

Implementing a collection agency in OWLSnet

Table of Contents

Background	1
Do we have a choice of collection agencies?.....	2
What patron accounts would be sent to Unique Management?	2
Do all of the OWLSnet libraries need to participate in order for any library to participate?	2
When would we send the accounts to collection?.....	4
What if a patron contacts the library and wants to make arrangements for payment?	4
Isn't it a little heavy-handed – sending patrons to a collection agency for library materials?.....	4
How much will this cost my library?	4
How does this work? What happens when?.....	5
Library attempts to recover materials or payment for materials.	5
Unique Management uses initial placement to attempt to recover materials or payment.	5
Unique Management uses secondary placement to attempt to recover materials or payment....	5
What if the patron has returned the items, but the library missed checking them in?	5
What is the success rate of this service?	6
Can the library still talk to the patron, even after their account has been sent to Unique?	6
What needs to happen before we can implement this?	7

Background

With the passage of Act 169 on Feb 29, 2016, Wisconsin public libraries are authorized to use the services of a collection agency to assist in the recovery of long overdue library materials. Statute 43.30 (6) reads as follows:

(a) Subject to par. (b) and notwithstanding sub. (1m), a library that is supported in whole or in part by public funds may report the following information as provided in par. (c):

1. Information about delinquent accounts of any individual who borrows or uses the library's documents or other materials, resources, or services.
2. The number and type of documents or materials that are overdue for each individual about whom information is submitted under subd. 1.

(b) If a public library discloses information as described in par. (a), the information shall be limited to the individual's name, contact information, and the amount owed to the library.

(c) A library may report the information as described in par. (a) to any of the following:

1. A collection agency.
2. A law enforcement agency, but only if the dollar value of the individual's delinquent account is at least \$50.

Implementing a collection agency in OWLSnet

Many years ago, when OWLSnet chose Innovative Interfaces, we purchased their collection agency product, which allows us to group patron accounts, send information to a collection agency and add in a collection fee. While we had planned to implement this, due to a 2006 Wisconsin Attorney General's opinion, this process was put a hold. Now that it's clear that Wisconsin libraries may use collection agencies, we're actively researching the product and how it might work for us.

Do we have a choice of collection agencies?

We do have a choice of collection agencies, but OWLS recommends that we use Unique Management Services, Inc. Unique Management is a collection service that emphasizes material recovery and patron goodwill. They specialize in recovering library materials, rather than recovering cash. They use a "gentle nudge" approach, rather than the much tougher approach employed by other collection agencies.

What accounts would be sent to Unique Management?

Any patron who owes the minimum amount chosen by OWLSnet could be sent to collection. The software is configured to send the accounts to collection even if there is nothing currently checked out on the account, as long as the total amount owed meets the minimum amount. However, it is possible to limit by fine amount as well. So, for example, we could exclude patrons from being sent to collection who owe less than \$15 in replacement costs, or less than \$25 in replacement costs.

Unique recommends that the *minimum* be no lower than \$25. AAC could agree to a different amount, although OWLS recommends that all agree to the same minimum amount.

Do all of the OWLSnet libraries need to participate in order for any library to participate?

This still needs to be decided. There would be less confusion for patrons and staff if all libraries agreed to participate. If only some libraries choose to participate, only patrons with those libraries as their "home agency" would be sent to collection. They would be sent to collection regardless of where the items were checked out, or who owned those items. Here are two examples:

- Library A participates in collection agency. Libraries B & C do not.
 - Patron with home agency of Library A checks out item owned by Library B at Library C. Even though Library A isn't involved at all in the transaction, patron's account is sent to collection once they reach the requirements.
 - Patron with home agency of Library B checks out item owned by Library A at Library A. Even though Library A owns the item and checked it out, the patron won't be sent to collection because their home agency library doesn't participate in the collection agency.

Implementing a collection agency in OWLSnet

So, if your library chooses not to participate, but other libraries do, there is a strong possibility that patrons who check out your materials or use your library may still be sent to a collection agency.

We recommend that all OWLSnet library boards pass a resolution permitting patrons who check out materials at their library or checkout materials owned by their library, to be sent to collection by the patron's home agency. We'll have shared recommended text for discussion.

If we choose to participate in the Unique Management service with only some OWLSnet libraries, libraries that don't participate may want to continue using their city attorney, police or sheriff's department to reclaim items. There may be cases where an account is sent to collection, and another library wishes to use an alternative means of collection for the same patron. In order for the library using Unique to have the best chance of recouping the collection agency fee, libraries using alternative means of collection would need to wait until the account had gone through the entire Unique process before using an alternate collection process.

Implementing a collection agency in OWLSnet

When would we send the accounts to collection?

Unique Management recommends that accounts be sent to collection at or before 60 days overdue. Bills in our system are sent at 28 days overdue, however, that *only includes open days*. If a library is open 7 days a week, then items checked out at that library are billed at approximately 28 calendar days. For libraries open 5 days a week, items are generally billed at 37 days. Since bills for most items are sent between 28 and 36 days overdue, OWLSnet would recommend that we send accounts to collection at 45 days after the due date, which will generally be between 45 and 60 calendar days. This would give patrons a little more than two weeks (at a minimum) to respond to a bill.

What if a patron contacts the library and wants to make arrangements for payment?

If a library wants to make arrangements with a patron and ensure that patron's account is not sent to collection, they can make changes to the patron record to accommodate this. It would be best to do this before sending the account to collection (since a fee is charged once the account is sent), but a patron account can be removed from collection after the account has been sent.

