



## HHS & TOP: Partners in the Collection of Delinquent Child Support Debts



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The Office of Child Support Enforcement (OCSE) has been a partner with the Treasury Department for decades to collect delinquent child support debts through offset. States, through the Department of Health and Human Services (HHS), have submitted child support debts for collection through the offset of Federal tax refunds since the early 1980s, initially to IRS and later to FMS when TOP was developed and FMS began offsetting tax refunds

and other types of Federal payments.

The offset of Federal tax refund and other types of payments to collect delinquent child support obligations owed to states is governed by Federal and state laws and regulations. All states, through the OCSE, a part of HHS, refer child support debts (Temporary Assistance for Needy Families [TANF] and non-TANF debts) to TOP for collection against Federal tax refund payments. In addition, 45 states and territories submit delinquent child support debts for administrative offset of other Federal payments. With the assistance of the OCSE, in Fiscal Year (FY) 2011, TOP collected over \$2.4 billion in child support debts for the states.

OCSE has also been a leader in participating in the TOP process to update debtor names based on "partial match" of a payee's taxpayer identification number (TIN) with a debtor's TIN. The partial match and update process has resulted in increased collections of additional child support debts. In FY 2012, as of July 2, 2012, Treasury has conducted more than 8,000 additional offsets for \$17.6 million as a result of the partial match and update process. Since Treasury began researching partial matches for child support agencies on November 15, 2010, Treasury has conducted more than 11,000 additional offsets for \$23.9 million.

OCSE uses other techniques to great success to collect child support debts. One technique used by the OCSE is passport denial, where a non-custodial parent is denied a passport for travel outside of the United States until they pay their delinquent child support debt. Examples include a non-custodial parent visiting family in Cuba who paid the State of Florida \$19,000; a non-custodial parent visiting in-laws in Canada paid the State of Indiana \$19,000; and a non-custodial parent attending a family reunion in China paid the State of New York \$14,000. These are just a few of the examples that came from the Passport Denial Program.

Treasury and OCSE are continuing to work together to develop new methods and programs to improve the collection of child support debts for the states.

If you have any questions on these programs, contact Sara Garris at 202-874-6524 or [Sara.Garris@fms.treas.gov](mailto:Sara.Garris@fms.treas.gov).

### Managing States' Indebtedness to the Federal Government

On occasion, a state's debt owed to the Federal government will become delinquent and be submitted to the Treasury Offset Program (TOP) for collection. An offset will occur when the taxpayer identification number (TIN) of the state agency receiving a payment is the same as the TIN of the state agency owing the debt. When an offset occurs, a letter notifying the state agency of the offset will be sent to the agency owing the debt if no payment address is available. This means that sometimes a state agency expecting a payment will not know who to contact when a payment has been offset for a debt that is owed by another state agency.

The Treasury Offset Division (TOD) can provide your state with a report to help alleviate the burden of locating and paying these debts. Upon request, TOD will send your state a report of the debts in TOP owed by your state along with the appropriate creditor agency contact information at the beginning of each month to assist with the resolution of these debts and reconciliation of offsets against the payments received by the state.

To receive this report, TOD needs to receive a written authorization from your State Controller allowing TOD to release this information. The authorization should provide a central point of contact's name, address, telephone number, email.

For additional information about this service and the assistance we can provide, please contact Sheila Moss at 202-874-6937 or [Sheila.Moss@fms.treas.gov](mailto:Sheila.Moss@fms.treas.gov).

#### U.S. Treasury Financial Management Service

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# New Treasury Initiative Aimed at Reducing Improper Federal and State Payments

One of the Treasury Department's newest initiatives — the Do Not Pay program — that provides federal and state paying agencies that administer federally funded programs, with the critical information they need to help reduce improper payments.

