The Impact of Third-Party Debt Collection on the US National and State Economies in 2016

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Executive summary

Unpaid debt can affect consumer prices, borrowing costs, and business performance. Similarly, uncollected taxes or fines can impact government budgets. The US third-party debt collection industry serves businesses and government agencies by recovering obligations related to accounts receivable, taxes, fines, and other fees. While some organizations choose to collect such debts themselves ("in-house" debt collection), many will refer delinquent accounts to a third-party debt collector who attempts to recover the debt for an agreed upon fee. By recovering tens of billions of dollars in delinquent consumer debt each year that may otherwise go uncollected, the third-party debt collection industry generates important benefits to the US economy.

To develop a more complete picture of the economic importance of the third-party debt collection industry, ACA International ("ACA"), the largest trade association representing the debt collection industry, commissioned Ernst & Young ("EY") to conduct this study, *The Impact of Third-Party Debt Collection on the US National and State Economies in 2016*. ACA previously commissioned EY to conduct similar studies in 2011 and 2013. This study relies on two primary sources of information:

- An EY survey of third-party debt collection agencies, and
- The United States Census Bureau's County Business Patterns and Nonemployer Statistics series, which includes the number of US third-party establishments, employees, and payroll

Below is a summary of key industry measures derived from these two data sources:

- Agencies recovered approximately $78.5 billion in total debt in 2016, on which they earned close to $10.9 billion in commissions and fees. Removing these agency earnings from the total debt recovered leaves nearly $67.6 billion in debt that agencies returned to creditors. The five states with the highest total debt collected are New York ($7.3 billion), Texas ($7.3 billion), California ($5.2 billion), Illinois ($4.4 billion) and Florida ($3.9 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 and non-hospitals) is the leading debt category, accounting for nearly 47% of all debt collected in the industry, followed by student loan debt, which makes up 21% of all debt collected. Government-related debt makes up 16% of all debt collected, while credit card, retail, telecom, utility, mortgage, and other debt each make up less than 10% all of debt collected.

- There are 129,262 employees in the industry, including 124,282 paid employees and more than 4,900 agency owners, according to data from the US Census Bureau.

Including owners, there were more than 124,000 full-time employees, 3,700 part-time employees, and 600 contract employees.

- Third-party debt collection agencies made an estimated $17.7 million in charitable contributions in 2016. Industry employees spent an estimated 521,700 hours volunteering for causes/activities of their choosing, including nearly 151,300 hours at company-sponsored volunteer activities.

- In addition to the 129,262 people employed directly, US debt collection agencies support the indirect and induced employment of more than 89,000 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 in the US includes 218,324 jobs, supporting a total payroll of approximately $12.6 billion.

- US debt collection agencies and their employees were estimated to directly contribute $852 million of federal tax, $391 million of state tax, and $286 million of local tax, for a combined tax impact of more than $1.5 billion. Taxes attributable to the operations of debt collection agencies employees, suppliers, and businesses that sell to employees total $2.9 billion – approximately 9% of the estimated total economic impact of the debt collection industry. Of the $2.9 billion estimated total tax impact, 55% is estimated to be federal tax (corporate and individual income taxes) and 45% is estimated to be state and local taxes.

Contents

Introduction

Unpaid debt can have significant effects on consumer prices, borrowing costs, and business performance. Similarly, uncollected taxes or fines can strain government budgets. The US third-party debt collection industry serves businesses and government agencies by recovering obligations related to accounts receivable, taxes, fines, and other fees. While some organizations choose to collect such debts themselves ("in-house" debt collection), many will refer delinquent accounts to a third-party debt collector who attempts to recover the debt for an agreed upon fee.

By recovering billions of dollars in delinquent debt each year that would otherwise go uncollected, the industry generates benefits to US businesses. These include:

- Reduced consumer prices for consumers that pay their debts
- Lower bad debt costs for businesses that diminishes financial insolvency risks
- Decreased future tax and fee increases or spending cuts on the part of government agencies

To develop a more complete picture of the economic impact of the third-party debt collection industry, ACA International ("ACA") commissioned Ernst & Young ("EY") to conduct a study of third-party debt collection agencies. This study relies on two primary sources of information:

- **A survey of third-party debt collection agencies**. EY fielded this survey between July and September of 2017 to ACA members and non-member contacts that ACA provided.
- **The United States Census Bureau's County Business Patterns and Nonemployer Statistics series**. This series includes the number of US third-party establishments, employees, and payroll.

Unless otherwise noted, all data in this report are derived from these two sources. For a complete description of the report methodology, please see appendix A.

The analysis in this study 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.

Debt collections

Table 1 shows the total debt recovered by third-party debt collectors in the United States for 2016. Agencies recovered an estimated $78.5 billion in total debt, on which they earned nearly $10.9 billion in commissions and fees. Removing these agency earnings from the total debt recovered leaves $67.6 billion in debt that agencies returned on a commissioned basis to creditors and the US economy. Since 2013, which is the last year that this study was conducted, the amount of debt collected increased by 42%, but average commissions and fees declined from 18.1% to 13.9% in 2016.

Table 1. Debt returned by US third-party debt collection agencies in 2016
Dollars in millions

Economic measure	Estimated value ($M)
Debt collected	$78,547
Commissions and fees earned	-$10,901
Net debt returned	**$67,646**

13.9%

Average commission/fee

Note: Results may not add due to rounding
Source: EY analysis using ACA 2017 survey results; Census County Business Patterns 2015 data

As noted in the introduction, this represents a real benefit to American households, businesses and creditors. The $67.6 billion in net debt returned represents $579 in savings on average per household.[1] It is also equal to 3% of US corporate profits before tax, 5.3% of before tax profits of US domestic non-financial corporations, and 12.7% of before tax profits of US domestic financial corporations.[2] From a creditor perspective, it is roughly 1.8% of total consumer credit outstanding.[3]

Table 2 presents the total debt collected by state for 2016. The five states with the highest total debt collected are New York ($7.3 billion), Texas ($7.3 billion), California ($5.2 billion), Illinois ($4.4 billion) and Florida ($3.9 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 US Census Bureau there were 117 million households in the United States from 2011-2015, the most recent period of data available - https://www.census.gov/quickfacts/fact/table/US/PST045216
[2] "Flow of Funds Accounts of the United States" Release Z.1 First Quarter 2017 – Table F.3
[3] "Flow of Funds Accounts of the United States" Release Z.1 First Quarter 2017 – Table D.3

