

## Accounts Receivable

### Executive Summary

The *Code of Virginia* § 2.2-4800 et seq. requires the Department of Accounts, along with the Office of the Attorney General, to oversee, report on, and monitor the Commonwealth's accounts receivable program. In order to carry out this responsibility, DOA has issued policies and procedures on accounting, collecting, reporting, and writing off accounts receivable. In addition, DOA provides technical assistance to agencies and institutions and uses statistical analyses and audit reports to monitor the ongoing effectiveness of agencies in managing their accounts receivable.

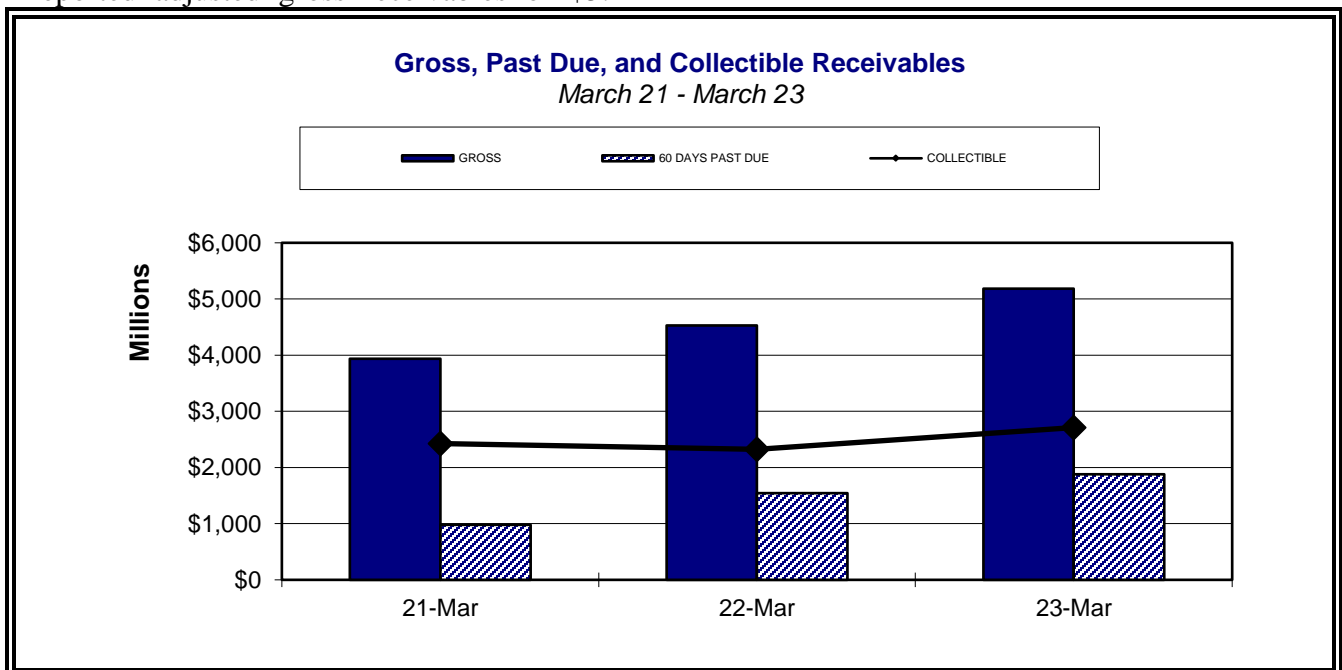
In an effort to present more meaningful information, DOA continues to exclude data from the tables (except for the final table on past due receivables) from the Department of Taxation, consisting largely of statutory assessments and non-filers assessments, and the circuit and district courts, which report judgments and fines with extremely low collection statistics.

Commonwealth agencies and institutions reported adjusted gross receivables of \$5.2

billion at March 31, 2023, with \$2.7 billion considered collectible. Receivables over 60 days past due as of March 31, 2023, totaled \$1.9 billion. Of that amount, \$41.8 million was placed with private collection agencies, \$33.7 million was placed with the Division of Debt Collection and \$1.8 billion was retained in-house for additional collection efforts.

It is important to note that the adjusted state receivables largely consist of unemployment taxes, tuition and fees, and billings for several indigent care programs, which present numerous special challenges in collection. "Trade receivables" typical of the private sector, which are generated by billings for the provision of goods and/or services, make up only a small portion of the state's receivables.

