The Impact of Third-Party Debt Collection on the U.S. National and State Economies in 2013

Prepared for ACA International

July 2014

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Executive summary

By recovering tens of billions of dollars in delinquent consumer debt each year that would otherwise go uncollected, the third-party debt collection industry generates important benefits to the U.S. economy. In doing so, it employs more than 130,000 people and indirectly supports the employment of thousands more. To develop a more complete picture of the economic importance of the third-party debt collection industry, ACA International ("ACA"), the trade association representing third-party debt collectors, commissioned Ernst & Young ("EY") to conduct this survey to create a tangible overview of the economic impact provided by the industry.

This study, *The Impact of Third-Party Debt Collection on the U.S. National and State Economies*, uses data to create key metrics that provide an overview of the third-party debt collection industry in the United States for 2013. ACA previously commissioned EY to conduct a similar survey in 2010. Below are measures of industry size and impact presented in this 2013 report:

- Agencies recovered approximately $55.2 billion in total debt in 2013, on which they earned close to $10.4 billion in commissions and fees. Removing these agency earnings from the total debt recovered leaves nearly $44.9 billion in debt that agencies returned to creditors. The five states with the highest total debt collected are New York ($5.4 billion), Texas ($4.9 billion), California ($4.6 billion), Illinois ($2.9 billion) and Florida ($2.7 billion).

- Early out debt, consisting of receivables that aged 90 days or less, represents 29% of all debt collected; bad debt, which accounts for the remaining 71%, consists of receivables aged 90 days or more.

- Health care related debt (from hospitals, physician groups and clinics) is the leading debt category, accounting for nearly 38% of all debt collected in the industry. Student loan debt is next with more than a quarter of debt collected. Credit card debt makes up 10%, and other government, retail, telecom, utility, private student loans, mortgage, and other debt each make up less than 10 percent of debt collected.

- There are more than 136,100 employees in the industry, including 130,200 paid employees and more than 5,900 agency owners, according to data from the U.S. Census Bureau. Including owners, there were more than 127,900 fulltime employees; there were also more than 6,600 part time employees and nearly 1,600 contract employees.

- Third-party debt collection agencies made more than $130.6 million in charitable contributions in 2013. Industry employees spent approximately 1.9 million hours volunteering for causes/activities of their choosing, including nearly 571,600 hours at company sponsored volunteer activities

- Besides the 136,100 people employed directly, U.S. debt collection agencies support the indirect and induced employment of more than 95,100 individuals in industries that sell goods and services to debt collection agencies and their employees. Considering both the direct and indirect economic impacts of the debt collection industry, the total employment impact on the U.S. is nearly 231,300 jobs with a total payroll impact of $12.4 billion.

- U.S. debt collection agencies were estimated to directly contribute $724 million of federal tax, $400 million of state tax, and $287 million of local tax, for a combined tax impact of more than $1.4 billion. Taxes attributable to the operations of debt collection agencies employees, suppliers, and businesses that sell to employees total over $2.6 billion – approximately 10% of the estimated total economic impact of the debt collection industry. Of the $2.6 billion estimated total tax impact, 51% is estimated to be federal tax (corporate and individual income taxes) and 49% is estimated to be state and local taxes.

Contents

Introduction

Businesses that sell goods and services on credit must handle accounts receivable – so too must all levels of government in the collection of taxes, fines and fees. Inevitably, these organizations must decide what to do with past-due accounts and can handle the collection of these debts in one of two primary ways: they can try to collect the debt themselves (often referred to as “in-house” debt collection) or they can refer the account to a third-party debt collector. The focus of this report is on “third-party” debt collection.

The third-party debt collection industry employs thousands of people as collection professionals. They collect on past-due accounts referred to them by various credit grantors, such as credit card issuers, banks, retail stores, hospitals and other health care services, or by federal, state and local governments. Unpaid debt often results in higher consumer prices and borrowing costs and uncollected taxes or fines put a significant strain on government budgets. Bad debt also results in business failure and job loss. By recovering billions of dollars in delinquent debt each year that would otherwise go uncollected, the industry generates benefits to U.S. businesses. For consumers that pay their debts, the benefit of third-party debt collection can be seen through reduced consumer prices. Businesses, large and small, benefit from third-party debt collection because debt recoveries help them keep bad debt costs down and reduce their risk of financial insolvency and bankruptcy that may be triggered by unrecovered bad debt. From a government perspective, the collection of delinquent taxpayer dollars reduces the need for future tax and fee increases or spending cuts.

To develop a more complete picture of the economic importance of the third-party debt collection industry, ACA International (“ACA”) commissioned Ernst & Young (“EY”) to conduct a survey of third-party debt collection agencies. The survey was fielded between March and May of 2014 to ACA members and non-member contacts which the ACA provided. Unless otherwise noted, results in this report are based on data received from this survey. The analysis also uses data from the United States Census Bureau and Bureau of Labor Statistics and considers current and previous ACA research and other industry sources to conduct this analysis.

This analysis provides estimates of key metrics that provide an overview of the third-party debt collection industry in the United States, including:

- Total debt collected,
- Commissions and fees earned,
- Number and value of accounts placed,
- Consumer disputes and resolution,
- Types of debt collected,
- Charitable contributions,
- Direct and indirect economic impacts, and
- Fiscal (tax) impacts.

This study focuses on the third-party debt collection industry as a whole. It is not a comment on any individual company, whose performance may vary from the information included in this study. For a complete description of the methodology used in this report, please see appendix A.

The remainder of this report contains an analysis of the data obtained using the methodology described above. It contains the following sections of analysis

- Debt collections
- Number and value of accounts placed
- Types of debt collected
- Consumer disputes and resolution
- Employment and expenses
- Charitable contributions
- Economic and fiscal impacts

Debt collections

Table 1 shows the total debt recovered by third-party debt collectors in the United States for 2013. Agencies recovered $55.2 billion in total debt, on which they earned nearly $10.4 billion in commissions and fees. Removing these agency earnings from the total debt recovered leaves almost $44.9 billion in debt that agencies returned on a commission basis to creditors and the U.S. economy.

Table 1: Debt returned by U.S. third-party debt collection agencies in 2013 (dollars in millions)

Economic measure	Estimated value ($M)
Debt collected	$55,226
Commissions and fees earned	-$10,366
Net debt returned	**$44,860**

18.1%

Average commission/fee

As noted in the introduction, this represents a real benefit to American households, businesses and creditors. The $44.9 billion in net debt returned represents $389 in savings on average per household[1]. It is also equal to 1.9% of U.S. corporate profits before tax, 3.1% of before tax profits of U.S. domestic non-financial corporations and 9.5% of before tax profits of U.S. domestic financial corporations[2]. From a creditor perspective, it is roughly 1.4% of total consumer credit outstanding[3].

Table 2 presents the total debt collected by state for 2013. The five states with the highest total debt collected are New York ($5.4 billion), Texas ($4.9 billion), California ($4.6 billion), Illinois ($2.9 billion) and Florida ($2.7 billion). Appendix A contains a description of the methodology used to derive state estimates of total debt collected. Due to the low number of survey responses in some states, EY used regional estimates of commission rates to derive state estimates of total commissions.