Table 2. Debt collected in 2016, by state
Dollars in millions

State	Total Debt Collected	Total Commissions Collected	Debt Returned
Alabama	$1,503	$190	$1,312
Alaska	$80	$15	$65
Arizona	$2,262	$426	$1,836
Arkansas	$261	$33	$228
California	$5,166	$973	$4,194
Colorado	$2,317	$436	$1,881
Connecticut	$213	$27	$186
Delaware	$623	$79	$544
District of Columbia	$4	$1	$4
Florida	$3,943	$500	$3,443
Georgia	$2,749	$348	$2,400
Hawaii	$37	$7	$30
Idaho	$123	$23	$100
Illinois	$4,408	$579	$3,829
Indiana	$1,359	$179	$1,181
Iowa	$1,059	$139	$920
Kansas	$2,223	$292	$1,931
Kentucky	$1,720	$218	$1,502
Louisiana	$1,095	$139	$956
Maine	$95	$12	$83
Maryland	$719	$91	$628
Massachusetts	$1,534	$196	$1,339
Michigan	$617	$81	$536
Minnesota	$2,555	$336	$2,219
Mississippi	$230	$29	$201
Missouri	$1,894	$249	$1,645
Montana	$94	$18	$76
Nebraska	$1,090	$143	$947
Nevada	$564	$106	$458
New Hampshire	$1,198	$153	$1,045
New Jersey	$1,264	$161	$1,103
New Mexico	$32	$6	$26
New York	$7,328	$935	$6,393
North Carolina	$1,180	$150	$1,030
North Dakota	$115	$15	$100
Ohio	$3,834	$504	$3,330
Oklahoma	$589	$75	$514
Oregon	$768	$145	$623
Pennsylvania	$3,391	$433	$2,958
Rhode Island	$15	$2	$13
South Carolina	$1,999	$253	$1,745
South Dakota	$137	$18	$119
Tennessee	$2,812	$356	$2,456
Texas	$7,265	$921	$6,344
Utah	$364	$69	$296
Vermont	$9	$1	$7
Virginia	$2,631	$334	$2,298
Washington	$1,726	$325	$1,401
West Virginia	$419	$53	$366
Wisconsin	$840	$110	$730
Wyoming	$93	$18	$76
Total	**$78,547**	**$10,901**	**$67,646**

Note: Results may not add due to rounding
Source: EY analysis using ACA 2017 survey results; Census County Business Patterns 2015 data

Consumer accounts

As previously noted, third-party debt collectors were able to return more than $78.5 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 one billion consumer accounts placed with third-party agencies for debt collection in 2016. These accounts represent more than $792 billion in total face value – an average account size of $663. The $78.5 billion in total debt returned is 9.9% of this $792 billion in total debt placed with third-party debt collection agencies.

Table 3. Number and value of accounts

Measure	Estimated value (millions)
Accounts placed in 2016	1,197
Total face value	$792,878

$663

Average account size

Source: EY analysis using ACA 2017 survey results; Census County Business Patterns 2015 data

Table 4 shows that agencies resolved about 13.6% of accounts with some form of payment. This is higher than the total debt collected as a percentage of the total face value of debt placed with agencies (9.9%). This suggests that the average debt collected was lower than the average account size placed with the agencies. Another 47.8% of accounts were closed in 2016 for some reason other than payment, such as the consumer refusing to pay the debt or that the consumer had a valid dispute of the debt.

Table 4. Resolution of consumer accounts

	Percent of accounts
Resolved with payment	13.6%
Closed for another reason*	47.8%

*Valid dispute, wrong person, consumer refuses to pay debt, etc.
Source: EY analysis using ACA 2017 survey results

In some instances, consumers may dispute a debt that agencies attempt to collect. Table 5 summarizes the impact of some common types of consumer disputes. It shows that consumers requested debt verification for less than 20% of the accounts placed with debt collection agencies, and only about 9% of debt accounts were actually disputed by the consumer. In 2016, approximately 174,077 demand letters were sent from agencies, and in nearly 95% of cases, these were resolved prior to a lawsuit being filed. Finally, in very few cases, lawsuits may arise from disputed debts. Of the accounts that were disputed, less than one-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.

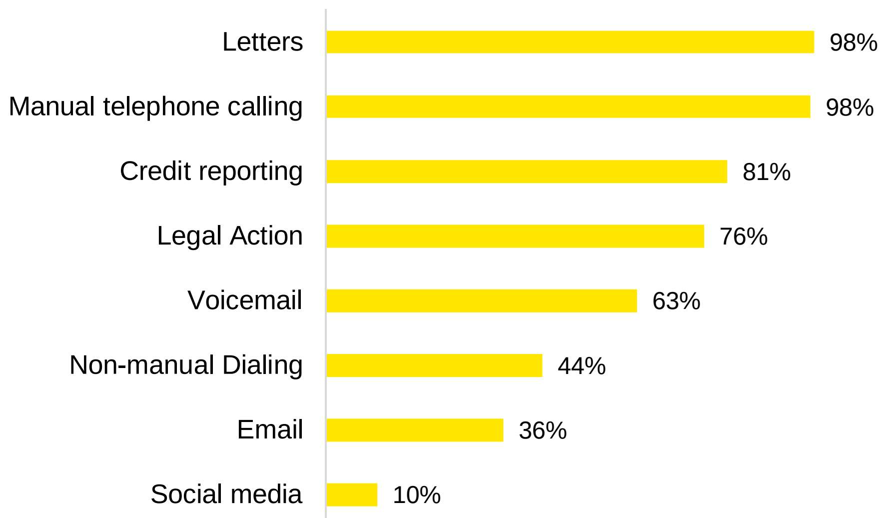
Table 5. Consumer disputes

Percent of accounts where	
Consumer requests verification	18.1%
Consumer disputes	9.6%
Demand letters	
Number of demand letters	174,077
% resolved prior to a lawsuit	94.5%
Percent of disputes where	
Consumer files suit	<0.1%
Agency files suit	0.32%

Source: EY analysis using ACA 2017 survey results

Debt collection agencies use a variety of methods to contact consumers to recover debt. EY asked agencies to report the outreach methods that they employ in collection operations. The most commonly reported methods were letters and manual telephone calling (98% of respondents). Credit reporting, legal action, and leaving voicemail messages were also used by more than half of debt collection agencies. Non-manual dialing, sending emails, and using social media were the least used by agencies, as shown in Figure 1.

Figure 1. Methods used in collection operations

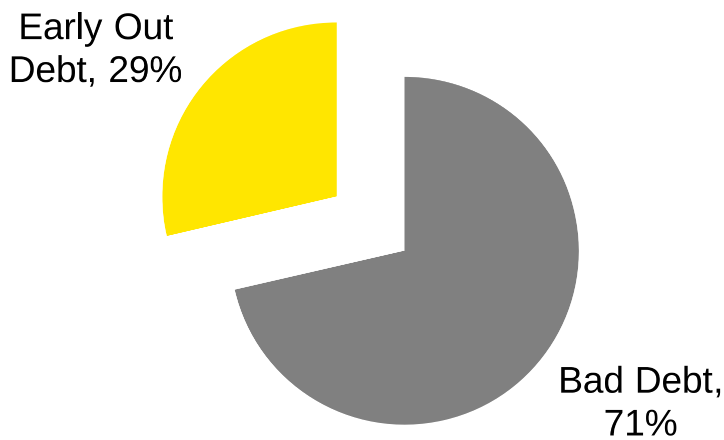


Source: EY analysis using ACA 2017 survey results

Types of debt

Figure 2 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 2. Debt collected by category in 2016



Source: EY analysis using ACA 2017 survey results

Table 6 shows the total debt collected in 2016 by type of debt. Health care related debt (from hospitals and non-hospitals) is the leading debt category, accounting for nearly 47% of all debt collected in the industry. Student loan debt is next with a little more than a fifth of debt collected, while government-related debt accounts for another 16%. Financial services, retail, telecom and utility, mortgage, and other debt each make up less than 10% of debt collected.

