Kansas City Financial Center

Customer Advisory Board

Treasury Offset Program (TOP)
&
New Opportunities to Collect More

July 27,2011

PAYMENT MANAGEMENT

Treasury's Role in Debt Collection

- **FMS carries out its centralized debt collection responsibilities as authorized or required by the Debt Collection Improvement Act of 1996 (DCIA) and other laws**

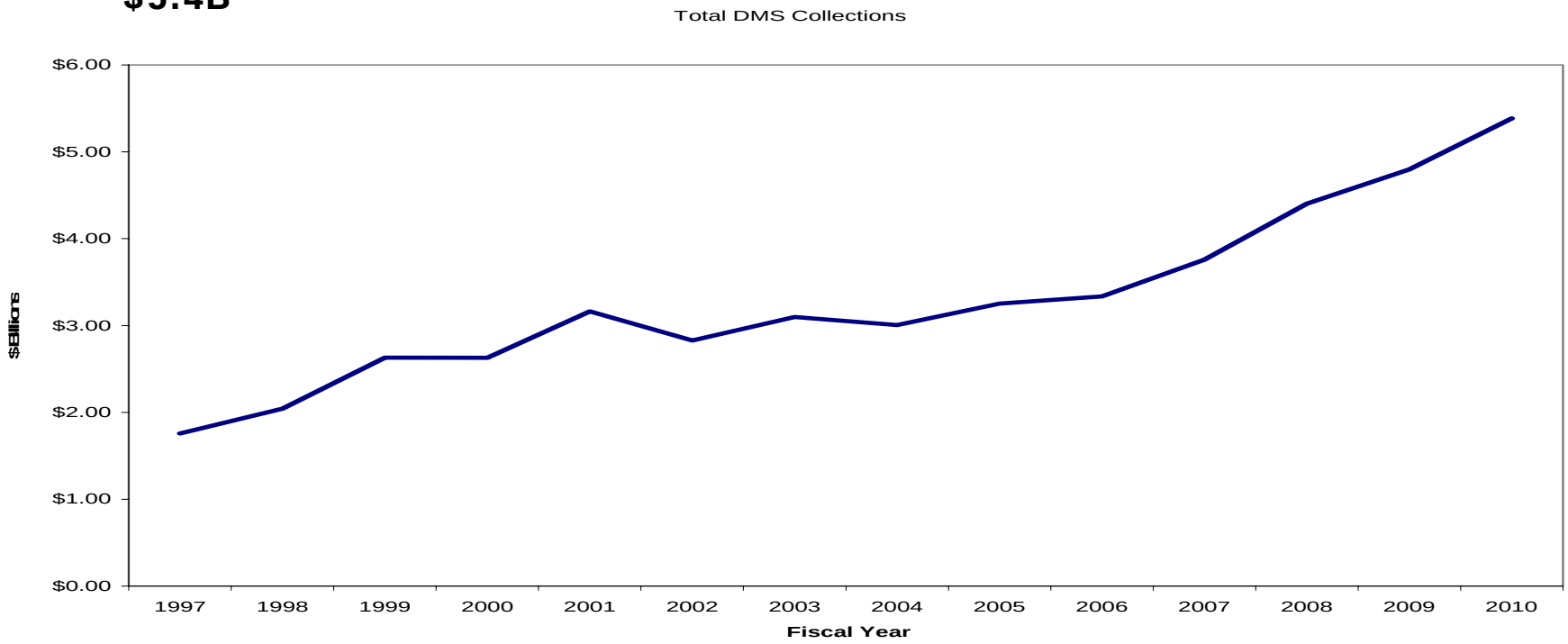
- **Federal agencies are required to refer delinquent debts to Treasury for collection no later than 180 days delinquent**

- **FMS actively collects debts through its program known as "Cross-Servicing"**
  - FMS uses a variety of debt collection tools such as demand letters, TOP, phone calls, repayment agreements, credit bureau reporting, private collection agencies (PCA), administrative wage garnishments, and referral to Justice for litigation.
  - In FY10, Cross-Servicing collected $202M in delinquent debt

- **FMS collect debts through its Treasury Offset Program (TOP)**
  - Automated matching of federal payment information against debtor information; this includes the offsetting of federal payments, such as tax refunds, to satisfy federal and state delinquent debts, including child support
  - In FY10, TOP collected $5.3B in delinquent debt

