debt

The correct answer is b); you must notify us and recall the debt.