

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.

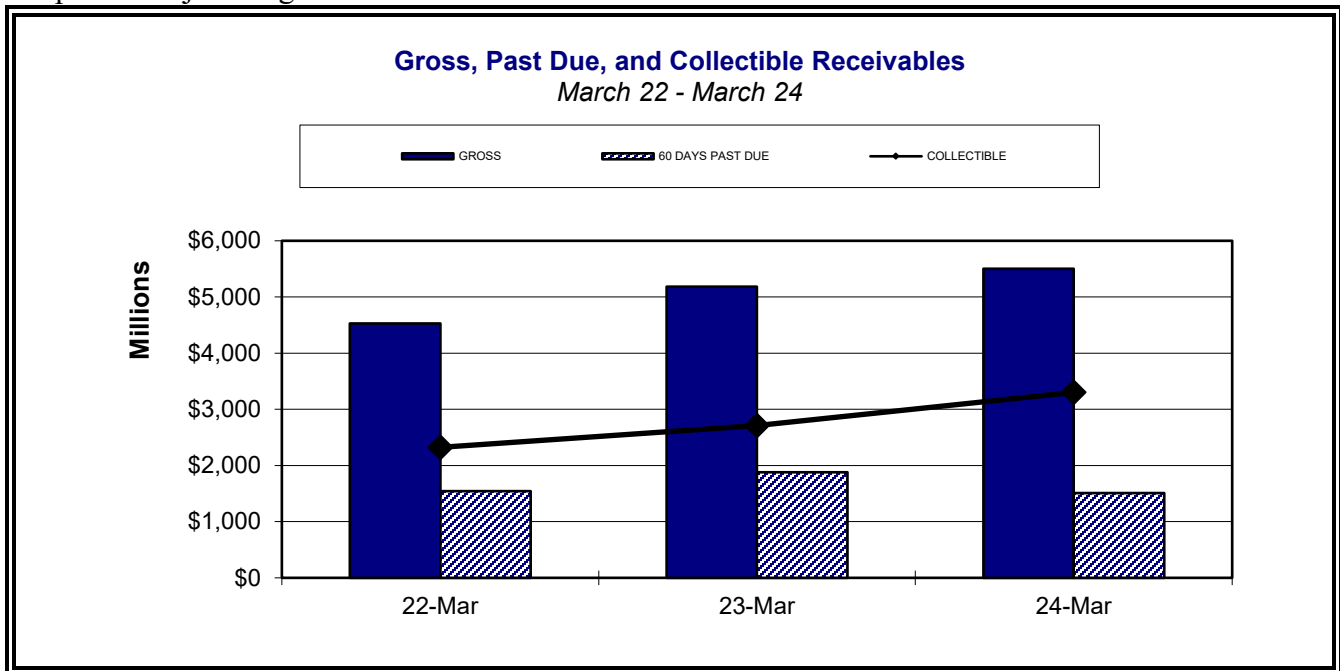
In an effort to present more meaningful information, DOA continues to exclude data from the tables (except for the final table on past due receivables) from the Department of Taxation, consisting largely of statutory assessments and non-filers assessments, and the circuit and district courts, which report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

Commonwealth agencies and institutions reported adjusted gross receivables of \$5.5

billion at March 31, 2024, with \$3.3 billion considered collectible. Receivables over 60 days past due as of March 31, 2024, totaled \$1.5 billion. Of that amount, \$66.5 million was placed with private collection agencies, \$38.5 million was placed with the Division of Debt Collection and \$1.4 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, 2024, agencies expected to collect \$3.3 billion (60 percent) of the \$5.5 billion adjusted gross receivables. About 2 percent is due to the General Fund, primarily for benefit recoveries, workers' compensation

premiums and claims, and employee dispute resolution. The balance, which contains Medicaid penalties that are no longer revertible, is due to several non-general funds.