[1] According to the U.S. Census Bureau there were 115 million households in the United States from 2008-2012, the most recent period of data available - http://quickfacts.census.gov/qfd/states/00000.html

[2] "Flow of Funds Accounts of the United States" Release Z.1 First Quarter 2014 – Table F.7

[3] "Flow of Funds Accounts of the United States" Release Z.1 First Quarter 2014 – Table D.3

Table 2: Debt collected in 2013, by state (dollars in millions)

State	Total Debt Collected	Total Commissions Collected	Debt Returned
Alabama	$1,400	$263	$1,137
Alaska	$48	$9	$39
Arizona	$2,029	$381	$1,648
Arkansas	$238	$45	$194
California	$4,602	$864	$3,738
Colorado	$1,616	$303	$1,313
Connecticut	$198	$37	$161
Delaware	$242	$45	$196
District of Columbia	$5	$1	$4
Florida	$2,680	$503	$2,177
Georgia	$1,842	$346	$1,496
Hawaii	$45	$9	$37
Idaho	$114	$21	$93
Illinois	$2,920	$548	$2,372
Indiana	$994	$187	$808
Iowa	$573	$108	$466
Kansas	$1,287	$242	$1,046
Kentucky	$642	$120	$521
Louisiana	$655	$123	$532
Maine	$61	$11	$49
Maryland	$617	$116	$501
Massachusetts	$1,314	$247	$1,067
Michigan	$761	$143	$618
Minnesota	$1,608	$302	$1,306
Mississippi	$249	$47	$202
Missouri	$1,178	$221	$957
Montana	$94	$18	$76
Nebraska	$465	$87	$378
Nevada	$496	$93	$403
New Hampshire	$655	$123	$532
New Jersey	$1,300	$244	$1,056
New Mexico	$38	$7	$31
New York	$5,384	$1,011	$4,373
North Carolina	$887	$166	$720
North Dakota	$167	$31	$136
Ohio	$2,599	$488	$2,111
Oklahoma	$591	$111	$480
Oregon	$527	$99	$428
Pennsylvania	$2,502	$470	$2,032
Rhode Island	$18	$3	$14
South Carolina	$1,095	$206	$889
South Dakota	$98	$18	$80
Tennessee	$1,780	$334	$1,446
Texas	$4,943	$928	$4,015
Utah	$327	$61	$265
Vermont	$19	$3	$15
Virginia	$1,329	$249	$1,079
Washington	$1,094	$205	$889
West Virginia	$285	$53	$231
Wisconsin	$521	$98	$423
Wyoming	$97	$18	$79
Total	$55,226	$10,366	$44,860

Note: Results may not add due to rounding

Consumer accounts

As noted above, third party debt collectors were able to return more than $55 billion in total debt to American companies and government agencies. However, as shown in Table 3, this is just a small percentage of the total value of the debt placed with these agencies. There were more than 1 billion consumer accounts placed with third party agencies for debt collection in 2013. These accounts represent more than $756 billion in total face value – an average account size of $753. This means that third party debt collectors were able to return about 7.3% of the total debt placed with the agencies, on average.

Table 3: Number and value of accounts

Measure	Estimated value (millions)
Accounts placed in 2013	1,004
Total face value	$756,476

$753

Average account size

Table 4 shows that agencies resolved about 11.2% of accounts with some form of payment. This is higher than the total of debt collected as a percentage of consumer accounts, suggesting that average debt collected is smaller than the average account placed. Another 27% of accounts were closed in 2013 for some reason other than payment, such as the consumer refusing to pay the debt or that the consumer has a valid dispute of the debt.

Table 4: Resolution of consumer accounts

	Percent of accounts
Resolved with payment	11.2%
Closed for another reason*	27.0%

*Valid dispute, wrong person, consumer refuses to pay debt, etc.

Of the accounts placed with debt collection agencies, consumers requested debt verification for just over 10%. More than 5% of debt accounts were disputed by the customer. Of the those accounts that were disputed, less than a tenth of one percent resulted in a lawsuit being filed by the consumer against the agency; less than half of a percent resulted in a lawsuit being filed by the agency against the consumer. Finally, nearly 435,500 demand letters were sent to agencies, and in nearly 62% of cases, these were resolved prior to a lawsuit being filed.

Table 5: Consumer disputes

Percent of *accounts* where	
Consumer requests verification	10.1%
Consumer disputes	5.5%
Percent of *disputes* where	
Consumer files suit	<0.1%
Consumer files suit	0.37%
Demand letters	
Number of demand letters	435,500
% resolved prior to a lawsuit	61.6%

Types of debt

Figure 6 breaks out the total debt collected nationwide between early out debt and bad debt. Early out debt, representing 29% of all debt collected, consists of receivables aged 90 days or less. It typically allows the consumer a chance out of the collection process by resolving a delinquent debt before it goes into default or gets written off. Bad debt, which accounts for the remaining 71%, consists of receivables aged 90 days or more. This debt has typically been written off by the creditor as uncollectable and is then turned over to third-party agencies for collection.

Figure 6: Debt collected by category in 2013

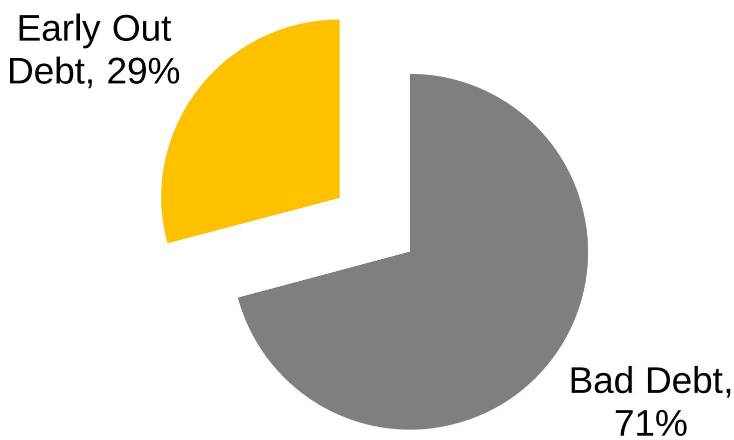

Table 7 shows the total debt collected in 2013 by type of debt. Health care related debt (from hospitals, physician groups and clinics) is the leading debt category, accounting for nearly 38% of all debt collected in the industry. Student loan debt is next with more than a quarter of debt collected. Credit card debt makes up 10%, and other government, retail, telecom, utility, private student loans, mortgage, and other debt each make up less than 10 percent of debt collected.

Table 7: Types of debt collected in 2013

Debt Type	Percent of Total Debt Collected
Health care	**37.9%**
Hospital	26.6%
Physician group	7.1%
Clinic	4.2%
Student loan	**25.2%**
Public	23.2%
Private	2.0%
Financial services	**12.9%**
Credit card	10.1%
Other financial services	2.8%
Government	**10.1%**
Local	6.0%
State	3.6%
Federal	0.5%
Retail	**3.1%**
Telecom	**3.1%**
Utility	**2.2%**
Mortgage	**0.9%**
Other	**4.7%**
Total	**100%**

Note: Results may not add due to rounding

While many associate consumer debt with typical consumer loans such as those for mortgages, cars and credit cards, Table 8 shows that among survey respondents much of the debt collected was healthcare related debt. According to the American Hospital Association, U.S. hospitals provided $45.9 billion in uncompensated care in 2012, representing 6.1 percent of annual hospital expenses[4].

[4] American Hospital Association, "Uncompensated Hospital Care Cost Fact Sheet," January 2014

Employment

Table 8 shows the number of employees in the debt collection industry. There are more than 136,100 employees and owners in the industry. This includes almost 130,200 paid employees and more than 5,900 agency owners. Including these owners, there are nearly 128,000 full time employees. There are also more than 6,600 part time paid employees and almost 1,600 contract employees. Among paid employees, more than 59% are telephone collectors.

Table 8: 2013 Third party debt collection industry employees and owners[5]

Employee type	Estimate
Full Time[6]	127,953
Part Time	6,606
Contract	1,568
Total	**136,127**

Based on an annual payroll of $4.7 billion and 130,200 paid employees, earnings for all debt collection agency employees (including telephone collectors and other employees) average approximately $36,022.