Further, the majority of the significant outstanding receivable balances have statutory or other restrictions specifying the distribution of any collections. The collection of the outstanding receivable balances would not provide additional resources to fund the Commonwealth's operations.



As of March 31, 2023, agencies expected to collect \$2.7 billion (52 percent) of the \$5.2 billion adjusted gross receivables. About 1 percent is due to the General Fund, primarily for benefit recoveries and sales

of permits. The balance, which contains Medicaid penalties that are no longer revertible, is due to several non-general funds.

**Collectible Receivables by Fund**

*Not Including Circuit Courts, District Courts, or Department of Taxation*

*As of March 31, 2023*

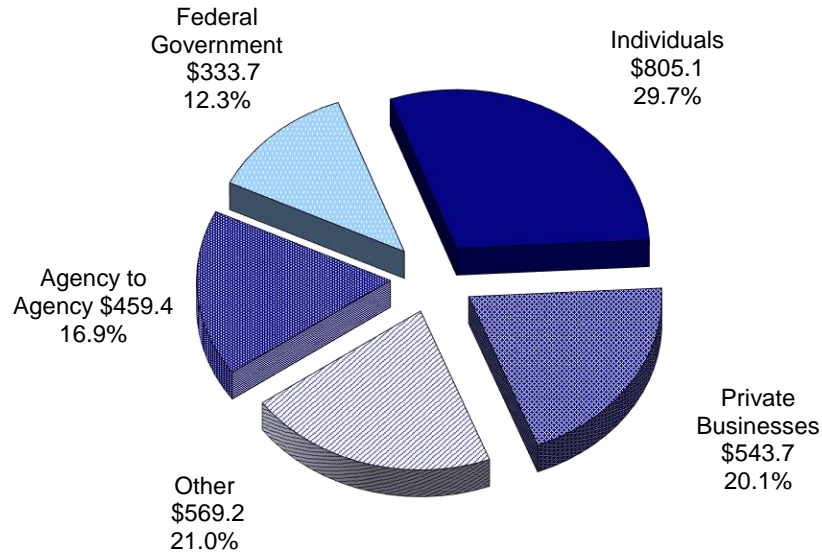
<b>Fund</b>	<b>Source</b>	<b>Amount</b>	<b>Percent</b>
<b>General Fund</b> 1%	Medicaid - Current Recoveries	\$ 12,711,495	57%
	Social Services	3,517,606	16%
	Military Affairs	1,162,748	5%
	Labor and Industry Inspections	1,138,917	5%
	Supreme Court	988,990	4%
	Other	2,568,161	12%
	Subtotal	22,087,917	99%
	Agency to Agency Receivables	189,170	1%
<b>Total General Fund Collectible</b>		<b>\$ 22,277,087</b>	<b>100%</b>
<b>Nongeneral Funds</b> 99%	Higher Education	\$ 639,390,367	24%
	Hospital	405,097,313	15%
	Child Support Enforcement	296,616,982	11%
	Unemployment Taxes *	242,612,215	9%
	Transportation	135,290,618	5%
	Enterprise	127,433,683	5%
	Federal Government	117,214,508	4%
	Medicaid - Dedicated Penalty Fees	52,860,627	2%
	DBHDS Patient Services	45,869,557	2%
	Medicaid - Federal Reimbursements	27,788,848	1%
	Other	139,367,515	5%
	Subtotal	2,229,542,233	83%
	Agency to Agency Receivables	459,226,941	17%
<b>Total Nongeneral Fund Collectible</b>		<b>\$ 2,688,769,174</b>	<b>100%</b>
<b>All Funds</b>	<b>Grand Total</b>	<b>\$ 2,711,046,261</b>	<b>100%</b>

\*Note: The Virginia Employment Commission provides Unemployment Taxes Information.

