

SUPERSEDES

CS 508.3, Collection by Federal Offset May 11, 2012

REFERENCES

45 CFR 303.72; ARM 37.62.501(13); OCSE-AT-06-01; OCSE Federal Offset Program User Guide, VER 10.0 (6/30/10)

Policy

Process Overview

The CSED utilizes the Federal Offset Program, which assists in the collection of arrearages by enforcing the following programs:

- Federal Income Tax and Administrative Offset— this involves the interaction of all State IV-D agencies and three Federal Agencies: the OCSE, the Internal Revenue Service (IRS) and the Financial Management Service (FMS), which is part of the U.S. Department of the Treasury. FMS intercepts federal income tax refunds and federal administrative payments to obligors whose arrearages meet or exceed the threshold for federal offset.
- Passport Denial—the U.S. Department of State (DoS) denies the obligor's application for a passport; refer to CS 508.7 Passport Denial and Revocation.
- Multistate Financial Institution Data Match (MSFIDM) — this program identifies and informs the CSED of any accounts held by the obligor in multistate financial institutions; refer to CS 500.3 Financial Institution Data Match and Administrative Enforcement in Interstate Cases.
- Office of Child Support Enforcement (OCSE) Federal Insurance Match Program— IV-D agencies can obtain information about obligors owing past-due support with information maintained by insurers concerning insurance claims, settlements, awards, and payment.

Scope of Action

This section contains policy and procedures for the offset of federal income tax refunds and federal administrative payments. Federal administrative payments include retirement, and vendor/miscellaneous payments such as, travel reimbursements and all Farm Service Agency (FSA) Commodity Credit Corporation (CCC) payments.

Federal Salary Payments while eligible for administrative offset are not currently being intercepted for past-due child support. The use of income withholding is recommended when dealing with obligors who receive federal salaries.

CSED Federal Offset History

Through 1998, the CSED submitted cases for federal offset only once a year. Between submissions, arrears amounts could be decreased but not increased and new cases could not be added. In 1999 the federal offset program began accepting submissions of all changes (new cases, arrears increases, and arrears decreases) on a continuing basis, and the CSED converted to a continuous process submitting cases weekly, and updated cases once a month, and certain special transactions weekly (as needed). For purposes of reconciliation, the CSED also retained its annual process, submitting the entire federal offset-qualified caseload each fall.

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Identifying Cases to be submitted for Federal Offset

Federal regulations establish criteria for determining whether a case is eligible for federal offset. In identifying cases for submission, SEARCHS applies the following requirements:

- 1) Case status: The case must be an open enforcement case that is not interstate responding or an interstate responding case where the initiating state is a foreign country. (A case may be eligible even if the obligor is in locate status.)
- 2) SSN status: There must be a social security number attached to the obligor on SEARCHS.
- 3) Arrears: The case must have assigned or temporarily assigned arrears of at least \$150, or unassigned arrears of at least \$500. (Assigned means TANF or IV-E foster care, unassigned means non-TANF or Medicaid-only.) Assigned and unassigned arrears are treated as separate cases for purposes of federal offset.

NOTE:

Combining Arrears. For purposes of identifying cases for submission, arrears may include child support, spousal support, cash medical support, or any combination of these. An obligor's assigned arrears are submitted for offset if total assigned arrears over all cases are \$150 or more. Likewise, unassigned arrears are submitted if the total for all cases reaches \$500. This results in at most two submitted federal offset cases for a given obligor. The OCSE will further combine arrears by adding the assigned and unassigned amounts, to determine whether total arrears are more than \$2,500; if so, the obligor also qualifies for passport denial.

Weekly SEARCHS identifies cases not previously submitted that meet the requirements in 1) through 3) above. Previously submitted cases with changes in arrears, eligibility, or other characteristics and do not meet the weekly criteria are submitted at month-end. Using the information SEARCHS creates and transmits to the OCSE a file containing new submissions, and updates to previous submissions. By federal requirement, SEARCHS also creates and transmits a special weekly file containing cases where the CSED has refunded collections made by federal offset.

Payments Exempt from Offset

The list of payments exempt from offset is extensive. Payments exempted by federal law or by action of the Secretary of the Treasury are listed in the tables at the end of this section.

Excluding Cases

Federal parameters allow states to exclude individual cases from passport denial, MSFIDM, Federal Insurance Match, tax offset, administrative offset or combinations of these. States may exclude cases from all administrative offsets or from specific types such as, retirement, vendor/miscellaneous, or salary. However, currently the automated process does not allow exclusion to this level.

The CSED no longer excludes cases from tax offset if the arrears are unassigned and there are no minor children on the case. The Federal Deficit Reduction Act of 2005 provides that, effective October 1, 2007; all cases meeting or exceeding the threshold amount can be referred for tax offset when a IV-D agency is providing services.

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OCSE Exclusion for Federal Salary

The OCSE automatically excludes all submitted cases from federal salary offset. As a result, federal salary payments are not intercepted for past-due child support. When an obligor receives a federal salary, an income withholding order is necessary.

Should federal salary offset become available, the OCSE will retain the blanket exclusion unless a state requests it be removed. The exclusion can be removed for all of a state's cases, or for individual cases. Montana plans to allow the blanket exclusion to remain in place, and to request individual removal (i.e., use of federal salary offset) only in special cases. Individual removals will be submitted to the OCSE on line, using the same process as for on-line exclusions (see On-Line Exclusions below).

The purpose of participating in the general exclusion for federal salaries is to avoid over collection in cases involving federal employers. New-hire reporting and income withholding are already producing appropriate collections from federal paychecks in most cases, including applicable payments to Native Americans working on reservations.

Online Exclusions

For an individual case and remedy not already excluded under the preceding paragraphs, the CSED can obtain exclusion for one or more remedies by submitting the case to the OCSE using the Federal Offset Program on-line system. For example, this system may be used to exclude a case from passport denial, or from vendor payment offset, while maintaining the case with OCSE for all other remedies.

Access to the online exclusion process is limited to the CSED Federal Offset (FTO) Specialist and is not available at the caseworker level. Also, the process is not intended for broad application, but for special situations only, as coordination with SEARCHS batch processing can be difficult, and may require ongoing follow-up by the FTO Specialist. A request for exclusion should be based on strict assessment of facts and circumstances in the particular case. For example, vendor payment exclusion **may** be appropriate in a case where the obligor is receiving regular payments from a vendor source, and the payments are contractor payments subject to CSED income withholding, or travel reimbursements needed to directly sustain the obligor's income-earning ability.

The CSED can also use the Federal Offset Program on-line system to submit other changes to existing cases such as, changes to the debt amount, or to submit new cases; however, this practice is limited to very specific or unusual circumstances.