Charitable activities

Table 9 on the following page presents the charitable activity of U.S. third-party debt collection agencies. It shows that in 2013 U.S. debt collection agencies also made a total of more than $130 million in charitable contributions. Also, industry employees spent more than 1.9 million hours in volunteer activities, including nearly 571,600 hours at company sponsored charitable activities. Table 6 also estimates the level of charitable activity by state.

[5] Approximated using Unites States Census data and survey data – see appendix A for detailed explanation
[6] Includes full time paid employees and agency owners

Table 9: Industry charitable activity in *2013 (in thousands)*

State	Charitable contributions	Employee volunteer hours	Company volunteer hours
Alabama	$3,311	48.8	14.5
Alaska	$114	1.7	0.5
Arizona	$4,797	70.7	21.0
Arkansas	$564	8.3	2.5
California	$10,880	160.4	47.6
Colorado	$3,822	56.3	16.7
Connecticut	$469	6.9	2.1
Delaware	$572	8.4	2.5
District of Columbia	$11	0.2	0.0
Florida	$6,336	93.4	27.7
Georgia	$4,354	64.2	19.1
Hawaii	$107	1.6	0.5
Idaho	$271	4.0	1.2
Illinois	$6,905	101.8	30.2
Indiana	$2,351	34.7	10.3
Iowa	$1,356	20.0	5.9
Kansas	$3,043	44.9	13.3
Kentucky	$1,518	22.4	6.6
Louisiana	$1,549	22.8	6.8
Maine	$143	2.1	0.6
Maryland	$1,458	21.5	6.4
Massachusetts	$3,107	45.8	13.6
Michigan	$1,800	26.5	7.9
Minnesota	$3,802	56.0	16.6
Mississippi	$589	8.7	2.6
Missouri	$2,786	41.1	12.2
Montana	$221	3.3	1.0
Nebraska	$1,100	16.2	4.8
Nevada	$1,173	17.3	5.1
New Hampshire	$1,548	22.8	6.8
New Jersey	$3,073	45.3	13.5
New Mexico	$89	1.3	0.4
New York	$12,730	187.6	55.7
North Carolina	$2,096	30.9	9.2
North Dakota	$396	5.8	1.7
Ohio	$6,146	90.6	26.9
Oklahoma	$1,397	20.6	6.1
Oregon	$1,245	18.4	5.5
Pennsylvania	$5,916	87.2	25.9
Rhode Island	$41	0.6	0.2
South Carolina	$2,589	38.2	11.3
South Dakota	$233	3.4	1.0
Tennessee	$4,208	62.0	18.4
Texas	$11,687	172.3	51.2
Utah	$773	11.4	3.4
Vermont	$44	0.6	0.2
Virginia	$3,141	46.3	13.8
Washington	$2,586	38.1	11.3
West Virginia	$673	9.9	2.9
Wisconsin	$1,231	18.2	5.4
Wyoming	$230	3.4	1.0
Total	$130,577	1,924.7	571.6

Note: Results may not add due to rounding

Economic and fiscal impacts

U.S. debt collection agencies create economic benefits that reach beyond the direct benefits of hiring and paying collection agency employees. The industry also creates jobs at suppliers and other businesses that depend on sales to the industry and its employees.

Table 10, on the following page, presents estimates of the debt collection industry's U.S. economic impact. The impacts are measured in terms of employment, employee compensation and owner income, and economic output. They include the following direct, indirect, and induced impacts:

- Direct impacts include the jobs, labor income, and commissions/fees associated with the activities of the debt collection agencies, including sole proprietors. The direct employment impact includes the jobs of debt collectors and management. Direct labor income includes employee wages, salaries and benefits and proprietor income. Direct economic output is equal to commissions and fees earned from debt collected.
- Indirect impacts include the jobs, compensation, and economic activity associated with suppliers to the debt collection industry. These include companies that sell office supplies, telephone service, building services, and other goods and services purchased by debt collection agencies. Induced economic impacts are the jobs, compensation, and economic activity associated with purchases of goods and services by employees of debt collection agencies or indirectly affected firms. For example, the employment at grocery stores created by the purchase of groceries by debt collection agency employees is an induced impact.

To simplify the presentation of results, indirect and induced economic impacts are combined in the table and described as "indirect" impacts.

Table 10 shows that the total direct economic output of the third party debt collection industry for 2013 was nearly $10.4 billion – again this corresponds to the total commissions and fees earned by debt collection agencies as noted previously in tables 1 and 2. The indirect economic impacts of the industry totaled more than $16.5 billion, so that the industry's total economic impact was nearly $27 billion for 2013.

U.S. debt collection agencies directly employ more than 136,100 people (including owners and paid employees) in debt collection agencies and support the indirect and induced employment of more than 95,100 individuals in industries that sell goods and services to debt collection agencies and their employees. Considering both the direct and indirect economic impacts of the debt collection industry, the total employment impact on the U.S. is nearly 231,300 jobs. This implies an average employment multiplier of 1.7, meaning that for each direct job in the debt collection industry, there are 1.7 total jobs created[7].

[7] Note that the indirect impacts shown as the U.S. total indirect impacts are the sum of the individual state indirect impacts. These indirect impacts reflect the spillover benefits of activities located in the same state, but do not include the impact of debt collection agencies located in one state on the economy of another state. For example, a debt collection agency located in Illinois that purchases office supplies from Wisconsin would generate an indirect impact in Wisconsin that would not be quantified using this methodology. For this reason, the impacts are conservative.

Table 10: Direct, indirect, and induced total industry economic impact in 2013, by State (millions of dollars, number of employees)

	Output			Labor income			Employment		
	Direct	**Indirect**	**Total**	**Direct**	**Indirect**	**Total**	**Direct**	**Indirect**	**Total**
Alabama	$263	$238	$501	$112	$85	$197	2,723	1,660	4,383
Alaska	$9	$29	$38	$7	$7	$14	144	101	245
Arizona	$381	$407	$788	$186	$163	$349	4,869	3,089	7,958
Arkansas	$45	$86	$131	$23	$32	$55	723	581	1,304
California	$864	$1,812	$2,676	$582	$668	$1,250	11,307	9,123	20,430
Colorado	$303	$447	$750	$225	$164	$389	3,968	2,489	6,457
Connecticut	$37	$140	$177	$30	$38	$68	531	497	1,028
Delaware	$45	$74	$120	$30	$27	$57	631	413	1,044
District of Columbia	$1	$28	$29	$.3	$1	$1	17	12	29
Florida	$503	$832	$1,335	$327	$302	$629	8,178	5,548	13,726
Georgia	$346	$479	$825	$196	$173	$370	4,770	3,118	7,888
Hawaii	$9	$31	$39	$5	$6	$11	166	116	282
Idaho	$21	$46	$68	$13	$17	$30	312	272	584
Illinois	$548	$765	$1,313	$301	$278	$579	6,315	4,368	10,683
Indiana	$187	$296	$482	$104	$108	$212	2,386	1,770	4,156
Iowa	$108	$175	$283	$72	$63	$136	1,448	1,009	2,457
Kansas	$242	$212	$453	$107	$75	$182	2,523	1,464	3,987
Kentucky	$120	$197	$318	$85	$71	$156	1,655	1,142	2,797
Louisiana	$123	$230	$353	$78	$85	$162	1,573	1,212	2,785
Maine	$11	$30	$42	$7	$7	$14	180	126	306
Maryland	$116	$260	$376	$82	$96	$178	1,401	1,252	2,653
Massachusetts	$247	$455	$702	$182	$165	$347	2,903	2,195	5,098
Michigan	$143	$323	$465	$87	$120	$207	1,788	1,726	3,514
Minnesota	$302	$435	$737	$210	$155	$365	3,634	2,339	5,973
Mississippi	$47	$82	$129	$25	$30	$56	674	534	1,208
Missouri	$221	$343	$564	$153	$129	$281	3,439	2,268	5,707
Montana	$18	$39	$56	$14	$14	$28	302	228	530
Nebraska	$87	$130	$218	$60	$47	$107	1,248	793	2,041
Nevada	$93	$150	$243	$60	$54	$114	1,332	898	2,230
New Hampshire	$123	$104	$227	$53	$37	$90	1,348	768	2,116
New Jersey	$244	$483	$727	$165	$177	$342	3,358	2,563	5,921
New Mexico	$7	$31	$38	$4	$4	$8	88	62	150
New York	$1,011	$1,464	$2,474	$627	$527	$1,154	13,002	8,335	21,337
North Carolina	$166	$367	$533	$105	$136	$241	2,166	1,926	4,092
North Dakota	$31	$44	$76	$15	$16	$32	456	279	735
Ohio	$488	$678	$1,166	$305	$249	$554	6,183	4,113	10,296
Oklahoma	$111	$172	$283	$71	$62	$133	1,636	1,096	2,732
Oregon	$99	$182	$280	$59	$67	$126	1,220	961	2,181
Pennsylvania	$470	$667	$1,136	$263	$242	$505	5,740	4,012	9,752
Rhode Island	$3	$20	$23	$2	$2	$4	46	32	78
South Carolina	$206	$261	$467	$132	$93	$225	2,060	1,340	3,400
South Dakota	$18	$40	$59	$14	$15	$29	289	224	513
Tennessee	$334	$479	$813	$235	$187	$422	4,805	3,103	7,908
Texas	$928	$1,466	$2,394	$549	$540	$1,089	12,583	8,678	21,261
Utah	$61	$117	$178	$38	$43	$81	865	683	1,548
Vermont	$3	$12	$15	$2	$2	$3	42	29	71
Virginia	$249	$485	$734	$205	$175	$380	3,676	2,558	6,234
Washington	$205	$378	$583	$143	$137	$280	2,928	2,061	4,989
West Virginia	$53	$58	$111	$19	$21	$40	919	573	1,492
Wisconsin	$98	$217	$314	$60	$80	$141	1,335	1,225	2,560
Wyoming	$18	$33	$51	$10	$12	$22	242	181	423
Total U.S.	**$10,366**	**$16,529**	**$26,895**	**$6,438**	**$6,004**	**$12,442**	**136,127**	**95,143**	**231,270**

