



States, HHS, & TOP: A Successful Partnership to Recover Delinquent Child Support Debts



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Since the early 1980s, the Office of Child Support Enforcement (OCSE), an office within the United States Department of Health and Human Services (HHS), has partnered with the United States Department of the Treasury (Treasury) to recover delinquent child support debt through the offset of federal income tax refund payments. State agencies work with OCSE to submit their debts to Treasury for collection, first to the Internal Revenue Service (IRS), then to the Financial Management Service (FMS), and today to the Bureau of the Fiscal Service (Fiscal Service).

The offset of federal income tax refund payments, other types of federal payments, and to collect delinquent child support obligations owed to states is governed by federal and state laws and regulations. All states and U.S. territories, through OCSE, refer child support debts (both Temporary Assistance for Needy Families [TANF] and non-TANF debts) to TOP for matching against federal income tax refund payments. In addition, 45 states and territories submit their child support debts to TOP for matching against administrative payments made by the federal government. With the assistance of OCSE, in fiscal year 2012, the Treasury Offset Program (TOP) recovered \$2.3 billion in delinquent child support debt.

For non-tax refund payment offset, Fiscal Service derives its authority to collect delinquent child support debt from the Debt Collection Improvement Act of 1996 (DCIA) and Executive Order 13019. The DCIA was enacted into law on April 26, 1996 and authorizes the Secretary of the Treasury to collect past-due child support by administrative offset of federal payments. Executive Order 13019 of September 1996 requires the Secretary of the Treasury to promptly develop and implement procedures necessary for the collection of past-due child support debts by administrative offset.

As of June 30, 2013, TOP has recovered \$1.9 billion in delinquent child support debt during this fiscal year (October 1, 2012 to June 30, 2013). These funds would not have been recovered if it were not for the close partnership among state child support enforcement agencies, OCSE, and Fiscal Service. TOP provides an opportunity for states to ensure that debtors are held accountable for their delinquent child support debts, and thereby ensure that funds are distributed to those that need it most.

In fiscal year 2013, Texas has recovered the greatest amount of delinquent child support debt with a recovery of \$241.9 million through the offset of 159,739 federal payments. Texas is followed by California which has recovered \$175.5 million and Ohio which has recovered \$104.3 million.

If you have questions on these programs, please contact Sara Garris at 202-874-6524 or Sara.Garris@fms.treas.gov.

New Do Not Pay Agency User Community

The Do Not Pay (DNP) Agency User Community was formed to better serve our customers and strengthen our customer relationships. The DNP Agency User Community serves as a forum for current DNP users, potential DNP users, and DNP Authorizing Officials to give feedback on DNP features, usability and share best practices. Our goal is to create a vibrant and involved Agency User Community and we would like the states to play a part in it.



helping prevent improper payments

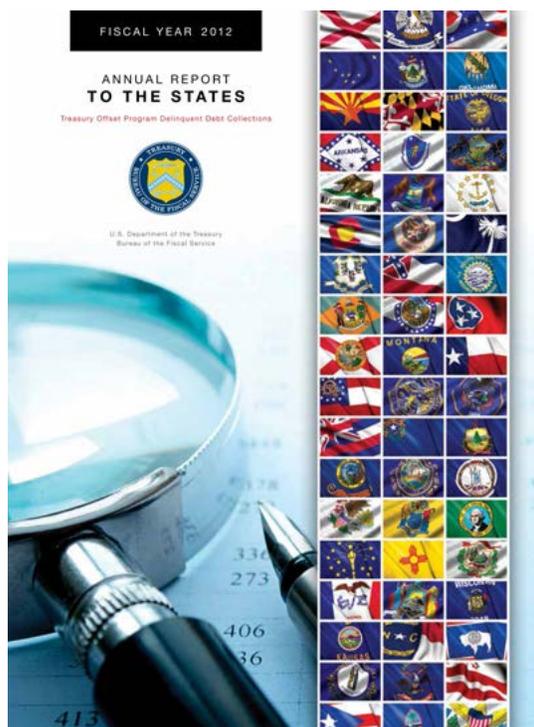
To facilitate an exchange of ideas, we created a DNP Site on the Office of Management and Budget MAX Site. The MAX Site is a comprehensive collaboration, information sharing, and document management site with knowledge management capability. Through the DNP MAX Site, DNP users are able to collaborate and share information with each other and provide feedback on potential features or modifications within the DNP Portal.