## Summary of Receivables by Source

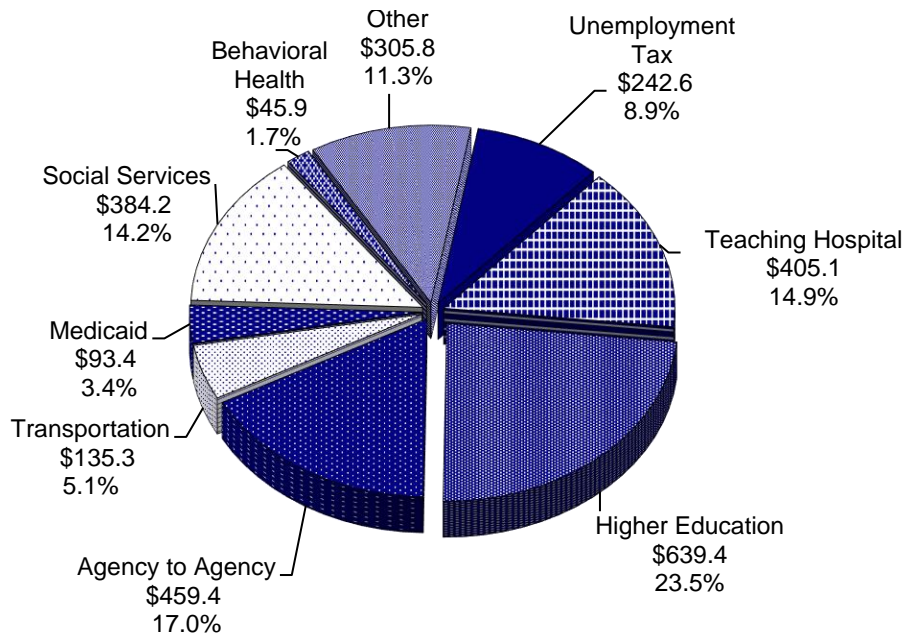
### Sources of Collectible Receivables by Debtor

(dollars in millions)  
As of March 31, 2023



### Sources of Collectible Receivables by Type

(dollars in millions)  
As of March 31, 2023



Not counting Taxation and the Courts, ten agencies account for 86 percent of the Commonwealth's adjusted gross and 76

percent of the adjusted collectible accounts receivable balances.

**Accounts Receivable Summary**  
*Not Including Circuit Courts, District Courts, or Department of Taxation*  
*As of March 31, 2023*

Agency	Gross	Allowance for Uncollectible Accounts	Collectible
UNIVERSITY OF VIRGINIA MEDICAL CENTER	\$ 1,300,407,577	\$ (825,165,405)	\$ 475,242,172
DEPARTMENT OF SOCIAL SERVICES	912,349,163	\$ (510,217,089)	\$ 402,132,074
VIRGINIA EMPLOYMENT COMMISSION	1,176,028,311	\$ (926,255,598)	\$ 249,772,713
DEPARTMENT OF TRANSPORTATION	231,313,395	\$ (5,543,217)	\$ 225,770,178
UNIVERSITY OF VIRGINIA - ACADEMIC DIVISION	180,955,017	\$ (48,294)	\$ 180,906,723
VIRGINIA POLYTECHNIC INST AND STATE UNIVERSITY	158,946,052	\$ (2,303,968)	\$ 156,642,084
GEORGE MASON UNIVERSITY	116,888,965	\$ (11,498,214)	\$ 105,390,751
DEPARTMENT OF MEDICAL ASSISTANCE SERVICES	212,492,748	\$ (119,131,778)	\$ 93,360,970
VIRGINIA LOTTERY	91,153,604	\$ -	\$ 91,153,604
VIRGINIA INFORMATION TECHNOLOGIES AGENCY	74,164,867	\$ -	\$ 74,164,867
<b>Total</b>	<b>\$ 4,454,699,699</b>	<b>\$ (2,400,163,563)</b>	<b>\$ 2,054,536,136</b>
All Other Agencies	726,557,858	(70,047,733)	656,510,125
<b>Grand Total</b>	<b>\$ 5,181,257,557</b>	<b>\$ (2,470,211,296)</b>	<b>\$ 2,711,046,261</b>

In addition to internal administrative collection efforts, agencies have three other collection tools available to them. These are computerized matching and debt setoff programs at the Departments of Taxation, Lottery and Accounts, private collection agencies, and the Attorney General's Division of Debt Collection.

DOA requires state agencies and institutions to use the computerized matching and debt setoff programs for receivables that are 30 days or more past due. DOA also requires the use of private collection agencies on delinquent accounts that are 60 days or more past due which are not sent to the Attorney General's Division of Debt Collection.

The Office of the Attorney General requires state agencies and institutions to send accounts of \$3,000 or more and 60 days or more past due to the Division of Debt Collection.