Note: Results may not add due to rounding

Table 10 also presents the labor income of the debt collection industry. As shown in the table, the payroll impact includes more than $6.4 billion of direct wage, salary and benefit payments to employees of collection agencies and income of owners. Beside these direct impacts, another $6.0 billion of estimated indirect income was paid to employees of businesses in other industries as a result of industry economic activity. Combined, these income contributions total more than $12.4 billion.

Table 11 on the following page presents the estimated direct federal, state, and local tax impact of the U.S. debt collection industry. This impact includes taxes that are paid directly by debt collection agencies (such as corporate income and property taxes) as well as taxes that are paid by employees (individual income, sales, and property taxes). The estimates show that U.S. debt collection agencies were estimated to directly contribute $724 million of federal tax, $400 million of state tax, and $287 million of local tax, for a combined state and local tax impact of more than $1.4 billion.

Table 11: Direct federal, state, and local taxes generated by debt collection agencies in 2013 (Includes direct tax impacts from agencies and their employees – dollars in millions)

	Direct Federal Taxes			Direct State Taxes					Direct Local Taxes				Direct Fed, State & Local Taxes
	Indiv. Income Tax	**Corp. Income Tax**	**Total Federal Tax**	**Sales Tax**	**Indiv. Income Tax**	**Corp. Income Tax**	**Other State Tax**	**Total State Tax**	**Sales Tax**	**Prop. Tax**	**Other Local Tax**	**Total Local Tax**	
Alabama	$9.2	$4.9	$14.1	$1.5	$1.9	$1.5	$2.2	$7.0	$1.2	$1.5	$0.8	$3.5	$24.6
Alaska	$0.6	$0.2	$0.8	$0.0	$0.0	$0.1	$1.3	$1.4	$0.1	$0.3	$0.0	$0.4	$2.5
Arizona	$15.3	$7.1	$22.4	$4.9	$2.4	$2.1	$2.4	$11.8	$1.9	$5.1	$0.6	$7.6	$41.8
Arkansas	$1.9	$0.8	$2.8	$0.6	$0.5	$0.3	$0.6	$2.0	$0.2	$0.2	$0.1	$0.5	$5.2
California	$48.0	$16.1	$64.1	$10.3	$18.1	$4.8	$6.9	$40.1	$3.1	$17.4	$3.2	$23.7	$127.9
Colorado	$18.5	$5.6	$24.2	$2.2	$4.6	$1.7	$2.4	$10.9	$3.0	$8.3	$0.9	$12.3	$47.4
Connecticut	$2.5	$0.7	$3.2	$0.5	$1.0	$0.2	$0.5	$2.3	$0.0	$1.3	$0.0	$1.4	$6.8
Delaware	$2.4	$0.8	$3.3	$0.0	$0.9	$0.3	$1.4	$2.5	$0.0	$0.5	$0.1	$0.6	$6.4
District of Columbia	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.1
Florida	$26.9	$9.4	$36.3	$8.0	$0.0	$2.8	$4.8	$15.6	$0.8	$11.1	$2.1	$14.0	$65.9
Georgia	$16.2	$6.4	$22.6	$2.8	$4.3	$1.9	$1.3	$10.4	$1.9	$5.7	$0.8	$8.3	$41.4
Hawaii	$0.4	$0.2	$0.6	$0.2	$0.1	$0.0	$0.1	$0.5	$0.0	$0.1	$0.0	$0.2	$1.2
Idaho	$1.1	$0.4	$1.5	$0.3	$0.3	$0.1	$0.2	$0.9	$0.0	$0.3	$0.0	$0.3	$2.7
Illinois	$24.8	$10.2	$35.0	$4.1	$7.9	$3.1	$4.7	$19.8	$0.9	$12.8	$1.7	$15.4	$70.2
Indiana	$8.6	$3.5	$12.0	$2.8	$2.0	$1.0	$1.4	$7.2	$0.0	$2.8	$0.8	$3.6	$22.8
Iowa	$6.0	$2.0	$8.0	$1.3	$1.6	$0.6	$1.0	$4.6	$0.4	$2.4	$0.2	$3.0	$15.5
Kansas	$8.8	$4.5	$13.3	$2.4	$2.5	$1.4	$1.2	$7.5	$0.7	$3.4	$0.3	$4.4	$25.2
Kentucky	$7.0	$2.2	$9.2	$1.7	$1.9	$0.7	$1.8	$6.1	$0.0	$1.4	$1.1	$2.4	$17.7
Louisiana	$6.4	$2.3	$8.7	$1.2	$1.0	$0.7	$1.4	$4.4	$1.6	$1.5	$0.2	$3.4	$16.5
Maine	$0.6	$0.2	$0.8	$0.1	$0.2	$0.1	$0.1	$0.5	$0.0	$0.3	$0.0	$0.3	$1.6
Maryland	$6.8	$2.2	$8.9	$1.1	$1.8	$0.6	$1.3	$4.8	$0.0	$2.0	$1.4	$3.5	$17.3
Massachusetts	$15.0	$4.6	$19.6	$2.5	$5.8	$1.4	$1.9	$11.6	$0.0	$6.7	$0.2	$7.0	$38.1
Michigan	$7.2	$2.7	$9.8	$1.9	$1.6	$0.8	$1.8	$6.1	$0.0	$2.8	$0.2	$3.0	$18.9
Minnesota	$17.3	$5.6	$23.0	$4.1	$6.7	$1.7	$5.5	$17.9	$0.1	$6.5	$0.3	$6.9	$47.8
Mississippi	$2.1	$0.9	$3.0	$0.8	$0.4	$0.3	$0.5	$1.9	$0.0	$0.7	$0.1	$0.7	$5.6
