

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 7730	Department Franchise Tax Board	Priority No. 3
Budget Request Name 7730-003-BCP-BR-2016-GB		Program 6280	Subprogram 6280010/6280019

Budget Request Description
 Accounts Receivable Management Program

Budget Request Summary

The Franchise Tax Board (FTB) requests 101 permanent positions to replace 101 expiring two-year limited term Tax Program positions and \$8.2 million General Fund in 2016-17. These two-year limited term positions were first granted in 2010-11 and will expire on June 30, 2016. These additional positions have allowed FTB to manage Accounts Receivable (AR) inventory, reduce prior year receivables, and process new cases timely as they enter the collection process. The positions are also a critical component in the department's plan to meeting its revenue goals. Without the continuation of these resources the work associated will go undone, the AR inventory will grow and the state will not realize revenue of \$108.2 million in 2016-17, \$106.1 million in 2017-18 and \$104.0 million in 2018-19 and beyond.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed
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Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date
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For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

FSR SPR Project No. Date:

If proposal affects another department, does other department concur with proposal? Yes No
 Attach comments of affected department, signed and dated by the department director or designee.

Prepared By <i>Johnna Cornet</i>	Date <i>12/29/2015</i>	Reviewed By <i>[Signature]</i>	Date <i>12-29-2015</i>
Department Director <i>Carolee [Signature] for Selvi Stenidas</i>	Date <i>12/29/2015</i>	Agency Secretary <i>[Signature]</i>	Date <i>12/29/15</i>

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA <i>[Signature]</i>	Date submitted to the Legislature <i>1/7/16</i>
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Analysis of Problem

A. Budget Request Summary

The Franchise Tax Board (FTB) requests 101 permanent positions to replace 101 expiring two-year limited term Tax Program positions and \$8.2 million General Fund in 2016-17. These two-year limited term positions were first granted in 2010-11 and will expire on June 30, 2016. These additional positions have allowed FTB to manage Accounts Receivable (AR) inventory, reduce prior year receivables and process new cases timely as they enter the collection process. The positions are also a critical component in the department's plan to meeting its revenue goals. Without the continuation of these resources the work associated will go undone, the AR inventory will grow and the state will not realize revenue of \$108.2 million in 2016-17, \$106.1 million in 2017-18 and \$104.0 million in 2018-19 and beyond.

Consistent with FTB's Strategic Plan, FTB is committed to improving operational accountability and efficiency. This proposal will achieve these goals by providing resources to assist noncompliant taxpayers with the necessary tools and assistance to move them to voluntary compliance and future self-service. While FTB strives to reduce its AR, many taxpayers continue to find it more difficult to pay their accounts in full. Taxpayers who previously paid their taxes as they became due continue to opt for installment agreements to pay their liability or enter the collection cycle comprised of various billing notices, liens, levies and eventually assignment to a manual collector.

B. Background/History

Pursuant to Revenue and Taxation Code sections 19252 and 19501, FTB's tax collection activities involve collection against an AR inventory that is established by the department's self-assessment, audit, settlement and filing enforcement activities. Both an automated billing system and collection staff administers collection activities. The automated system supports the collection processes by issuing billings, notices, liens, levies, attachments of assets and, when further action is necessary, routing accounts to collectors. Manual collection efforts are conducted by the department's collection staff to ensure that all taxpayers pay the proper amount owed.

In 2014-15, the Accounts Receivable Management Division was authorized for Tax Program expenditures of \$95 million and 1,246 positions. FTB's collection activities resulted in the receipt of \$2.82 billion General Fund revenues. Tax collection revenue has grown by 28 percent in four years, from \$2.25 billion in 2010-11 to \$2.87 billion in 2014-15. For 2015-16, collection revenue is projected to be \$2.82 billion. The table below shows the historical resource data for tax expenditures, revenues and positions within the division.

