



## Butte County Library

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# MEMORANDUM

DATE: August 1, 2017

TO: Butte County Board of Supervisors

FROM: Melanie Lightbody, County Librarian

RE: Department Relief of Accountability of Uncollectible Library fines and fees

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## **INTRODUCTION**

The Department requests that the Board grant relief of accountability in the amount of \$784,107.48 for uncollectable client balances from fiscal years from 1997-1998 to 2011-2012. This represents a little less than \$800,000 in library fines and fees, including \$27,537.93 in fines of less than \$10 per patron.

## **BACKGROUND**

In 2017-2018, the Department reviewed its records and discovered uncollected monies going back two decades. The names and amounts owed has remained on the Library department records as users of the library. This skews usage statistics for our required annual reports.

From 1992 until 2010, the library used the County's Central Collections to collect the monies for individual account balances in excess of \$10.00 with an average success rate of approximately 40%. As per Jenavive Herrington, the Supervisor of Central Collections, its methodology is as follows:

- Basic 3 letter series was sent to debtor
- Payment plans were offered (for any amount) (separate letter series for pay plans)
- Encouraged debtors to replace the books in lieu of payment (library would update Central Collections with new balance)
- If debtor paid library directly, Collections waived the balance upon confirmation from the library
- Cancelled out balance owing after 2 years
- If account was in a child's name, Collections would send the letter to the parent with reference to the minor (did not mail to the minor directly)

As Ms. Herrington explains, Central Collections does not have a method to insure compliance because there is little incentive to pay library fines beyond revocation of borrowing privileges.

In 2010, Butte County Library switched to a library-specific collection agency. The Unique Management Company's procedures are attached as an addendum #1.

In 2014, the American Collectors Association estimated a collection average of 19.4%. Unique Management, our current vendor, estimates that our collection rate is similar to libraries of our size and circulation here in California. That average is 57%.

The statute of limitations for collecting debt in California is four years, so after that time courts cannot force payment of debt. As well, library fines cannot be credit-reported as per a settlement between the credit bureaus and states attorneys in 2015.

The department is implementing a new process to bring these uncollectable balances to the Board for review annually. This will allow a timelier accounting of the recovery efforts and impact on the department.

### **PATRON FINES AND FEES - DEPARTMENT POLICY AND GUIDELINES**

The goal of library fines and fees is not to increase revenue, but to encourage return of materials that have been checked out. The majority of the funds for which the department is asking for relief are materials that were lost or were otherwise not returned.

Patrons are blocked from further borrowing privileges if their fines and fees exceed \$10. Fines are \$0.25 per day for items overdue after one day, with a maximum overdue fee per item of \$2.50 for children's materials or \$5.00 for young adult/adult materials. If an item is not returned after 45 days, it is considered lost and the patron must pay the replacement cost plus a \$9.00 processing fee.

It is also departmental policy that fines may be waived if patrons were juveniles at the time of accrual. This is because at that time their guardians would have been responsible for those fines and fees. We do not have a total for how much is waived but believe it is less than \$2,000.00 per year.

Individual accounts with a balance of \$50 or more are referred to a collection agency as outlined above and in addendum #1.

### **DETAIL OF SPECIFIC FEES**

We are requesting relief in the total amount of **\$784,107.48**. Breakdown is as follows:

<b>FY</b>			<b>Gross amount still owing</b>
Prior	-	6/30/1998	\$258.90
7/1/1998	-	6/30/1999	\$15,940.37
7/1/1999	-	6/30/2000	\$28,661.05
7/1/2000	-	6/30/2001	\$52,161.53
7/1/2001	-	6/30/2002	\$35,608.11
7/1/2002	-	6/30/2003	\$36,153.66
7/1/2003	-	6/30/2004	\$41,361.10
7/1/2004	-	6/30/2005	\$42,090.96
7/1/2005	-	6/30/2006	\$40,823.69
7/1/2006	-	6/30/2007	\$46,173.77
7/1/2007	-	6/30/2008	\$44,002.71
7/1/2008	-	6/30/2009	\$66,823.88
7/1/2009	-	6/30/2010	\$93,966.16
7/1/2010	-	6/30/2011	\$109,035.05
7/1/2011	-	6/30/2012	\$131,046.54

### **SUMMARY**

In summary, we are requesting relief of accountability for 14 years of library fines and fees from 1998 through Fiscal Year 2011-2012 in the total amount of \$784,107.48.