These additional collection tools recovered \$23.4 million during the quarter ended March 31, 2023. The Division of Debt Collection contributed \$1.1 million. Private collection agencies collected \$4.1 million, and the debt setoff programs (Tax, Comptroller's and Lottery) collected \$18.2 million.

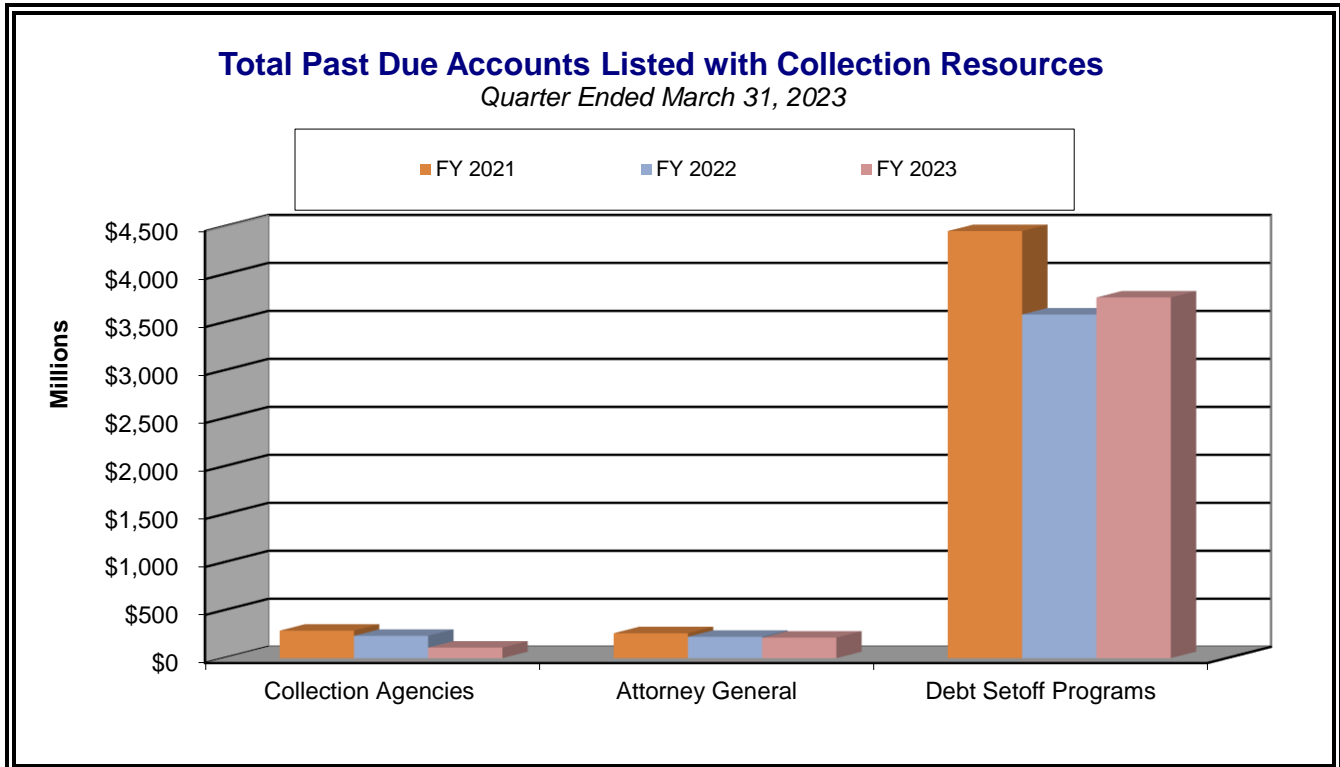
Private collection agencies returned \$12.0 million of accounts to agencies, and the Division of Debt Collection discharged \$0.3 million of accounts and returned \$0.5 million of accounts to agencies.