On November 20, 2009, President Obama signed an Executive Order to reduce improper payments issued by the federal government by increasing efforts to eliminate payment error, waste, fraud, and abuse. In June 2010, the President reconfirmed his commitment; the reduce improper payments order was in a Presidential Memorandum that directed agencies to review current pre-payment and pre-award

procedures, and to ensure that a thorough review of databases containing relevant information on eligibility occurs before federal funds are disbursed. The memo also required agencies to check the following databases to verify eligibility prior to payment and award:

- Social Security Administration's Death Master File
- General Services Administration's Excluded Parties List System
- Department of the Treasury's Debt Check Database
- Department of Housing and Urban Development's Credit Alert Interactive Voice Response System
- Department of Health and Human Service's Office of Inspector General's List of Excluded Individuals/Entities.

In response to the President's memorandum, in April 2011, the Treasury Department - in partnership with the Federal Reserve Banks of St. Louis and Kansas City (acting as Treasury's Fiscal Agents)- established the Do Not Pay Business Center to help agencies comply with the President's Executive Order and Memorandum. The Do Not Pay Business Center offers two services – the Do Not Pay Portal and Do Not Pay Data Analytics Services.

The Do Not Pay Portal is a secure, single point of access to data sources including the Excluded Parties List System, Death Master File, List of Excluded Individuals/Entities, Debt Check, Central Contractor Registration, and The Work Number®. Agency users review Portal data to verify award and payment eligibility by 1) conducting an online search, 2) performing batch matching, and/or 3) requesting continuous

monitoring. With the online search, users log-in to the Portal and conduct simple searches on employer identification numbers, Social Security numbers, and businesses or individual names. With batch matching and continuous monitoring, searches are conducted against large pre- or post-payment files. In addition, with batch matching, Do Not Pay compares files submitted by an agency against the data sources and returns the results to agency users through the portal; continuous monitoring takes this process one step further in that the file is stored within the portal and the results are made available to the agency users through the portal whenever a match is found. Since Do Not Pay data source files are updated on a regular basis, additional

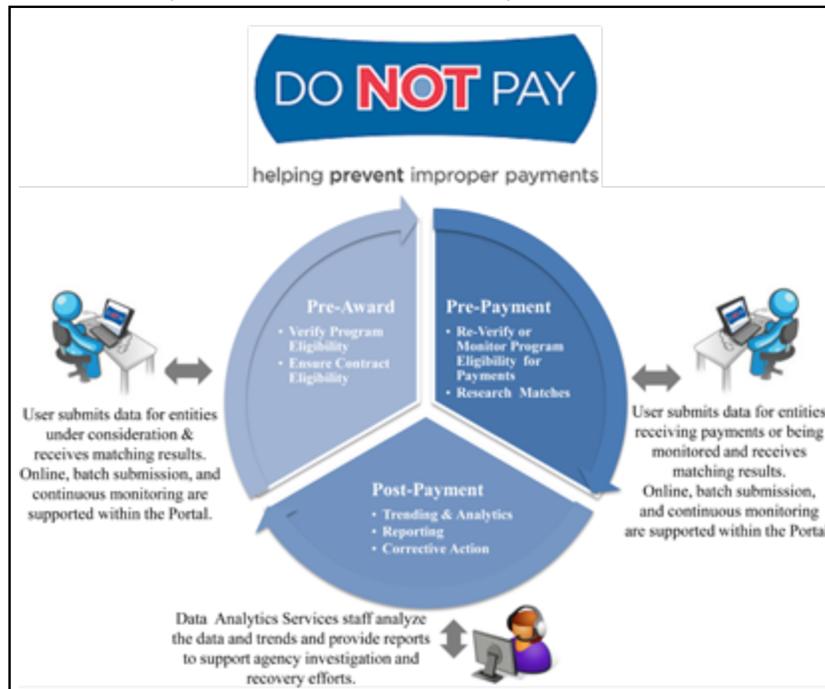
matches can occur at any time.