Collectible Receivables by Fund

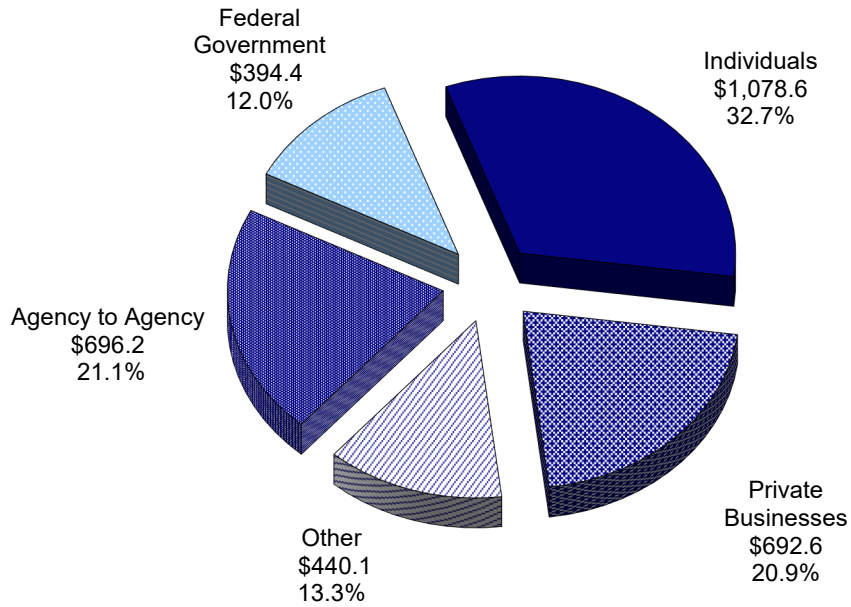
Not Including Circuit Courts, District Courts, or Department of Taxation

As of March 31, 2024

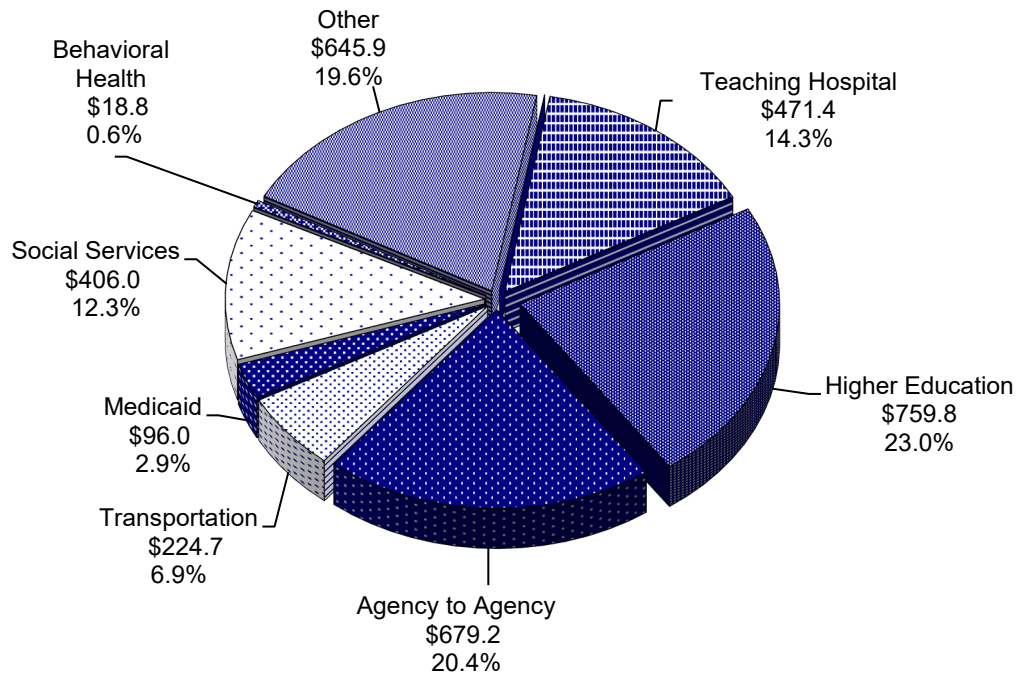
Fund	Source	Amount	Percent
General Fund 2%	DHRM	\$ 16,312,784	29%
	Medicaid - Current Recoveries	13,936,537	25%
	Social Services	3,502,218	6%
	Labor and Industry Inspections	1,442,453	3%
	Military Affairs	1,111,441	2%
	Other	3,079,659	5%
	Subtotal	39,385,092	70%
	Agency to Agency Receivables	16,924,947	30%
Total General Fund Collectible		\$ 56,310,039	100%
Nongeneral Funds 98%	Higher Education	\$ 765,772,220	24%
	Hospital	471,417,866	15%
	Child Support Enforcement	305,162,093	9%
	Transportation	209,104,184	6%
	Enterprise	151,468,474	5%
	Federal Government	90,667,835	3%
	Medicaid - Dedicated Penalty Fees	58,488,718	2%
	Medicaid - Federal Reimbursements	23,544,169	1%
	DBHDS Patient Services	18,836,188	1%
	Other	471,912,626	14%
	Subtotal	2,566,374,373	79%
	Agency to Agency Receivables	679,236,460	21%
Total Nongeneral Fund Collectible		\$ 3,245,610,833	100%
All Funds	Grand Total		\$ 3,301,920,872 100%