## Collectible Receivables Over 60 Days Past Due

*Not Including Circuit Courts, District Courts or the Department of Taxation  
As of March 31, 2023*

Agency	Total Over 60 Days	With Collection Agency	With Attorney General	Retained by State Agency
Virginia Employment Commission	\$ 956,960,401	\$ 0	\$ 155,372	\$ 956,805,029
Department of Social Services	300,180,832	4,946	50,615	300,125,271
University of Virginia Medical Center	195,106,858	17,706,948	0	177,399,910
Department of Medical Assistance Services	172,586,994	327,381	5,993,602	166,266,011
Virginia Department of Transportation	49,649,514	2,610,184	17,381,786	29,657,544
George Mason University	34,094,666	3,573,368	0	30,521,298
Old Dominion University	20,449,129	12,773,890	0	7,675,239
University of Virginia-Academic Division	20,412,600	57,240	44,247	20,311,113
Virginia Community College System-Central Office	17,703,263	1,042,850	0	16,660,413
Virginia Polytechnic Institute and State University	16,886,529	850,659	275,720	15,760,150
<b>TOTAL</b>	<b>\$ 1,784,030,786</b>	<b>\$ 38,947,466</b>	<b>\$ 23,901,342</b>	<b>\$ 1,721,181,978</b>
All Other Agencies	96,586,730	2,817,786	9,760,313	84,008,631
<b>TOTAL OVER 60 DAYS</b>	<b>\$ 1,880,617,516</b>	<b>\$ 41,765,252</b>	<b>\$ 33,661,655</b>	<b>\$ 1,805,190,609</b>
Uncollectible Amounts Placed for Collection, Including Accounts Written Off	4,079,486,020	109,268,858	212,543,498	3,757,673,664
<b>TOTAL COLLECTION EFFORTS</b>	<b>\$ 5,960,103,536</b>	<b>\$ 151,034,110</b>	<b>\$ 246,205,153</b>	<b>\$ 5,562,864,273</b>

Note: The additional amounts retained by agencies are placed for collection with several debt setoff collection programs.



**Comptroller’s Debt Setoff (CDS) Program**

CDS is one of the debt setoff programs used by agencies to collect past due accounts receivable owed to the State, primarily by businesses and individuals acting in a business capacity. Under CDS, a payment made by the

State to the debtor may be withheld, in full or in part, to satisfy the debt owed to the State. CDS collected a total of \$22.5 million in FY 2023. Please note the amount reported is before any refunds.

**Receivable Trend Data**

One way to measure an agency’s effectiveness at collecting its accounts receivable is to look at how efficient collection procedures are on accounts that are more than 60 days past due. The following table looks at trend percentages

of receivables over 60 days past due as a percentage of gross receivables for the agencies with the largest amounts over 60 days past due.

**Percentage of Gross Receivables Over 60 Days Past Due**

Agency	Percent 3/31/23	Comparative	
		Percent 3/31/22	Percent 3/31/21
Virginia Employment Commission	81%	61%	22%
Department of Medical Assistance Services	81%	90%	95%
Department of Social Services	33%	34%	31%
Old Dominion University	31%	41%	36%
Virginia Community College System - Central Office	30%	30%	31%
George Mason University	29%	31%	26%
Department of Transportation	21%	32%	31%
University of Virginia Medical Center	15%	17%	19%
University of Virginia - Academic Division	11%	13%	8%
Virginia Polytechnic Institute and State University	11%	3%	9%
<b>Statewide Average - All Agencies</b>	<b>36%</b>	<b>34%</b>	<b>25%</b>

Another way to measure agency debt collection effectiveness is to compare amounts collected to amounts billed. The table below presents trend percentages for the ten agencies with the highest collectible accounts receivable balances. In total, these ten agencies are responsible for 76 percent of the Commonwealth's collectible receivables balances, as adjusted to exclude the Department of Taxation and the circuit and district courts. Percentages over 100 percent indicate the collection of prior balances as well as current billings.

In evaluating these percentages, it is important to understand that the percentages may fluctuate based on how the different agencies conduct their business and the cycles that those businesses typically follow.

The statewide average of 97 percent indicates that for every dollar billed during the quarter ended March 31, 2023, the state collected ninety-seven cents. This rate is the three percent lower than last year and two percent higher than two years ago.