Do Not Pay Data Analytics Services offers customized, in-depth payment file analysis for agencies. The Data Analytics Services team will review payment files and examine them for any irregularities, conflicting information, duplicate payments, and common trends. Additionally, agencies can request specific analysis on payment files, e.g., payments made outside of the U.S. or payees who are under 21 years of age. Currently, Do Not Pay Data Analytics Services utilizes data from the Excluded

Parties List System, Death Master File, List of Excluded Individuals/Entities, Debt Check, Central Contractor Registration, Affirmative Proceeding Data, Dun and Bradstreet, Legacy.com, Google Maps/Search, Prison Address Source, LexisNexis Accurint, and Federal Awardee Performance and Integrity Information System (FAPIS).

The Agency Support Center is the final component within the Do Not Pay Business Center and is geared toward user advocacy. The Agency Support Center team provides support on all aspects of the process, including both the Portal and Data Analytics Services; and, representatives are available to provide personalized training and Portal demonstrations.

To receive additional information or begin the on boarding process, contact Do Not Pay's Agency Support Center at (855) 837-4391 or [donotpay@stls.frb.org](mailto:donotpay@stls.frb.org). You can also visit the Do Not Pay website by visiting <http://www.donotpay.treas.gov>.



# The State of New York Recovers \$50 million of Fraudulently Collected Unemployment Insurance via TOP

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Governor Andrew Cuomo  
New York State

The New York Unemployment Insurance Trust Fund has recently recovered over \$50 million in fraudulently collected unemployment insurance.

The funds were recovered through the Treasury Offset Program (TOP), a state-federal partnership in which federal tax refunds are intercepted to cover delinquent debts. New York State was the first state to use TOP to recover fraudulently-collected unemployment insurance

benefits. The program recovered \$51.2 million – the largest amount in the nation – from more than 50,000 individuals, and the funds will be used to pay benefits to unemployed New Yorkers.

“Once again, New York is at the forefront of efforts to protect taxpayer dollars through preventing and collecting fraudulently-obtained government payments. Every dollar we recover through this program becomes available to eligible unemployed New Yorkers who are most in need of this vital economic safety net,” Governor Andrew Cuomo said. “We will continue to do everything we can to collect fraudulently-

obtained benefits from people who don’t deserve them, and who are in fact stealing from their fellow New Yorkers.”

New York led the nation in recovery amounts by developing a low cost software tool that allows the state and federal collection systems to work together. This model has been shared with other states looking to participate in TOP.

David A. Lebryk, Commissioner of Treasury’s Financial Management Service, which operates the program, said, “We are very pleased with the ongoing success of our partnership with the State of New York and our joint effort to ensure that taxpayers in New York and throughout the country are well served. Overall, we have collected \$174.9 million for the 14 participating states, including the District of Columbia.”

Debtors are referred to the program by the State Department of Labor after repeated attempts to collect their debts. They also receive 60 days written notice before their federal tax refund is garnished.

The \$51.2 million recovered was returned to the Unemployment Insurance Trust Fund to pay benefits to unemployed New Yorkers while they look for work. Employers across the state contribute to the Unemployment Insurance Trust Fund. New York’s aggressive anti-fraud efforts helps ensure that cheaters are held accountable while employer dollars are spent exclusively on New Yorkers who lost their jobs through no fault of their own.

## Unemployment Insurance Compensation TOP Participation Map

Interested in knowing how much debt is collected by your state monthly through TOP and don’t want to wait for the next issue of the *Offsets Matter*? Want to know which other states are currently using TOP? Want to track your progress in relation to other states?

The Debt Management Services, a division of the U.S. Treasury’s Financial Management Service, will be posting monthly collections totals for the UIC TOP program on the FMS website.

Visit [http://www.fms.treas.gov/debt/top\\_uic.html](http://www.fms.treas.gov/debt/top_uic.html) for monthly updates on states’ participation in the Treasury Offset Program.