Treasury Collection Growth Since 1997

- **In FY97 FMS collected over $1.8 billion and in FY10 FMS collected over $5.4B**



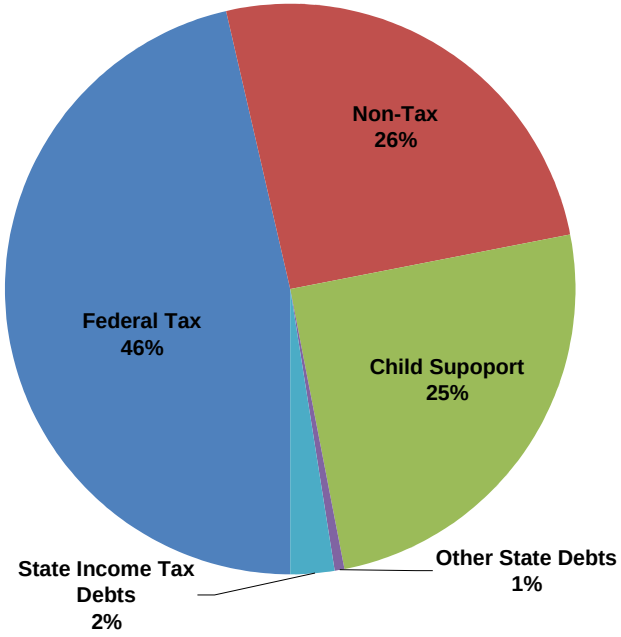
  - **Since 1997, FMS has collected $47.9B**
  - **Approximately 48% of the $47.9B represents delinquent child support collections for state agencies**