Suppressing Cases

Caseworkers can prevent submission of a particular case by suppressing federal offset on SEARCHS. Suppression is different from a remedy-specific exclusion (see preceding paragraphs) in that a suppressed case is never submitted, so there is no choice of remedies to exclude or retain. CSED policy, based on requirements of federal and state law, limits the use of suppressions to cases where one or more of the following conditions apply; note that for some conditions suppression is required:

- 1) A bankruptcy court or other tribunal of appropriate jurisdiction has imposed a stay on collection actions against the obligor's assets. **Suppression is required.**

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- 2) Administrative offsets (vender payments, travel reimbursements, contract work) must be excluded during a bankruptcy. **Suppression is required** in a bankruptcy case and must be completed by the FTO Specialist.
- 3) The arrears amount on SEARCHS is not reasonably certain and submitting the amount to the OCSE would likely result in an update to decrease the amount in a later submission. For example, account adjustments may be pending; or there may be reason to believe the obligor will produce evidence of additional payments.
- 4) The obligor is receiving retirement or vendor/miscellaneous payments from a federal employer or payor, and the CSED is collecting under an income withholding order to that employer or payor and maintaining the case for the purpose of other federal offset processes (such as tax offset and MSFIDM) would not be beneficial to enforcement of the case. (If other remedies were important based on the facts of the case, the CSED would use an exclusion for the federal retirement or vendor remedy rather than a suppression.)
- 5) The assigned or unassigned arrears amount on SEARCHS has reached the federal offset threshold (see Identifying Cases to be Submitted, below) only because arrears created by income withholding annualization are included in the amount. **Suppression is required.**
- 6) In highly unusual situations, submission for federal offset would impair the CSED's overall ability to enforce the case. For example, if there is a history of federal adjustments to collections in a case that create an obligee accounts receivable.

Travel Reimbursement Payments

Generally, travel reimbursement payments should not be excluded, nor should collections be refunded. CSED policy does exclude travel reimbursements from state offset, but this policy is based on considerations that do not apply to federal reimbursements.

Amending Income Withholding Orders

Cases with income withholding orders should have the certified arrears amount reviewed when an offset payment is received. If the payment pays the certified arrears debt in full, the Income Withholding Order (IWO) should be amended. When reviewing the debt be aware that **offset funds must apply to the certified arrears debt only** and cannot be used for arrears that have accrued after the offset was received.

Obligor Refunds

No hold period for an obligor refund is required when the offset results in an overpayment of the certified debt. However, obligor refunds are not released automatically from the system. A request for refund must be submitted to the Technical Accounting and Payment Processing (TAPP) Unit for manual release. All refund and adjustment requests must be documented on system.

Update to Interstate Responding State

Upon receipt of an offset payment a case that has a responding state must be sent CSE IIUP Interstate Update within 10 days of receipt of payment. A tickler is generated on those cases as a reminder to send it within the required time. CSENet automatically sends an update to those participating states.

Federal Joint Tax Offset

When an offset from a federal joint refund is received disbursement of the funds may be delayed for up to six months. The system delays disbursement of funds from a joint tax refund in the event that an unobligated spouse files an injured spouse claim for a portion of that refund.

An injured spouse claim is a claim by an unobligated spouse, who is not responsible for the obligor's child support debt. The claim often results in a federal adjustment (FA), meaning that a portion of the offset is returned to the unobligated spouse. If offset funds have already been disbursed, reversing a portion creates a receivable for the obligee. Delaying the disbursement helps avoid a receivable should a FA occur.

Disbursement delays are calculated by using the date the offset file is received as the beginning date. If the six months ends on a weekend or a holiday the prior working day is the six-month end date. Delays apply to non-agency obligees with certified arrears on non-TANF accounts, TANF accounts where all or a portion goes to Excess Unreimbursed Assistance (EURA), or to temporarily assigned arrears accounts that would disburse to the obligee.

Immediate or Early Disbursement of a Joint Tax Offset

Conditions that do not require a six-month disbursement delay and allow for immediate disbursement of all or a portion of a joint tax offset are as follows:

- Some or all of the offset has applied to TANF or foster care arrears. Only the amount applied to TANF or foster care arrears is disbursed immediately; any amount applying to non-TANF arrears must be delayed for six months before distribution.
- Some or all of the offset is refundable to the obligor. Only the portion that qualifies for immediate disbursement is refundable. Prior to refund, verify with the FTO Specialist that an injured spouse claim has not been filed.
- Early disbursement of the non-TANF arrears has been approved by the regional manager, and CS 508-3.B Agreement to Release Joint Refund has been signed by the unobligated spouse.
- Immediate or early disbursement of the non-TANF arrears has been approved by the CSED Administrator, or a bureau chief. This is limited to specific or unusual circumstances.

Request for Early Release of Joint Tax Offset

Under certain conditions the release of an offset payment to a non-agency obligee may not be delayed for the full six months. An early release may be approved for a qualifying obligee who makes a specific request for early release. A qualifying obligee is a non-agency obligee whose case has one or more of the following certified arrears accounts: non-TANF, TANF where all or a portion goes to EURA, or temporarily assigned arrears accounts that disburse to the obligee.

A qualified obligee, who specifically requests an early release must provide a justification for the request. It should be explained that the justification must be approved by the regional manager **before** the process can begin.

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Once approval is received CS 508-3. B Agreement to Release Joint Refund and CS 508-3C Obligor Cover Letter can be sent to the obligor. Emphasize there are no guarantees for early release of the offset payment, even if the justification is approved by the regional manager. The unobligated spouse must agree to apply the joint tax refund to the obligor's case. The agreement must be returned signed and notarized before an early release of the payment can occur. If the agreement is not return signed and notarized, the payment will be held for the full six months.

NOTE:

Obligee is also the spouse on the joint tax offset. In rare instances, an obligee who is requesting early release may also be the spouse included on the joint tax refund. When this happens the obligee should be sent CS 508-3.B Agreement to Release Joint Refund and CS 508-3D Obligee Cover Letter. If an FA takes place after the obligee has signed the agreement, the system will create a receivable for the obligee, who will be responsible for repayment.

Agreement to Release Joint Refund

When the unobligated spouse returns the signed notarized agreement, it authorizes early release of the joint tax offset. By signing the agreement, the unobligated spouse agrees not to file an injured spouse claim for the portion of the refund, if any, that is owed. In the unusual circumstance, that an injured spouse claim is filed, and an FA occurs, the system will set up a receivable on the obligee. However, in this instance it is CSED policy not to hold the obligee responsible for repayment. **Consult the legal unit for collection remedies pertaining to the unobligated spouse.**

Upon return the agreement must be reviewed and signed by the regional manager before an adjustment request can be made on the case. The manager ensures the agreement is complete and the payment to be released is for the correct amount of certified arrears debt. The agreement should be kept in the case file and a case note entered into the system regarding the approval.

NOTE:

If necessary, the CSED Administrator or a Bureau Chief can approve an agreement for early release of the offset payment. In extreme instances, and at their discretion, they can request an early release without an agreement.

Federal, CSED, and SEARCHS Steps

The remainder of this section describes the specific steps involved in offsetting income tax refunds, other federal payments to the obligor, and procedures for an early release of a joint tax offset. Because the payment offset cycle requires alternating federal and CSED actions, the CSED procedures (manual and SEARCHS) are presented in context with the federal steps.