Table 6. Types of debt collected in 2016

Debt Type	Percent of Total Debt Collected
Health care	**46.8%**
Hospital	28.2%
Non-hospital	18.6%
Student loan	**21.2%**
Federal	18.5%
Non-federal	2.7%
Financial services	**2.8%**
Credit card	1.0%
Other financial services	1.8%
Government	**16.4%**
Retail	**1.2%**
Telecom and utility	**8.9%**
Mortgage	**0.1%**
Other	**2.4%**
Total	**100%**

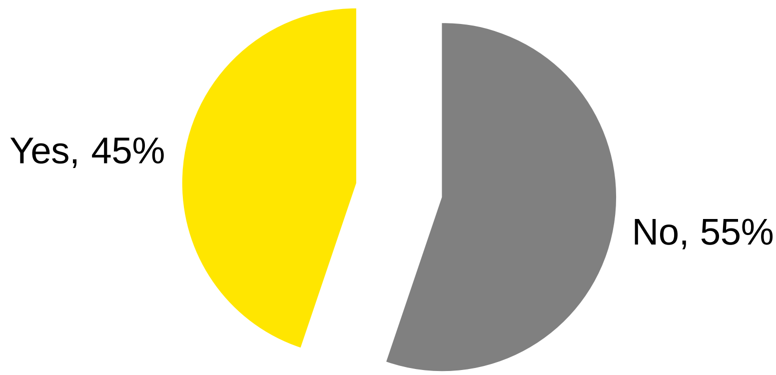
Note: Results may not add due to rounding
Source: EY analysis using ACA 2017 survey results

While many associate consumer debt with typical consumer loans such as those for mortgages, cars and credit cards, Table 6 shows that among survey respondents, most of the debt collected was related to healthcare spending. According to the American Hospital Association, US hospitals provided $35.7 billion in uncompensated care in 2015, representing 4.2% of annual hospital expenses[4].

As noted in Table 6, 16% of reported debt was collected on behalf of government agencies. EY asked agencies for additional details about debt collected on behalf of governments. A significant share (45%) of debt collection agencies reported collecting debt on behalf of government entities (Figure 3). Of agencies that reported collecting debt related to governments, 91% collected debt related to local governments, including cities, counties, townships, or other local quasi-public entities. Significantly fewer agencies reported collecting debt related to state or federal governments. As shown in Figure 4 on the next page, 29% of agencies reported collecting state government debt while only 9% reported collecting federal debt.

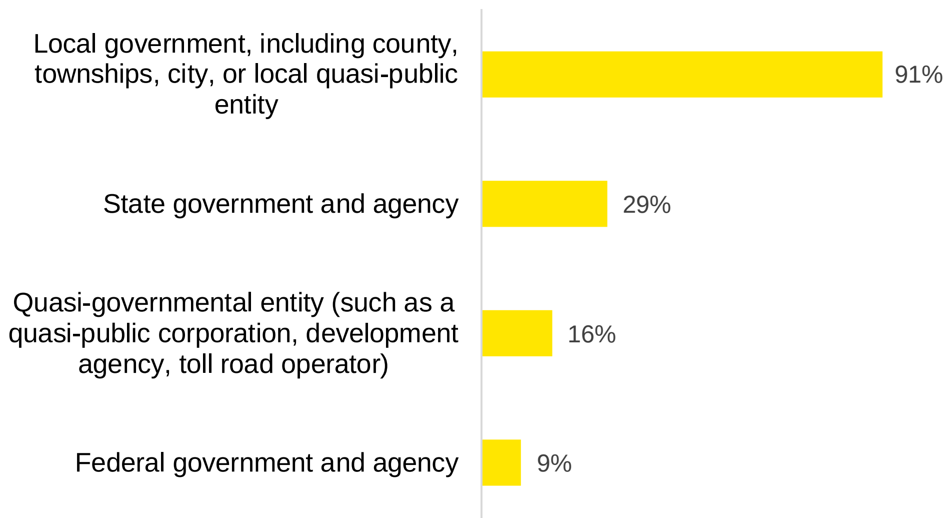
[4] American Hospital Association, "Uncompensated Hospital Care Cost Fact Sheet," December 2016

Figure 3. Share of agencies collecting debt on behalf of a government or quasi-governmental agency



Source: EY analysis using ACA 2017 survey results

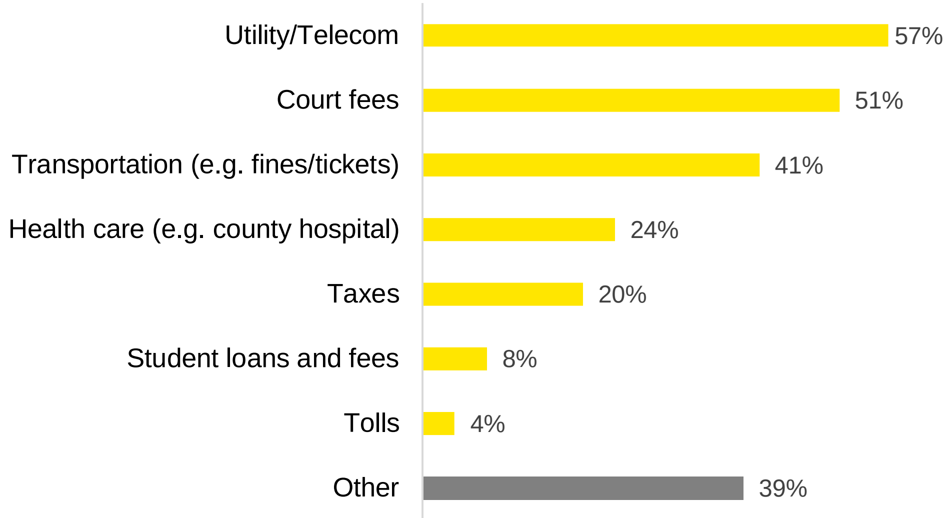
Figure 4. Level of government for which agencies collected debt



Source: EY analysis using ACA 2017 survey results

Figure 5 shows the most common types of local government debt collected in 2016. Of those collecting local government debt, 57% reported collecting utility/telecommunications debt, and 51% reported collecting court fees. One in five agencies collecting local debt reported collecting taxes owed. Local student loans and local tolls-related debt were the least common categories.

Figure 5. Categories of local government debt in 2016



Source: EY analysis using ACA 2017 survey results

Employment

Table 7 shows the number of employees in the debt collection industry. There are 129,262 employees and owners in the industry. This includes 124,282 paid employees and more than 4,980 agency owners. Including these owners, there are 124,869 full-time employees. There are an estimated 3,788 part-time paid employees and more than 600 contract employees. Among paid employees, 60.3% are telephone collectors.

Table 7. Third-party debt collection industry employees and owners, 2016[5]

Employee type	Estimate
Full-time[6]	124,869
Part-time	3,788
Contract	605
Total	**129,262**

Note: Results may not add due to rounding
Source: EY analysis using ACA 2017 survey results; Census County Business Patterns 2015 data

[5] Estimated using US Census County Business Patterns 2015 data and ACA 2017 survey data. See appendix A for detailed explanation
[6] Includes full-time paid employees and agency owners

Based on an annual payroll of $4.9 billion using Census data and 124,282 paid employees, salary and wages for all debt collection agency employees (including telephone collectors and other employees) average approximately $39,274, before benefits.

Charitable activities

Table 8 on the following page presents the charitable activity of US third-party debt collection agencies. It shows that in 2016, US debt collection agencies made an estimated $17.7 million in charitable contributions. Also, industry employees spent more than 521,700 hours in volunteer activities, including nearly 151,300 hours at company sponsored charitable activities. Table 8 also estimates the level of charitable activity by state.