Resource History
(Dollars in thousands)

Program Budget	2010-11	2011-12	2012-13	2013-14	2014-15
Authorized Expenditures	\$78,570	\$78,483	\$80,773	\$94,978	\$95,048
Actual Expenditures	\$74,552	\$77,816	\$80,090	\$93,303	\$96,179
Revenues	\$2,250,460	\$2,656,662	\$2,576,134	\$2,851,113	\$2,873,970
Authorized Positions	1,150	1,147	1,133	1,262	1,246
Filled Positions	1,009	1,039	1,032	1,144	1,133
Vacancies ¹	141	109	101	118	113

¹ Vacancies for the Accounts Receivable Management Division peaked in 2010-11 due to the impact of continued attrition and imposition of Executive Order B-3-11 freezing all hiring. All vacancy numbers are as of July 1 of the given year. Typically, the Division hires in July, October, January and April.

Specific to the history of this proposal, FTB was granted the following limited term resources to maximize collection efforts and reduce the AR inventory and balance:

1. In 2010-11, FTB was granted 111 two-year limited term positions through BCP #11 to address the ongoing increase of the AR inventory.
2. In 2012-13, the 111 two-year limited term positions were reestablished for an additional two years through BCP #2.
3. In 2014-15, the 101 limited-term positions² were extended for an additional two years through BCP #2. These positions expire on June 30, 2016.

The limited term positions have played a significant role in generating revenue and in stabilizing the AR inventory. The additional positions have allowed FTB to manage the inventory, reducing prior year receivables and timely processing new cases as they enter the collection program. The positions are also a critical component in the department's plan to meeting its revenue goals. Specific to these resources, FTB has consistently surpassed its revenue targets as reflected in the planned versus actual revenue shown below.

Planned Revenue Versus Actual Revenue

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16³
Planned Revenue <i>(in thousands)</i>	\$52,500	\$111,000	\$108,000	\$108,000	\$108,000	\$108,000
Actual Revenue <i>(in thousands)</i>	\$55,700	\$113,358	\$113,400	\$118,151	\$118,600	\$111,200
Revenue per Case	\$3,459	\$6,209	\$7,787	\$5,102	\$3,839	\$3,776
Hours per Case	3.4	4.1	5.0	4.5	3.8	4.9
Cases Resolved	16,104	18,257	14,563	23,158	30,893	29,449
% from planned	6%	2%	5%	9%	9%	3%
Cost Benefit Ratio	\$7 to \$1	\$14.7 to \$1	\$14.5 to \$1	\$15.1 to \$1	\$15.2 to \$1	\$14.4 to \$1

Retention of these positions is critical to FTB's continued ability to effectively and efficiently manage the AR inventory, keeping it at or below current levels. FTB continues to see a demand for collection resources to serve taxpayers and assist them in their efforts to pay. While the increased efficiencies of the enforcement tools implemented as a result of the Enterprise Data to Revenue (EDR) project have resulted in efficiencies in the early stages of the automated collection cycle, the cases that reach manual collectors are now more difficult and time consuming to resolve. As displayed in the above chart, the average number of hours needed to resolve a proactive collection case is expected to increase by more than one hour per case from 2010-11 to 2015-16 as collection cases become more complex and difficult to resolve.

Tax collection revenue has grown by 28 percent in four years, from \$2.25 billion in 2010-11 to \$2.87 billion in 2014-15. For the same time period, the AR balance decreased by 6 percent from \$8.4 billion as of June 30, 2010 to \$7.9 billion as of June 30, 2015. This success is due in part to the additional limited term resources granted FTB. Additionally, this represents a marked improvement over the five year view (2007-08 to 2011-12) provided in the 2012-13 Accounts Receivable Management Program BCP, which reported 46 percent and 49 percent inventory growth for these programs, respectively.

A key factor in generating this additional revenue and addressing the AR is FTB's ability to work the receivables as soon as they become due and payable and enter the collection system. This allows FTB to assist taxpayers timelier, getting them back onto the path to compliance and generating revenue for the state of California.

² Ten positions were eliminated due to Budget Letter 12-03.

³ 2015-16 is based on projections.