DISCLAIMER: Federal steps listed here represent only the CSED's understanding of the federal intent and may change as the result of changes in actual federal procedures, CSED information about those procedures, or both.

Procedures

Federal Offset (FTO) Specialist/Fiscal Section

1. General information update. Submits the following information to the OCSE as indicated:

FTO Specialist

- 1) Certification Letter (submitted annually). The letter contains the
 - CSED Administrator's signed certification that cases submitted during the upcoming year will meet OCSE requirements.
 - CSED's election to have OCSE print the pre-offset notices (step 7c) on behalf of Montana.
 - CSED's request to OCSE to hold new cases for 30 days from the date of the pre-offset notice before forwarding them to Financial Management Service (FMS).
 - CSED contact information for the pre-offset notice and the offset notice (step 14) and for OCSE.
- 2) State/Local Contact Phone and Address File (submitted whenever information changes). The electronic file contains CSED telephone and address information to be printed on the pre-offset and offset notices.

Fiscal Section

- 3) Banking information (submitted whenever information changes). The CSED provides information to the OCSE by letter for the electronic transfer of collections (step 14), including the name and address of the CSED's financial institution and the American Bankers Association routing number.

Caseworker

2. Case Management. Upon commencing enforcement in a non-interstate or interstate-initiating case, or in a case referred by a foreign country, determines whether collection by federal offset is appropriate. (Offset is presumed to be appropriate unless the case meets one or more of the suppression criteria described in POLICY.)

Also determines whether exclusion of a particular remedy applies. Exclusion is determined on a case-by-case basis, according to whether the exclusion would be beneficial to overall enforcement in the case. For example, it may be beneficial to exclude the vendor payment remedy but maintain the other administrative and tax offset remedies in a case where the CSED has initiated income withholding on the vendor payments.

Proceeds in 2a through 2c below as applicable. Monitors for any change and returns to this step (2) as applicable.

- a. If federal offset is appropriate (suppression does not apply) and the case is not an interstate responding case, allows automated submission to proceed, if necessary removes any suppression entered in step 2c if the case is an interstate responding case referred by a foreign country, determines whether the case meets the other requirements listed in

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- POLICY, Identifying Cases to be Submitted (SSN status, arrears, child status); if so, notifies the FTO Specialist the case should be submitted via the Federal Offset Program on-line system, if necessary removes any suppression entered in step 2c
- b. If federal offset is appropriate (suppression does not apply) but a remedy-specific exclusion applies, requests the assistance of the FTO Specialist in submitting the exclusion on line, see step 3d.
 - c. If federal offset is not appropriate, suppresses submission via the federal offset field on the SEARCHS CAS screen.

SEARCHS/FTO Specialist

3. **Case Submission and Update Files.** Identifies and submits cases for federal offset as in sub steps 3a through 3d below. Weekly creates outgoing report F15.SRCH.PROD.TAXSCLI. *GOO2V00 to the OCSE containing cases being submitted in 3a through 3c (upon return the report is TAXSCLI in Doc Direct).

*bold indicates revolving number

SEARCHS

- a. Deleting and modifying cases. At the time of month-end processing, identifies cases previously submitted (and not deleted) whose federal offset characteristics listed below have changed since the last update.
Creates a Case Submission and Update File listing the identified cases. For each case includes the necessary case information and the OCSE transaction type (defined below) for the specific change.

Transmits the file to OCSE via Cyberfusion on the first Friday after completion of month-end processing. EXCEPTION: If month-end processing begins on a Friday but ends on a Saturday, the transmission will occur on that Saturday.

FEDERAL OFFSET CHARACTERISTICS

- 1) Eligibility for submission. A change that results in a loss of eligibility requires a transaction type of D (delete).
- 2) Arrears amount. A change in arrears where the new amount still meets the threshold (assigned or unassigned) requires a transaction type of M (modify).
If the arrears amount has decreased to below the threshold amount, the required transaction type is D (delete).
- 3) Case type. A change in case type from assigned to unassigned, or vice versa, requires a transaction type of D to delete the case for the existing case type. (The case will be submitted again in step 3b with a transaction type of A to add the case for the new case type.)
- 4) Suppression status. A change to remove the case from federal offset based on a caseworker suppression requires a transaction type of D (delete).

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NOTE:

Name/Address/Identifier Change not a Transaction. It is possible to change the obligor's first or last name, the obligor's address or the case identifier (obligor's participant ID number) via submissions in this step (step 3), even by deleting the case with the old information and later adding the case with the new information.

- b. Adding cases. At the time of weekly (if certain system criteria are met) or month-end processing identifies all new cases (cases not submitted previously or submitted previously and then deleted) that meet the requirements for federal offset submission. (These requirements are listed in the policy above under, Identifying Cases to be Submitted). Also identifies cases deleted in step 3a for the purpose of changing the case type.

Creates a Case Submission and Update File listing the identified cases. For each case includes the necessary case information and a transaction type of A (add or recertify). Transmits the file to OCSE via Cyberfusion on the last Friday of the month if it is the last working day of that month or on the first Friday of the next month.

- c. Reporting state payments. Weekly identifies cases in which the CSED has sent a refund (state payment) to the obligor for an earlier federal offset. Creates a Case Submission and Update File listing the identified cases, including the necessary case information and a transaction type of S (state payment) for each case. Transmits the identified cases to OCSE via Cyberfusion on the Friday following disbursement of the refund. When submission of the state payments file falls on the same Friday as submission of the file in step 3a or 3b, combines files as appropriate.

FTO Specialist

- d. Submitting cases online. Upon being contacted by the caseworker in 3d(i) through 3d(iii) below, submits the case to the Federal Offset Program online system for processing. Online submissions may be transmitted at any time and are not subject to the month-end or weekly scheduling restrictions in steps 3a through 3c.

- i. Interstate responding case. For an interstate responding case referred by a foreign country, where the caseworker indicates the case meets the SEARCHS requirements for SSN status, arrears, and child status submits the case with a transaction type of A (add).

Subsequently, works with the caseworker to identify changes; determines updates according to the criteria in steps 3a and 3c, and submits the case with a transaction type of D, M, S, or R. The R transaction may be used to set the TAX exclusion indicator (set automatically by SEARCHS in other cases), or to set any other exclusion indicator(s) required in step 3d(ii) below. Interstate responding cases from Canada are automatically sent with regular case processing.

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- ii. Exclusion. For any case previously submitted (and not deleted) for federal offset by SEARCHS or through the Federal Offset Program on-line system, if the caseworker requests a specific exclusion, submits the case with a transaction type of R and lists the remedy(ies) to be excluded.
- iii. Correction to SSN. For any case previously submitted (and not deleted) for federal offset by SEARCHS or through the Federal Offset Program on-line system, if the caseworker requests a correction to the social security number (SSN) in step 12b, processes the change as follows: Submits the case with a transaction type of D (delete), listing the incorrect SSN; then (that day or later), submits the case again with a transaction type of A (recertify), listing the correct SSN.