Missouri	$12.6	$4.1	$16.7	$2.0	$3.3	$1.2	$1.5	$8.0	$1.3	$3.9	$1.1	$6.4	$31.1
Montana	$1.2	$0.3	$1.5	$0.0	$0.3	$0.1	$0.5	$0.9	$0.0	$0.4	$0.0	$0.4	$2.9
Nebraska	$4.9	$1.6	$6.6	$1.1	$1.3	$0.5	$0.5	$3.4	$0.2	$2.1	$0.3	$2.7	$12.7
Nevada	$5.0	$1.7	$6.7	$2.0	$0.0	$0.0	$1.9	$3.9	$0.2	$1.6	$0.5	$2.3	$12.9
New Hampshire	$4.4	$2.3	$6.7	$0.0	$0.1	$0.7	$1.3	$2.1	$0.0	$2.5	$0.0	$2.5	$11.2
New Jersey	$13.6	$4.5	$18.1	$2.7	$3.8	$1.4	$2.1	$10.0	$0.0	$8.9	$0.2	$9.1	$37.2
New Mexico	$0.3	$0.1	$0.5	$0.1	$0.1	$0.0	$0.1	$0.3	$0.0	$0.1	$0.0	$0.1	$0.9
New York	$51.7	$18.8	$70.5	$7.2	$23.3	$5.7	$9.8	$45.9	$7.7	$28.1	$11.7	$47.5	$164.0
North Carolina	$8.6	$3.1	$11.7	$1.6	$2.9	$0.9	$1.6	$7.0	$0.6	$2.6	$0.2	$3.4	$22.1
North Dakota	$1.3	$0.6	$1.9	$0.5	$0.2	$0.2	$1.5	$2.4	$0.1	$0.3	$0.0	$0.4	$4.6
Ohio	$25.1	$9.1	$34.2	$5.5	$6.0	$1.3	$4.5	$17.2	$1.2	$9.0	$3.6	$13.7	$65.1
Oklahoma	$5.8	$2.1	$7.9	$1.1	$1.3	$0.6	$1.5	$4.5	$0.8	$1.1	$0.1	$2.0	$14.4
Oregon	$4.9	$1.8	$6.7	$0.0	$2.3	$0.6	$0.9	$3.8	$0.0	$2.0	$0.4	$2.4	$12.9
Pennsylvania	$21.7	$8.7	$30.4	$4.2	$4.6	$2.6	$5.4	$16.8	$0.3	$7.8	$2.9	$11.0	$58.3
Rhode Island	$0.2	$0.1	$0.2	$0.0	$0.0	$0.0	$0.0	$0.1	$0.0	$0.1	$0.0	$0.1	$0.4
South Carolina	$10.9	$3.8	$14.7	$2.3	$2.5	$1.1	$1.4	$7.4	$0.3	$4.0	$0.7	$5.0	$27.1
South Dakota	$1.2	$0.3	$1.5	$0.3	$0.0	$0.0	$0.2	$0.5	$0.1	$0.4	$0.0	$0.5	$2.5
Tennessee	$19.3	$6.2	$25.6	$6.1	$0.2	$1.9	$3.8	$12.0	$1.9	$5.0	$0.8	$7.8	$45.3
Texas	$45.3	$17.3	$62.5	$12.1	$0.0	$5.2	$9.7	$26.9	$2.8	$20.6	$1.3	$24.8	$114.3
Utah	$3.1	$1.1	$4.3	$0.7	$0.9	$0.3	$0.5	$2.4	$0.2	$1.0	$0.2	$1.4	$8.1
Vermont	$0.1	$0.1	$0.2	$0.0	$0.0	$0.0	$0.1	$0.2	$0.0	$0.0	$0.0	$0.0	$0.4
Virginia	$16.9	$4.6	$21.5	$1.8	$5.3	$1.4	$1.9	$10.3	$0.5	$5.9	$1.4	$7.9	$39.8
Washington	$11.8	$3.8	$15.6	$3.4	$0.0	$1.1	$4.5	$9.1	$1.1	$3.2	$0.9	$5.2	$29.8
West Virginia	$1.5	$1.0	$2.5	$0.4	$0.5	$0.3	$0.6	$1.7	$0.0	$0.4	$0.1	$0.5	$4.8
Wisconsin	$5.0	$1.8	$6.8	$1.1	$1.7	$0.5	$1.0	$4.3	$0.1	$2.5	$0.1	$2.7	$13.7
Wyoming	$0.8	$0.3	$1.2	$0.3	$0.0	$0.0	$0.5	$0.9	$0.1	$0.3	$0.0	$0.4	$2.5
Total U.S.	**$531**	**$193**	**$724**	**$112**	**$128**	**$56**	**$104**	**$400**	**$36**	**$209**	**$42**	**$287**	**$1,410**

Note: Results may not add due to rounding

Table 12 on the following page summarizes the total estimated direct and indirect tax impact of the debt collection industry. These impacts include taxes paid by debt collection agencies, their employees, suppliers, and businesses that sell to employees of agencies and their suppliers. As such, the total tax impact is larger than the direct tax impact by the amount of tax paid by suppliers and businesses selling to employees (such as retailers) and the employees related to these activities.

As shown in Table 12, total taxes attributable to the operations of debt collection agencies, employees, suppliers, and businesses that sell to employees estimated at $2.6 billion, approximately 10% of the estimated total economic impact of the debt collection industry. Of the $2.6 billion estimated total tax impact, $1,325 million (51%) is estimated to be federal tax (corporate and individual income taxes) and $1,293 million (49%) is estimated to be state and local taxes. Considering these taxes and the total tax impact from the industry's operations, the overall tax impact is $2.6 billion.

Table: 12. Federal, state, and local taxes generated by debt collection agencies in 2013 (includes direct, indirect, and induced tax impacts from agencies, suppliers, & employees - dollars in millions)