Treasury Delinquent Debt Portfolio

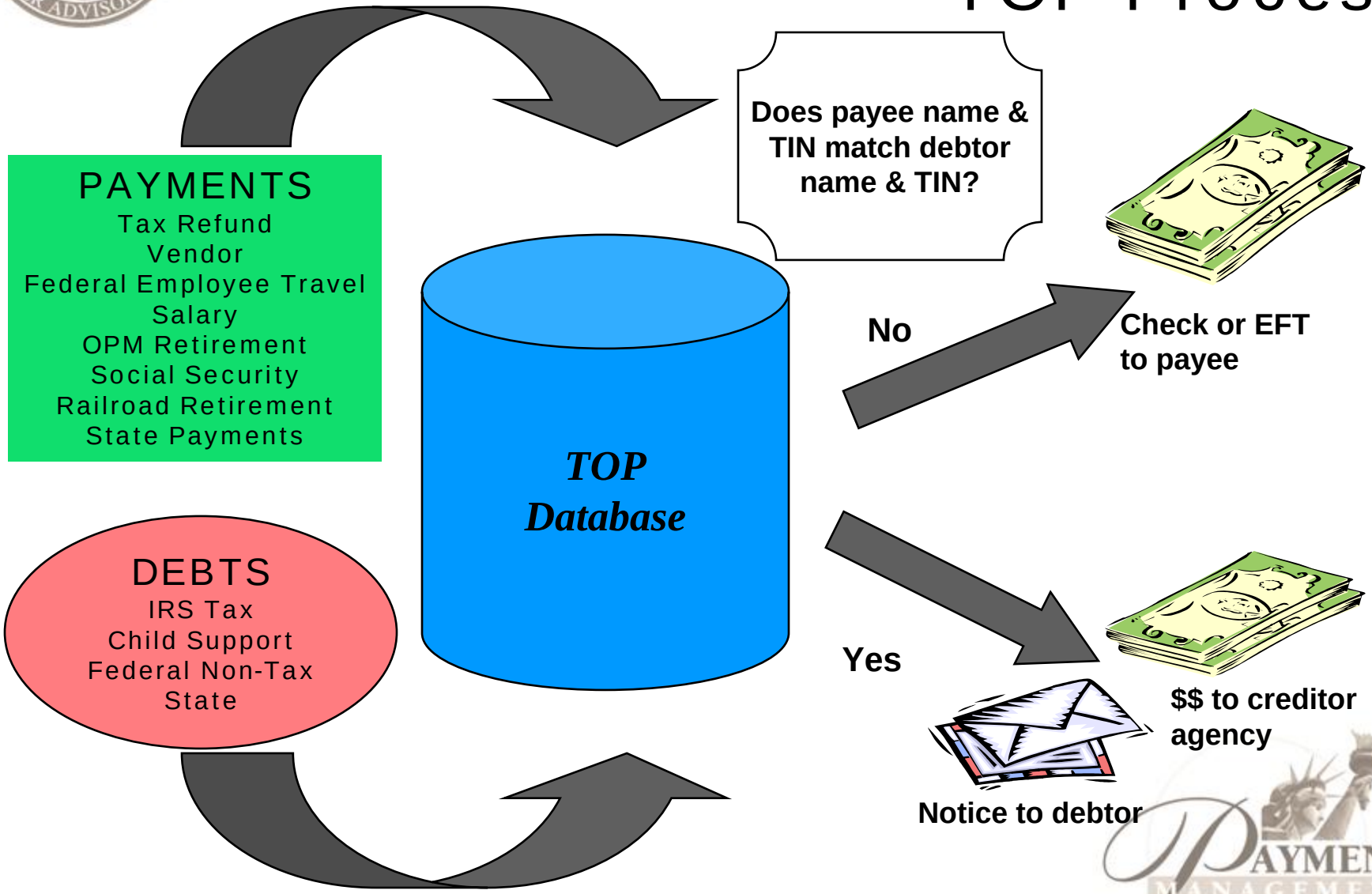
Types of delinquent debt

- Federal Tax Levy
- Federal Non-Tax
- State
  - State Income Tax
  - Other State Debts
  - Child Support
  - Unemployment Compensation

$440 Billion as of Sept. 2010



TOP Process


PAYMENTS
Tax Refund
Vendor
Federal Employee Travel
Salary
OPM Retirement
Social Security
Railroad Retirement
State Payments
DEBTS
IRS Tax
Child Support
Federal Non-Tax
State
TOP Database
Does payee name & TIN match debtor name & TIN?
No
Check or EFT to payee
Yes
$$ to creditor agency
Notice to debtor

Opportunities to Increase Collections and Improve Efficiencies

- Strengthen Treasury's Debt Collection Authorities
- Increase Call Capacity and Debt Services
- Implement and Utilize State-of-the-Art Tools
- Optimize Debt Collection Procedures
- Collaborate with Customers and Stakeholders
- Increase Analytical Capabilities
- Optimize Debt Operations

New Debts

- Unemployment Compensation Debts
  - Debts are offset against Federal Tax Refund Payment
  - Requires a Safeguard Procedures Report
  - New York and Wisconsin started in February
  - Michigan joined in April
  - Collections $26 million

Partial Match Project

- A partial match occurs when the TIN on the debt matches the TIN on the payment but the last name/business name doesn't match
- In CY 2010, there were 113,692 partial matches with tax refund payments
- Research started in November on child support debts to determine if additional valid names need to be added to TOP

TOP Payment Exemptions

- **Payments exempted by law, e.g. student loan payments, veterans' benefits**

- **Payments exempted by Treasury**
  - Means-tested payments
  - Non means-tested payments
    - if offset would tend to interfere with or defeat the purpose of the program

http://fms.treas.gov/debt/top.html

Payment Agency Access

- **TOP Web Client**
  - **Agencies access through the Internet**
  - **Two factor authentication:**

    SecurID Card

    Passcode

Reports

Logoff | Tree | Tools | Recent | Favorites | Views | Utilities | Help

TREASURY OFFSET PROGRAM
DEPARTMENT OF THE TREASURY
FINANCIAL MANAGEMENT SERVICE

TOP Reports

Welcome to DCC TOP Admin View

Reports | Non-Debts

Common Selection Criteria

Agency: 0 -TOP Host Agency

Site: 0

Start Date: 04/17/2008

End Date: 04/17/2008

Select report:

- Individual Inquiry by TIN(CA)
- Individual Inquiry by TIN(PA)
- Individual Inquiry by Debt No.(CA)
- Offset/Levy & Reversal Activity Rpt
- Offset Activity Rpt (PA)
- IPAC Transaction Rpt
- Potential Salary Match Rpt
- Process Tracking Rpt
- Debtor Locator Rpt(CA)

Select report output type:

PDF | EXCEL report | EXCEL data | Text | OK

Please Select from Drop-down List:

Agency: 0 -TOP Host Agency

Run Now | Defer

Version 0.2.4

TOP Next Generation (NG)

- Opportunity to Improve and Enhance TOP
  - Streamline current processes
  - Add flexibility and Reduce cost
  - Take advantage of new technology

Questions

PAYMENT MANAGEMENT