In cases where coordination with SEARCHS processing may be required, contacts the system contractor and, if indicated, arranges for manual intervention by the programmer. Where necessary, refrains from submitting the online change. (Depending on month-end timing, the SEARCHS programming correction may take up to six weeks to obtain. The correction relies on transmissions sent in two separate weekly update batches, and on the corresponding batch responses.)

SEARCHS

4. **Internal reports.** At the completion of month-end processing creates the following reports for CSED records:

- (RP5600.01) SEARCHS--IRS Tax Intercept Error--SSN
- (RP5600.02) SEARCHS--IRS Tax Intercept Missing Name
- (RP5600.03) SEARCHS--IRS Tax Intercept Submissions

The first two reports list cases that were not submitted in steps 3a through 3c because of SSN errors or missing names. The submissions report includes all cases submitted in steps 3a through 3c. The FTO Specialist obtains these reports and files them in a secure location.

5. Information in this step is no longer valid and has been deleted.
6. **Notification to obligor in monthly statement.** Includes a notification concerning federal offset in the monthly statement to the obligor.

NOTE:

Not all obligors receive monthly statements. The CSED does not send statements in cases receiving income-withholding payments. In addition, for obligors who do receive statements there is no special SEARCHS action required, as the notification is standard text; it identifies the latest amount submitted to FMS by referring the obligor to the applicable field on the statement.

OCSE

7. **OCSE processing, reports, and notices (pre-offset).** Upon receipt of a CSED Case Submission and Update File, processes the information as follows:
- a. Identifies any A (add) transactions that were submitted without the obligor's address; attempts to obtain the address. Prepares and transmits to the CSED an Unaccountable Missing Address File containing any transactions for which the address could not be obtained. This file may also contain any corrected social security numbers. (In practice, the CSED sends very few cases without an obligor address.)
 - b. Performs edit validation processing for all transactions; also forwards the file to FMS for separate edit validation processing. Prepares a Rejected Case Submission and Update File containing cases with errors identified by OCSE or FMS, and a control record giving the number of accepted (non-rejected) cases. Transmits the complete file to the CSED via Cyberfusion.
 - c. For cases not rejected in 7b above, proceeds in steps 7c(i) through 7c(iii) below.
 - i. Updates the OCSE Case Master File; immediately makes the updated file available to the MSFIDM and Federal Insurance Match Program for possible matches with obligor accounts or settlements. Refer to CS 500.3 Financial Institution Data Match and Administrative Enforcement in Interstate Cases for continuation of the MSFIDM process.
 - ii. For each A (add/recertify) transaction, prepares and mails a pre-offset notice to the obligor; holds the case for 30 days, then proceeds in step 7c(iii). For all other transaction types proceeds immediately to step 7c(iii). The pre-offset notice is included at the end of this section.
 - iii. Forwards accepted cases to FMS for update and applicable enforcement. For purposes of passport denial combines assigned and unassigned arrears amounts for the same obligor, and forwards to DoS (1) all cases not previously submitted where combined arrears exceed \$2,500 and (2) all cases previously submitted where both the assigned and the unassigned components are now deleted. (See section CS 508.7 Passport Denial and Revocation for continuation of the passport denial process.)
8. **Bankruptcy processing.** Upon receiving notification that an obligor in the Case Master File has declared bankruptcy, processes the case in this step as applicable. See step 15 for CSED responsive actions in bankruptcy cases. If the notification is from FMS proceeds as follows:
- If the bankruptcy was filed within the last year, immediately adjusts the case in the Case Master File to exclude the case from administrative offset.
 - If the bankruptcy was filed more than one year ago, does not adjust the case in the Case Master File.

Notifies Montana via a Bankruptcy Notification Letter; includes with the letter a list of all obligors identified for bankruptcy by FMS, and any additional paperwork from FMS.

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CSED System Contractor/SEARCHS

9. Automated processing of OCSE reports. Processes the unaccountable and rejection files transmitted electronically in step 7b, as follows:

- a. For each case listed, resolves the problem automatically if possible. (SEARCHS is designed to recognize and correct certain synchronization issues resulting from overlapping timetables for updates to or from OCSE.)
- b. In cases where the problem is not resolved automatically in step 9a, updates the declining Balance screen (DBD) to indicate the federal offset submission was problematic, and provides the OCSE error code; creates an event and sets a tickler to the caseworker.

Error codes, including “problematic”, are listed in the Federal Administrative Message Table (FAT) in SEARCHS.

- c. Processes the electronic files, creates two reports (RP5534.01 Tax Offset Edit Update Validation & RP5536.01 Tax Offset Unaccountable), and writes the reports to Document Direct/RDS for access and printing.

FTO Specialist

10. Manual processing of pre-offset errors; responding state notifications. Accesses CUL00318.1 SUMMARY OF FEDERAL OFFSET TRANSACTION TYPES a case count for the State of Montana. This report gives the number of transactions, the number of cases rejected, and other data; it also provides definitions for error codes used by OCSE.

Other summary reports available:

CUL00351.1 SUMMARY OF REJECTED FED OFFSET TRANS TYPES

CUL00357.1 FEDERAL OFFSET COLLECTION REPORT

Regional Manager

11. Management of OCSE reports. Retrieves RP5534.01 Tax Offset Validation Report via Doc Direct. Reviews and notifies the appropriate caseworker(s) of any errors that may be correctable.

Caseworker

12. Resolution of rejected cases; changes to accepted cases. Takes action in steps 12a and 12b below as applicable.

- a. In a rejected case, upon becoming aware of the discrepancy via the report received in step 11, resolves the error if applicable and updates SEARCHS. Resolution may require detailed investigation into the facts of the case, depending on the type of problem reported (for example, edit validation has revealed the obligor name and social security number do not match).

Cases designated as problematic cannot be resolved at the caseworker level, as only the system contractor can remove a problematic status. In rare instances, where the benefit to the case justifies the resources required, the FTO Specialist may request programming intervention to allow the case to be submitted for offset. (SEARCHS does not include problematic cases in the regular monthly and weekly submissions in step 3; however, the cases are included in the annual submission in step 24.)

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- b. In an accepted case (a case submitted previously and not rejected by OCSE), upon discovering that the social security number on SEARCHS is incorrect, deletes the incorrect social security number, and enters the correct one into SEARCHS.

EXAMPLE:

The CSED submits Thomas Green, Jr., SSN ###-##-####. OCSE accepts the case because edit validation confirms the SSN belongs to a person whose last name begins with GREE. Then the caseworker discovers that the submitted SSN does not belong to the obligor in the case, but to his father, Thomas Green, Sr. The obligor's SSN is really ###-##-####. The CSED must correct the SSN (via procedures in step 3d(iii)) as soon as possible to ensure the right person's payment will be offset.

- 13. Pre-offset contact with the obligor.** Upon being contacted by an obligor in response to a pre-offset notice, prepares and sends to the obligor CS-508.3A Letter to Obligor Concerning Submitted Arrears, with a debt computation worksheet showing the updated debt and how it was determined.