	Total Federal Taxes			Total State Taxes					Total Local Taxes				Total Fed., State & Local Taxes
	Indiv. Income Tax	**Corp. Income Tax**	**Total Federal Tax**	**Sales Tax**	**Indiv. Income Tax**	**Corp. Income Tax**	**Other State Tax**	**Total State Tax**	**Sales Tax**	**Prop. Tax**	**Other Local Tax**	**Total Local Tax**	
Alabama	$16.2	$6.4	$22.6	$2.6	$3.4	$1.7	$3.8	$11.5	$2.1	$2.7	$1.4	$6.1	$40.2
Alaska	$1.2	$0.3	$1.5	$0.0	$0.0	$0.2	$2.5	$2.7	$0.1	$0.5	$0.0	$0.7	$4.8
Arizona	$28.7	$10.0	$38.7	$9.1	$4.5	$2.6	$4.4	$20.7	$3.6	$9.6	$1.1	$14.3	$73.6
Arkansas	$4.6	$1.4	$6.0	$1.5	$1.3	$0.4	$1.4	$4.5	$0.5	$0.5	$0.1	$1.1	$11.6
California	$103.1	$27.9	$130.9	$22.1	$38.9	$7.8	$14.7	$83.6	$6.8	$37.3	$6.8	$50.9	$265.3
Colorado	$32.1	$8.5	$40.6	$3.8	$8.0	$2.0	$4.2	$18.0	$5.2	$14.3	$1.6	$21.2	$79.8
Connecticut	$5.6	$1.4	$7.0	$1.2	$2.3	$0.3	$1.2	$5.0	$0.0	$3.0	$0.0	$3.1	$15.1
Delaware	$4.7	$1.3	$6.0	$0.0	$1.7	$0.4	$2.6	$4.7	$0.0	$1.0	$0.2	$1.2	$11.9
District of Columbia	$0.1	$0.0	$0.1	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.1	$0.1	$0.2
Florida	$51.8	$14.7	$66.5	$15.4	$0.0	$3.6	$9.2	$28.2	$1.5	$21.4	$4.1	$27.0	$121.7
Georgia	$30.5	$9.5	$40.0	$5.3	$8.1	$2.2	$2.5	$18.1	$3.6	$10.6	$1.4	$15.7	$73.8
Hawaii	$0.9	$0.3	$1.2	$0.5	$0.3	$0.1	$0.2	$1.1	$0.0	$0.3	$0.1	$0.3	$2.6
Idaho	$2.5	$0.7	$3.2	$0.7	$0.7	$0.2	$0.4	$1.9	$0.0	$0.8	$0.0	$0.8	$5.9
Illinois	$47.7	$15.1	$62.8	$7.9	$15.2	$4.7	$9.0	$36.8	$1.7	$24.6	$3.2	$29.5	$129.2
Indiana	$17.5	$5.4	$22.9	$5.6	$4.1	$1.5	$2.9	$14.0	$0.0	$5.7	$1.7	$7.4	$44.3
Iowa	$11.2	$3.1	$14.3	$2.4	$3.0	$0.8	$2.0	$8.2	$0.7	$4.6	$0.4	$5.6	$28.2
Kansas	$15.0	$5.8	$20.8	$4.1	$4.2	$1.5	$2.0	$12.0	$1.2	$5.8	$0.5	$7.5	$40.3
Kentucky	$12.9	$3.5	$16.4	$3.0	$3.5	$0.9	$3.4	$10.9	$0.0	$2.6	$1.9	$4.5	$31.7
Louisiana	$13.4	$3.8	$17.2	$2.5	$2.2	$0.8	$3.0	$8.5	$3.4	$3.2	$0.5	$7.1	$32.8
Maine	$1.2	$0.3	$1.5	$0.3	$0.4	$0.1	$0.3	$1.0	$0.0	$0.6	$0.0	$0.7	$3.2
Maryland	$14.7	$3.8	$18.5	$2.3	$4.0	$0.9	$2.8	$10.0	$0.0	$4.4	$3.1	$7.6	$36.1
Massachusetts	$28.6	$7.5	$36.1	$4.7	$11.1	$2.3	$3.5	$21.7	$0.0	$12.9	$0.5	$13.3	$71.1
Michigan	$17.1	$4.8	$21.8	$4.6	$3.8	$1.1	$4.2	$13.7	$0.0	$6.6	$0.5	$7.1	$42.7
Minnesota	$30.1	$8.4	$38.5	$7.2	$11.6	$2.3	$9.5	$30.6	$0.2	$11.2	$0.5	$11.9	$80.9
Mississippi	$4.6	$1.4	$6.0	$1.7	$0.8	$0.4	$1.1	$4.0	$0.0	$1.5	$0.1	$1.6	$11.6
Missouri	$23.2	$6.4	$29.6	$3.7	$6.1	$1.4	$2.7	$13.9	$2.4	$7.2	$2.1	$11.8	$55.3
Montana	$2.3	$0.6	$2.9	$0.0	$0.7	$0.1	$1.0	$1.8	$0.0	$0.8	$0.0	$0.9	$5.6
Nebraska	$8.8	$2.4	$11.2	$2.0	$2.3	$0.6	$0.9	$5.9	$0.4	$3.8	$0.6	$4.8	$21.9
Nevada	$9.4	$2.7	$12.1	$3.7	$0.0	$0.0	$3.6	$7.4	$0.3	$3.0	$1.0	$4.4	$23.9
New Hampshire	$7.4	$2.9	$10.4	$0.0	$0.1	$1.0	$2.2	$3.3	$0.0	$4.2	$0.1	$4.3	$17.9
New Jersey	$28.2	$7.7	$35.9	$5.7	$7.8	$2.1	$4.4	$20.0	$0.0	$18.5	$0.3	$18.9	$74.7
New Mexico	$0.6	$0.2	$0.8	$0.2	$0.1	$0.1	$0.2	$0.6	$0.1	$0.1	$0.0	$0.3	$1.6
New York	$95.2	$28.1	$123.3	$13.2	$43.0	$8.0	$18.1	$82.2	$14.2	$51.8	$21.6	$87.5	$293.0
North Carolina	$19.9	$5.5	$25.4	$3.6	$6.8	$1.4	$3.6	$15.4	$1.4	$5.9	$0.4	$7.7	$48.5
North Dakota	$2.6	$0.9	$3.5	$0.9	$0.4	$0.3	$3.2	$4.7	$0.1	$0.7	$0.0	$0.9	$9.1
Ohio	$45.7	$13.5	$59.1	$9.9	$10.8	$1.3	$8.2	$30.2	$2.2	$16.3	$6.5	$25.0	$114.3
Oklahoma	$11.0	$3.2	$14.1	$2.1	$2.4	$0.8	$2.8	$8.0	$1.6	$2.0	$0.2	$3.8	$26.0
Oregon	$10.4	$3.0	$13.4	$0.0	$4.8	$0.7	$2.0	$7.6	$0.0	$4.3	$0.8	$5.2	$26.2
Pennsylvania	$41.6	$13.0	$54.6	$8.0	$8.9	$3.4	$10.4	$30.7	$0.6	$15.0	$5.6	$21.2	$106.5
Rhode Island	$0.3	$0.1	$0.4	$0.1	$0.1	$0.0	$0.1	$0.2	$0.0	$0.2	$0.0	$0.2	$0.9
South Carolina	$18.5	$5.5	$24.0	$4.0	$4.2	$1.3	$2.4	$11.9	$0.5	$6.7	$1.3	$8.5	$44.4
South Dakota	$2.4	$0.6	$3.0	$0.6	$0.0	$0.0	$0.5	$1.1	$0.2	$0.8	$0.0	$1.0	$5.2
Tennessee	$34.8	$9.5	$44.3	$11.0	$0.3	$2.8	$6.8	$20.9	$3.5	$9.1	$1.4	$14.0	$79.2
Texas	$89.8	$26.8	$116.6	$24.0	$0.0	$5.2	$19.2	$48.4	$5.6	$40.9	$2.7	$49.2	$214.2
Utah	$6.7	$1.9	$8.6	$1.5	$2.0	$0.5	$1.0	$4.9	$0.5	$2.1	$0.4	$3.0	$16.5
Vermont	$0.3	$0.1	$0.4	$0.0	$0.1	$0.0	$0.2	$0.3	$0.0	$0.0	$0.0	$0.1	$0.7
Virginia	$31.3	$7.7	$39.0	$3.3	$9.8	$1.8	$3.4	$18.3	$1.0	$11.0	$2.6	$14.7	$72.0
Washington	$23.1	$6.2	$29.3	$6.6	$0.0	$1.1	$8.9	$16.7	$2.2	$6.3	$1.7	$10.2	$56.2
West Virginia	$3.3	$1.4	$4.7	$0.8	$1.1	$0.4	$1.3	$3.5	$0.0	$0.9	$0.2	$1.1	$9.3
Wisconsin	$11.6	$3.2	$14.8	$2.5	$3.9	$0.9	$2.3	$9.6	$0.2	$5.9	$0.2	$6.2	$30.7
Wyoming	$1.8	$0.6	$2.4	$0.8	$0.0	$0.0	$1.2	$2.0	$0.1	$0.8	$0.1	$1.0	$5.3
U.S. Total	**$1,026**	**$299**	**$1,325**	**$217**	**$249**	**$74**	**$201**	**$741**	**$68**	**$404**	**$80**	**$552**	**$2,618**

Note: Results may not add due to rounding

Appendix A - Methodology

EY designed and built a password-secured web-based survey questionnaire for data collection (see appendix B for a copy of the survey questionnaire). Individual responses to all questions were kept completely confidential - only EY professionals responsible for the survey had access to individual survey responses. Three hundred third party debt collection agencies participated in the study.

