

PRIVATE DEBT COLLECTION PROGRAM BALANCE

From program start April 10, 2017 through September 30, 2018.

Commissions are through September 13, 2018. Other costs are through September 30, 2018.

| IRS Private Debt Collection Revenue and Costs Program Start through September 30, 2018 | | | | |
|---|---------------------|---------------------|-----------------------|-----------------------|
| Category | Total Amount | FY 2018 | FY 2017 | FY 2016 |
| Revenue (Collections) | | | | |
| Commissionable Payments ¹ | \$80,736,597 | \$75,372,679 | \$5,363,918 | |
| Non-Commissionable Payments ¹ | \$8,038,074 | \$6,820,047 | \$1,218,027 | |
| Total Revenue | \$88,774,672 | \$82,192,727 | \$6,581,945 | |
| Cost | | | | |
| Commissions Paid ² | \$15,990,652 | \$14,921,708 | \$1,068,944 | |
| Contract Administration/SCPP Costs ³ | \$4,341,020 | \$4,341,020 | | |
| Other IRS Costs ⁴ | \$46,123,106 | \$11,870,974 | \$18,967,201 | \$15,284,931 |
| Total IRS Costs⁵ | \$66,454,778 | \$31,133,702 | \$20,036,145 | \$15,284,931 |
| Program Balance (Revenue less Total IRS Costs) | \$22,319,893 | \$51,059,024 | (\$13,454,200) | (\$15,284,931) |

¹ Data extracted from tables in Section B, Amounts Collected.

² Data extracted from tables in Section E, Fees Retained - Cost of Services Fund.

³ Data extracted from tables in Section E, Fees Retained - Special Compliance Personnel Program (SCPP) Fund.

⁴ Includes IT and other costs not payable from the Cost of Services or SCPP Fund per IRC sections 6306(e) and 6307(a).

⁵ Data extracted from tables in Section C, IRS Private Debt Collection Costs. The amounts were rounded to nearest whole dollar.

QUARTERLY UPDATE - PRIVATE DEBT COLLECTION RESULTS – Includes FY 2018 Tables Through September 30, 2018. Commissions are through September 13, 2018. All other costs are through September 30, 2018.

A. Tax Receivables

[IRC 6306(j)(1)(A)—The total number and amount of tax receivables provided to each contractor for collection]

FY 2017

| Tax Receivables | | |
|-----------------|--------------------|----------------------|
| PCA | Number of Entities | Amount |
| CBE | 32,126 | \$230,657,371 |
| ConServe | 32,087 | \$228,275,679 |
| Performant | 32,057 | \$231,675,169 |
| Pioneer | 32,074 | \$228,985,161 |
| Total | 128,344 | \$919,593,380 |

Source: "FY2017 All PCAs Report", 9/14/2017, Collection Analytics, Routing & Selection

FY 2018 THROUGH SEPTEMBER 13, 2018

Tax Receivables

| PCA | Number of Entities | Amount |
|--------------|--------------------|------------------------|
| CBE | 150,463 | \$1,197,912,716 |
| ConServe | 150,502 | \$1,195,962,894 |
| Performant | 150,563 | \$1,194,433,437 |
| Pioneer | 150,143 | \$1,199,588,544 |
| Total | 601,671 | \$4,787,897,591 |

Source: "FY2018 All PCAs Report", 09/13/2018, Collection Analytics, Routing & Selection

B. Amounts Collected

[IRC 6306(j)(1)(B) [part 1]—The total amounts collected (and amounts of installment agreements entered into under subsection (b)(1)(B))¹ with respect to each contractor and...]