Upon being re-contacted by the obligor after receipt of the debt computation worksheet, answers the obligor's questions and explains the entries on the debt computation worksheet as needed. Identifies any entries that are not reflected in the amount in the pre-offset notice and explains that any actual offset will be for the updated amount. Also, takes any action that applies in the sub steps below.

- a. Error in debt. If the discussion reveals an error in the amount owed, sends the necessary adjustment to the TAPP Unit to correct SEARCHS. If the correction is downward, explains to the obligor that the correction will be submitted automatically in the next monthly update file, and if an offset occurs before FMS receives the update, the CSED will refund the appropriate amount to the obligor.
- b. Joint tax refunds. If the obligor is concerned about offset of a joint tax refund, explains that the IRS will, at the time of the actual offset, notify the unobligated spouse (the person who has filed a joint return with the obligor) of the steps to take to recover the unobligated spouse's share of the tax refund. Also, where applicable, reiterates that the IRS encourages taxpayers to file an injured spouse claim with the tax return (this statement is already included in the pre-offset letter); this will allow the IRS to determine the obligor's share of the tax refund, and to offset only that share of the payment.
- c. Opportunity for administrative review. If after the discussion the obligor still wishes to object to the offset, proceeds as in section CS 508.5, Federal Offset Administrative Review.
- d. Offset against wrong person. If the person contacting the CSED is not the obligor in the case but was identified for offset by the OCSE because of an incorrect social security number, follows the procedures in step 16c or 16d, as applicable (except for issuing a refund).
- e. Rapid refund. If the obligor is contacting the CSED because he or she has been denied a rapid refund or refund anticipation loan based on a federal agency debt indicator, explains that the CSED will not become involved in the loan approval process. If the obligor pays off the child support debt the CSED will submit the update to the OCSE as usual (step 3), and the OCSE will forward it to FMS. However, if the obligor has any other debts included in the FMS database, these would remain. The obligor must resolve the issue with the agency on whose behalf the debt is being collected, and with the financial institution.

Financial Management Service (FMS)

14. Federal payment offset and notice. Implements the federal payment offset remedy as follows:

- a. Master file; payment offset. Maintains a master file of cases eligible for offset, updated upon receipt of each Case Submission and Update File from the OCSE. On a continuing basis matches cases in the FMS master file with eligible federal payments to the obligor. **A match between a case and a payment occurs when the system finds the same social security number, and the same first four characters of the last name.** Offsets the payment according to federal priorities for debts collected by the federal government. (In a particular case, the CSED may receive all, some, or none of an offset amount. This is because IRS tax debts take priority over all support arrears.

EXCEPTION FOR RETIREMENT PAYMENTS:

If a match occurs with a federal retirement payment, FMS sends a pre-offset notice to the obligor 60 days prior to the offset and again 30 days prior to the offset. This notice alerts the obligor that his or her retirement payment may be reduced.

- b. Arrears reduction; transfer of proceeds. For each case in which an offset occurs, decreases the arrears amount in both the FMS and the OCSE master files. If the offset decreases the arrears amount to \$0, deletes the case from the master files. Sends proceeds from the offset to the Treasury Department's Program Support Center.

Program Support Center

Weekly on behalf of the OCSE, sends to Montana by electronic funds transfer the total amount of collections for the period applied to support arrears, less the applicable fee for each case with a collection, and less any federal adjustments. A federal adjustment may occur when the IRS has had to send to an unobligated spouse the spouse's portion of a joint tax refund previously distributed to the CSED.

Financial Management Service

- c. Notice of Offset. In each case where offset amounts are applied to support arrears, sends a Notice of Offset to the obligor explaining that FMS has retained all or part of the federal payment toward satisfaction of past-due support. (The offset notice is included at the end of this section.)

Timing of Notifications

It is probable that the obligor will receive the offset notice before Montana receives its notification of the offset via the collection report (step 17).

Special Version of Offset Notice for Injured Spouse Claim

In the case of an offset against a joint refund where the unobligated spouse has already received his or her portion of the refund, FMS will send the obligor a special version of the offset notice to assist Montana in determining the status of the payment.

Paralegal

- 15. Bankruptcy processing.** Upon identifying, a case where an obligor has declared bankruptcy after the case was submitted for federal offset, proceeds in this step as applicable.

Paralegal/ FTO Specialist

If identification is the result of a Bankruptcy Notification Letter from OCSE (see step 8), keeps a copy of the letter in a secure location, and forwards the letter to the appropriate caseworker for action in this step.

Caseworker

If identification occurs in the course of ordinary casework, or if notified by a regional paralegal, the caseworker notifies the Federal Tax Offset Specialist to suppress the Administrative Offset using the Federal Offset Program on-line system, sets a tickler to check for a change in status.

FTO Specialist

Upon completion of the bankruptcy process and after consultation with the regional legal unit, removes the suppression.

Caseworker

- 16. Post-offset contact with the obligor.** Upon being contacted by the obligor regarding an offset that has occurred, prepares and sends to the obligor form CS-508.3A, Letter to Obligor Concerning Submitted Arrears, with a debt computation worksheet showing the updated debt and how it was determined. Asks the obligor to send a copy of the Notice of Offset received from FMS.

Upon being re-contacted by the obligor after the obligor has received the debt computation worksheet, answers the obligor's questions and explains the entries on the debt computation worksheet as needed.

Takes any action that applies in the sub steps below. Specific procedures will depend on whether the CSED has received, or is still awaiting, the actual collection from the offset (see step 23).

- a. Refund due obligor; joint offsets. If the amount of the offset was more than the arrears actually owed (possibly due to an arrears payment, a modification to arrears that did not reach FMS by the time of the offset, or an error discovered in the course of this conversation), informs the obligor and requests the appropriate adjustment to SEARCHS.
- b. Opportunity for administrative review. If the offset amount was correct, but the obligor does not agree with the determination and wishes to contest the offset, explains the opportunity for administrative review, and proceeds as in section CS 508.5 Federal Offset Review.
- c. Offset against wrong person--CSED error. If the person contacting the CSED claims he or she is not the obligor in the case but was identified for offset only because the CSED submitted his or her social security number instead of the obligor's, verifies the person's identity through appropriate means. If the person is not the obligor, promptly requests an adjustment to release the appropriate amount to the non-participant and corrects the social security number on SEARCHS.

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- d. Offset against wrong person--taxpayer error. If the person contacting the CSED is not the obligor in the case but was identified for offset by the OCSE because he or she filed a tax return using the obligor's social security number, refers the contacting person (the taxpayer) to the IRS. The IRS will correct its records, adjust the collection sent to Montana, and issue a refund to the taxpayer. (The same procedure applies if the taxpayer and the obligor have been assigned the same SSN by the Social Security Administration. The IRS will issue a refund to the taxpayer and have him or her obtain a new SSN from SSA.)