### Collections as a Percentage of Billings

Agency	Percent 3/31/23	Comparative	
		Percent 3/31/22	Percent 3/31/21
Virginia Polytechnic Institute and State University	237%	242%	205%
University of Virginia - Academic Division	159%	243%	270%
Virginia Information Technologies Agency	116%	102%	102%
Virginia Lottery	104%	111%	97%
Department of Transportation	99%	117%	107%
Department of Social Services	96%	107%	95%
George Mason University	93%	97%	93%
Virginia Employment Commission	35%	25%	80%
Department of Medical Assistance Services	30%	59%	59%
University of Virginia Medical Center	25%	24%	24%
<b>Statewide Average - All Agencies</b>	<b>97%</b>	<b>100%</b>	<b>95%</b>

## Commonwealth Receivables Analysis

The following individual accounts receivable narratives describe agency collection programs and related trend information:

### ***Department of Medical Assistance Services (DMAS)***

DMAS is responsible for overseeing service delivery to eligible recipients and reviewing and auditing the providers of a variety of federally and State funded health care programs. These programs include Medicaid, Family Access to Medical Insurance Security (FAMIS), and State and Local Hospitalization (SLH) programs.

DMAS' collectible accounts receivable of \$93.4 million at March 31, 2023, is a \$40.1 million increase over the \$53.3 million reported at March 31, 2022. Over the same period, total past due receivables of \$206.1 million have increased by \$91.2 million from \$114.9 million.

### ***University of Virginia Medical Center (UVAH)***

UVAH provides primary and specialty health care for Central Virginia by operating a 684-bed hospital, a School of Medicine, and over 20 research centers. The majority of its receivables consist of Medicaid and Medicare reimbursements and payments from third party insurers.

UVAH collectible receivables of \$475.2 million at March 31, 2023, was a \$114.1 million increase from the \$361.1 million reported the previous year. Past due receivables increased \$26.6 million to \$443.8 million over the previous year.

### ***Virginia Employment Commission (VEC)***

VEC is responsible for paying unemployment insurance benefits to workers who have become unemployed. VEC also provides employment assistance for job seekers and analyzes and reports on a variety of labor market information.

VEC collectible receivables were \$249.8 million at March 31, 2023, a decrease of \$205.8 million from the previous year. Total past due receivables were \$981.7 million, a \$176.5 million increase over last year. VEC collects employer tax receivables in-house. The Attorney General's Office is involved in contested cases. Unemployment benefit overpayments to individuals are referred to private collections agencies after in-house efforts have produced no results and when debtors have left the state.

### ***Virginia Information Technologies Agency (VITA)***

VITA is the state's central information technologies provider. VITA operates the information technology infrastructure for much of State government, providing both hardware and services. VITA also procures hardware and software for agencies and institutions of higher education.

VITA reported collectible receivables at March 31, 2023, of \$74.2 million, which is an increase of \$1.2 million reported in the previous year. Most of these receivables are due from other state agencies. As of March 31, 2023, \$3.9 million was over 60 days past due, an increase of \$2.8 million from the previous year.



### ***Virginia Lottery (VAL)***

The Virginia Lottery is an independent agency responsible for operating the state's lottery gaming, including the sale and profits from scratch and draw game tickets. The Virginia Lottery actively participates in national and regional games including Mega Millions, Powerball, and Cash 4 Life. Retail merchants who sell the Virginia Lottery games are covered by surety bonds and deposit Lottery receipts into bank accounts approved by the State Treasurer.

At March 31, 2023, the Virginia Lottery reported net receivables of \$91.2 million, a \$22.6 million increase from the previous year. Billings increased by \$20 million, and collections increased by \$6.5 million during the March 31, 2023 quarter when compared to the March 31, 2022 quarter. At March 31, 2023, the Virginia Lottery had \$91,943 that was over 60 days past due. The total amount owed is covered by surety bonds.

### ***Department of Education (DOE)***

Education acts as the pass-through agency for state and federal education funds and determines the allocation of funds to local school divisions under the Direct Aid to Public Education Program. Localities file expenditure reimbursement requests with the Department who then reviews the claims for accuracy and correctness. Eligible expenditures under federal grants are paid by DOE, which then draws down the money from the U. S. Department of Education.

At March 31, 2023, DOE receivables due from the Federal government totaled \$3,762.

### ***Virginia Polytechnic Institute and State University (VPISU/ID)***

VPISU/ID is one of the Commonwealth's largest universities and one of two land grant institutions in the state. At March 31, 2023, the University reported net collectible receivables of \$156.6 million, an increase of \$41.2 million over the prior year. At the same time, total past due receivables of \$23.2 million decreased by \$0.3 million over the prior year.

The University uses a variety of collection methods to encourage payments. At March 31, 2023, VPISU/ID had \$16.9 million of accounts over 60 days past due. Of that amount, \$850,559 was placed with private collection agencies, and \$15.8 million was subject to additional in-house efforts.