Summary of Receivables by Source

Sources of Collectible Receivables by Debtor
 (dollars in millions)
 As of March 31, 2024



Sources of Collectible Receivables by Type
 (dollars in millions)
 As of March 31, 2024



Not counting Taxation and the Courts, ten agencies account for 84 percent of the Commonwealth's adjusted gross and 77

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, 2024

Agency	Gross	Allowance for Uncollectible Accounts	Collectible
UNIVERSITY OF VIRGINIA MEDICAL CENTER	\$ 1,722,804,924	\$ (988,666,984)	\$ 734,137,940
DEPARTMENT OF SOCIAL SERVICES	988,163,512	\$ (525,079,597)	\$ 463,083,915
DEPARTMENT OF TRANSPORTATION	386,575,029	\$ (92,022,901)	\$ 294,552,128
UNIVERSITY OF VIRGINIA - ACADEMIC DIVISION	244,252,870	\$ (98,479)	\$ 244,154,391
VIRGINIA EMPLOYMENT COMMISSION	664,569,132	\$ (437,345,127)	\$ 227,224,005
VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY	178,202,253	\$ (4,377,890)	\$ 173,824,363
VIRGINIA INFORMATION TECHNOLOGIES AGENCY	115,459,549	\$ -	\$ 115,459,549
VIRGINIA LOTTERY	103,014,416	\$ -	\$ 103,014,416
VIRGINIA COMMONWEALTH UNIVERSITY	103,029,897	\$ (3,614,700)	\$ 99,415,197
GEORGE MASON UNIVERSITY	111,191,788	\$ (15,029,972)	\$ 96,161,816
Total	\$ 4,617,263,370	\$ (2,066,235,650)	\$ 2,551,027,720
All Other Agencies	888,165,789	(137,272,637)	750,893,152
Grand Total	\$ 5,505,429,159	\$ (2,203,508,287)	\$ 3,301,920,872

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 \$23.5 million during the quarter ended March 31, 2024. The Division of Debt Collection contributed \$1.2 million. Private collection agencies collected \$5.1 million, and the debt setoff programs (Tax, Comptroller's and Lottery) collected \$17.2 million.

Private collection agencies returned \$58.2 million of accounts to agencies, and the Attorney General' Office, Division of Debt Collection discharged \$0.2 million of accounts and returned \$18.3 million of accounts to agencies.