FY 2017

Dollars Collected

| PCA | Total | Commissionable Payments | Non-Commissionable Payments |
|--------------|--------------------|-------------------------|-----------------------------|
| CBE | \$1,989,163 | \$1,649,253 | \$339,910 |
| ConServe | \$1,557,688 | \$1,294,861 | \$262,827 |
| Performant | \$1,415,925 | \$1,152,249 | \$263,676 |
| Pioneer | \$1,619,170 | \$1,267,556 | \$351,614 |
| Total | \$6,581,945 | \$5,363,918 | \$1,218,027 |

Source: "PDC Dollars Collected", 9/14/2017, SB/SE Planning and Performance Analysis

FY 2018 THROUGH SEPTEMBER 13, 2018

Dollars Collected

| PCA | Total | Commissionable Payments | Non-Commissionable Payments |
|--------------|---------------------|-------------------------|-----------------------------|
| CBE | \$24,350,155 | \$22,269,872 | \$2,080,283 |
| ConServe | \$19,266,193 | \$17,747,441 | \$1,518,752 |
| Performant | \$17,881,169 | \$16,290,511 | \$1,590,658 |
| Pioneer | \$20,695,210 | \$19,064,856 | \$1,630,354 |
| Total | \$82,192,727 | \$75,372,679 | \$6,820,047 |

Source: "PDC Dollars Collected", 09/13/2018, SB/SE Planning and Performance Analysis

¹ IRC 6306(b)(1)(B) provides that the PCA may request full payment from such taxpayer of an amount of Federal tax specified by the Secretary and, if such request cannot be met by the taxpayer, to offer the taxpayer an installment agreement providing for full payment of such amount during a period no to exceed 5 years.

FY 2017

Installment Agreements Entered

| PCA | Number of Entities | Amount |
|--------------|--------------------|---------------------|
| CBE | 1,272 | \$7,369,585 |
| ConServe | 889 | \$4,694,788 |
| Performant | 378 | \$2,230,821 |
| Pioneer | 788 | \$4,590,587 |
| Total | 3,327 | \$18,885,781 |

Source: "PDC Dollars Collected", 9/14/2017, SB/SE Planning and Performance Analysis

FY 2018 THROUGH SEPTEMBER 13, 2018

Installment Agreements Entered

| PCA | Number of Entities | Amount |
|--------------|--------------------|----------------------|
| CBE | 7,825 | \$50,561,122 |
| ConServe | 6,042 | \$35,297,308 |
| Performant | 3,312 | \$21,985,632 |
| Pioneer | 4,198 | \$27,382,997 |
| Total | 21,377 | \$135,227,060 |

Source: "PDC Dollars Collected", 09/13/2018, SB/SE Planning and Performance Analysis

C. IRS Private Debt Collection Costs

[IRC 6306(j)(1)(B) [part 2]...the collection costs incurred (directly and indirectly) by the Internal Revenue Service with respect to such amounts]

FY 2017

| IRS Private Debt Collection Costs | |
|--|---------------------|
| Expense | Total Amount |
| Commissions Paid | \$1,068,944 |
| Labor | \$6,158,908 |
| Information Technology | \$2,026,583 |
| Non-Information Technology | \$4,132,325 |
| Travel | \$188,781 |
| Information Technology | \$30,916 |
| Non-Information Technology | \$157,865 |
| Print | \$14,147 |
| Non-Information Technology | \$14,147 |
| Contract | \$5,933,183 |
| Information Technology | \$4,787,847 |
| Non-Information Technology | \$1,145,336 |
| Background Investigation | \$1,274,400 |
| Non-Information Technology | \$1,274,400 |
| Indirect Costs | \$5,397,782 |
| Total Direct and Indirect Costs | \$20,036,145 |

Source: SB/SE Finance

FY 2018 THROUGH SEPTEMBER 30, 2018

Commissions are through 09/13/2018. All other costs are through 09/30/2018.

| IRS Collection Cost | |
|--|---------------------|
| Expense | Total Amount |
| Commissions Paid | \$14,921,708 |
| Labor | \$5,117,406 |
| Information Technology | \$967,603 |
| Non-Information Technology | \$4,149,803 |
| Travel | \$113,732 |
| Information Technology | \$2,131 |
| Non-Information Technology | \$111,601 |
| Print | \$24,617 |
| Non-Information Technology | \$24,617 |
| Contract | \$5,786,726 |
| Information Technology | \$3,597,981 |
| Non-Information Technology | \$2,188,745 |
| Background investigations | \$337,322 |
| Non-Information Technology | \$337,322 |
| Indirect Costs ^{1,2} | \$4,832,192 |
| Total Direct and Indirect Costs | \$31,133,702 |

Source: SB/SE Finance

¹Indirect costs are ongoing expenses of operating an organization that cannot be immediately associated with the activity or program.