Analysis of Problem

The value of the AR is impacted by external and internal factors. Internal factors include the volume of identified filing enforcement accounts and audit assessments issued. One external factor is the number of taxpayers that file a return with a balance due. Many taxpayers continue to find it difficult to pay their accounts in full. Taxpayers who previously paid their taxes as they became due are now opting for installment agreements to pay their liability. This, in turn, increases the time accounts remain in the AR system. The value of returns filed with a balance due increased by \$63.5 million when comparing July 1, 2010 to July 1, 2015. The reasons for this type of shift are varied and include the impact the economy has on the taxpayer's ability to pay in full or changes in tax law that result in more taxes due.

The assessment type also influences the collectability of an account, which impacts how long an account will remain in the AR inventory. FTB issues filing enforcement assessments if the taxpayer has not filed a return, and FTB has received information indicating that they have a filing requirement. Filing enforcement assessments represent 46 percent of the personal income tax AR balance and generate 20 percent of the revenue (\$558 million for 2014-15). These assessments tend to remain in the inventory longer and are more difficult to collect, resulting in more involuntary collection actions and collector intervention. In addition, 20 percent of all filing enforcement assessments are in the "Withholding Orders" category, which indicates they are being resolved through involuntary collection actions. Returns filed with a balance due and assessments issued as a result of an audit, resolve earlier in the collection process resulting in less involuntary collections and/or collector intervention.

The AR balance was approximately \$7.9 billion as of June 30, 2015, of which \$4.6 billion represented collectible receivables. Collectible receivables are calculated by removing AR not considered available to collect, due to legal restrictions, departmental policy or because of a taxpayer agreement with FTB. Examples of unavailable to collect AR are installment agreements, withholding orders, statutorily limited such as bankruptcy, offer in compromise, and military personnel in a combat zone and private debt collections. The remaining inventory subject to normal collection actions is considered "available to collect", which represents \$4.6 billion (58 percent) of the overall AR balance.

From July 1, 2011 to July 1, 2015, the open AR balance of "available to collect" inventory has decreased eight percent from 66 percent to 58 percent. Additionally, the "available to collect" portion of the AR decreased by 273,474 cases or 23 percent. These reductions in volume indicate that FTB is collecting a greater portion of the "available to collect" inventory. In 2014-15 revenue collected totaled \$2.87 billion, which is an increase of \$624 million (28 percent) from 2010-11's \$2.25 billion. The chart in Attachment 1 provides the breakdown of the "available to collect" and the "statutorily or otherwise limited" inventories for the last four years.

While taxpayers continue to struggle financially and require additional time to pay their liabilities, the value of the installment agreement inventory increased by \$220.5 million (28 percent) from July 1, 2011 to July 1, 2015. Installment agreement revenue was \$524 million for 2014-15, which is an increase of \$165 million (46 percent) from 2010-11. Additionally, there have been significant increases in both volumes and values of withholding order inventories as enforcement tools are utilized such as Financial Institution Record Match (FIRM) to target the AR. Statutorily limited cases have also continued to increase as taxpayers seek financial relief through bankruptcy, offer in compromise and other statutory provisions. Private debt collection volumes and values have both decreased. The chart in Attachment 2 provides more detail of inventories by type for the last four years as well.

Analysis of Problem

The following table represents FTB's Proactive Collection inventory in the business areas in which the BCP positions reside. The BCP positions are a subset of and included in this total history.

Workload History

Workload Measure	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Beginning Inventory	37,151	35,123	35,240	36,871	42,087	40,211
+ Cases added	76,163	63,305	49,030	75,537	72,334	73,057
- Cases Closed	78,191	63,188	47,399	70,321	74,210	74,528
Ending Inventory	35,123	35,240	36,871	42,087	40,211	38,740
Hours per Case	3.4	4.1	5.0	4.5	3.8	4.9
Average Revenue per Case	\$3,459	\$6,209	\$7,787	\$5,102	\$3,839	\$3,776
Revenue (in thousands) ⁴	\$270,482	\$392,325	\$369,092	\$358,785	\$284,924	\$281,415

The proactive collection inventory is a subset of the available to collect AR inventory that was not resolved during the automated collection process. Proactive collection cases are worked manually by collectors who contact the taxpayer to resolve the outstanding liability and/or locate taxpayer assets that can be used to pay the taxpayer's tax debt.

