



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Probation
Department No.: 022
For Agenda Of: December 17, 2019
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Tanja Heitman, Chief Probation Officer (805) 803-8537
Director(s)
Contact Info: Damon Fletcher, Administrative Deputy Director (805) 882-3654
SUBJECT: Authorize the Chief Probation Office to Execute an Agreement with the California Franchise Tax Board Court Ordered Debt Collection Program

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

Recommended Actions:

That the Board of supervisors:

- A. Approve and authorize the Chief Probation Officer to execute the attached Agreement Number 46657 with the State of California Franchise Tax Board for the collection of unpaid delinquent court ordered restitution, fines, fees, penalties, forfeitures or other amounts imposed by the Court, for the period December 1, 2019 through November 30, 2022. The cost of the services provided to the County shall not exceed 15% of the amount collected by the Franchise Tax Board, pursuant to Revenue and Taxation Code Section 19282.
- B. Determine that the above actions are government fiscal activities or funding mechanisms which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment, and are therefore not a project under the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(4) of the CEQA guidelines.

Summary Text:

The Probation Department has been referring unpaid delinquent accounts to the Franchise Tax Board (FTB) since 2003. The current agreement between the County and the FTB included collection services between December 2016 and November 2019. During this period the FTB collected approximately

\$4,500,000 from Probation clients at a cost of approximately \$496,000. Execution of the attached agreement will allow the Department to continue to participate in this successful program which is currently providing approximately \$1,500,000 in annual collections.

Background:

On January 21, 2003, the Board of Supervisors approved the first agreement with the Franchise Tax Board and authorized the Chief Probation Officer to serve as the Contract Administrator for the agreement. The current agreement was approved by your Board on December 6, 2016 and expires November 30, 2019. Last year the FTB collected over \$1,600,000 which is in addition to the \$1,800,000 collected by Probation locally. The FTB facilitates payment by sending demand for payment letters, setting up installment agreements, levying: lottery winnings, unclaimed funds in the State Treasury and bank accounts, and obtaining wage garnishments.

The Probation Department considers the services provided by the FTB to be an effective collection tool for clients who fail to respond to local collection efforts, and for clients whose whereabouts are unknown. The FTB currently collects unpaid delinquent debt for 75 entities in four (4) categories of agencies: Courts, Counties, the Department of Corrections and Rehabilitation, and the Victim Compensation Government Claims Board. The FTB has access to more than 220 million income records and wage information on all California employees, and uses that information to pursue collection. An unintended positive consequence of unpaid Probation warrant account referrals is client contact and resolution of both legal and financial matters. Failure to continue to participate in FTB Court Ordered Debt program will result in a loss of approximately \$1,500,000 in annual collections.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

| <u>Funding Sources</u> | <u>Current FY Cost:</u> | <u>Annualized On-going Cost:</u> | <u>Total One-Time Project Cost</u> |
|-------------------------------|--------------------------------|---|---|
| General Fund | \$ 115,000.00 | \$ 115,000.00 | |
| State | | | |
| Federal | | | |
| Fees | | | |
| Other: | \$ - | | |
| Total | \$ 115,000.00 | \$ 115,000.00 | \$ - |
| | | | |

Narrative:

Revenues from the anticipated continuation of collection services by the Franchise Tax Board (FTB) are included in the Department’s FY 2019-20 adopted budget. The FTB charges up to 15% of the amount collected as an administrative fee. FY 2019-20 FTB collections were estimated to be \$115,000 and are included in the Probation Department’s FY 2019-20 adopted budget. Failure to execute the agreement and continue to participate in the FTB collection program will result in a loss of approximately \$1,500,000 per year in revenue. Execution of the agreement and continued participation in the program will not result in an increase in the Probation Department General Fund contribution.

Staffing Impacts:

Legal Positions:
0.0

FTEs:
0.0

Special Instructions:

Please return two (2) Certified Minute Orders to Lupe Acero, Supervising Accountant Probation Department, 117 E Carrillo St, Santa Barbara CA 93101. A fully executed original of the agreement will be returned to the Clerk of the Board when it is received back from the State.

Attachments:

Attachment A: State of California Standard Agreement number 46657

Authored by:

Damon Fletcher, Administrative Deputy Director