²Indirect costs are determined by applying an overhead rate to labor and benefits. The FY 2017 overhead rate of 94.43% was provided by CFO Cost Accounting.

D. Impacts

[IRC 6306(j)(1)(C) [part 1]—The impact of such contracts on the total number and amount of unpaid assessments, and...]

FY 2017

| Unpaid Assessments | | | | |
|--------------------|----------------------------|---------------|------------------------------|-------------------|
| Date | PCA (cumulative totals) | | UA (balance at month end) | |
| | Entities | Amount | Entities | Amount |
| April 2017 | 781 | \$4,734,914 | 14,904,849 | \$293,486,405,479 |
| May 2017 | 13,226 | \$96,926,430 | 17,042,496 | \$300,592,117,689 |
| June 2017 | 28,863 | \$217,044,930 | 17,006,086 | \$299,318,681,592 |
| July 2017 | 56,555 | \$407,099,223 | 16,820,483 | \$296,999,634,552 |
| August 2017 | 96,204 | \$673,882,876 | 16,581,068 | \$294,835,249,499 |
| September 2017 | 128,344 | \$919,593,380 | 16,493,033 | \$294,412,942,591 |

Source: Chief Financial Officer (CFO)

FY 2018 THROUGH SEPTEMBER 2018

| Unpaid Assessments | | | | |
|--------------------|-------------------------------|-----------------------------|------------------------|----------------------|
| Date | Assigned to PCA (entities) | Assigned to PCA (amount) | Total UA (entities) | Total UA (amount) |
| October 2017 | 39,644 | \$266,705,205 | 16,670,152 | \$294,213,936,568 |
| November 2017 | 33,489 | \$225,289,687 | 16,898,205 | \$300,615,704,905 |
| December 2017 | 39,678 | \$279,228,568 | 16,547,877 | \$298,707,806,635 |
| January 2018 | 19,863 | \$170,785,630 | 16,273,707 | \$296,161,014,445 |
| February 2018 | 6,895 | \$82,280,317 | 15,860,226 | \$295,201,769,106 |
| March 2018 | 36,531 | \$409,763,001 | 15,425,822 | \$294,401,878,397 |
| April 2018 | 59,183 | \$604,813,312 | 15,145,161 | \$292,490,440,385 |
| May 2018 | 68,286 | \$681,554,716 | 17,372,700 | \$302,422,132,868 |
| June 2018 | 70,980 | \$449,091,213 | 17,416,668 | \$302,387,470,628 |
| July 2018 | 84,959 | \$608,592,682 | 17,028,884 | \$300,379,760,447 |
| August 2018 | 71,128 | \$505,742,339 | 16,816,361 | \$300,495,566,474 |
| September 2018 | 71,035 | \$504,050,922 | 16,685,933 | \$300,894,160,634 |

Source: Chief Financial Officer (CFO)

[IRC 6306(j)(1)(C) [part 2]...on the number and amount of assessments collected by Internal Revenue Service personnel after initial contact by a contractor]

FY 2017

IRS Collected After IC by PCA

| Date | Number of Entities | Amount |
|----------------------|--------------------|--------------------|
| April 2017 | 6 | \$20,897 |
| May 2017 | 100 | \$105,558 |
| June 2017 | 317 | \$238,759 |
| July 2017 | 737 | \$321,968 |
| August 2017 | 1,870 | \$774,534 |
| September 2017 | 2,314 | \$686,373 |
| FY 2017 Total | 5,344 | \$2,148,089 |

