EXECUTIVE ORDER NO. 17-09

**PROMOTING FISCAL RESPONSIBILITY
BY RECOVERING MONIES OWED TO THE STATE**

WHEREAS, Oregonians deserve a fiscally responsible state government that maximizes the value of taxpayer dollars it receives; and

WHEREAS, one way of operating government efficiently and maximizing value received from taxpayer dollars is by recovering monies owed to the State; and

WHEREAS, Oregon is currently owed, and, despite collection efforts, has not recovered, significant sums of money that could be used for delivering services to the public; and

WHEREAS, analyses by the Secretary of State in 2015 and the Legislative Fiscal Office in 2016 calculated that more than $600 million of debt owed to the State is tied to the State's General Fund; and

WHEREAS, given Oregon's current budget deficit of approximately $1.6 billion, it is important that state government improve collection of monies owed to the State;

NOW THEREFORE, IT IS HEREBY DIRECTED AND ORDERED:

I. Definitions. For purposes of this Executive Order:

A. "State agency" shall be defined as any agency within the Executive Department as defined in ORS 174.112, other than the Oregon Secretary of State, Oregon State Treasury, Oregon Department of Justice, and Oregon Bureau of Labor and Industries.

B. "Liquidated Debt" shall have the meaning given the term in the Oregon Accounting Manual number 35.30.30.

C. "Delinquent Debt" is a receivable for which payment has not been received by the due date.

II. Reporting of Liquidated and Delinquent Debt. State agencies shall immediately determine the amounts of Liquidated and Delinquent Debts on their books for the most recent fiscal year, and shall issue a report of such amounts to the Department of Administrative Services ("DAS") Chief Operating Officer by June 30, 2017. The report shall include:

A. The total amount of Liquidated and Delinquent Debt on their books for the most recent fiscal year;

B. Of the amount reflected in Section II(A), what amount they believe is recoverable with reasonable effort and using collection tools available to the State; and

C. How their debt collection processes meet or, by December 31, 2017, will meet, the collection guidelines stated in the Oregon Accounting Manual; and, further, how their debt collection process would be influenced by the passage of Senate Bill 89. Agency processes reflected in Section II(C) should include plans for prompt referrals to the Department of Revenue, Other Agency Accounts unit, no later than 60 days after the debt is declared Liquidated and Delinquent, or as allowed by the Oregon Accounting Manual.

III. Quarterly Tracking. DAS, in partnership with all state agencies, shall develop a quarterly reporting measurement that tracks debt collection activities. The Governor will set a debt collection benchmark to measure performance of state agencies by January 1, 2017.

IV. Procurement. State agencies shall modify their procurement and contracting practices to facilitate debt collection, to the extent permitted by law, including the following:

A. The Chief Procurement Officer shall facilitate the State's recovery of Liquidated and Delinquent Debt as follows:

1. The Chief Procurement Officer shall revise public contract templates to include a model provision that, if included in a procurement contract and to the extent not prohibited by law, would allow state agencies to recoup Liquidated and Delinquent Debt owed by vendors to any state agency by means of reducing state agencies' payments to such vendors.

2. The Chief Procurement Officer shall revise procurement instructions to enable state agencies to consider, where appropriate, Liquidated and Delinquent Debt owed to the State when evaluating vendors on state price agreements, when issuing purchase orders or similar ordering documents,

or when entering into new contracts with vendors when the contract value exceeds $150,000, to the extent not prohibited by law.

B. State agencies shall consider Liquidated and Delinquent Debt owed to the State when evaluating vendors on state price agreements, when issuing purchase orders or similar ordering documents, or when entering into new contracts with vendors, to the extent not prohibited by law.

V. Coordination of Payments and Collection Efforts. Subject to policies established by DAS, state agencies shall make efforts to recover Liquidated and Delinquent Debt from entities to which state agencies are remitting significant payments. DAS is directed to develop policies requiring:

A. State agencies to recoup Liquidated and Delinquent Debt owed by vendors by means of reducing state agencies' payments to such vendors, where permitted by the contract or contracts imposing the payment obligation or other law.

B. State agencies to take other measures in furtherance of recoupment of Liquidated and Delinquent Debt, where recoupment by offsetting payments is not permitted by the contract or contracts imposing the payment obligation or other law.

VI. Publicize Debtors. The Department of Revenue shall assess the feasibility of creating a website listing entities and individuals that owe the State Liquidated and Delinquent Debt, and shall report such feasibility to the DAS Chief Operating Officer by December 31, 2017. The assessment shall include, if appropriate, standards for adding and removing entities and individuals from the list, including removing entities and individuals that have entered into and are performing an agreement with the State to pay their Liquidated and Delinquent Debt in installments.

VII. Electronic garnishments. The Department of Revenue shall make efforts to recover Liquidated and Delinquent Debt by issuing garnishments using electronic means, to the extent permitted by law. The Department of Revenue shall report to the DAS Chief Operating Officer on the results of these efforts by September 1, 2017.

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VIII. The provisions of this Executive Order are subject to all applicable state and federal laws and controlling contract provisions.

IX. Governor Kate Brown encourages the Secretary of State, the State Treasurer, the Attorney General, and the Commissioner of the Bureau of Labor and Industries, as well as the Legislative Assembly and the Judicial Department, to adopt policies and practices to recover Liquidated and Delinquent Debt consistent with the measures adopted by this Executive Order. DAS and the Department of Revenue are directed to assist the above-mentioned officials and entities of state government in accomplishing these objectives as they may request.

X. Except as otherwise provided herein, this Executive Order will remain in effect until June 30, 2019, unless superseded by a subsequent Executive Order or source of law.

Done this 5th day of May, 2017, at Salem, Oregon.

Kate Brown
GOVERNOR

ATTEST:

Dennis Richardson
SECRETARY OF STATE