There are two primary sources of survey error: sampling and non-sampling error. Since the universe of identified collection agencies was sent a survey, there is no sampling error and terms such as precision and confidence are not appropriate. Non-sampling error includes survey question bias, coverage and measurement error, and non-response. Non-sampling errors are present in every survey, but can be reduced with proper planning, good execution, and appropriate analysis. For this survey, we have taken the following steps to help reduce non-sampling errors at various stages of the survey process:

- The ACA annually updates its database to help reach all known collection agencies. However, there are some collection agencies which were not included on the ACA's list. To help overcome this coverage issue, we have supplemented our data with data from the U.S. Census Bureau on collection agencies. They estimate that there are 4,615 collection agencies in the United States.
- EY conducted a questionnaire review session with experienced survey professionals and data providers to help clarify the meaning of key terms and new data points.
- The electronic survey contains data edit checks designed to catch most measurement errors at the point of data entry.
- The ACA and EY conducted calling campaigns and sent electronic reminders to encourage response. We followed up with respondents on confusing or inconsistent responses.
- The survey questions address expanded and updated study objectives compared with prior economic impact surveys conducted by the ACA – for example, we added questions about the number and value of collection accounts placed and consumer dispute issues.

We compared the distribution of responding agencies to the distribution of the universe by state and size. There are some differences between the distribution of responding agencies and the distribution of agencies as noted by the U.S. Census Bureau. As a result we combined our survey results with U.S. Census data to help adjust for this potential response bias. Appendix A contains a full description of this methodology. The data for Table A.1 comes from the County Business Patterns series (CBP). This is an annual series conducted by the U.S. Census Bureau that provides subnational economic data by industry. Please see Appendix C for more information on this data source. The table shows the number of third party debt collection agencies by state and number of paid employees. For example, of the 52 agencies located in Alabama, 20 have one to four employees.

We restricted this table to companies included in NAICS Code 56144 - Collection agencies. This industry comprises establishments primarily engaged in collecting payments for claims and remitting payments collected to their clients. This industry provides the following services:

- Account collection services
- Bill collection services
- Collection agencies
- Collection agencies, accounts
- Debt collection services
- Delinquent account collection services
- Tax collection services on a contract or fee basis

The data excludes the following activities, which are included in the alternate NAICS codes indicated:

- Repossessing tangible assets--are classified in U.S. Industry 561491, Repossession Services; and
- Providing financing to others by factoring accounts receivables (i.e., assuming the risk of collection and credit losses)--are classified in U.S. Industry 522298, All Other Nondepository Credit Intermediation.
- In-house collection activities, which are classified in the industry of the primary activity. I.e., a collector working for a manufacturer is classified as an employee of the manufacturing sector.

Table A.1: Number of Debt Collection Agencies by State and Number of Employees

State	Total	1-4	5-9	10-19	20-49	50-99	100-249	250+
Alabama	52	20	2	7	8	5	7	3
Alaska	13	5	5	2	0	1	0	0
Arizona	117	40	28	16	9	11	9	4
Arkansas	37	16	7	7	5	0	2	0
California	475	210	80	81	50	28	20	6
Colorado	108	37	26	12	12	13	5	3
Connecticut	40	20	7	5	7	0	1	0
Delaware	34	18	5	5	2	2	2	0
District of Columbia	2	1	0	1	0	0	0	0
Florida	302	151	30	44	36	27	12	2
Georgia	164	76	27	28	13	8	9	3
Hawaii	18	9	3	5	1	0	0	0
Idaho	37	19	8	5	5	0	0	0
Illinois	193	76	31	23	33	16	8	6
Indiana	109	43	23	15	16	7	4	1
Iowa	27	6	4	8	1	4	3	1
Kansas	57	17	8	10	11	3	5	3
Kentucky	57	26	12	4	9	2	3	1
Louisiana	75	24	15	19	11	4	1	1
Maine	16	7	3	3	3	0	0	0
Maryland	81	35	13	21	8	1	2	1
Massachusetts	83	35	10	11	15	6	3	3
Michigan	105	44	22	19	14	3	2	1
Minnesota	111	39	22	16	10	13	9	2
Mississippi	33	12	6	8	4	1	2	0
Missouri	84	34	12	10	14	8	4	2
Montana	26	13	6	2	5	0	0	0
Nebraska	34	12	6	6	6	2	1	1
Nevada	57	16	15	12	7	3	4	0
New Hampshire	21	4	5	3	4	2	1	2
New Jersey	150	59	34	19	27	2	8	1
New Mexico	9	3	3	1	2	0	0	0
New York	475	220	73	74	54	26	18	10
North Carolina	81	37	17	4	10	8	4	1
North Dakota	19	5	8	3	1	0	2	0
Ohio	144	51	21	18	22	18	9	5
Oklahoma	72	32	11	13	7	4	5	0
Oregon	74	34	14	16	7	1	1	1
Pennsylvania	185	85	23	27	27	9	9	5
Rhode Island	7	6	0	0	1	0	0	0
South Carolina	45	20	9	3	4	2	4	3
South Dakota	25	11	7	3	3	1	0	0
Tennessee	71	20	9	8	15	9	6	4
Texas	329	135	57	46	44	17	20	10
Utah	53	32	6	4	6	3	2	0
Vermont	5	2	2	0	1	0	0	0
Virginia	80	34	10	12	11	6	4	3
Washington	126	46	23	18	28	7	3	1
West Virginia	13	5	4	0	3	0	0	1
Wisconsin	67	29	10	12	9	3	4	0
Wyoming	17	6	3	3	4	1	0	0

Table A.2 comes from the survey respondent data. It shows the average debt collected for debt collection agencies of increasing size, as measured by the number of employees. For example, the average debt collected for an agency with one to four employees is $882 thousand dollars, while that for an agency with 50-99 employees is just over $25 million dollars.

Table A.2: Average debt collected for companies of a given size of employers (dollars in thousands)

Number of Employees	Average Debt Collected
1 to 4	$882
5 to 9	$2,265
10 to 19	$3,684
20 to 49	$12,222
50 to 99	$25,121
100 to 249	$60,755
250+	$234,524

Multiplying the average debt collected for a given company size (Table A.2) by the number of companies of that size in a given state (Table A.1) gives the estimates of the total debt collected by state listed in Table 2 of the report.

The economic impact estimates are based on direct impacts obtained through the survey of agencies and the Census Bureau:

- Direct employment is equal to the U.S. Census Bureau reported figures for NAICS 56144, Collection Agencies in 2012. Direct employment includes paid employees from the U.S. Census Bureau County Business Patterns data set with imputations for undisclosed values in the District of Columbia and West Virginia. Direct employment also includes number of establishments (sole proprietors mostly) in NACIS 56144 from the U.S. Census Bureau Non-employer Statistics data set with imputations for District of Columbia, Idaho, New Mexico, North Dakota, South Dakota, Vermont and West Virginia.
- Direct labor income is equal to wages, salaries and benefits for both paid employees and owners. Labor income for paid employees was estimated using U.S. Census Bureau payroll for NAICS 56144 in each state plus estimated benefits using U.S. Bureau of Labor Statistics estimate of benefits as a percentage of total compensation for administrative and support service industries (25% of compensation). Labor income for owners is equal to receipts reported by state by the U.S. Census for non-employer establishments less operating expenses using survey data.
- Direct economic output is equal to commissions estimated by state

The indirect and induced economic impacts were estimated using the 2012 IMPLAN Group LLC input-output model of the U.S. economy for IMPLAN industry 386 – Business Support Services (NAICS 5415). National indirect and induced contributions for each economic contribution measure were estimated using the IMPLAN model and then apportioned to states using the following methods. Indirect employment estimates were apportioned to states based on each state's share of employment and GSP. Indirect labor income and output were allocated using each state’s share of GSP. Induced impacts were allocated using each state’s share of direct and indirect impacts.

