



STATE OF NEW YORK
UNIFIED COURT SYSTEM
OFFICE OF MANAGEMENT SUPPORT
AGENCY BLDG. 4 - 19TH FLOOR
4 ESP, SUITE 2001
EMPIRE STATE PLAZA
ALBANY, NEW YORK 12223-1450
(518) 474-4971

JONATHAN LIPPMAN
Chief Administrative Judge

ANN T. PFAU
Deputy Chief Administrative Judge

JOSEPH M. DECHANTS
Assistant Deputy Chief
Administrator

BUDGET BULLETIN	NUMBER 335	November 28, 2001
-----------------	------------	-------------------

TO: Holders of the Financial Planning and Control Manual

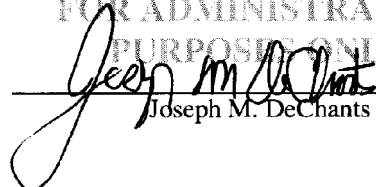
SUBJECT: Amounts Owed to the Federal Government

Attached is a copy of OSC Accounting Bulletin A-494, dated November 27, 2001. This bulletin describes a relatively new Federal administrative offset program. The provisions of this program empower the U.S. Treasury Department to withhold or reduce certain payments, including grant award drawdowns, in order to facilitate the collection of delinquent non-tax obligations which may be owed to the Federal government.

Under normal circumstances, UCS courts and agencies would not be expected to conduct significant business with the Federal government which could result in disputed non-tax debt. However, it is certainly feasible that such instances could arise in the future. Should notice of an unpaid debt be received, the Federal agency which issued the notice should be contacted immediately. Failure to resolve the issue could result in an administrative offset against a grant award of the UCS or another New York State agency. Should your court or agency receive notice that an offset has been taken, please notify the Office of the State Comptroller as indicated in Bulletin A-494, as well as the UCS Division of Financial Management.

Please ensure distribution of this bulletin to all appropriate personnel within your respective jurisdictions. Thank you for your cooperation.

NYS UNIFIED COURT SYSTEM
FOR ADMINISTRATIVE
PURPOSES ONLY


Joseph M. DeChants



ACCOUNTING BULLETIN

Subject: Federal Treasury Offset Program	Bulletin No: A-494	Date: 11/27/01
---	-------------------------------------	---------------------------------

Purpose To provide information to all State departments and agencies on the Federal Management System debt collection procedures.

Background The Debt Collection and Improvement Act of 1996 provides that any non-tax debt or claim owed to an agency of the Federal Government that remains unpaid for a period of 180 days shall be referred to the U.S. Department of Treasury for appropriate action. The Department of Treasury is empowered to withhold or reduce certain federal payments for the purpose of collecting delinquent non-tax debts owed to the Federal government. This collection process is known as "administrative offset" or "offset".

Before referring a debt for collection by administrative offset, the Federal creditor agency must provide each debtor with: (a) a written notification of the nature and the amount of the debt, the intention of the agency to collect the debt through administrative offset, and an explanation of the debtor's rights; (b) an opportunity to inspect and copy the records of the agency; (c) an opportunity for review within the agency; and (d) an opportunity to enter into a written repayment agreement.

Implications for New York State All New York State agencies are required to provide the State's federal employer identification number (FEIN) or Taxpayer Identification Number (TIN) when dealing with the Federal government. These numbers are used for billing purposes, grant award applications and drawdown of federal grant funds from the Department of Treasury.

The Department of Treasury – Financial Management Service established a centralized 'Treasury Offset Program' (TOP) process that matches Federal payments to New York State against debts owed to the Federal government. Since billing records for services provided by Federal agencies to State agencies contain the same FEIN or TIN that is used to drawdown federal grant awards, when a TOP match occurs, the payment is 'offset' against the state's request for federal grant funds.

Situation Noted In recent weeks, Department of Treasury 'offsets' have been taken against federal grant award drawdowns needed to finance important and critical agency programs because a debt was owed to the Federal government by a second (uninvolved) State agency. Since the grant drawdown was reduced by the amount of the 'offset', funds to finance state payments were insufficient to pay vouchers scheduled for payment.

When the 'offset' was taken, a notice was sent to the debtor State agency but no notice was provided to OSC or the agency whose drawdown was reduced by the offset. As a result, a very labor-intensive process was undertaken to identify the debtor State agency. Once the debtor State agency was identified, OSC worked with this agency and the agency whose drawdown was reduced to reverse the impact of the drawdown reduction.

Agency Responsibility Immediately upon receipt of an invoice for goods or services provided by a Federal government agency, State agencies should make every effort to make payment to the



ACCOUNTING BULLETIN

Subject: Federal Treasury Offset Program	Bulletin No: A-494	Date: 11/27/01
---	-------------------------------------	---------------------------------

Federal government in a timely manner or contest the billing.

If a notice of unpaid debt is received by a State agency, the notice will provide the amount, type of debt owed and the Federal agency who referred the debt to the Department of Treasury for collection. If you believe the debt collection notice was issued in error or is erroneous, then you should immediately contact the Federal agency that referred the debt for collection. The Department of Treasury or the State Comptroller's Office cannot resolve issues regarding debts owed to federal agencies.

In the event that a Treasury offset is taken, a separate notice is sent to the debtor State agency notifying them that a payment was applied to the debt. A copy of this notice informing the debtor agency that an offset was taken, and a federal drawdown was reduced, must be immediately sent or Faxed to:

Ms. Jill Losi
Office of the State Comptroller
Bureau of Accounting Operations
Albany, NY 12236
FAX: (518) 473-6836

***Additional
Information***

Please visit The Department of Treasury – Financial Management Service website for more information about the Treasury Offset Program. Included on the website (under DMS Guidance: Policies and Procedures) is a list of awards that are exempt from the Treasury Offset Program.

<http://www.fms.treas.gov/debt/dcia.html>

Questions about State agency administered federal drawdowns that have been reduced by the Treasury Offset Program, or questions about this bulletin, may be referred to Jill Losi at 486-1240 or Tammi Coburn at 474-5507 of the Bureau of Accounting Operations - Federal Grant Payment Management Team.