

City leaders call for review of debt collection practices after KGW investigation

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INVESTIGATIONS

“We should not be making it harder for the very people we are trying to serve to get back on their feet,” said city commissioner Chloe Eudaly.

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PORTLAND, Ore. — Several members of the Portland city council called for a review of the city’s practice of sending unpaid bills to a collection agency with little regard for how much is owed or if the person can pay.

A KGW investigation found since 2015, the city has turned over more than 157,000 delinquent accounts to a private debt collector. In some cases, residents who fell behind as little as \$25 were sent to collections.

"I'm against private companies profiting off of people's inability to pay municipal fees and fines," said Commissioner Chloe Eudaly. "There's a difference between evading a debt owed and simply not being able to pay it, and I would hope that we could distinguish between the two."

A KGW investigation found the city lacks a clear, city-wide policy on when accounts should go to collections. It's up to each city program or bureau to establish their own rules.

"We need to have consistent practices across all bureaus; we need needs-based assistance programs that reflect the reality of the cost of living in Portland, and we need to offer residents flexible repayment plans," said Eudaly.

Since 2016, the Portland Water Bureau has sent 342 accounts to a private, debt collection agency because they owed \$50 or less.

City Commissioner Amanda Fritz, who oversees the Portland Water Bureau believes sending someone who owes less than \$50 to collections is inappropriate. She has asked the bureau to change the practice, according to her chief of staff Tim Crail.

Additionally, Fritz has asked bureau leaders to review their collection practices overall and consider options that could improve the system.

The aggressive tactics used by city hall to force people to pay up may be undermining Portland's own effort to keep residents housed, employed and able to meet their essential needs.

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"Debt collection is an area where we've seen the city go after vulnerable people and it ends up being counterproductive," said Margie Sollinger, the city's ombudsman. "It's not a humane system in the way we are approaching it."

Unlike the city of Portland, the state of Oregon allows agencies to opt out from sending some people to collections if they owe just a small amount of money or clearly can't afford it.

By law, the Oregon Department of Revenue can opt against referring people to collections if they owe less than \$100 if they're on public assistance, in a state hospital or in jail.

“We appreciate that you have brought this to our attention, and we are looking further into the current collection system,” said Portland Mayor Ted Wheeler.

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In response to the KGW investigation, city commissioner Jo Ann Hardesty explained she hopes to take a deeper look into city policy.

“I look forward to learning more about this practice, who it affects, and what can be done moving forward,” said Hardesty.