C. State Level Considerations

In light of the fiscal issues facing the State of California, FTB continues to take comprehensive action to narrow the Tax Gap, resulting in more equitable taxation for those taxpayers who voluntarily comply with the state tax laws. The collection program effectively and fairly addresses all debtor types, producing an overall compliance effect that protects the State's revenue base.

This funding request soundly supports FTB's mission to fairly and effectively administer the state's tax system. The FTB mission is *"To provide the services and information to help taxpayers file accurate and timely tax returns and pay the proper amount owed. To accomplish this mission, we develop knowledgeable and engaged employees, administer and enforce the law with fairness and integrity, and responsibly manage the resources allocated to us."* This proposal fully supports FTB's mission and Strategic Plan Goal of Effective Enforcement which states that *"we will administer and enforce the law effectively to ensure all taxpayers meet their obligations to file and pay the proper amount owed."*

The added revenue coupled with the improved taxpayer compliance will provide many long-term benefits to the state. These associated benefits not only increase the General Fund, but also improve public perception and awareness in order to fully buy into and accurately participate in the taxation process for the benefit of all Californians.

D. Justification

Several factors, including these additional resources, have contributed to generation of revenue and the stabilization of the AR inventory. This proposal would further the department's efforts to ensure the tax gap does not widen by maintaining existing levels of compliance resources that enhance the state's ability to collect outstanding debts and continue efforts to stabilize the department's AR inventory.

The following table represents the continued collection case resolution and revenue potential for these positions. Without the continuation of these resources the associated work will go undone, the AR inventory will grow and the State will not realize revenue of \$108.2 million in 2016-17, \$106.1 million in 2017-18 and \$104.0 million in 2018-19 and beyond.

⁴2015-16 revenue reflects change in methodology for counting business entity revenue

Analysis of Problem

Accounts Receivable Management Program Proactive Collections Workload

Fiscal Year	Workload	Projected Resolutions	Hours per Case	Hours Needed	Revenue per Case	Projected Revenue <i>(in thousands)</i>
2016-17	Proactive Collections	28,860	5.0	144,300	\$3,750	\$108,225
2017-18	Proactive Collections	28,294	5.1	144,300	\$3,750	\$106,103
2018-19	Proactive Collections	27,750	5.2	144,300	\$3,750	\$104,063

The work performed by these limited term staff was factored into the baseline analysis before the collection program requested positions for FTB's EDR project. Without these limited term positions in place, the need for collection program positions would have been increased by the same amount for the EDR project. These positions are a critical component of the department's plan to meet revenue projections. FTB requests permanent positions to replace the two-year limited term positions to permanently address the ongoing generation of revenue, demand for collection assistance for EDR services and functionality and the continuing complexity and challenges in collecting the AR inventory.

This funding request supports ongoing and recently implemented initiatives to address the Tax Gap. In addition, FTB continues to research and implement other strategies to help reduce the Tax Gap and increases to the account receivables. These other ongoing initiatives and strategies include the following:

- Ensure staff works the highest cost to benefit ratio workloads.
- Utilizing better data and enforcement tools:
 - Enterprise Data to Revenue Project – In progress and continuing
 - Federal Treasury Offset Program – Implemented
 - Top 500 Delinquent Tax Debtors Program – Implemented
 - Financial Institution Record Match Project – Implemented as part of EDR
- Partnering with other agencies:
 - Data sharing for compliance purposes – In progress
- Outsourcing:
 - Out-of-state collections: transfer to vendor sooner - Ongoing
 - Out-of-state judgments – Ongoing

These strategies and initiatives, along with this funding request, all contribute to FTB effectively and efficiently managing the AR inventory. Each is a critical component of the overall AR management plan.

E. Outcomes and Accountability

The following table shows the anticipated proactive case resolutions and revenue generated in the business areas in which the BCP positions reside for the next five years. The totals for the five year period are 356,959 cases and \$1.34 billion in General Fund revenue and are the result of these BCP positions as well as other positions in these business areas.