If you have any additional questions about the DNP Agency User Community, please contact Marcene Menendez at 314-444-8933 or by email at Marcene.Menendez@stls.frb.org

U.S. Department of the Treasury Bureau of the Fiscal Service

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U.S. Treasury Department Releases First Annual Report to the States



On June 27, 2013, the U.S. Department of the Treasury's (Treasury) Bureau of the Fiscal Service (Fiscal Service) released its first Annual Report to the States on the Treasury Offset Program's (TOP) Delinquent Debt Collection. The Fiscal Year (FY) 12 report details each state's success in collecting delinquent debts through a unique partnership with the federal government. Debts successfully recovered through TOP include delinquent child support and state income tax obligations, unemployment insurance compensation fraud debts, and more.

"The Fiscal Service is proud of the work we have done in collecting more than \$3 billion in delinquent debts for the states in FY2012, including \$2.2 billion of delinquent child support," said Fiscal Service Commissioner David A. Lebryk. "The simple premise of the offset program is that Treasury should not pay those individuals or businesses that have failed to meet their government obligations without first applying that money to the delinquent obligation."

Due to a strong federal-state partnership, TOP recovered \$6.2 billion for federal and state agencies, including \$2.2 billion in delinquent child support debts, \$560 million in outstanding state income tax obligations, \$133 million in unemployment insurance claims, and \$53.8 million in other debts owed to states in FY 2012. Treasury is proud to partner with the U.S. Department of Labor and the U.S. Department of Health and Human Services, Office of Child Support Enforcement, to administer the TOP program. Since the implementation of TOP in 1997, the Fiscal Service has collected more than \$68 billion for federal and state agencies, including \$31.8 billion for participating states, at relatively small cost to the federal government.

"Treasury encourages states to participate in all of our offset programs," said Commissioner Lebryk. "In times of strained budgets, it is more critical than ever to collect overdue funds so that limited resources may be allocated to meet the important needs of our citizens."

To view the FY 2012 Annual Report to the States on TOP's Delinquent Debt Collection, visit www.fms.treas.gov/debt/TOP_annual_report_to_states_fy12.pdf. For more information about TOP state programs, visit www.fms.treas.gov/debt/TOP_state_prog.html.

TOP Designs New Web Pages to Assist States

In June 2013, the Treasury Offset Program (TOP) released a newly designed web section for states located at www.fms.treas.gov/debt/TOP_state_prog.html. Included in the new online pages are program descriptions for each of TOP's state programs – Child Support, State Income Tax, State Reciprocal Program, and Unemployment Insurance Compensation; relevant and timely TOP news for states; a listing of upcoming TOP outreach engagements; and a new direct email stateoffsets@fms.treas.gov, created specifically to assist states in communication with TOP. Be sure to watch for important emails from TOP in the future and save this new address to communicate with us directly!

TOP's newly designed webpages also include a special section on "Understanding State Debts in TOP and How They Affect Your Federal Payments." This important information can be viewed by states online at www.fms.treas.gov/debt/TOP_state_debtors.html and includes the following content: 1) a presentation explaining "states as debtors in TOP," 2) frequently asked questions for states as debtors, and 3) a special link to assist states in locating comptrollers nationwide.

We hope you will take a few moments this month to visit our new TOP state web section.

Upcoming Speaking Engagements



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Check out these upcoming opportunities for states to learn more about TOP and how you can benefit from participation in each of TOP's state programs.

- **United Council on Welfare Fraud - 41st Annual National Training Conference** - September 10-12, 2013, Des Moines, Iowa
www.ucowf.net/
- **NASACT/U.S. Department of the Treasury TOP Webinar for States** - September 18, 2013 from 2:00-4:00 p.m. ET
www.nasact.org/conferences_training/index.cfm
- **NASWA 2013 National UI Director's Conference** - October 8-10, 2013, Rapid City, South Dakota
www.naswa.org/meetings/southdakota/

For additional information, visit the association websites listed above, or email us at stateoffsets@fms.treas.gov

TOP Collection Updates

State Collections (10/01/2012 - 06/30/2013)