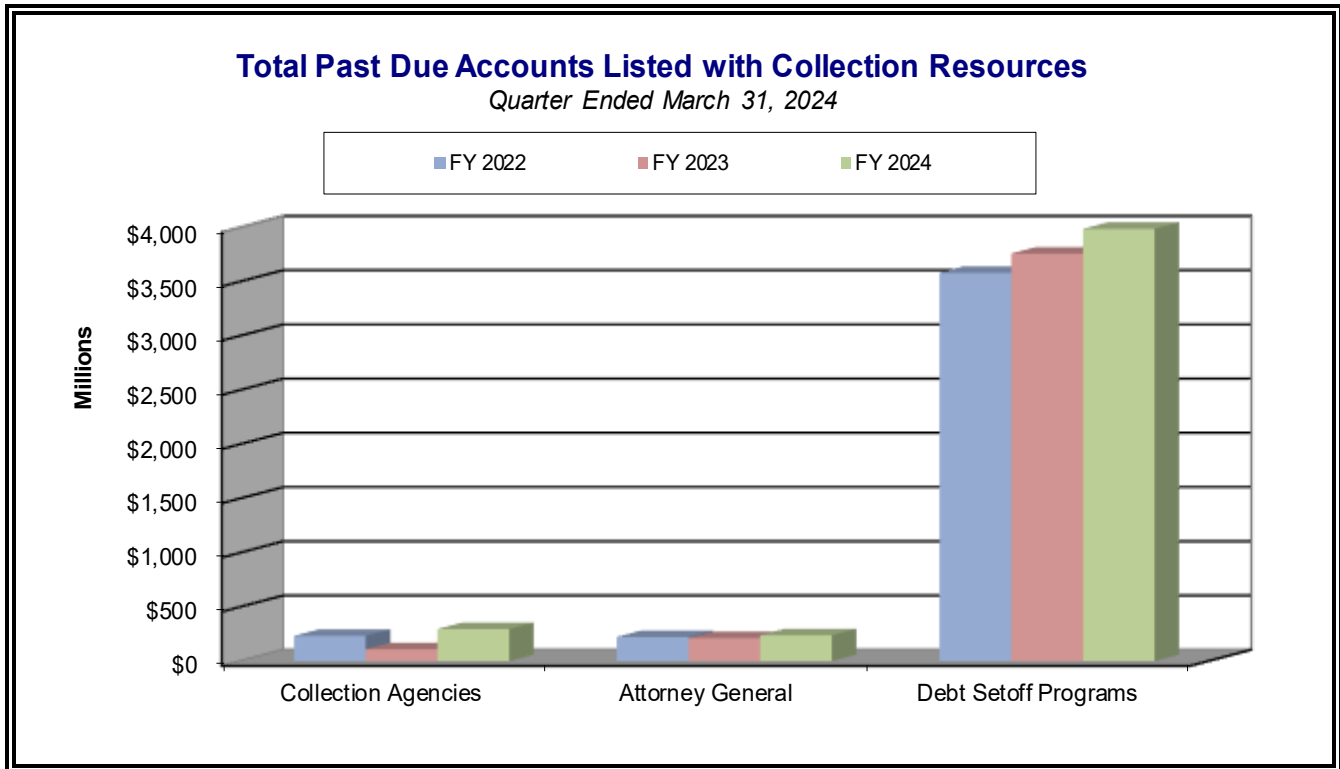
Collectible Receivables Over 60 Days Past Due

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

As of March 31, 2024

Agency	Total Over 60 Days	With Collection Agency	With Attorney General	Retained by State Agency
Virginia Employment Commission	\$ 475,816,332	\$ 0	\$ 151,959	\$ 475,664,373
Department of Social Services	308,678,548	4,945	296,430	308,377,173
University of Virginia Medical Center	255,152,487	43,958,365	95,687	211,098,435
Department of Medical Assistance Services	145,436,419	281,828	5,897,256	139,257,335
Virginia Department of Transportation	114,631,103	3,168,074	22,639,107	88,823,922
George Mason University	37,299,958	5,005,991	0	32,293,967
University of Virginia-Academic Division	16,737,755	-4,342	44,927	16,697,170
Old Dominion University	16,068,927	8,128,526	0	7,940,401
Virginia Polytechnic Institute and State University	15,046,882	1,155,843	451,932	13,439,107
Department of General Services	14,638,026	0	238,928	14,399,098
TOTAL	\$ 1,399,506,437	\$ 61,699,230	\$ 29,816,226	\$ 1,307,990,981
All Other Agencies	110,615,136	4,766,220	8,664,489	97,184,427
TOTAL OVER 60 DAYS	\$ 1,510,121,573	\$ 66,465,450	\$ 38,480,715	\$ 1,405,175,408
Uncollectible Amounts Placed for Collection, Including Accounts Written Off	4,519,064,574	294,826,127	237,770,523	3,986,467,924
TOTAL COLLECTION EFFORTS	\$ 6,029,186,147	\$ 361,291,577	\$ 276,251,238	\$ 5,391,643,332

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 \$31.8 million in FY 2024. 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.

Agency	Percent 3/31/24	Comparative	
		Percent 3/31/23	Percent 3/31/22
Department of Medical Assistance Services	81%	81%	90%
Virginia Employment Commission	72%	81%	61%
Department of General Services	60%	47%	49%
Old Dominion University	35%	31%	41%
George Mason University	34%	29%	31%
Department of Social Services	31%	33%	34%
Department of Transportation	30%	21%	32%
University of Virginia Medical Center	15%	15%	17%
Virginia Polytechnic Institute and State University	8%	11%	3%
University of Virginia - Academic Division	7%	11%	13%
Statewide Average - All Agencies	27%	36%	34%

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 77 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, 2024, the state collected ninety-seven cents. This rate is the same as last year and three percent lower than two years ago.