OCSE

17. OCSE collection files. Weekly issues and transmits via Cyberfusion the file in this step:

Collection report, federal adjustments, cases transferred from other states. Issues a Collection and Adjustment File (collection file) to Montana listing, for each case, the amount of the offset before subtraction of the fee and any adjustments.

In cases where there is an injured spouse claim, an amended return, or an incorrect address, and the IRS has, during the month, paid against an offset previously paid to Montana also includes in the collection file the amount of the claim; this amount (the adjustment) is subtracted from the total collections sent to Montana for the period.

For cases submitted for federal offset by another state but transferred to Montana for purposes of administrative review includes the case in the Montana collection file. (Cases transferred to Montana must have Montana support orders; see section CS 508.5, Federal Offset Administrative Review, for conditions and procedures for receiving or sending transfer cases.)

CSED System Contractor

- 18. Electronic receipt of OCSE collection file.** Upon receipt of the collection file and other accompanying files from the OCSE, processes the files, creates reports, and writes the reports to Document Direct/RDS for access and stores the collection data pending receipt of funds, see step 22. OCSE collection reports are RP5532.01 IRS Tax Offset Monthly Collections, RP5532.02 Detail Listing of Intercept Record Addresses, and RP5532.03 Reported Versus IRS Name Changes.

SEARCHS

19. Automatic system update. Updates system information as follows:

- a. Upon loading of payments in step 22, updates accounts according to the collection report transmitted in step 17, crediting the obligor with the full offset amount (before the fee is deducted). Limits the amount distributed to the obligee to the amount listed in the federal offset declining balance for the case and collection type as in step 19b. Distributes the actual amount received (the offset less the fee) to each obligee.

For offsets against joint tax refunds the disbursement is delayed for up to six months when it will disburse to a non-agency obligee. The six-month period uses the date of receipt of the file as the beginning date. If the six months ends on a weekend or a holiday the prior working day is the end date. Non-agency obligee accounts include Non-TANF arrears, TANF arrears when all or a portion goes to EURA, or temporarily assigned arrears.

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Notice of Fee Amount. In non-TANF cases, the amount deducted by FMS for the fee is noted on the state warrant. The federal fee amount changes annually. The case opening letter notifies participants of the fee amount in effect at the time; the amount for any later year is available from the regional office. (Current and historical amounts are listed on the Federal Offset Fee Maintenance (FOF) and Federal Administrative Offset Fee Maintenance (FAF) tables in SEARCHS.)

The caseworker must review the collections report or monitor SEARCHS accounting screens to be informed of a federal offset payment.

- b. At month-end updates the following federal offset-related declining balances (DBDs) in each case, for all collections and adjustments received in step 22 during the month; note that a collection for a particular case type (assigned vs. unassigned) will reduce both the Federal Administrative Offset (FAO) and IRS DBDs for that case type:
 - Administrative offset assigned (FAO A)
 - Tax offset assigned (IRS A)
 - Administrative offset unassigned (FAO U)
 - Tax offset unassigned (IRS U).

(These DBDs are also increased or decreased monthly as a result of activity outside the federal offset process, such as arrears accruals, other payments received, and other account adjustments.)

- 20. Notification to responding states.** Immediately upon resolution in step 19a of a federal offset collection in an interstate initiating case, initiates a CSENet transaction to the responding state notifying the state of a federal offset. In cases where the responding state is not CSENet-ready, generates a tickler to the caseworker to notify the other state of the offset. The caseworker must update the responding state of the federal offset by issuing form CSE-IIUP. Also, notifies the responding state of any federal adjustment (federal adjustment is explained in step 14b), for collection by federal tax offset, does not disclose the filing status.

NOTE:

Update or case note regarding an offset payment. When sending an update or entering a case note refer to the collection as an offset payment.

Regional Manager or Designee

- 21. Collection report safeguarding.** Upon accessing copies of the collection report and accompanying reports, notifies caseworkers as appropriate.

Electronic Funds Transfer/Electronic Data Interchange Specialist

- 22. Receipt of funds.** Upon being notified that the electronic transfer of collections in step 14b has occurred and that the funds have been received in Montana, issues the necessary batch cashier numbers, and forwards the information to the Treasurer's Office. Requests that the CSED System Contractor run the electronic file against SEARCHS in the nightly batch process. Reviews the batch run and checks that the totals for collections, adjustments, and fees match. Releases the batch to load the individual payments, fees, and adjustments onto SEARCHS, for processing in step 19. The electronic funds receipt and processing in this step will not occur until **after** Montana receives the collection file for the offsets in step 18; the lag time may be from one day to one week.

NOTE:

Synchronization problems related to various aspects of the OCSE update cycle and the timing of FMS processing, PSC funds transfer, and SEARCHS month-end run can occur. Certain scenarios can create a false refund situation where SEARCHS puts a federal offset payment on the exceptions list even though the money should be distributed to accounts. Caseworkers must review cases on the SEARCHS exceptions list very carefully to avoid refunding money to the obligor in error.

Caseworker

- 23. Case management based on offset information.** Upon becoming aware of a collection by federal offset, takes appropriate enforcement action in the case, referring to the collection and accompanying reports as necessary. Actions may include initiating enforcement against a new payment source, amending the income withholding order, initiating a CSENet transaction when possible or issuing a CSE IIUP Interstate Update to the responding state, requesting an exclusion for a particular remedy, or suppressing federal offset in the case. For example, an exclusion may apply, if the offset came from a federal retirement payment and the CSED is able to identify the federal payor and begin income withholding.

NOTE:

Arrears only case offset pays arrears in full. When an offset payment pays the arrears in full and no current is owing, notify the responding state that no further collection action should be taken. This may require case closure on the part of the responding state.

Do not send cs201-5B 60-day Case Closure letter upon receipt of the offset payment, even if it pays the arrears in full and no current is owing. Unforeseen circumstances, such as a FA could affect the payment. Set a tickler to check for payment disbursement. Once disbursement has occurred the case closure letter can be sent.

NOTE 2:

A Federal Adjustment occurs during disbursement delay. If an injured spouse claim is processed at the same time as a joint tax offset, funds to the non-agency obligee should be released immediately. If a federal adjustment is a result of an injured spouse claim prior to expiration of the six months the balance of the offset may be released after the federal adjustment completes processing. Funds may be released sooner if an Agreement to Release Joint Refund has been accepted and approved.

In cases where the collection report includes a federal adjustment for a previously received joint offset collection as in step 17, monitors SEARCHS accounting to ensure the correct application of the adjustment as an account receivable. Specifically, if the previous collection has been paid to the non-agency obligee, an obligee accounts receivable should be set up for the amount of the adjustment, and the obligor's debt should be increased by the same amount. The IRS will not pull back funds six months from the date of the offset if they have already been paid to a non-agency custodial parent. If the previous collection has been refunded to the obligor, an obligor accounts receivable is required. If the offset creates a refund, refer to step 16a.

Action may also be necessary to resolve name or address discrepancies and to update the information on SEARCHS.