Table 8. Industry charitable activity in 2016 (in thousands)

State	Charitable contributions	Employee volunteer hours	Company volunteer hours
Alabama	$309	10.0	2.9
Alaska	$24	0.5	0.2
Arizona	$690	15.0	4.4
Arkansas	$54	1.7	0.5
California	$1,576	34.3	10.0
Colorado	$707	15.4	4.5
Connecticut	$44	1.4	0.4
Delaware	$128	4.1	1.2
District of Columbia	$1	0.0	0.0
Florida	$810	26.2	7.6
Georgia	$565	18.3	5.3
Hawaii	$11	0.2	0.1
Idaho	$38	0.8	0.2
Illinois	$939	29.3	8.5
Indiana	$290	9.0	2.6
Iowa	$226	7.0	2.0
Kansas	$474	14.8	4.3
Kentucky	$353	11.4	3.3
Louisiana	$225	7.3	2.1
Maine	$20	0.6	0.2
Maryland	$148	4.8	1.4
Massachusetts	$317	10.2	3.0
Michigan	$131	4.1	1.2
Minnesota	$544	17.0	4.9
Mississippi	$47	1.5	0.4
Missouri	$403	12.6	3.6
Montana	$29	0.6	0.2
Nebraska	$232	7.2	2.1
Nevada	$172	3.7	1.1
New Hampshire	$248	8.0	2.3
New Jersey	$261	8.4	2.4
New Mexico	$10	0.2	0.1
New York	$1,516	48.7	14.1
North Carolina	$242	7.8	2.3
North Dakota	$25	0.8	0.2
Ohio	$817	25.5	7.4
Oklahoma	$121	3.9	1.1
Oregon	$234	5.1	1.5
Pennsylvania	$701	22.5	6.5
Rhode Island	$3	0.1	0.0
South Carolina	$411	13.3	3.9
South Dakota	$29	0.9	0.3
Tennessee	$578	18.7	5.4
Texas	$1,492	48.2	14.0
Utah	$111	2.4	0.7
Vermont	$2	0.1	0.0
Virginia	$541	17.5	5.1
Washington	$527	11.5	3.3
West Virginia	$86	2.8	0.8
Wisconsin	$179	5.6	1.6
Wyoming	$28	0.6	0.2
Total	**$17,668**	**521.7**	**151.3**

Note: Results may not add due to rounding

Source: EY analysis using ACA 2017 survey results; Census County Business Patterns 2015 data

Economic and fiscal impacts

US debt collection agencies support jobs and wages that reach beyond the direct benefits of hiring and paying collection agency employees. The industry also supports jobs at suppliers and other businesses that sell to the industry and its employees.

Table 9, on the following page, presents estimates of the debt collection industry's US 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, 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 services, building services, and other goods and services purchased by debt collection agencies. Induced economic impacts are the jobs, compensation, and economic activity generated from purchases of goods and services by employees of debt collection agencies or their suppliers. 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 9 shows that the total direct economic output of the third-party debt collection industry for 2016 was $10.9 billion. This corresponds to the total commissions and fees earned by debt collection agencies as noted previously in Table 1 and Table 2. The indirect economic impacts of the industry totaled $20.8 billion – yielding an industry total economic impact of $31.7 billion in 2016.

US debt collection agencies directly employed 129,262 people (including owners and paid employees) and supported the indirect and induced employment of more than 89,000 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 in the United States was 218,324 in 2016. 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 US 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 9. Total (direct, indirect, and induced) industry economic impact in 2016, by state
Millions of dollars, number of employees

	Output			Labor income			Employment		
	Direct	Indirect	Total	Direct	Indirect	Total	Direct	Indirect	Total
Alabama	$190	$258	$449	$91	$72	$163	2,194	1,390	3,584
Alaska	$15	$41	$56	$8	$11	$20	147	137	284
Arizona	$426	$402	$828	$146	$114	$260	3,331	2,083	5,414
Arkansas	$33	$101	$134	$25	$28	$52	689	526	1,215
California	$973	$2,346	$3,319	$588	$702	$1,290	9,923	8,113	18,036
Colorado	$436	$466	$902	$173	$135	$309	3,193	2,026	5,219
Connecticut	$27	$165	$192	$28	$40	$68	477	422	899
Delaware	$79	$118	$197	$48	$33	$81	824	496	1,320
DC	$1	$47	$48	$3.3	$2.2	$5	17	12	29
Florida	$500	$1,025	$1,525	$328	$294	$622	7,509	5,121	12,630
Georgia	$348	$607	$955	$201	$174	$375	4,498	2,949	7,447
Hawaii	$7	$37	$44	$5	$4	$9	104	72	176
Idaho	$23	$54	$77	$13	$15	$27	278	239	517
Illinois	$579	$1,060	$1,639	$374	$311	$684	7,297	4,698	11,995
Indiana	$179	$398	$577	$133	$111	$245	2,553	1,766	4,319
Iowa	$139	$228	$367	$81	$63	$144	1,849	1,173	3,022
Kansas	$292	$296	$588	$127	$82	$209	2,721	1,571	4,292
Kentucky	$218	$318	$536	$128	$89	$216	2,513	1,536	4,049
Louisiana	$139	$248	$387	$74	$70	$144	1,573	1,120	2,693
Maine	$12	$43	$56	$9	$12	$21	195	188	383
Maryland	$91	$303	$395	$66	$88	$154	1,077	1,018	2,095
Massachusetts	$196	$600	$796	$187	$185	$373	2,521	1,911	4,432
Michigan	$81	$374	$455	$74	$111	$184	1,450	1,427	2,877
Minnesota	$336	$535	$871	$207	$156	$364	3,823	2,383	6,206
Mississippi	$29	$99	$128	$28	$26	$54	494	413	907
Missouri	$249	$362	$610	$122	$103	$225	2,936	1,904	4,840
Montana	$18	$46	$64	$14	$12	$26	271	204	475
Nebraska	$143	$179	$322	$71	$49	$120	1,534	926	2,460
Nevada	$106	$171	$277	$58	$48	$106	1,123	769	1,892
New Hampshire	$153	$254	$407	$103	$93	$196	1,967	1,355	3,322
New Jersey	$161	$528	$689	$128	$162	$289	2,306	1,898	4,204
New Mexico	$6	$40	$46	$4	$4	$7	98	68	166
New York	$935	$1,882	$2,817	$625	$568	$1,193	12,125	7,817	19,942
North Carolina	$150	$416	$565	$95	$117	$212	2,038	1,732	3,770
North Dakota	$15	$48	$63	$11	$14	$25	228	189	417
Ohio	$504	$828	$1,332	$300	$234	$534	5,909	3,825	9,734
Oklahoma	$75	$187	$262	$54	$52	$106	1,230	879	2,109
Oregon	$145	$223	$368	$66	$63	$129	1,311	952	2,263
Pennsylvania	$433	$854	$1,287	$278	$248	$527	5,643	3,824	9,467
Rhode Island	$2	$24	$26	$2	$2	$4	37	33	70
South Carolina	$253	$350	$603	$144	$97	$241	2,436	1,514	3,950
South Dakota	$18	$51	$69	$17	$14	$30	311	223	534
Tennessee	$356	$656	$1,012	$264	$206	$470	4,957	3,242	8,199
Texas	$921	$1,778	$2,699	$542	$516	$1,057	11,981	8,091	20,072
Utah	$69	$135	$204	$35	$38	$73	786	616	1,402
Vermont	$1	$13	$14	$1	$1	$2	39	27	66
Virginia	$334	$723	$1,056	$273	$207	$480	3,691	2,487	6,178
Washington	$325	$501	$826	$156	$144	$300	2,710	1,917	4,627
West Virginia	$53	$58	$112	$13	$16	$29	806	507	1,313
Wisconsin	$110	$274	$384	$69	$78	$147	1,289	1,104	2,393
Wyoming	$18	$38	$56	$11	$10	$21	250	174	424
Total US	**$10,901**	**$20,789**	**$31,690**	**$6,598**	**$6,027**	**$12,625**	**129,262**	**89,062**	**218,324**