Collections as a Percentage of Billings

Agency	Percent 3/31/24	Comparative	
		Percent 3/31/23	Percent 3/31/22
Virginia Commonwealth University	295%	400%	296%
Virginia Polytechnic Institute and State University	227%	237%	242%
University of Virginia - Academic Division	112%	159%	243%
Department of Transportation	110%	99%	117%
George Mason University	101%	93%	97%
Virginia Lottery	98%	104%	111%
Department of Social Services	98%	96%	107%
Virginia Information Technologies Agency	90%	116%	102%
Virginia Employment Commission	30%	35%	25%
University of Virginia Medical Center	23%	25%	24%
Statewide Average - All Agencies	97%	97%	100%

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 \$96.0 million at March 31, 2024, is a \$2.6 million increase over the \$93.4 million reported at March 31, 2023. Over the same period, total past due receivables of \$157.0 million have decreased by \$49.1 million from \$206.1 million reported the previous year.

University of Virginia Medical Center (UVAH)

UVAH provides primary and specialty health care for Central Virginia by operating a 696-bed hospital, a School of Nursing, a Health Sciences Library, and a School of Medicine with 20 clinical departments, 9 research departments, and 5 research centers. The majority of its receivables consist of Medicaid and Medicare reimbursements and payments from third party insurers.

UVAH collectible receivables of \$734.1 million at March 31, 2024, was a \$258.9 million increase from the \$475.2 million reported the previous year. Past due

receivables increased \$316.2 million to \$760.0 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 \$227.2 million at March 31, 2024, a decrease of \$22.5 million from the previous year. Total past due receivables were \$478.2 million, a \$503.5 million decrease 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, 2024, of \$115.5 million, which is an increase of \$41.3 million reported over the previous year. Most of these receivables are due from other state agencies. As of March 31, 2024, \$0.6 million was over 60 days past due,

a decrease of \$3.3 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, 2024, the Virginia Lottery reported net receivables of \$103.0 million, an \$11.9 million increase from the previous year. Billings increased by \$10.3 million, and collections increased by \$2.9 million during the March 31, 2024 quarter when compared to the March 31, 2023 quarter. At March 31, 2024, the Virginia Lottery had \$60,459 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, 2024, DOE receivables due from the Federal government totaled \$30,965.

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, 2024, the University reported net collectible receivables of \$173.8 million, an increase of \$17.2 million over the prior year. At the same time, total past due receivables of \$30.4 million increased by \$7.2 million over the prior year.

The University uses a variety of collection methods to encourage payments. At March 31, 2024, VPISU/ID had \$15.0 million of accounts over 60 days past due. Of that amount, \$1.2 million was placed with private collection agencies, and \$13.4 million was subject to additional in-house efforts.

Department of Behavioral Health and Developmental Services (DBHDS)

DBHDS operates eight mental health facilities, two training centers, one children's center, and a rehabilitation center in 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, 2024, DBHDS reported collectible receivables of \$18.8 million, a \$27.0 million decrease over the previous year. \$24.2 million was past due, with \$12.2 million being over 60 days past due. Total past due receivables decreased by \$1.0 million over the year, and accounts over 60 days past due decreased by \$743,812. At March 31, 2024, the Department had a total of \$32.1 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, 2024, VDOT reported \$294.6 million of collectible receivables, an increase of \$68.8 million from the prior year. VDOT also reported \$122.5 million total past due and \$114.6 million being over 60 days past due. Past due receivables increased by \$68.5 million over the year, and receivables over 60 days past due increased by \$65.0 million over last year. 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 \$22.6 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). While Social Services determines eligibility for Medicaid, the Department of Medical Assistance Services (DMAS) administers the Medicaid program. 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, 2024, DSS reported end gross receivables of \$988.2 million, an allowance for doubtful accounts of \$525.1 million and collectible receivables of \$463.1 million. Past due receivables totaled \$313.6 million, of which \$308.7 million was over 60 days past due.

Of these amounts, the Division of Child Support Enforcement (DCSE) was responsible for \$801.1 million (86 percent) of the gross receivables, \$496.0 million (94 percent) of the allowance for doubtful accounts and \$305.2 million (75 percent) of the collectible receivables.