Federal Offset Specialist

24. Annual submission. Annually, according to a schedule established by the OCSE, works with the CSED system contractor to create and transmit to the OCSE an Annual Submittal File. The annual submission process requires that any weekly submissions to OCSE (state payments; programmer-created adds, deletes, or modifies) be discontinued several weeks before the Annual Submittal File is created.

The annual file contains all CSED cases that, at the time the file is created, meet the SEARCHS requirements for federal offset submission (see POLICY, Identifying Cases to be Submitted). Lists a transaction type of [space] (this looks like a blank) for all cases included in the file; this transaction type distinguishes the case from a case being submitted under the continuous submission process. Upon transmittal of the annual file, refrains from submitting regular weekly or monthly update files until the processing and confirmation in step 26 are completed.

NOTE:

Full Caseload Certification. The annual file contains every case that meets SEARCHS submission requirements, regardless of whether the case has been added or changed since the last weekly update in step 3, or whether the case has a problematic indicator on SEARCHS. Because the file represents the CSED's entire certified caseload, the annual submission has the effect of starting the federal offset certification process over again for each tax-processing year.

OCSE

25. OCSE annual submission processing. For each case in the Annual Submittal File compares the information to the information in the existing Case Master File. Generates transactions codes as needed and inserts the transactions into the normal OCSE weekly processing cycle. Cases that have not changed since the CSED's last weekly update will not have transactions generated. Transactions codes are [A] add/recertify, [M] modify, [D]delete, [B]name change,

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[Z] address change [S] state payment. State payment refers to federal tax offset money being refunded to the obligor.

For each case with a transaction generated, proceeds as for a case received through the weekly update process (step 7). This includes rejecting, forwarding, or holding and forwarding each case as appropriate. Compiles and transmits to the CSED a complete Rejected Case Submission and Update File based on the annual submittal. Monitors for confirmation that the CSED has received the file and completed the necessary processing; upon confirmation, resumes regular weekly update processing.

After all annual processing in this step has been completed, observes a freeze period during which regular weekly updates are not accepted; uses the freeze period to reconcile OCSE data with FMS and DoS data by the end of the tax year.

Federal Offset Specialist

26. Processing the annual rejection file. Upon receipt of the Rejected Case Submission and Update File issued in step 25, oversees the CSED's and system contractor's processing of the file as in steps 9 through 12. When processing is complete, notifies the OCSE in writing (via fax), and arranges with the system contractor for SEARCHS to resume regular monthly and weekly updates as in step 3. (Note that the first update will contain any changes identified during the processing of the annual rejection file.) Also arranges with the system contractor to discontinue monthly and weekly updates during the freeze period described in step 25.

27. Request for Early Release of Joint Tax Offset. An early disbursement of a joint tax offset should be considered only after a specific request from a qualifying obligee. Refer to policy above for details on a qualifying obligee. Upon request, proceeds as in 27a and 27b.

- a. Explains to obligee that the justification for an early release must first be approved by the regional manager. If the justification is denied the payment cannot be released before the end of the six-month period. If it is granted the Agreement to Release Joint Refund can be sent to the obligor. Emphasizes there is no guarantee for early release of the payment.
- b. Consults with regional manager regarding justification for early release of offset funds.
 - If justification is denied, contacts the obligee, explains the request has been denied, and the payment cannot be released until the holding period is over. Enters a case note concerning the reason for denial and obligee notification in the system. Also, includes any applicable documentation in the casefile.
 - If the justification for early release is granted, notifies obligee. Prepares and sends by regular mail CS 508-3.B Agreement to Release Joint Refund and CS 508-3C Obligor Cover Letter.

NOTE:

If obligee is also the spouse on the joint tax offset sends CS 508-3.B Agreement to Release Joint Refund and CS 508-3D Obligee Cover Letter.

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28. Return of Agreement for Early Release of Joint Tax Offset. Depending upon the response of unobligated spouse proceeds to 28a or 28b.

- a. The unobligated spouse does not agree to release the joint tax refund to the obligor's case. If the agreement is not returned, or not returned signed and notarized, the offset cannot be released early. The payment must be held for the entire period. Notifies the obligee and enters a case note contact in system.
- b. The unobligated spouse agrees to release the joint tax refund to the obligor's case. Upon return of signed, notarized agreement, consults with regional manager for final approval.

Regional Manager

29. Review Agreement from Unobligated Spouse. Upon return of the agreement reviews it for signature of unobligated spouse/notarization, and that the amount to be released is correct. Proceeds to a. or b. below depending upon outcome of the review.

- a. If all conditions above are not met, consults with caseworker regarding denial of early release, returns Agreement for placement in casefile and enters case note.
- b. If all conditions above are met, signs the Agreement, notifies caseworker of approval, returns Agreement for placement in casefile and enters case note.

Caseworker

30. Final decision on Agreement to Release Joint Tax Offset. Upon return of the agreement from the regional manager proceeds to either 30a or 30b.

- a. Denial of Agreement. Upon receipt of a denied agreement notifies the obligee, and enters case note regarding notification.
- b. Approval of Agreement. Upon receipt of an approved agreement notifies the obligee, creates a request on system for TAPP Unit to release the approved amount to the obligee.

The TAPP Unit has the only means to adjust and release these funds. A request must be made to the unit and documented on system before the payment can be released.

NOTE:

Discretion of CSED Administrator or Bureau Chief. Limited to specific or unusual circumstances a case may be referred to the division administrator or a bureau chief for immediate or early disbursement of offset funds. Disbursement may be requested without any of the required agreements.

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Payments Exempt by Federal Law

Payment Agency	Type of Payment Statutory	Exemption (US Code)
Department of Agriculture	<ul style="list-style-type: none"> • Federal Crop Insurance indemnity 	7 USC 1509
Department of Defense	<ul style="list-style-type: none"> • Survivors Benefits (military retirement) • Medal of Honor pension 	10 USC 1450(l) 38 USC 1562(c)
Department of Education	<ul style="list-style-type: none"> • Payments under a program administered by the Secretary of Education under Title IV of the Higher Education Act of 1965 	31 USC 3716(c)(1)(c)
Department of Labor	<ul style="list-style-type: none"> • Payments under the Black Lung Benefits Act, other than payments under part B • Longshore and Worker's Compensation Act 	30 USC 932(a) [incorporating 33 USC 916] 33 USC 916
Department of Treasury	<ul style="list-style-type: none"> • Payments under the tariff laws 	31 USC 3701(d)
Railroad Retirement Board	<ul style="list-style-type: none"> • Tier 2 Railroad Retirement benefits 	45 USC 231(m)
Social Security Administration	<ul style="list-style-type: none"> • Payments under the Black Lung Benefits Act, other than payments under part B • Payments made under the Social Security Act, except to the extent provided under 31USC 3716(c) [Debt Collection Improvement Act] 	30 USC 932(a) [incorporating 33 USC 916] 31 USC 3701(d)

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Payments Exempt by Federal Law continued,