Projected Outcomes

Workload Measure	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Beginning Inventory	40,211	38,740	38,535	39,575	41,840	44,453
+ Cases added	73,057	73,057	73,057	73,057	73,057	73,057
- Cases Closed	74,528	73,262	72,017	70,792	70,444	70,444
Ending Inventory	38,740	38,535	39,575	41,840	44,453	47,066
Hours per Case	4.9	5.0	5.1	5.2	5.2	5.2
Average Revenue per Case	\$3,776	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750
Revenue <i>(in thousands)</i>	\$281,415	\$274,733	\$270,062	\$265,471	\$264,165	\$264,165

FTB utilizes best business practices to determine the most efficient and effective methods to address various workloads that will maximize the CBR for every dollar spent. Resources are continuously re-evaluated for possible redirection to reach and exceed the department's revenue goals.

F. Analysis of All Feasible Alternatives

Alternative #1: *Approve funding of \$8.2 million and 101 permanent positions*

This alternative allows FTB to address the ongoing AR inventory growth, targeting the most cost effective/highest yielding accounts. FTB does not have existing resources available to redirect to these initiatives without adversely impacting the ability to generate revenue from other workloads such as audit or filing enforcement. FTB considers this a permanent workload that has significantly contributed to the general fund at a CBR of \$14 to \$1 or higher in previous years. Projected revenue is \$108.2 million (\$13.2 to \$1 CBR) for 2016-17, \$106.1 million (\$12.9 to \$1 CBR) for 2017-18 and \$104.0 million (\$12.7 to \$1 CBR) for 2018-19 and beyond.

Alternative #2: *Approve funding of \$6.2 million and 75 permanent positions*

This alternative proposes funding 75 permanent positions. Projected revenue is \$81.2 million for 2016-17, \$79.6 million for 2017-18 and \$78.0 million for 2018-19 and beyond. This also represents a loss of revenue of \$27.0 million in 2016-17, \$26.5 million in 2017-18 and \$26.0 million in 2018-19 and beyond. This alternative is not feasible as FTB does not have the resources to redirect personnel to these workloads.

Alternative #3: *Approve funding of \$4.1 million and 50.5 permanent positions*

This alternative will provide funding for 50.5 permanent positions. Projected revenue is \$54.1 million in 2016-17, \$53.1 million in 2017-18 and \$52.0 million in 2018-19 and beyond. This also represents a loss of revenue of \$54.1 million in 2016-17, \$53.1 million in 2017-18 and \$52.0 million in 2018-19 and beyond. This alternative is not feasible as FTB does not have the resources to redirect personnel to these workloads.

Alternative #4: *Do not approve this request*

This approach fails to maintain FTB's ongoing efforts to stabilize the AR inventory. These positions have allowed FTB to better manage AR inventory levels, reduce prior year receivables and timely process new cases as they enter the collection program. These positions are a critical component in the department's plan to meet revenue goals. This alternative would result in a loss of revenue of \$108.2 million in 2016-17, \$106.1 million in 2017-18 and \$104.0 million in 2018-19 and beyond.

G. Implementation Plan

- June 2016 – Limited term positions from the 2014-15 BCP 2 are scheduled to expire.
- June 2016 – 607 documents to establish 101 permanent positions are prepared and approved by the FTB Budget Officer and forwarded to the Department of Finance.
- June 2016 – Department of Finance notifies FTB of position approval.
- July 2016 – Positions are established with the incumbents in place.

H. Supplemental Information

None

Analysis of Problem

I. Recommendation

FTB recommends that Alternative #1 be approved: Approve funding of \$8.2 million and 101 permanent positions. Approval of this alternative recognizes the ongoing nature of the work required and ensures that FTB has adequate resources to address increasing accounts receivable inventory levels.