Note: Results may not add due to rounding
Source: EY analysis using ACA 2017 survey; Census County Business Patterns 2015 data; IMPLAN 2015 US Model

Table 9 also presents the labor income, which includes salary, wages, and benefits, of the debt collection industry. As shown in the table, the labor income impact includes nearly $6.6 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 the debt collection industry's economic activity. Combined, these income contributions total more than $12.6 billion.

Table 10 on the following page presents the estimated direct federal, state, and local tax impact of the US 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 US debt collection agencies were estimated to directly contribute $852 million of federal tax, $391 million of state tax, and $286 million of local tax, for a combined state and local tax impact of nearly $1.5 billion.

Table 10. Direct federal, state, and local taxes generated by debt collection agencies, 2016
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
	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	Taxes
Alabama	$9.0	$3.8	$12.8	$1.2	$1.7	$0.8	$1.6	$5.4	$1.0	$1.1	$0.6	$2.7	$20.9
Alaska	$0.8	$0.2	$1.0	$0.0	$0.0	$0.0	$0.2	$0.2	$0.0	$0.3	$0.0	$0.4	$1.6
Arizona	$14.5	$5.7	$20.2	$3.5	$2.1	$1.2	$1.8	$8.6	$1.4	$3.3	$0.4	$5.2	$33.9
Arkansas	$2.4	$0.7	$3.1	$0.7	$0.6	$0.1	$0.6	$2.0	$0.2	$0.2	$0.0	$0.4	$5.6
California	$58.3	$13.0	$71.3	$10.5	$21.6	$2.8	$6.8	$41.7	$3.1	$15.8	$3.1	$22.1	$135.2
Colorado	$17.2	$5.8	$23.0	$1.7	$3.9	$1.3	$1.7	$8.6	$2.2	$4.8	$0.6	$7.6	$39.2
Connecticut	$2.8	$0.5	$3.3	$0.4	$0.8	$0.1	$0.4	$1.7	$0.0	$1.2	$0.0	$1.2	$6.2
Delaware	$4.8	$1.6	$6.3	$0.0	$1.2	$0.3	$2.2	$3.7	$0.0	$0.9	$0.2	$1.1	$11.1
DC	$0.3	$0.0	$0.3	$0.0	$0.0	$0.0	$0.0	$0.0	$0.1	$0.2	$0.2	$0.5	$0.8
Florida	$32.5	$9.9	$42.4	$7.7	$0.0	$2.1	$4.5	$14.4	$0.7	$9.3	$1.9	$11.9	$68.7
Georgia	$19.9	$6.9	$26.8	$2.5	$4.9	$1.5	$2.1	$11.0	$1.9	$5.4	$0.6	$7.9	$45.7
Hawaii	$0.5	$0.1	$0.6	$0.2	$0.1	$0.0	$0.1	$0.5	$0.0	$0.1	$0.0	$0.1	$1.2
Idaho	$1.3	$0.3	$1.6	$0.3	$0.3	$0.1	$0.2	$0.8	$0.0	$0.3	$0.0	$0.3	$2.8
Illinois	$37.0	$11.1	$48.2	$6.4	$7.7	$2.4	$5.8	$22.3	$1.0	$15.8	$2.1	$18.9	$89.4
Indiana	$13.2	$3.4	$16.6	$3.4	$2.4	$0.7	$1.9	$8.4	$0.0	$3.2	$0.8	$4.0	$29.0
Iowa	$8.0	$2.7	$10.7	$1.7	$2.0	$0.6	$1.4	$5.7	$0.2	$2.9	$0.1	$3.2	$19.6
Kansas	$12.6	$5.6	$18.2	$2.9	$2.0	$1.2	$2.0	$8.1	$0.8	$4.0	$0.4	$5.2	$31.5
Kentucky	$12.7	$4.3	$17.0	$2.5	$3.1	$0.9	$2.5	$9.1	$0.0	$2.1	$1.7	$3.8	$29.9
Louisiana	$7.4	$2.8	$10.1	$1.2	$1.0	$0.6	$1.1	$3.9	$1.5	$1.4	$0.2	$3.1	$17.2
Maine	$0.8	$0.2	$1.1	$0.2	$0.2	$0.1	$0.2	$0.6	$0.0	$0.4	$0.0	$0.4	$2.1
Maryland	$6.5	$1.8	$8.3	$0.9	$1.6	$0.4	$1.3	$4.1	$0.0	$1.7	$1.4	$3.1	$15.6
Massachusetts	$18.6	$3.9	$22.5	$2.6	$6.1	$0.8	$1.9	$11.4	$0.0	$7.1	$0.3	$7.4	$41.2
Michigan	$7.3	$1.6	$8.9	$1.4	$1.6	$0.3	$1.4	$4.8	$0.0	$2.1	$0.2	$2.3	$15.9
Minnesota	$20.5	$6.4	$27.0	$4.0	$7.7	$1.4	$5.3	$18.5	$0.2	$5.3	$0.3	$5.9	$51.3
Mississippi	$2.7	$0.6	$3.3	$0.8	$0.5	$0.1	$0.5	$2.0	$0.0	$0.7	$0.0	$0.8	$6.0
Missouri	$12.1	$4.8	$16.9	$1.6	$2.8	$1.0	$1.1	$6.5	$1.1	$2.9	$0.6	$4.7	$28.0
Montana	$1.4	$0.2	$1.6	$0.0	$0.4	$0.1	$0.4	$0.8	$0.0	$0.4	$0.0	$0.4	$2.8
Nebraska	$7.0	$2.7	$9.8	$1.3	$1.7	$0.6	$0.6	$4.2	$0.3	$2.7	$0.5	$3.4	$17.4
Nevada	$5.7	$1.4	$7.1	$1.9	$0.0	$0.0	$1.7	$3.6	$0.2	$1.3	$0.5	$1.9	$12.7
New Hampshire	$10.2	$3.0	$13.2	$0.0	$0.1	$0.7	$2.4	$3.2	$0.0	$5.1	$0.1	$5.1	$21.6
New Jersey	$12.6	$3.2	$15.8	$2.1	$3.1	$0.7	$1.5	$7.4	$0.0	$6.8	$0.1	$7.0	$30.2
New Mexico	$0.4	$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	$61.9	$18.5	$80.4	$7.1	$24.3	$4.0	$9.0	$44.3	$8.3	$29.5	$13.2	$51.0	$175.8
North Carolina	$9.4	$3.0	$12.4	$1.6	$2.7	$0.6	$1.3	$6.2	$0.6	$2.4	$0.2	$3.2	$21.8
North Dakota	$1.1	$0.3	$1.4	$0.3	$0.1	$0.1	$0.6	$1.0	$0.0	$0.2	$0.0	$0.3	$2.7
Ohio	$29.7	$9.7	$39.4	$6.1	$4.7	$1.3	$4.6	$16.7	$1.4	$8.9	$3.9	$14.2	$70.3
Oklahoma	$5.4	$1.5	$6.9	$0.7	$0.9	$0.3	$0.8	$2.8	$0.6	$0.8	$0.1	$1.4	$11.1
Oregon	$6.5	$1.9	$8.5	$0.0	$2.8	$0.4	$1.0	$4.2	$0.0	$2.1	$0.5	$2.6	$15.3
Pennsylvania	$27.6	$8.6	$36.1	$4.3	$5.1	$1.8	$5.4	$16.7	$0.3	$8.6	$3.6	$12.5	$65.3
Rhode Island	$0.2	$0.0	$0.2	$0.0	$0.0	$0.0	$0.0	$0.1	$0.0	$0.1	$0.0	$0.1	$0.4
South Carolina	$14.3	$5.0	$19.4	$2.4	$2.9	$1.1	$1.5	$7.8	$0.3	$4.4	$0.9	$5.5	$32.7
South Dakota	$1.6	$0.3	$2.0	$0.4	$0.0	$0.0	$0.3	$0.7	$0.1	$0.5	$0.0	$0.6	$3.3
Tennessee	$26.1	$7.1	$33.2	$6.4	$0.3	$1.5	$4.1	$12.4	$2.2	$5.6	$0.9	$8.6	$54.2
Texas	$53.7	$18.3	$72.0	$11.5	$0.0	$4.0	$8.1	$23.6	$2.9	$19.2	$1.2	$23.3	$118.9
Utah	$3.4	$0.9	$4.4	$0.6	$0.9	$0.2	$0.4	$2.1	$0.2	$0.9	$0.1	$1.3	$7.7
Vermont	$0.1	$0.0	$0.1	$0.0	$0.0	$0.0	$0.1	$0.1	$0.0	$0.0	$0.0	$0.0	$0.2
Virginia	$27.0	$6.6	$33.7	$2.4	$7.4	$1.4	$2.6	$13.8	$0.8	$7.9	$1.8	$10.5	$58.0
Washington	$15.4	$4.4	$19.8	$2.7	$0.0	$0.9	$4.7	$8.4	$1.3	$3.5	$0.9	$5.7	$33.9
West Virginia	$1.3	$1.1	$2.4	$0.2	$0.4	$0.2	$0.4	$1.2	$0.0	$0.3	$0.1	$0.4	$3.9
Wisconsin	$6.9	$2.1	$9.0	$1.3	$1.9	$0.5	$1.0	$4.7	$0.1	$2.6	$0.1	$2.8	$16.4
Wyoming	$1.1	$0.2	$1.3	$0.2	$0.0	$0.0	$0.4	$0.7	$0.0	$0.0	$0.0	$0.0	$2.0
Total US	**$654**	**$198**	**$852**	**$112**	**$135**	**$42**	**$102**	**$391**	**$35**	**$206**	**$45**	**$286**	**$1,529**