### ***Department of Behavioral Health and Developmental Services (DBHDS)***

DBHDS operates 10 facilities around the State to treat patients. These facilities account for nearly all of the department's receivables, consisting primarily of fees due for patient care. DBHDS bills third party insurers and patient assistance programs such as Medicare and Medicaid whenever they are available. In other cases, the Department looks to responsible family members and tangible real and personal property for payment. When property is located, a lien is filed in the local courts so that when estates are liquidated, DBHDS can recover some of the costs involved in a patient's care.

At March 31, 2023, DBHDS reported collectible receivables of \$45.9 million, a \$35.4 million increase over the previous year. \$25.2 million was past due, with \$13 million being over 60 days past due. Total past due receivables increased by \$8.3 million over the year, and accounts over 60 days past due decreased by \$196,960. At March 31, 2023, the Department had a total of \$31.7 million of accounts placed with the Attorney General and \$1.6 million listed in Taxation's Debt Setoff Programs.

### ***Department of Transportation (VDOT)***

Depending upon how a particular road construction project is funded, VDOT receives payments from a variety of sources. These include the Federal government, local government, and from responsible parties or their insurance companies for damages to VDOT's infrastructure. VDOT also receives pass-thru funds from VDEM for repairs to infrastructure related to natural disasters. The majority of VDOT receivables stem from these sources.

At March 31, 2023, VDOT reported \$225.8 million of collectible receivables, an increase of \$76.3 million from the prior year. VDOT also reported \$54.0 million total past due and \$49.6 million being over 60 days past due. Past due receivables decreased by \$30.1 million over the year, and receivables over 60 days past due increased by \$551,869. VDOT reports that the large majority of the accounts over 60 days past due continue to be amounts owed by cities, counties and towns that are participating on long-term construction projects with the department and payments from responsible parties or their insurers for damages to VDOT infrastructure.

VDOT reported placing \$17.4 million of their accounts over 60 days past due with the Attorney General's Division of Debt Collection.

### ***Department of Social Services (DSS)***

Social Services provides financial assistance to eligible individuals and families through 120 local departments of social services. The assistance programs include the Temporary Assistance for Needy Families (TANF), Medicaid, Supplemental Nutrition Assistance Program (SNAP), and Low-Income Home Energy Assistance Program (LIHEAP). In addition to the assistance programs, DSS is the federally-mandated state agency to provide child support enforcement assistance. Child support paid for children receiving money from an assistance program is required to be paid to reimburse the federal and state funds which provide the assistance. Overpayments of assistance benefits from ineligible participants must also be repaid to the originating funds. Receivables due from the Federal government usually are the Federal share of assistance payments and allowable cost recoveries made through the local offices during the preceding month.

At March 31, 2023, DSS reported end gross receivables of \$912.3 million, an allowance for doubtful accounts of \$510.2 million and collectible receivables of \$402.1 million. Past due receivables totaled \$304.9 million, of which \$300.1 million was over 60 days past due.

Of these amounts, the Division of Child Support Enforcement (DCSE) was responsible for \$778.7 million (85 percent) of the gross receivables, \$482.1 million (94 percent) of the allowance for doubtful accounts and \$296.6 million (74 percent) of the collectible receivables.

From March 31, 2022 to March 31, 2023, end gross receivables increased by \$58.3 million and collectible receivables increased by \$41.5 million. Total past due receivables increased by \$10.4 million and receivables over 60 days past due increased by \$10.2 million.

***Department of Rail and Public Transportation (DRPT)***

DRPT is responsible for overseeing Virginia's railroads, providing funding and project resources for public transportation, and researching feasible alternatives for commuters. DRPT works closely with VDOT, the railroads, local governments, the Washington Metropolitan Area Transit Authority, and the federal transit and rail agencies.

At March 31, 2023, DRPT had gross and net receivables of \$7.7 million. The majority of this money is due via an interagency transfer from VDOT. DRPT reported \$7.7 million past due receivables at March 31, 2023.

***Virginia Commonwealth University (VCU/AD)***

VCU, based in Richmond, over 200 degree and certificate programs through VCU's 11 schools and three colleges to over 29,000 students. VCU is designated as a research university with very high research activity by the Carnegie Foundation. A broad array of university-approved centers and institutes of excellence, involving faculty from multiple disciplines in public policy, biotechnology and health care discoveries, supports the University's research mission.