State Unemployment Insurance Compensation Program Collections

TREASURY OFFSET PROGRAM



STATE NAME	OFFSET COUNT	NET COLLECTION AMOUNT
Alabama	13,642	\$10,342,738
Arizona	30,041	\$21,088,291
Arkansas	22,363	\$19,170,713
California	3,994	\$3,398,893
Colorado	3,054	\$3,679,885
Connecticut	5,979	\$4,811,011
Delaware	211	\$149,375
District of Columbia	1,603	\$2,546,960
Florida	24,341	\$19,259,148
Georgia	2,881	\$2,944,050
Idaho	691	\$1,222,740
Illinois	22,095	\$37,014,069
Kentucky	7,193	\$7,364,409
Louisiana	7,055	\$9,045,475
Maryland	10,872	\$12,273,939
Michigan	6,387	\$8,608,283
Minnesota	6,852	\$15,045,535
Mississippi	22,812	\$10,184,709
Missouri	15,965	\$19,915,322
Nebraska	2,899	\$2,013,699
Nevada	247	\$668,427
New Hampshire	2,112	\$2,124,507
New Jersey	250	\$468,148
New York	26,813	\$27,482,067
North Carolina	13,173	\$10,264,860
Pennsylvania	8,635	\$16,660,334
South Carolina	7,837	\$11,478,817
South Dakota	1,130	\$825,062
Tennessee	18,197	\$15,925,879
Utah	6,033	\$6,824,303
Vermont	78	\$50,453
Washington	2,265	\$1,921,386
West Virginia	2,930	\$2,185,083
Wisconsin	17,509	\$13,056,023
Total	318,139	\$320,014,591

The Unemployment Insurance Compensation (UIC) Program allows for the offset of federal tax refund payments to collect UIC debts due to fraud or a person's failure to report earnings.

As of June 30, 2013, Delaware, Hawaii, New Jersey, and North Dakota have joined TOP UIC, bringing the total states participating to 35 states and the District of Columbia.

As of June 30, 2013, Illinois has recovered the most funds at \$37 million, followed by New York and Arizona, which have recovered \$27.5 million and \$21.1 million, respectively. The TOP UIC Program has recovered a total of \$320 million as of June 30, 2013.

TOP continues to encourage states to participate in this program. For those states that have not yet begun to submit their UIC debts to TOP for collection to begin doing so as soon as they are able. States will need to have implemented the UIC program by September 30, 2013, in order to ensure participation during the 2013 tax season.

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

State Reciprocal Program Collections

STATE NAME	OFFSET COUNT	NET COLLECTION AMOUNT
District of Columbia	3,460	\$8,595,181
Kentucky	2965	\$5,768,774
Maryland	3,178	\$7,345,216
Minnesota	961	\$1,444,537
New Jersey	1,974	\$2,200,914
New York	2,244	\$3,145,305
West Virginia	244	\$221,326
Wisconsin	750	\$796,908
Total	15,776	\$29,518,162

The State Reciprocal Program (SRP) allows states to enter into reciprocal agreements with Treasury to collect unpaid state debt by offset of federal non-tax payments. In return, states agree to offset state payments to debtors who owe delinquent debts to the federal government.

West Virginia joined SRP in June 2013, bringing the total number of states in SRP to seven, along with the District of Columbia. As of June 30, 2013, the District of Columbia has achieved the most recovered funds through SRP in this fiscal year with total collections of \$8.6 million. Maryland is second with \$7.3 million recovered in this fiscal year.

With those states participating in SRP recovering millions of dollars in delinquent debt, TOP recommends that states interested in the program contact us as soon as possible regarding implementation.

For further information regarding SRP, please contact David Burgess at (202) 874-7182 or David.Burgess@fms.treas.gov.

Top 5 State Income Tax Offset Collections

STATE NAME	OFFSET COUNT	NET COLLECTION AMOUNT
New York	104,475	\$73,401,765
Georgia	83,919	\$57,373,936
California	58,589	\$56,603,940
Maryland	59,639	\$52,962,520
Illinois	77,818	\$28,548,197

The State Income Tax Program allows states to refer delinquent income tax debts to TOP for offset against federal tax refund payments only.

New York has recovered the most funds through the State Income Tax Program as of June 30, 2013, with the recovery of \$73.4 million. Georgia has recovered the second most funds with \$57.4 million.

For further information regarding the State Income Tax program, please contact Becky Park at (202) 874-9451 or Becky.Park@fms.treas.gov.

U.S. Department of the Treasury Bureau of the Fiscal Service

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