Source: SB/SE – PDC Operational Reports

FY 2018 THROUGH SEPTMEBER 13, 2018

IRS Collected After IC by PCA

| Date | Number of Entities | Amount |
|----------------------|--------------------|---------------------|
| October 2017 | 1,009 | \$565,588 |
| November 2017 | 1,107 | \$653,095 |
| December 2017 | 1,098 | \$795,695 |
| January 2018 | 1,749 | \$1,117,048 |
| February 2018 | 951 | \$470,734 |
| March 2018 | 4,722 | \$4,329,986 |
| April 2018 | 4,143 | \$3,582,183 |
| May 2018 | 29,849 | \$28,251,829 |
| June 2018 | 2,456 | \$1,152,445 |
| July 2018 | 3,050 | \$1,468,763 |
| August 2018 | 2,615 | \$1,773,122 |
| September 2018 | 2,871 | \$1,853,102 |
| FY 2018 Total | 55,620 | \$46,013,590 |

Source: SB/SE - PDC Operational Reports

E. Fees Retained

[IRC 6306(j)(1)(D)—The amount of fees retained by the Secretary under subsection (e)² and a description of the use of such funds, and...]

Cost of Services

FY 2017

| Cost of Services Fund | |
|---|--------------------|
| Description | Amount |
| Commissionable Payments | \$5,363,918 |
| 25% of Commissionable Payments | \$1,340,980 |
| Sequestration | (\$92,528) |
| Retained Earnings | \$1,248,452 |
| Fees Paid to PCAs | (\$1,068,944) |
| Available Balance in the Cost of Services Fund | \$179,508 |

Source: SB/SE Finance—FY 2017 cumulative through September 30, 2017

FY 2018 THROUGH SEPTEMBER 13, 2018

| Cost of Services Fund | |
|---|---------------------|
| Description | Amount |
| Commissionable Payments | \$75,372,679 |
| Fiscal Year 2017 Carryover | \$179,508 |
| Fiscal Year 2017 Sequestration Returned | \$92,528 |
| 25% of Commissionable Payments | \$18,843,170 |
| Less: Sequestration ¹ | (\$1,243,649) |
| Retained Earnings | \$17,871,557 |
| Fees Paid to PCAs | (\$14,921,708) |
| Remaining Balance in Cost of Services Fund | \$2,949,849 |

Source: SB/SE Finance

¹Sequestered funds become available in future fiscal years.

² IRC 6306(e) provides that the Secretary may retain and use (1) an amount not in excess of 25 percent of the amount collected under any qualified tax collection contract for the costs of services performed under such contract, and (2) an amount not in excess of 25 percent of such amount collected to fund the special compliance personnel program account under section 6307.

Special Compliance Personnel Program (SCPP) Fund

FY 2017

| Special Compliance Personnel Program (SCPP) Fund | |
|---|--------------------|
| Fees | Amount |
| Commissionable Payments | \$5,363,918 |
| 25% of Commissionable Payments | \$1,340,980 |
| Sequestration | (\$92,528) |
| Retained Earnings | \$1,248,452 |
| Costs | Amount |
| Special Compliance Personnel Program ¹ | \$0 |
| Contract Administration | \$0 |
| Total SCPP Fund Costs | \$0 |
| Available Balance in SCPP Fund | \$1,248,452 |

Source: SBSE Finance - FY17 cumulative through September 30, 2017

¹ Special Compliance Personnel Program is scheduled to begin October 2018.

FY 2018 THROUGH SEPTMEBER 13, 2018

Commissions are through 09/13/2018. All other costs are through 09/30/2018.

| Special Compliance Personnel Program (SCPP) Fund | |
|---|---------------------|
| Fees | Amount |
| Fiscal Year 2017 Carryover | \$1,248,452 |
| Fiscal Year 2017 Sequestration Returned | \$92,528 |
| 25% of Commissionable Payments | \$18,843,170 |
| Less: Sequestration ² | (\$1,243,649) |
| Retained Earnings | \$18,940,501 |
| Costs | Amount |
| Special Compliance Personnel Program ¹ | \$0 |
| Contract Administration | \$4,341,020 |
| Total SCPP Fund Costs | \$4,341,020 |
| Available Balance in SCPP Fund | \$14,599,481 |

Source: SBSE Finance - FY 2018 cumulative through September 30, 2018

¹ Special Compliance Personnel Program is scheduled to begin October 2018.

² Sequestered funds become available in future fiscal years.