At March 31, 2023, VCU had \$47.7 million of collectible receivables, a \$19 million decrease from March 31, 2022. Total past due accounts were \$10.9 million, a \$1.6 million increase from March 31, 2022. Accounts over 60 days past due (\$8.8 million) increased by \$1.0 million from the prior year. Billings decreased at March 31, 2023 by \$31.0 million to \$78.8 million and collections decreased by \$9.9 million to \$315.2 million for the March 31, 2023 quarter, when compared to the March 31, 2022 quarter.

The following table is prepared to present the March 31, 2023, aging information in conformity with the provisions of the *Code of Virginia* § 2.2-603.E.(ii).

Commonwealth's total \$5.7 billion past due accounts receivable at March 31, 2023. Another 18 agencies accounted for 39 percent (\$2.3 billion), leaving 67 other agencies to comprise the last one percent at \$68 million.

Taxation and the Circuit and District Courts accounted for 60 percent (\$3.4 billion) of the

### Agencies with the Largest Volume of Past Due Receivables

As of March 31, 2023

Agency	Total Past Due	1 to 180 Days Past Due	181 to 365 Days Past Due	Over One Year
Department of Taxation	\$ 2,483,842,901	309,121,887	156,825,346	2,017,895,668
Localities' Circuit and District Courts	945,803,392	48,975,914	42,417,323	854,410,155
<b>Total - Taxation Assessments and Court Fines and Fees</b>	<b>\$ 3,429,646,293</b>	<b>\$ 358,097,801</b>	<b>\$ 199,242,669</b>	<b>\$ 2,872,305,823</b>
<b>All Other Large Dollar Agencies:</b>				
VIRGINIA EMPLOYMENT COMMISSION	981,709,289	100,348,592	523,392,065	357,968,632
UNIVERSITY OF VIRGINIA MEDICAL CENTER	443,767,764	344,383,322	60,225,709	39,158,733
DEPARTMENT OF SOCIAL SERVICES	304,918,567	14,647,658	14,489,068	275,781,841
DEPARTMENT OF MEDICAL ASSISTANCE SERVICES	206,089,511	48,748,726	54,337,278	103,003,507
DEPARTMENT OF TRANSPORTATION	54,034,205	11,194,643	3,702,987	39,136,575
GEORGE MASON UNIVERSITY	43,488,472	25,852,920	10,309,783	7,325,769
UNIVERSITY OF VIRGINIA - ACADEMIC DIVISION	32,159,719	24,739,087	3,595,957	3,824,675
VA COMMUNITY COLLEGE SYSTEM - SYSTEM OFFICE	27,824,438	23,581,535	3,286,487	956,416
DEPT OF BEHAVIORAL HEALTH & DEVELOPMENTAL SVCS	25,206,657	23,568,367	14,311	1,623,979
DEPARTMENT OF MOTOR VEHICLES	24,169,968	23,304,765	347,801	517,402
VIRGINIA POLYTECHNIC INST AND STATE UNIVERSITY	23,215,377	19,180,032	3,328,994	706,351
OLD DOMINION UNIVERSITY	22,770,506	11,543,455	4,784,550	6,442,501
VIRGINIA INFORMATION TECHNOLOGIES AGENCY	12,735,099	10,846,270	1,332,902	555,927
DEPARTMENT OF GENERAL SERVICES	12,686,005	3,399,298	2,822,343	6,464,364
VIRGINIA COMMONWEALTH UNIVERSITY	10,929,001	6,796,850	524,762	3,607,389
STATE CORPORATION COMMISSION	9,832,654	9,431,688	8,994	391,972
DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION	7,742,640	7,742,640	0	0
VIRGINIA STATE UNIVERSITY	7,202,200	6,448,750	282,224	471,226
<b>Total - Largest Dollar Volume Agencies</b>	<b>\$ 2,250,482,072</b>	<b>\$ 715,758,598</b>	<b>\$ 686,786,215</b>	<b>\$ 847,937,259</b>
All Other Agencies	68,444,432	34,789,486	9,574,256	24,080,690
<b>Grand Total Past Due Receivables</b>	<b>\$ 5,748,572,797</b>	<b>\$ 1,108,645,885</b>	<b>\$ 895,603,140</b>	<b>\$ 3,744,323,772</b>