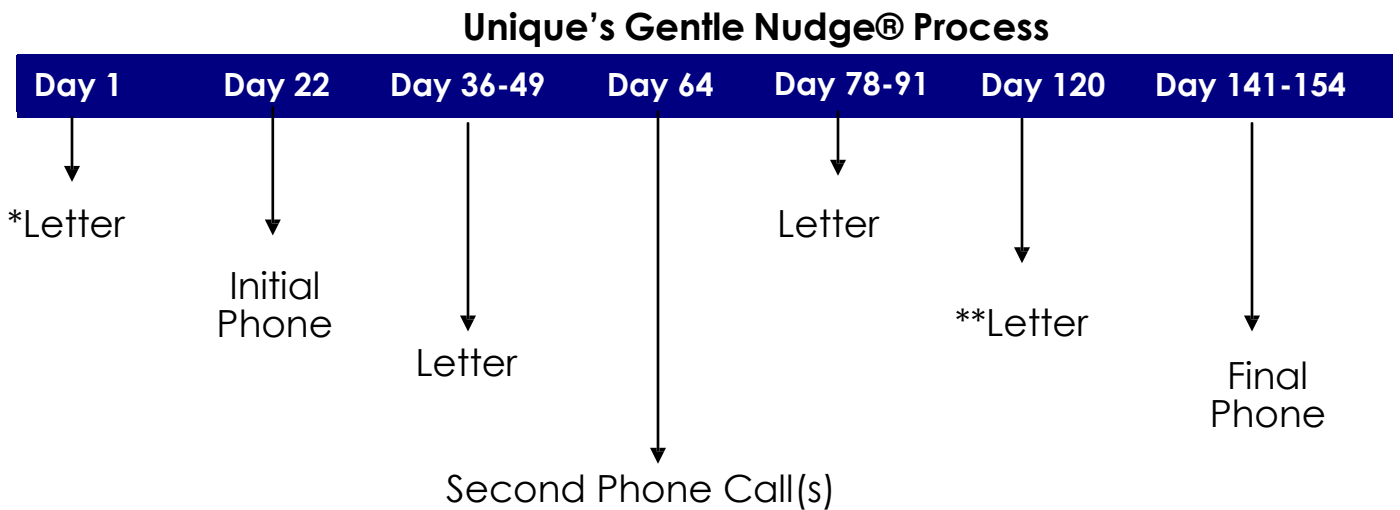
### **ACTION REQUESTED**

The Department requests the Board relieve accountability of the Department for the patron balances for Fiscal Year 1998-1999 through fiscal year 2011-2012.

**ADDENDUM #1**



## Timeline of Letters and Phone Calls



\*USPS Address Verification (NCOA Processing) prior to mailing.

\*\*Additional intensive skip tracing of bad addresses and phone numbers is initiated at day 120.

\*\*\*Letter 3 (remaining balance letter) for patrons that reduce their balance, but do not clear their account. This letter can be sent out at any time throughout the process.

- The following summarizes the **Gentle Nudge**® process, utilized by Unique Management Services (UMS) to recover overdue materials and fines/fees. With this process libraries can expect strong patron response.
- The first letter is compared to the National Change of Address database and sent out immediately when a patron account is turned over. Within 24 hours, the first **Gentle Nudge**® letter is mailed.
- UMS waits three weeks to allow the patron plenty of time to respond. If after three weeks the patron still has not responded in full, UMS will begin making phone calls to encourage the patron to clear their account.
- Phone calls are made in the evenings, Monday through Friday, and during the day on Saturday. UMS will make at least two phone attempts. If a patron is not home in the evening, callers will reschedule the calls to be made at different times. UMS has found that a combination of letters and phone calls improve results from 15 to 30 percent, so they are very important. See telephone script for call procedure.
- If the patron responds after either contact and there is still a remaining balance, UMS will automatically send the remaining balance letter to encourage the patron to contact the library and pay their fines and/or return additional materials to clear their account.
- If a patron has a remaining overdue balance 42 days after being sent to UMS, the second letter is sent.
- If any notice letter is returned with a new forwarding address, the notice letter is resent to the corrected address.
- After our first round of contacts to patrons; UMS utilizes several databases to do skip tracing. Through the UMS skip tracing process excellent results are achieved. If a correct address is obtained, a skip notice is sent to encourage account resolution. Corrected addresses are provided to the library each month.

- If a patron has not cleared their account within 65 days of being sent to UMS, the patron will receive another round of calls. This call serves as an additional reminder to return materials, pay fines, and encourages the patron to get back in good standing at the library.
- If the patron responds partially by returning materials and/or making a payment but still has a remaining balance, the remaining balance letter is sent out immediately. This helps patrons understand that they still have an overdue balance and need to contact the library.
- After 90 days of submission to UMS, if the patron has not cleared their account, another notice letter is sent. This informs patrons that it is important for them to contact the library to resolve the balance on their account.
- At 120 Days, UMS will run all accounts with remaining balances through skip-tracing and where new contact information is obtained, contacts will be made. If a new phone number is found, a round of calls will be scheduled and placed. For new address information found, another letter will be scheduled and sent.

## ADDENDUM #2

### LOST MATERIALS

Any library item is considered “Lost” if it is so reported by a patron, it is not returned by a patron after 45 days, or it is damaged/destroyed. Patrons must pay the replacement price for lost or destroyed materials plus a \$9.00 processing fee.

If there is no price included in the item’s information, please charge as follows:

<b><u>Material Type</u></b>	<b><u>Standard Price</u></b>	<b><u>Processing Fee</u></b>
Fiction	\$30	\$9
Nonfiction	\$35	\$9
Magazine/Newspaper	\$2	\$9
Kindle	\$150	\$9

*Items of unusual value (e.g. historical/rare) or other item types without a price listed should be referred to the librarian for pricing.*

In some cases, patrons may prefer to replace a lost item rather than paying for it. The branch librarian from the item’s owning branch must approve any replacement. Please refer the patron to the branch librarian to negotiate a replacement. If a patron replaces a lost item with the librarian’s approval, and then later finds the lost item, no refund is possible.

If a patron is unable to return library items because they were stolen, or lost in another unusual circumstance, it is still the patron's responsibility to pay for those items. While materials are checked out, they are the responsibility of the patrons. Please refer the patron to the branch librarian if the patron wishes to request any fines waived.