Note: Results may not add due to rounding

Source: EY analysis using ACA 2017 Survey results; Census State and Local Finance Survey

Table 11 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 11, total taxes attributable to the operations of debt collection agencies, employees, suppliers, and businesses that sell to employees is estimated at nearly $2.9 billion in 2016. Of the $2.9 billion estimated total tax impact, $1.6 billion (55%) is estimated to be federal tax (corporate and individual income taxes), $735 million (26%) is estimated to be state tax, and $548 million is estimated to be local tax (19%).

Table 11. Total federal, state, and local taxes generated by debt collection agencies in 2016
Tax impacts from agencies, suppliers, and employees; Dollar 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	$5.4	$21.6	$2.2	$3.0	$1.0	$3.0	$9.1	$1.8	$2.0	$1.0	$4.8	$35.5
Alaska	$2.0	$0.5	$2.4	$0.0	$0.0	$0.1	$0.4	$0.5	$0.1	$0.8	$0.1	$0.9	$3.8
Arizona	$25.8	$8.2	$34.0	$6.2	$3.7	$1.5	$3.2	$14.6	$2.6	$6.0	$0.7	$9.2	$57.9
Arkansas	$5.2	$1.3	$6.5	$1.5	$1.2	$0.2	$1.3	$4.3	$0.5	$0.4	$0.0	$1.0	$11.7
California	$127.9	$28.6	$156.4	$23.0	$47.4	$6.0	$14.9	$91.3	$6.9	$34.8	$6.9	$48.6	$296.3
Colorado	$30.6	$8.8	$39.4	$3.0	$6.9	$1.6	$3.0	$14.6	$4.0	$8.6	$1.0	$13.6	$67.6
Connecticut	$6.7	$1.4	$8.1	$1.0	$2.0	$0.2	$0.9	$4.1	$0.0	$2.8	$0.0	$2.9	$15.1
Delaware	$8.1	$2.3	$10.4	$0.0	$2.0	$0.6	$3.7	$6.2	$0.0	$1.6	$0.3	$1.9	$18.5
DC	$0.5	$0.1	$0.6	$0.0	$0.0	$0.0	$0.0	$0.0	$0.1	$0.3	$0.4	$0.8	$1.4
Florida	$61.7	$16.5	$78.1	$14.7	$0.0	$2.9	$8.6	$26.2	$1.3	$17.7	$3.6	$22.5	$126.8
Georgia	$37.1	$10.8	$47.9	$4.8	$9.1	$1.9	$4.0	$19.7	$3.5	$10.2	$1.2	$14.8	$82.4
Hawaii	$0.9	$0.2	$1.1	$0.4	$0.3	$0.0	$0.2	$0.9	$0.0	$0.2	$0.1	$0.3	$2.2
Idaho	$2.7	$0.6	$3.3	$0.6	$0.6	$0.1	$0.4	$1.8	$0.0	$0.7	$0.0	$0.7	$5.9
Illinois	$67.8	$18.0	$85.8	$11.6	$14.2	$4.0	$10.7	$40.4	$1.9	$29.0	$3.8	$34.7	$160.9
Indiana	$24.3	$5.9	$30.2	$6.2	$4.4	$1.1	$3.4	$15.2	$0.0	$5.9	$1.4	$7.3	$52.7
Iowa	$14.3	$4.1	$18.3	$3.1	$3.5	$0.7	$2.4	$9.8	$0.3	$5.1	$0.3	$5.7	$33.8
Kansas	$20.7	$7.4	$28.2	$4.8	$3.3	$1.4	$3.3	$12.8	$1.4	$6.6	$0.6	$8.6	$49.5
Kentucky	$21.5	$6.3	$27.7	$4.3	$5.3	$1.2	$4.2	$15.0	$0.0	$3.6	$2.9	$6.4	$49.2
Louisiana	$14.3	$4.3	$18.6	$2.3	$2.0	$0.7	$2.2	$7.1	$2.9	$2.8	$0.4	$6.0	$31.7
Maine	$2.0	$0.5	$2.6	$0.5	$0.5	$0.1	$0.4	$1.5	$0.0	$1.0	$0.0	$1.0	$5.0
Maryland	$15.3	$3.8	$19.1	$2.0	$3.8	$0.7	$3.0	$9.4	$0.0	$4.0	$3.2	$7.2	$35.7
Massachusetts	$37.0	$8.0	$44.9	$5.1	$12.1	$1.8	$3.7	$22.8	$0.0	$14.1	$0.6	$14.7	$82.4
Michigan	$18.3	$4.0	$22.3	$3.6	$3.9	$0.6	$3.6	$11.7	$0.0	$5.3	$0.5	$5.8	$39.7
Minnesota	$36.0	$9.9	$45.9	$7.1	$13.6	$2.2	$9.3	$32.1	$0.3	$9.4	$0.6	$10.3	$88.3
Mississippi	$5.4	$1.2	$6.5	$1.7	$0.9	$0.2	$1.1	$3.9	$0.0	$1.4	$0.1	$1.5	$11.9
Missouri	$22.3	$7.1	$29.4	$3.0	$5.1	$1.2	$2.0	$11.2	$2.1	$5.3	$1.2	$8.6	$49.2
Montana	$2.6	$0.5	$3.1	$0.0	$0.7	$0.1	$0.8	$1.6	$0.0	$0.8	$0.0	$0.8	$5.5
Nebraska	$11.9	$3.8	$15.8	$2.3	$2.9	$0.8	$1.0	$6.9	$0.4	$4.5	$0.8	$5.8	$28.4