# TOP Collection Updates

State Collections (01/01/2012 - 06/30/2012)



## State UIC Debt Collection Totals

STATE NAME	OFFSET COUNT	NET COLLECTION AMOUNT	TOTAL AMOUNT OF DEBT REFERRED	PERCENT OF DEBT COLLECTED
Alabama	4,738	\$3,498,575	\$18,235,110	19.19%
Arizona	7,998	\$4,819,272	\$71,220,273	6.77%
Arkansas	32	\$27,051	\$40,494,528	0.07%
Connecticut	1,391	\$899,465	\$21,611,077	4.16%
District of Columbia	232	\$296,150	\$8,347,893	3.55%
Georgia	33	\$19,075	\$16,781,908	0.11%
Illinois	20,294	\$34,414,084	\$153,850,792	22.37%
Louisiana	30	\$56,210	\$2,050,803	2.74%
Maryland	10,994	\$16,087,707	\$99,754,778	16.13%
Michigan	1,908	\$5,266,319	\$100,259,567	5.25%
Mississippi	22,382	\$14,286,067	\$42,319,408	33.76%
New York	28,160	\$28,944,944	\$150,788,184	19.20%
Pennsylvania	3,911	\$9,242,458	\$50,682,297	18.24%
South Dakota	88	\$55,203	\$2,125,887	2.60%
West Virginia	332	\$203,724	\$4,757,990	4.28%
Wisconsin	7,812	\$11,425,129	\$72,679,426	15.72%
<b>Total</b>	<b>110,335</b>	<b>\$129,541,433</b>	<b>\$855,959,921</b>	<b>15.13%</b>

Since the publication of the May edition of the *Offsets Matter*, two additional states have joined the TOP UIC program. Georgia joined the program on June 4, 2012, and has collected \$19,075. Arkansas joined the program on June 15, 2012, and has collected \$27,051.

As of June 30, 2012, Illinois has recovered the most funds (\$34.4 million) whereas Mississippi has recovered the greatest percentage of their UIC debt portfolio (33.76%).

With the end of tax season, we expect a lower volume of collections throughout the rest of this year. At this time we encourage those states who are not yet participating in the UIC Program to join as soon as possible, in preparation for next year's tax season.

For further information regarding UIC TOP, please contact Sheila Moss at (202) 874-6937 or [Sheila.Moss@fms.treas.gov](mailto:Sheila.Moss@fms.treas.gov); or Becky Park at (202) 874-9451 or [Becky.Park@fms.treas.gov](mailto:Becky.Park@fms.treas.gov).

## 2012 State Reciprocal Program Collections

STATE NAME	OFFSET COUNT	NET COLLECTION AMOUNT
Kentucky	1,481	\$2,311,977
Maryland	1,302	\$1,144,233
Minnesota	198	\$373,455
New Jersey	1,281	\$1,561,763
New York	1,241	\$1,838,660
Wisconsin	498	\$826,662
<b>Total</b>	<b>6,001</b>	<b>\$8,056,750</b>

Minnesota joined the State Reciprocal Program (SRP) on May 31, 2012 and has collected \$373,455 as of June 30, 2012.

Kentucky remains the state with the most recovered funds through SRP with total collections of \$2.3 million. New York comes next with \$1.8 million recovered as of June 30, 2012.

For further information regarding SRP, please contact Rose Free of the Treasury Offset Division at (202) 874-7538 or [Rose.Free@fms.treas.gov](mailto:Rose.Free@fms.treas.gov).

## Top 10 State Income Tax Offset States

STATE NAME	OFFSET COUNT	NET COLLECTION AMOUNT
California	61,346	\$61,030,802
New York	85,936	\$59,495,457
Maryland	60,024	\$58,237,012
Louisiana	37,875	\$23,048,212
Georgia	27,735	\$22,006,331
Ohio	28,977	\$21,945,066
Illinois	50,199	\$21,574,578
Alabama	60,022	\$18,607,721
North Carolina	28,017	\$17,520,527
Missouri	29,044	\$16,911,296

California has collected the most funds through the State Income Tax Program, with collections totaling \$61 million.

New York and Maryland have the second and third largest volumes with \$59.5 million and \$58.2 million collected, respectively.

For further information regarding the State income Tax Program, please contact Rose Free of the Treasury Offset Division at (202) 874-7538 or at [Rose.Free@fms.treas.gov](mailto:Rose.Free@fms.treas.gov).



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