BCP Fiscal Detail Sheet

BCP Title: Accounts Receivable Management Program

DP Name: 7730-103-BCP-DP-2016-GB

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Positions - Permanent	0.0	101.0	101.0	101.0	101.0	101.0
Total Positions	0.0	101.0	101.0	101.0	101.0	101.0
Salaries and Wages						
Earnings - Permanent	0	5,197	5,197	5,197	5,197	5,197
Total Salaries and Wages	\$0	\$5,197	\$5,197	\$5,197	\$5,197	\$5,197
Total Staff Benefits	0	2,841	2,841	2,841	2,841	2,841
Total Personal Services	\$0	\$8,038	\$8,038	\$8,038	\$8,038	\$8,038
Operating Expenses and Equipment						
5301 - General Expense	0	79	79	79	79	79
5302 - Printing	0	3	3	3	3	3
5304 - Communications	0	61	61	61	61	61
Total Operating Expenses and Equipment	\$0	\$143	\$143	\$143	\$143	\$143
Total Budget Request	\$0	\$8,181	\$8,181	\$8,181	\$8,181	\$8,181

Fund Summary

Fund Source - State Operations						
0001 - General Fund	0	8,181	8,181	8,181	8,181	8,181
Total State Operations Expenditures	\$0	\$8,181	\$8,181	\$8,181	\$8,181	\$8,181
Total All Funds	\$0	\$8,181	\$8,181	\$8,181	\$8,181	\$8,181

Program Summary

Program Funding						
6280010 - Personal Income Tax	0	6,138	6,138	6,138	6,138	6,138
6280019 - Corporation Tax	0	2,043	2,043	2,043	2,043	2,043
Total All Programs	\$0	\$8,181	\$8,181	\$8,181	\$8,181	\$8,181

Personal Services Details

Salary Information

Positions	Min	Mid	Max	<u>CY</u>	<u>BY</u>	<u>BY+1</u>	<u>BY+2</u>	<u>BY+3</u>	<u>BY+4</u>
1419 - Key Data Opr				0.0	0.5	0.5	0.5	0.5	0.5
1470 - Assoc Info Sys Analyst (Spec)				0.0	2.0	2.0	2.0	2.0	2.0
1474 - Tax Program Asst				0.0	3.0	3.0	3.0	3.0	3.0
4357 - Administrator II				0.0	2.0	2.0	2.0	2.0	2.0
4358 - Administrator I				0.0	6.0	6.0	6.0	6.0	6.0
8619 - Compliance Rep				0.0	58.0	58.0	58.0	58.0	58.0
8620 - Sr Compliance Rep				0.0	25.0	25.0	25.0	25.0	25.0
9587 - Tax Program Techn I				0.0	4.5	4.5	4.5	4.5	4.5
Total Positions				0.0	101.0	101.0	101.0	101.0	101.0

Salaries and Wages	<u>CY</u>	<u>BY</u>	<u>BY+1</u>	<u>BY+2</u>	<u>BY+3</u>	<u>BY+4</u>
1419 - Key Data Opr	0	17	17	17	17	17
1470 - Assoc Info Sys Analyst (Spec)	0	134	134	134	134	134
1474 - Tax Program Asst	0	88	88	88	88	88
4357 - Administrator II	0	162	162	162	162	162
4358 - Administrator I	0	442	442	442	442	442
8619 - Compliance Rep	0	2,555	2,555	2,555	2,555	2,555
8620 - Sr Compliance Rep	0	1,631	1,631	1,631	1,631	1,631
9587 - Tax Program Techn I	0	168	168	168	168	168
Total Salaries and Wages	\$0	\$5,197	\$5,197	\$5,197	\$5,197	\$5,197

Staff Benefits	<u>CY</u>	<u>BY</u>	<u>BY+1</u>	<u>BY+2</u>	<u>BY+3</u>	<u>BY+4</u>
5150150 - Dental Insurance	0	59	59	59	59	59
5150200 - Disability Leave - Industrial	0	1	1	1	1	1
5150210 - Disability Leave - Nonindustrial	0	4	4	4	4	4
5150350 - Health Insurance	0	1,087	1,087	1,087	1,087	1,087
5150450 - Medicare Taxation	0	76	76	76	76	76
5150500 - OASDI	0	322	322	322	322	322
5150600 - Retirement - General	0	1,262	1,262	1,262	1,262	1,262
5150750 - Vision Care	0	10	10	10	10	10
5150800 - Workers' Compensation	0	20	20	20	20	20
Total Staff Benefits	\$0	\$2,841	\$2,841	\$2,841	\$2,841	\$2,841