Nevada	$10.5	$2.5	$13.0	$3.5	$0.0	$0.0	$3.1	$6.6	$0.3	$2.3	$0.9	$3.6	$23.1
New Hampshire	$19.4	$5.1	$24.5	$0.0	$0.2	$1.5	$4.7	$6.4	$0.0	$9.7	$0.1	$9.8	$40.6
New Jersey	$28.7	$6.8	$35.4	$4.8	$7.0	$1.3	$3.5	$16.6	$0.0	$15.5	$0.3	$15.8	$67.8
New Mexico	$0.7	$0.2	$0.9	$0.2	$0.1	$0.0	$0.2	$0.5	$0.1	$0.1	$0.0	$0.2	$1.6
New York	$118.3	$31.0	$149.3	$13.5	$46.4	$6.0	$17.1	$83.0	$15.8	$56.3	$25.2	$97.3	$329.7
North Carolina	$21.0	$5.6	$26.6	$3.6	$6.0	$0.9	$2.9	$13.4	$1.4	$5.3	$0.4	$7.1	$47.1
North Dakota	$2.5	$0.6	$3.1	$0.6	$0.2	$0.1	$1.3	$2.3	$0.1	$0.5	$0.0	$0.6	$6.0
Ohio	$52.9	$14.8	$67.7	$10.8	$8.4	$2.1	$8.2	$29.5	$2.5	$15.9	$6.9	$25.2	$122.5
Oklahoma	$10.5	$2.6	$13.1	$1.5	$1.8	$0.4	$1.6	$5.2	$1.1	$1.5	$0.2	$2.8	$21.2
Oregon	$12.8	$3.3	$16.1	$0.0	$5.4	$0.6	$1.9	$7.9	$0.0	$4.2	$1.0	$5.1	$29.1
Pennsylvania	$52.2	$14.0	$66.2	$8.2	$9.6	$2.8	$10.3	$30.8	$0.6	$16.2	$6.9	$23.6	$120.7
Rhode Island	$0.4	$0.1	$0.5	$0.1	$0.1	$0.0	$0.1	$0.3	$0.0	$0.2	$0.0	$0.2	$1.0
South Carolina	$23.9	$7.2	$31.1	$4.0	$4.8	$1.3	$2.4	$12.5	$0.5	$7.3	$1.4	$9.2	$52.8
South Dakota	$3.0	$0.7	$3.7	$0.7	$0.0	$0.0	$0.5	$1.3	$0.3	$0.9	$0.1	$1.2	$6.1
Tennessee	$46.5	$11.6	$58.2	$11.4	$0.5	$2.6	$7.4	$21.9	$3.8	$9.9	$1.7	$15.4	$95.5
Texas	$104.8	$29.7	$134.5	$22.5	$0.0	$5.5	$15.8	$43.8	$5.6	$37.6	$2.3	$45.5	$223.8
Utah	$7.2	$1.8	$9.0	$1.2	$2.0	$0.3	$0.8	$4.3	$0.5	$1.9	$0.3	$2.6	$15.9
Vermont	$0.2	$0.0	$0.3	$0.0	$0.0	$0.0	$0.1	$0.2	$0.0	$0.0	$0.0	$0.0	$0.5
Virginia	$47.5	$11.2	$58.7	$4.2	$13.0	$1.8	$4.6	$23.5	$1.5	$13.9	$3.1	$18.5	$100.8
Washington	$29.7	$7.5	$37.3	$5.3	$0.0	$2.3	$9.1	$16.6	$2.6	$6.7	$1.8	$11.1	$65.0
West Virginia	$2.9	$1.4	$4.3	$0.5	$0.8	$0.3	$0.8	$2.4	$0.0	$0.7	$0.1	$0.8	$7.5
Wisconsin	$14.6	$3.8	$18.4	$2.7	$4.0	$0.7	$2.2	$9.7	$0.2	$5.5	$0.2	$5.9	$34.1
Wyoming	$2.1	$0.5	$2.6	$0.4	$0.0	$0.0	$0.8	$1.3	$0.0	$0.0	$0.0	$0.0	$3.8
Total US	**$1,251**	**$331**	**$1,583**	**$215**	**$263**	**$63**	**$194**	**$735**	**$67**	**$396**	**$85**	**$548**	**$2,865**

Note: Results may not add due to rounding
Source: EY analysis using ACA 2017 Survey results; Census State and Local Finance Survey

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 as only EY professionals responsible for the survey had access to individual survey responses. One hundred thirty 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:

- ACA annually updates its database to help reach all known collection agencies. They estimate that there are 4,190 collection agencies in the United States. However, there are some collection agencies which were not included on ACA's list. To help overcome this coverage issue, we have supplemented our data with data from the US Census Bureau on collection agencies.
- EY conducted a questionnaire review session with ACA 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.
- ACA announced the survey at an industry conference, and both ACA and EY 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 ACA. For example, we added questions about specific debt collected on behalf of government entities.