From March 31, 2023 to March 31, 2024, end gross receivables increased by \$75.8 million and collectible receivables increased by \$60.9 million. Total past due receivables increased by \$8.7 million and receivables over 60 days past due increased by \$8.5 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, 2024, DRPT had gross and net receivables of \$13.5 million. The majority of this money is due via an interagency transfer from VDOT. DRPT reported \$6.3 million past due receivables at March 31, 2024.

Virginia Commonwealth University (VCU/AD)

VCU, based in Richmond, more than 200 academic 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, 2024, VCU had \$99.4 million of collectible receivables, a \$51.7 million increase from March 31, 2023. Total past due accounts were \$11.8 million, a \$0.9 million increase from March 31, 2023. Accounts over 60 days past due (\$9.3 million) increased by \$0.6 million from the prior year. Billings increased at March 31, 2024 by \$34.8 million to \$113.6 million and collections increased by \$19.6 million to \$334.8 million for the March 31, 2024 quarter, when compared to the March 31, 2023 quarter.

The following table is prepared to present the March 31, 2024, aging information in conformity with the provisions of the *Code of Virginia* § 2.2-603.E.(ii).

Commonwealth's total \$5.8 billion past due accounts receivable at March 31, 2024. Another 18 agencies accounted for 36 percent (\$2.1 billion), leaving 67 other agencies to comprise the last one percent at \$71 million.

Taxation and the Circuit and District Courts accounted for 63 percent (\$3.7 billion) of the

Agencies with the Largest Volume of Past Due Receivables

As of March 31, 2024

Agency	Total Past Due	1 to 180 Days Past Due	181 to 365 Days Past Due	Over One Year
DEPARTMENT OF TAXATION	2,802,336,503	311,955,621	222,203,994	2,268,176,888
CIRCUIT and DISTRICT COURTS	849,963,069	44,342,998	38,106,487	767,513,584
Total - Taxation Assessments and Court Fines and Fees	\$ 3,652,299,572	\$ 356,298,619	\$ 260,310,481	\$ 3,035,690,472
All Other Large Dollar Agencies:				
VIRGINIA EMPLOYMENT COMMISSION		660,609,788	59,177,365	40,173,166
UNIVERSITY OF VIRGINIA MEDICAL CENTER	478,203,937	5,777,739	13,124,389	459,301,809
DEPARTMENT OF SOCIAL SERVICES	313,626,781	15,151,535	14,929,230	283,546,016
DEPT OF MEDICAL ASSISTANCE SERVICES	157,014,226	26,395,489	1,505,459	129,113,278
DEPARTMENT OF TRANSPORTATION	122,545,977	64,610,414	41,244,077	16,691,486
GEORGE MASON UNIVERSITY	45,205,816	29,360,740	5,802,767	10,042,309
UNIVERSITY OF VIRGINIA - ACADEMIC DIV	35,270,759	31,966,954	2,692,277	611,528
VA COMMUNITY COLLEGE SYS-SYSTEM OFFICE	30,412,484	24,312,613	3,072,737	3,027,134
DEPT OF BEHAVIORAL HEALTH & DEVELOPMENTAL SVCS	28,892,564	22,234,667	3,172,588	3,485,309
DEPARTMENT OF MOTOR VEHICLES	24,174,968	23,513,029	10,617	651,322
VPI & STATE UNIVERSITY	21,207,212	17,930,503	2,380,301	896,408
OLD DOMINION UNIVERSITY	17,562,471	4,164,244	5,303,776	8,094,451
VIRGINIA INFORMATION TECHNOLOGIES AGENCY	16,928,361	9,925,829	5,398,156	1,604,376
DEPARTMENT OF GENERAL SERVICES	15,362,130	10,228,961	3,127,560	2,005,609
VIRGINIA COMMONWEALTH UNIVERSITY	14,810,553	14,810,553	0	0
STATE CORPORATION COMMISSION	11,827,900	7,146,986	692,765	3,988,149
DEPT OF RAIL AND PUBLIC TRANSPORTATION	6,786,564	5,423,950	660,892	701,722
VIRGINIA STATE UNIVERSITY	6,541,521	3,346,187	1,131,379	2,063,955
Total - Largest Dollar Volume Agencies	\$ 1,346,374,224	\$ 976,910,181	\$ 163,426,335	\$ 965,998,027
All Other Agencies	70,779,940	40,022,882	10,125,977	20,631,081
Grand Total Past Due Receivables	\$ 5,069,453,736	\$ 1,373,231,682	\$ 433,862,793	\$ 4,022,319,580