Total Personal Services

\$0

\$8,038

\$8,038

\$8,038

\$8,038

\$8,038

Accounts Receivable Management Program BCP

Attachment 1

"Available to Collect" and "Statutorily or Otherwise Limited" Inventories ARM Division Accounts Receivable Balances																						
PIT and BE <i>Dollars in millions</i>	Jul 1, 2011				Jul 1, 2012				Jul 1, 2013				Jul 1, 2014				Jul 1, 2015				% Change Jul 2011 to Jul 2015	
	Balance	% of Total	Volume	% of Total	Balance	% of Total	Volume	% of Total	Balance	% of Total	Volume	% of Total	Balance	% of Total	Volume	% of Total	Balance	% of Total	Volume	% of Total	Balance	Volume
Statutorily or Otherwise Limited Inventory	\$2,868.3	34%	695,244	37%	\$3,120.6	39%	556,600	37%	\$3,625.8	43%	706,454	44%	\$3,670.0	42%	708,859	42%	\$3,310.6	41.9%	603,688	39.5%	15.4%	-13.2%
Available to Collect Inventory	\$5,669.8	66%	1,197,675	63%	\$4,875.2	61%	947,142	63%	\$4,826.9	57%	906,527	56%	\$5,134.8	58%	994,834	58%	\$4,588.4	58.1%	924,201	60.5%	-19.1%	-22.8%
Total:	\$8,538.1	100%	1,892,919	100%	\$7,995.8	100%	1,503,742	100%	\$8,452.7	100%	1,612,981	100%	\$8,804.8	100%	1,703,693	100%	\$7,899.0	100%	1,527,889	100%	-7.5%	-19.3%

Accounts Receivable Management Program

Attachment 2

ARM Division Accounts Receivable Balance Detail																						
PIT and BE <i>Dollars in millions</i>	Jul 1, 2011				Jul 1, 2012				Jul 1, 2013				Jul 1, 2014				Jul 1, 2015				% Change Jul 2011 to Jul 2015	
	Balance	% of Total	Volume	% of Total	Balance	% of Total	Volume	% of Total	Balance	% of Total	Volume	% of Total	Balance	% of Total	Volume	% of Total	Balance	% of Total	Volume	% of Total	Balance	Volume
Installment Agreements	\$775.8	9%	202,178	11%	\$887.0	11%	200,339	13%	\$969.5	12%	196,835	12%	\$1,013.4	12%	198,396	12%	\$996.3	12.6%	203,269	13.3%	28.4%	0.5%
Withholding Orders	\$1,059.7	12%	231,380	12%	\$1,233.5	15%	272,995	18%	\$1,442.3	17%	311,872	19%	\$1,373.6	15%	312,428	18%	\$1,314.3	16.6%	313,039	20.5%	24.0%	35.3%
Statutorily Limited	\$617.8	7%	71,409	4%	\$937.3	12%	71,640	5%	\$942.7	11%	77,869	5%	\$1,033.4	12%	114,274	7%	\$942.3	11.9%	72,558	4.7%	52.5%	1.6%
Private Debt Collection	\$415.0	5%	190,277	10%	\$63.0	1%	11,616	1%	\$271.3	3%	119,878	8%	\$249.6	3%	83,761	5%	\$57.7	0.8%	14,822	1%	-86.1%	-92.2%
Available to Collect	\$5,669.8	67%	1,197,675	63%	\$4,875.2	61%	947,152	63%	\$4,826.9	57%	906,527	56%	\$5,134.8	58%	994,834	58%	\$4,588.4	58.1%	924,201	60.5%	-19.1%	-22.8%
Total:	\$8,538.1	100%	1,892,919	100%	\$7,996.0	100%	1,503,742	100%	\$8,452.7	100%	1,612,981	100%	\$8,804.8	100%	1,703,693	100%	\$7,899.0	100%	1,527,889	100%	-7.5%	-19.3%