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 US Census Bureau. As a result, we combined our survey results with US 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 US 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 44 agencies located in Alabama, 15 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--is classified in US Industry 561491, Repossession Services; and
- Providing financing to others by factoring accounts receivables (i.e., assuming the risk of collection and credit losses)--is classified in US 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	44	15	4	8	5	5	5	2
Alaska	14	5	7	1	0	1	0	0
Arizona	101	38	19	18	9	8	6	3
Arkansas	32	12	6	5	7	1	1	0
California	438	197	79	61	53	27	18	3
Colorado	93	32	19	10	14	11	4	3
Connecticut	37	14	12	6	3	2	0	0
Delaware	29	12	5	4	5	0	2	1
District of Columbia	3	2	1	0	0	0	0	0
Florida	267	137	28	39	32	14	13	4
Georgia	149	64	23	28	18	4	8	4
Hawaii	14	7	3	3	1	0	0	0
Idaho	30	15	4	9	1	1	0	0
Illinois	181	74	25	24	26	16	10	6
Indiana	97	38	17	18	12	6	5	1
Iowa	17	2	3	4	2	2	2	2
Kansas	52	12	8	12	7	6	3	4
Kentucky	51	25	6	3	7	3	4	3
Louisiana	61	18	14	16	9	2	0	2
Maine	13	4	2	5	1	1	0	0
Maryland	57	24	12	12	5	2	1	1
Massachusetts	74	31	9	11	13	3	5	2
Michigan	86	26	24	19	12	3	2	0
Minnesota	93	34	15	11	11	11	8	3
Mississippi	32	12	8	6	4	1	1	0
Missouri	78	36	11	6	13	8	1	3
Montana	22	10	5	2	5	0	0	0
Nebraska	35	10	8	8	3	3	1	2
Nevada	47	13	9	13	5	5	2	0
New Hampshire	20	2	3	4	3	3	3	2
New Jersey	128	56	27	17	20	3	4	1
New Mexico	9	3	2	3	1	0	0	0
New York	483	209	95	74	62	18	15	10
North Carolina	88	35	21	10	12	7	2	1
North Dakota	17	6	6	3	1	0	1	0
Ohio	127	41	18	15	24	13	11	5
Oklahoma	58	26	7	8	11	3	3	0
Oregon	70	32	15	11	8	2	1	1
Pennsylvania	173	72	27	27	27	9	6	5
Rhode Island	4	3	0	0	1	0	0	0
South Carolina	48	16	4	10	9	3	2	4
South Dakota	19	8	5	2	3	0	1	0
Tennessee	71	22	11	6	17	5	5	5
Texas	305	128	50	41	41	14	20	11
Utah	45	25	5	5	6	3	1	0
Vermont	5	3	1	1	0	0	0	0
Virginia	76	26	14	13	10	4	4	5
Washington	113	36	25	20	21	7	2	2
West Virginia	11	4	3	1	2	0	0	1
Wisconsin	55	19	12	9	10	2	2	1
Wyoming	18	6	3	4	5	0	0	0

Source: US Census County Business Patterns 2015 data

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 $717 thousand, while that for an agency with 50-99 employees is just below $55 million.

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	$717
5 to 9	$2,576
10 to 19	$3,793
20 to 49	$13,200
50 to 99	$54,841
100 to 249	$70,792
250+	$378,540

Source: EY analysis using ACA 2017 Survey results

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. An adjustment was necessary for calculating the average debt collected for employers with 250+ employees due to a relatively low number of responses from this employee-size group this year. We compared 2017 respondents with 2014 respondents and calculated an average growth rate in debt collected during this time period for collection agencies that responded to both surveys. We then applied this growth rate to agencies in the 250+ employee category that responded in 2014, but not in 2017, and added them to the group of 2017 respondents. We then calculated an average debt collected for the 250+ employee group from this larger set.

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

- Direct employment is equal to the US Census Bureau reported figures for NAICS 56144, Collection Agencies in 2015. Direct employment includes paid employees from the US 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 US 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 US Census Bureau payroll for NAICS 56144 in each state plus estimated benefits using US 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 US 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 2015 IMPLAN Group LLC input-output model of the US economy for IMPLAN industry 465 – 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 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 US Census Bureau's State and Local Governmental Finances database. Federal tax collection data and personal income data for each state was obtained from the US Bureau of Economic Analysis.

Appendix B - ACA International 2016 state of the industry survey questionnaire

COLLECTIONS

1. In 2016, 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 US 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 2016	______________**$**

2. In 2016, 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 $20 here. Please provide your answer in US dollars.
______________$

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 2016 (Should equal total from Question 1)	______________**$**

4. Of the total amount of debt your company collected from Question 1, what percentage is:

Traditional third-party on behalf of a creditor client?	________%
Purchased debt on behalf of a debt buyer client or your own company?	________%
Total (Should sum to 100%)	**100%**

5. 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, state, local, quasi-	_______________%
Health care – hospital	_______________%
Health care – non-hospital	_______________%
Student loan – federal	_______________%
Student loan – non-federal	_______________%
Telecom & Utility	_______________%
Other (please specify type)	_______________%
Total (Should sum to 100%)	**100%**

6. Did you collect debt on behalf of a government entity? This could include collections on behalf of a federal government agency, state government, local government (e.g. city, country) or quasi-governmental entity?
   - o Yes
   - o No

[IF YES to Q6]

6a. What type of government did you collect debt for? (Select all that apply)
- ☐ Federal government or agency
- ☐ State government or agency
- ☐ Local government, including county, townships, city, or local quasi-public entity
- ☐ Quasi-governmental entity (such as a quasi-public corporation, development agency, toll road operator)

[For each selected in Q6a]

6b. What category did the debt fall into? (Select all that apply)

- ☐ Taxes
- ☐ Student loans and fees
- ☐ Health care (e.g. county hospital)
- ☐ Utility/Telecom
- ☐ Transportation (e.g. fines/tickets)
- ☐ Court fees
- ☐ Tolls
- ☐ Other

7. Which of the following methods do you use in your collection operations? (Select all that apply)
   - Letters
   - Manual telephone calling
   - Credit reporting
   - Legal Action
   - Email
   - Text
   - Voicemail
   - Non-manual Dialing
   - Social media

ACCOUNTS AND SERVICES

8. Please identify the total number of consumer accounts placed with your agency in 2016. _________ account(s)

9. Please identify the total face value dollar amount of the consumer accounts placed with your agency in 2016. ______________$

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

11.
    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? ________%

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

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

14.

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 [Should be less than 13a]

15. Of the total number of consumer accounts placed with your agency in 2016, 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.)?	________%
Total (Should sum to 100%)	**100%**

16. In addition to your efforts to recover consumer debt, please let us know what other services are provided by your company. (Select all that apply)

- Account billing/billing services
- Subrogation recovery
- Skip tracing
- Consulting Services
- Medical assistance qualifications
- Letter service
- Check recovery
- Consumer reporting agency
- Outsourcing
- Insurance follow-up
- Early out/Precollect
- Check verification
- Child support collections
- Alimony obligation collections
- Other (Please specify ______________________)

EMPLOYEES

17. How many total employees did you employ as of December 31, 2016?

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

Total employees	_______________

18. How many telephone collectors (counting each employee who communicates with consumers by telephone for any reason) did you employ as of December 31, 2016? _________ telephone collector(s)

EXPENSES

19. What was your total compensation paid to full time, part time and contract employees in 2016? 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 US dollars. _______________$

20. What were your total non-labor operating expenses in 2016? Do not include taxes paid – you will report that in the next two questions. Please provide your answer in US dollars. _______________$

21. What was the total amount of real property tax (on buildings) and personal property taxes (on furniture, equipment, etc.) paid in 2016? 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 US dollars. _______________$

22. What was the total amount of federal and state corporate income or business entity tax, if any, paid in 2016? Please provide your answer in US 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

23. What was the total amount of charitable contributions made by your company to local, state and national organizations in 2016? Please provide your answer in US dollars. _______________$

24. How many total hours did employees at your company spend volunteering for local, state and national non-profit organizations in 2016? Please provide answer in hours. _________ hour(s)

25. What was the total number of hours your employees volunteered at company sponsored charitable activities for community organizations/events in 2016, if available? _________ hour(s)

Appendix C - US census bureau data used in the report

County Business Patterns

This series includes the number of establishments, employment during the week of March 12, 2015, 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 these data for analyzing market potential, measuring the effectiveness of sales and advertising programs, setting sales quotas, and developing budgets. Government agencies use these data for administration and planning.

For more information see:
https://www.census.gov/programs-surveys/cbp.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/programs-surveys/nonemployer-statistics.html