



TO: **Members of the Saint Paul Public Library Board**
FROM: **Jane Eastwood**
SUBJECT: **Debt Write-Off**
DATE: **November 25, 2015**

Background

In 2012, staff briefed the Library Board on a variety of issues surrounding collection security. The briefing included information on patron debts for overdue fines and items checked out and not returned.

Following the briefing, staff identified two next steps. The first was to reactivate the use of revenue recapture for outstanding debts. The second was to pilot the use of Unique Management, a debt collection service that specializes in public libraries. (The Library does not report patron debts to credit rating agencies.) We have been using Unique Management since late 2012. Results through June 30, 2015 are as follows:

Cash Recovery	\$140,421
Material Recovery	323,309
Waives	44,100
Total Recovery	507,830
Total Cost	102,611
Total ROI	5:1

An issue not addressed by the Library Board in 2012 is what to do about patrons debts that are uncollectable because they are older than seven years. Staff proposes that the Library Board adopt a policy to write off debts older than seven years, which will align its practices with Saint Paul Administrative Code 96.

Records of Patron Debt

SPPL maintains patron debts on its records indefinitely. In 1999, when the current integrated library system was launched, patron debts on the former system were carried over.

Nearly 60% of the patrons with debts older than seven years owe \$40 or less; fewer than 10% have debts over \$100.00. Nearly 40% of the patrons with debts older than seven years incurred those debts before 1999.

Debts older than seven years total \$3,257,957.80, which is 1.69% of the estimated value of total circulation during that time.

The largest category of items for which debt is owed is juvenile fiction; more debt is owed for print material than media. Nearly all the old debt is owed by regular patrons and not by borrowers with teacher cards or temporary cards.

Debt Write-Off Policy

Saint Paul Public Library is the only MELSA library without a debt write-off policy. Policies at other metro libraries range from writing off anything over seven years to one year for small amounts. In some counties, the policy is approved by the County Board and the annual write-off is administrative. In others, the Library Board or County Board approves write-offs over a particular amount.

Further, the City of Saint Paul Administrative Code 96 grants authority to the Director of Finance to administratively write off debts that are uncollectible or the collection costs exceed the amount collected.

By approving a debt write-off policy, the Library Board would bring Saint Paul Public Library's policies in alignment with the city and with MELSA libraries.

Proposed Policy

Staff proposes that the Library board adopt a policy that Library administration will annually request permission for the write-off of uncollectible debts older than seven years. Staff would remove records annually of debts older than seven years, which the Director of Finance has approved for write-off. Any debt in the revenue recapture process would stay in the process until satisfied.