Direct tax impacts for each state were estimated using data collected in the survey or ratios of historical tax collections to personal income. To estimate direct corporate income tax and the federal and state levels, the amount of corporate income tax reported by agencies was compared to total debt collected and extrapolated to total responses, adjusting for states with no corporate income tax. The Michigan Business Tax, Ohio Commercial Activities Tax, Texas Franchise Tax, and Washington Business & Occupation Tax are shown as state corporate income taxes. Other direct and indirect taxes were estimated, based on the historical ratio of tax collections to personal income, multiplied by the personal income impact in each state. State and local tax collection data was obtained from the U.S. Census Bureau, State and Local Governmental Finances database. Federal tax collection data and personal income data for each state was obtained from the U.S. Bureau of Economic Analysis.

Appendix B - ACA International 2013 state of the industry survey questionnaire

COLLECTIONS

1. In 2013, what was the total amount of dollars collected by your agency for the following account types? This should reflect the full amount you collected, including your agency's commission/ fees. For example, if your efforts on a particular account resulted in collection of $100, of which your agency kept $20 as a fee or commission, you would report the full $100 here. Do not remove the commission/fee your agency received. Please provide your answer in U.S. dollars.

Account Type	Amount Collected
On commission/fee based accounts - these are accounts for which you receive a commission or fee based on your ability to collect all or part of the outstanding debt.	______________$
On purchased accounts – these are accounts which you have purchased from another creditor and now own for collection purposes.	______________$
Total debt collected in 2013	______________**$**

2. In 2013, what was the total amount of payments earned by your agency on accounts referred to you for collection **as a commission or fee**? This includes any commissions, per account fees, placement fees, etc. For example, if your efforts on a particular account resulted in collection of $100, of which your agency kept $20 as a fee or commission, you would only report the $20 here. Please provide your answer in U.S. dollars. ______________$

3. Please provide the amounts of debt collected for the following debt types. The total should sum to the total amount of dollars collected from Question 1.

Debt Type	Amount Collected
Bad Debt	______________$
Early Out	______________$
Total debt collected in 2013 (Should equal total from Question 1)	______________**$**

4. Of the total amount of debt your company sought to collect, what percentage is traditional third-party on behalf of a creditor client? ________%
5. Of the total amount of debt your company sought to collect, what percentage is purchased debt on behalf of a debt buyer client or your own company? ________%

6. Of the total gross dollars collected in Question 1. Please provide an approximate percentage breakdown of this amount among the following debt categories.

Debt Category	Percentage of Total Debt Collected
Retail	______________%
Credit card	______________%
Mortgage	______________%
Other financial services (e.g., bank loans, auto	______________%
Government - Federal	______________%
Government – State	______________%
Government – Local	______________%
Health care – hospital	______________%
Health care - clinic	______________%
Health care – physician group	______________%
Student loan – public	______________%
Student loan – private	______________%
Utility	______________%
Telecom	______________%
Other (please specify type)	______________%
Total (Should sum to 100%)	**100%**

ACCOUNTS AND SERVICES

7. Please identify the total number of consumer accounts placed with your agency in 2013. _________ account(s)

8. Please identify the total face value dollar amount of the consumer accounts placed with your agency in 2013. ______________$

9. Of the consumer accounts contacted, what percentage resulted in a request for verification by the consumer? ________%

10.
    a.) Of the consumer accounts contacted, what percentage resulted in a consumer dispute?
    ________%
    b.) Of the accounts that resulted in a consumer dispute, what percentage was resolved in the consumer's favor? ________%

11. Of the total accounts contacted, how many resulted in the consumer (plaintiffs' attorney) filing a lawsuit against your firm? ________lawsuit(s)

12. Of the total accounts contacted, how many resulted in your company filing a lawsuit against a consumer? ________lawsuit(s)

13.

a.) How many demand letters did your company receive? ________demand letter(s)

b.) Of these demand letters, how many were resolved or settled prior to a lawsuit being filed against your company? ________demand letter(s) resolved

14. Of the total number of consumer accounts placed with your agency in 2013, what percentage was:

Resolved with a payment from a consumer (e.g., payment received, settled)?	________%
Closed for a reason other than payment from a consumer (e.g., valid dispute, wrong person, etc.)?	________%

15. In addition to your efforts to recover consumer debt, please let us know other services provided by your company and include the percentage of your revenue derived from these services.

Collection agency	________%	Check recovery	________%
Account billing/billing services	________%	Consumer reporting agency	________%
Subrogation recovery	________%	Outsourcing	________%
Collection of owned debt	________%	Insurance follow-up	________%
Skip tracing	________%	Early out/Precollect	________%
Consulting Services	________%	Check verification	________%
Medical assistance Qualifications	________%	Child support collections	________%
Letter service	________%	Alimony obligation collections	________%

EMPLOYEES

16. How many total employees did you employ as of December 31, 2013?

Employee Type	**Number of Employees**
Full time employees	______________
Part time employees	______________
Contract employees	______________
Total employees	______________

17. How many telephone collectors (counting each employee who communicates with consumers by telephone for any reason) did you employ as of December 31, 2013? _________ telephone collector(s)

EXPENSES

18. What was your total compensation paid to full time, part time and contract employees in 2013? You should include payments made for salary, bonus, employee benefits, fringe benefits, health insurance payments, 401K contributions, payroll taxes, etc. Do not include proprietor/owner distributions, except for salary paid to any such individuals. Please provide your answer in U.S. dollars. ______________$

19. What were your total non-labor operating expenses in 2013? Do not include taxes paid – you will report that in the next two questions. Please provide your answer in U.S. dollars. ______________$

20. What was the total amount of real property tax (on buildings) and personal property taxes (on furniture, equipment, etc.) paid in 2013? If your landlord or the lessor of your equipment makes the payments for you, please provide an estimate of the amount paid, if known. Please provide your answer in U.S. dollars. ______________$

21. What was the total amount of federal and state corporate income or business entity tax, if any, paid in 2013? Please provide your answer in U.S. dollars. (Note: please provide tax liabilities of the collection agency only. For pass-through businesses such as LLCs, S-corps, and partnerships, DO NOT include individual income tax liabilities of owners, members, or partners.)

Tax	**Corporate Income Tax Paid**
State and Local	______________$
Federal	______________$
Total tax paid	______________**$**

CHARITY

22. What was the total amount of charitable contributions made by your company to local, state and national organizations in 2013? Please provide your answer in U.S. dollars. ______________$

23. How many total hours did employees at your company spend volunteering for local, state and national non-profit organizations in 2013? Please provide answer in hours. _________ hour(s)

24. What was the total number of hours your employees volunteered at company sponsored charitable activities for community organizations/events in 2013, if available? _________ hour(s)

Appendix C - U.S. census bureau data used in the report

County Business Patterns

This series includes the number of establishments, employment during the week of March 12, 2012, first quarter payroll, and annual payroll for businesses with paid employees. This data is useful for studying the economic activity of small areas; analyzing economic changes over time; and as a benchmark for other statistical series, surveys, and databases between economic censuses. Businesses use the data for analyzing market potential, measuring the effectiveness of sales and advertising programs, setting sales quotas, and developing budgets. Government agencies use the data for administration and planning.

For more information see
http://www.census.gov/econ/cbp/index.html

Nonemployer Statistics

This series provides economic data for businesses that have no paid employees and are subject to federal income tax. Most employers are self-employed individuals operating unincorporated businesses. The data consist of the number of businesses and total receipts by industry. Data originate from tax return information from the Internal Revenue Service.

For more information see
https://www.census.gov/econ/nonemployer/