Payment Agency	Type of Payment Statutory	Exemption (US Code)
Department of Veterans Affairs	<p>Payments of benefits under any law administered by the Secretary of Veterans Affairs including:</p> <ul style="list-style-type: none">• Pension programs• Parents' dependency and indemnity compensation programs• Disability and death compensation• Monetary educational assistance• Monetary benefits under training (including work study allowances) and rehabilitation programs• Special monetary benefits• Life insurance payments• Funeral and burial expenses• Financial assistance for adopted housing and automobile equipment• Minimum income window• Special allowance under 38 USC 1312• Attorney fees withheld from retroactive benefits for representation at the Board of Veterans Appeals• Clothing allowance• Apportionment funds• Accrued benefits• Child support withholdings• Reimbursement for travel, medical, rehabilitation, and health care related needs and activities	31 USC 5301(a)

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Payments Exempted by Action of the Secretary of the Treasury

(31 USC 3716(c)(3)(B))

Payment Agency	Type of Payment
Department of Agriculture	Department of Agriculture, Food and Nutrition Services benefit payments made under the following programs:
	<ul style="list-style-type: none"> • Food stamp program • Nutrition assistance program for Puerto Rico • Special supplemental nutrition program for women, infants and children (WIC) • WIC farmer’s market nutrition program • National school lunch program • Summer food service program • Child and adult care food program • Special milk program for children • School breakfast program
Federal Emergency Management Administration	Federal Emergency Management Administration payments under the following disaster relief and emergency assistance programs:
	<ul style="list-style-type: none"> • Individual & family grant program • Disaster housing • Crisis counseling assistance & training • Disaster unemployment assistance • Cora Brown fund (disaster aid) • Community disaster loan • Public assistance to states and local government • Fire suppression assistance • Urban search and rescue
Pension Benefit Guaranty Corporation	Pension Benefit Guaranty payments as follows:
	<ul style="list-style-type: none"> • Premium refunds to pension plans and plan sponsors • Financial assistance to multiemployer plans • Contractor bank payments to participants and beneficiaries

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OCSE Pre-Offset Notice

CHILD SUPPORT ENFORCEMENT DIVISION
DEPARTMENT OF REVENUE MS 01550
550 Any St
Anytown AK 99999
INSTATE 800.000.000

CHILD SUPPORT ENFORCEMENT DIVISION
600 Any Blvd
Anytown AK 99999
PHONE(S): 907.999.9999

CURRENT DATE ** CONTACT ADDRESS ABOVE **

MR AND/OR MS JOHN DOE
3331 ANYSTREET BLVD
ANYTOWN USA 99999-0123

SSNCASE NUMBER LOCAL ID PAST DUE AMOUNT CLAIMED
***-**-345633331Z97RN1 001 \$520 (NON-TANF)

The agency identified above has determined that you owe past-due child and/or spousal support. Our records show that you owe at least the amount shown above. If your case was submitted to the United States Department of the Treasury for collection in the past, this amount is subject to collection at any time by Administrative Offset and/or Federal Tax Refund Offset. If your case has not already been submitted to the United States Department of the Treasury and you do not pay in full within 30 days from the date of this notice, this amount will be referred for collection by Administrative Offset and/or Federal Tax Refund Offset. Under Administrative Offset (31 U.S.C.3716), certain Federal payments that might otherwise be paid to you will be intercepted, either in whole or in part, to pay past-due child and/or spousal support. Under Federal Tax Refund Offset (42 U.S.C.664;26 U.S.C.6402), any Federal Income Tax Refund to which you may be entitled will be intercepted to satisfy your debt. The amount of your past-due support will also be reported to consumer reporting agencies.

If you owe or owed arrearages of child support in an amount exceeding \$2,500, the agency identified above will certify your debt to the State Department pursuant to 42 USC 654(31). Once you are certified, the Secretary of State will refuse to issue a passport to you, and may revoke, restrict or limit a passport that was previously issued.

Your debt will remain subject to Federal Tax Refund Offset, Administrative Offset, and/or passport certification until it is paid in full. Important: If you owe current support, any further arrears accruing due to payments missed may be added to your debt and will be subject to collection by Federal Tax Refund Offset and/or Administrative Offset now or in the future without further notice. To determine additional amounts owed or the total amount past-due which the agency has submitted for collection, you may contact us at the address or phone number listed above.

You have a right to contest our determination that this amount of past-due support is owed, and you may request an administrative review. To request an administrative review, you must contact us at the address or phone number listed above within 30 days of the date of this notice. If your support order was not issued in our state, we can conduct the review or, if you prefer, the review can be conducted in the state that issued the support order. If you request, we will contact that state within 10 days after we receive your request and you will be notified of the time and place of your administrative review by the state that issued the order. All requests for administrative review, or any questions regarding this notice or your debt, must be made by contacting the agency identified above.

If you are married, filing a joint income tax return, and you incurred this debt separately from your spouse, who has no legal responsibility for the debt and who has income and withholding and/or estimated tax payments, your spouse may be entitled to receive his or her portion of any joint Federal tax refund. If your spouse meets these criteria, he or she may receive his or her portion of the joint refund by filing a Form 8379 - Injured Spouse Claim and Allocation. Form 8379 should be attached to the top of the Form 1040 or 1040A when you file, or be filed according to other instructions as indicated on the Form 8379.

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U.S. Department of the Treasury

Bureau of the Fiscal Service
P.O. Box 1686
Birmingham, AL 35201-1686

PLEASE RETAIN FOR YOUR RECORDS

05/12/XX

JOHN DOE
3331 Anystreet Blvd
Anytown, US 99999-0333

What Happened to My Payment?

The U.S. Department of the Treasury, Bureau of the Fiscal Service (Fiscal Service), applied all or part of your payment to delinquent debt that you owe. This action is authorized by federal law. Below is your payment information:

Payment From: (Creditor Agency Name)

Payee Name: JOHN DOE

Original Payment: \$75.00

Payment Date: 5/12/XX

Payment Type: EFT

Who Do I Owe?

We applied your payment to debt that you owe to the following agency:

CHILD SUPPORT ENFORCEMENT AGENCY

550 Any Street

Anytown, US 99999

Type of Debt: (XXX) 999-9999

Top Trace Number:

Account#:

Applied to This Debt:

123456789

A1B2C345

\$1,000.00

Child Support

Please see additional pages for other debts, if any.

What Should I Do Now?

If you agree that you owe the debt, you do not need to do anything. Your debt balance has been reduced. If you believe that your payment was applied in error, you would like to resolve your debt, or you have questions about your debt or outstanding balance, contact the agency listed under **Who Do I Owe**. Please have this notice available when you contact the agency.

Only an agency listed under **Who Do I Owe** has information about your debt. Before sending a debt to Fiscal Service, an agency must send notice to you at the address in its records. The notice explains the amount and type of debt you owe, and the agency's intention to collect the debt by applying eligible federal payments made to you.

For questions about your debt, please call the agency listed under **Who Do I Owe**. If you have questions about the Treasury Offset Program, please visit our website at www.fiscal.treasury.gov/TOP or call 1-800-304-3107.

FOR OFFICIAL USE ONLY: RL112916