Isn't it a little heavy-handed – sending patrons to a collection agency for library materials?

This is one of the reasons that OWLSnet is interested in Unique Management – as you'll see from their telephone scripts and mailings, they have a gentle approach that focuses on maintaining patron goodwill.

At the same time, libraries that vigorously attempt to regain overdue items are being good stewards of public funds. The materials and moneys collected from patrons who return things upon being contacted by Unique can reduce the amount of money and staff time needed to replace items, which means your funding dollars go further.

How much will this cost my library?

Unique charges \$8.95 per patron account for their complete recovery service and suggests that by following all or most of their suggestions, impact on the budget is minimized. Most libraries will incur minimal or no cost by utilizing Unique Management's services.

- Send accounts to Unique at or before 60 days overdue.
- Automatically add a \$10 - \$15 collection fee to all accounts sent to Unique.
- Have a minimum fine structure of \$.10 a day up to at least a maximum of \$5 a day on adult and juvenile materials.
- Send patron accounts to Unique that meet the minimum fine amount, but do not have overdue items.

Implementing a collection agency in OWLSnet

How does this work? What happens when?

Library attempts to recover materials or payment for materials.

1. Patron may receive emailed courtesy notices, and 1st overdues at 3 days overdue and 2nd overdues at 14 days overdue. These come from the owning library. Currently, some libraries choose not to mail 1st and/or 2nd overdue notices.
2. Patron is billed for items at 28 open days.

Unique Management uses initial placement to attempt to recover materials or payment.

1. Patron account is sent to Unique Management after 45 days past the item's due date (45-60 calendar days). Accounts are sent once a week.
 - a. A block is placed on the patron account, preventing them from checking out items.
 - b. If the process is automated, updates are sent every day to Unique. Patrons are removed from the collection agency if they resolve all outstanding items and charges, or reduce the amount to a minimal amount owed (set by OWLSnet).
 - c. Or, the process can be manual, and library staff can run the process that sends the account to collection, removing any accounts they don't wish to send.
2. Unique sends out a letter to each patron, usually the same day they receive the account.
3. After three weeks, Unique sends out a follow-up letter.
 - a. If the patron returns material or makes a partial payment but doesn't completely resolve the account, Unique automatically sends a letter encouraging the patron to resolve the remaining balance.
4. If the patron still owes money two weeks after the second letter, they are called at home in the evening or on a Saturday. (Unique finds that calls improve results as much as 30% over letters alone.)

Unique Management uses secondary placement to attempt to recover materials or payment.

1. Skip tracing is done to find patrons who have moved. Corrected addresses are provided to the library each month.
2. Once a correct address has been obtained, a final notice letter is sent.
3. If the patron has not cleared their account 14 days after the final notice letter is sent, the patron is called again.
4. Several telephone calls will be made depending on the patron balance, what has been said earlier by the patron, and response to date.

What if the patron has returned the items, but the library missed checking them in?

Before a patron is sent to collection, the library will have sent out all of their standard notices – 1st and 2nd overdue notices (depending on the library) and a bill. Libraries are sent a Search Shelves report by the OWLSnet staff prior to the generation of the bill. This allows them to

Implementing a collection agency in OWLSnet

search for the item and make sure the price is correct in the record, before the bill is actually generated.

If a patron is sent to collection and the item is found to have been returned, Unique Management's gentle approach is designed to maintain patron goodwill. Library staff will have the option, based on their library's policy, to waive the collection agency fee.

What is the success rate of this service?

According to Unique, libraries can expect from 50 to 75 percent of patrons to respond. These are patrons that have not responded to overdue notices or bills, and might not be expected to respond without further contact.

Can the library still talk to the patron, even after their account has been sent to Unique?

Yes, in fact Unique encourages the patron to contact the library. If the patron is not home when Unique calls them, Unique will ask them to contact the circulation desk at the library, including a name and/or phone number.

Implementing a collection agency in OWLSnet

What needs to happen before we can implement this?

1. All OWLSnet library boards should pass a resolution authorizing other OWLSnet libraries to send an account to collection when an account meets the criteria and includes their items or includes items checked out at their library. We may want to have the board president and director of each library sign the resolution and return to OWLS.
2. Libraries should have a solid system in place to contact patrons before their accounts are sent to collection. Libraries should call patrons on either the first or second overdue notice and mail out the other. These procedures should be a formal part of the collections process.
3. Libraries should also make sure that bills are correct. This should be done as part of the Search Shelves Before Billing report. Since bills include a note of the total outstanding fines and bills, libraries may want to keep a copy of each bill for patrons who meet the eligibility criteria.
4. The language on notices and bills will need to be changed to inform patrons about the possibility of being referred to collection.
5. We need to choose:
 - a. The minimum amount at which an account can be sent
 - b. Does that minimum amount include fines?
 - i. If yes, libraries may want to look carefully at their fines to make sure these are still appropriate.
 - c. If yes, is there a minimum amount of replacement costs?
6. We need to decide if individual libraries will submit accounts to collection, or if this is something that will be done by OWLS staff. In order to give libraries more control over the process, OWLS recommends that libraries initiate the process.
7. We also need to decide on the process Unique will use to bill libraries. OWLS recommends that Unique bill each library, rather than sending one bill to OWLS which would then need to be split up and billed again.
8. Unique Management requires that the zip code be changed to 99999 to notify them of an unknown address. We need to change our process to conform.
9. A number of libraries have already used the "C" mblock code. These records will need to be changed.