

**Office of the Comptroller  
Massachusetts**

**Multi-jurisdictional Intercepts on the Internet**

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**1. Provide a brief description of the project, including project objectives.**

Intercept is an automated process that matches eligible payments to delinquent debt for individuals and organizations that function both as vendors and payees of the state. Matched payments offset the debt, either in whole or in part, until the debt is retired. Automated intercept functionality is a fully integrated component of the state's Billing and Accounts Receivable System and was initiated in FY1995. Since that time, over \$23M in intercepts to relieve state debt have been achieved through offsets to the state's warranted payments and income tax refund systems. This subsystem is a component of the state's character based, main-frame legacy system.

In FY 2001, the Office of the Comptroller and its partners initiated an enhancement project to permit non-state entities, such as cities and towns or state authorities, and state agencies that are not using statewide billing functionality, to send files of delinquent debt to the intercept program. System modifications permit any authorized debt source to transmit to the intercept program debt files meeting stringent business requirements for notice dunning and due process for match against any authorized payment source. In order to maximize the scalability of the enhanced system, an Internet application was developed through which departments, authorities or cities and towns can transmit debt files and receive daily updates on successful intercepts. Data transmission occurs in a secure environment using Virtual Private Network (VPN) technology.

The objective of the project was to provide non-cash assistance (benefits) to political subdivisions of the state at minimal cost, thus creating value.

A pilot of the multi-jurisdictional intercept project was implemented in eight state-funded institutions of higher education in March 2001. Matches against state tax refunds yielded \$40K in intercepts against debt files for delinquent tuition and loans totaling \$900K. As of January 20, 2002, three more schools and the State Board of Higher Education have sent debt files totaling over \$7.5M. As the state's tax refund season begins, a high rate of intercept activity is anticipated.

**2. What improvement(s), new functionality, or business application did the project address?**

Prior to system enhancements, intercept functionality was limited to state departments using the billing and dunning functions of the state's centralized billing system. This

effectively eliminated a large number of state entities with Comptroller-authorized delegated billing systems, such as the 29 state-funded institutions of higher education, from participating in the debt collection efficiencies of the intercept program. Hard-coded interfaces had to be built each time a new user wished to send debt files to the program. The enhancements project developed a table-driven processing system, such that an infinite number of authorized entities can be added with no new programming or manual effort. This permits expansion of both debt and payment sources over time and as allowed by state statute. By adding a secure web-based front and back end, new users who are not part of the state's Intranet (such as municipalities) can easily take advantage of intercept functionality. Legislative authorization for a pilot project with municipalities on a fee-for-service basis is under active consideration.

**3. Describe the schedule of the project's design, development, and implementation.**

Needs analysis and business process requirements	April – August 2000
Prelim. Anal./Architecture, Functional Design	Sept. – Nov. 2000
Construct System Changes, coding, testing (Phase I)	Dec. – Jan. 2001
Phase I: Receipt and processing of debt files and related accounting transactions	
Installation of System Changes	Feb. 2001
Implementation of 8 pilot schools	March – April 2001
Construct System Changes, coding, testing (Phase II)	May - Nov. 2001
Phase II: Web application, automated checks to non-state entities for intercept \$	
Installation of System Changes	Dec. 2001
Implementation of additional schools and Bd. Higher Ed.	Jan. 2002

**4. What did the project accomplish? Who are the current and potential beneficiaries? Were other public sector entities, like component units or local governmental entities, or private sector entities able to participate and, if so, how did this add value to the development and outcome of the project?**

The state now has a debt collection mechanism that can be easily expanded to both state and all types of governmental entities to assist them in reducing delinquent accounts receivable. Currently, the State Comptroller has legislative authority to extend this functionality to state agencies and institutions of higher education. Enhancements were designed with municipal and quasi-governmental entities (component units) in mind and interviews were conducted with a sampling of officials from such entities prior to the design phase of the project. The decision to add a web front and back end to the project was a direct result of these discussions as well as the Comptroller's desire to use the most current technology to open up the program to a wide number of users. The project was a partnership of four state agencies: Office of the Comptroller, Information Technology Division, Department of Revenue and the State Treasurer's Office. The project has achieved its goal of permitting expansion of a successful debt collection mechanism at a time when this state, as well as many others, is experiencing a downturn in revenue collections. The fee-for-service mechanism, if authorized and

implemented, will further add to the state's revenue stream. The knowledge that the state is actively pursuing opportunities to assist other governmental entities in their debt collection efforts has been positively received by institutions of higher education and cities and towns.

**5. What were the levels of personnel on the project team and how did participation on the team enhance the skills of those personnel?**

1 FTE project leader, .5 FTE business unit staff, .5 FTE system unit staff – department Staff , 4 - 5 FTE programming staff (varied with project phase) – Technology Division Staff

Project staff participated in team and steering committee meetings involving users and other project partners, such as Treasury and Department of Revenue. This increased staff knowledge of the broader business environment of debt collection. Understanding of system functionality was significantly increased through the detailed analysis required to design and implement system changes.

**6. List the funding source(s) (indicating those that would be innovative), costs incurred, benefits derived, and return on investment (factoring in hard and soft savings).**

This project was funded through an Information Technology Bond Fund. The project budget was \$300K through October 2001. A task order for continued implementation activities has been approved for \$297K through the end of FY 2002 (includes purchase/installation of a firewall for an extended DMZ). A total of \$40K in intercepts has been collected for higher education against \$900K in debts. Over \$7.5M in debts are currently being processed with significantly higher returns expected. During this FY, additional entities will be added to the intercept program, legislative authorization for expansion to other governmental entities will be sought and discussions will continue with the US Treasury regarding a federal-state non-tax revenue intercept project. If municipalities are added to the intercept program, and fees are charged for this service, we estimate \$1M per year in revenues to the state.

**7. What measurements have been established to monitor the continued success and benefits of the project?**

Statistics regarding # of institutional participants, debt file size (\$ and # record totals), frequency of file transmission, and # and \$ amount of successful intercepts are recorded on a daily basis.

**8. How replicable in other areas of the public sector or other states do you consider this project to be? What obstacles or problems might other states encounter in trying to implement this or a similar project? Specifically, how was this project communicated statewide? Were there cultural business barriers to overcome? If yes, please elaborate. Was training involved from**

**the central project team? Were consultants involved in the project? If yes, what was their role?**

The addition of web front ends to legacy systems to expand connectivity and improve visibility is easily replicable. This specific project is highly replicable in states with centralized billing and accounts receivable systems. The most significant obstacle is the policy concern by some that intercepting state tax refunds to settle delinquent city and town debt will be viewed negatively by the citizens. We believe that in these current economic times, increasing revenue sharing to municipalities will be difficult and offering services like these is a sound alternative. In addition, strict policies regarding aged debt, notices and other debtor rights will minimize the risk of error. Obstacles generally related to limited IT staff resources in institutions of higher education (building the initial debt file requires some IT support). Communication was through Comptroller memoranda and letters; this included a kick-off letter from the Comptroller to all institution of higher education Presidents and CFO's and periodic updates to same. On-going meetings and telephone calls from project staff to schools was maintained throughout the project. No training was required: a User Manual for participation in the intercept project and an intuitive web application obviated the need for training sessions. The project leader was an individual hired as a consultant; all other team members were state employees.