

**Supporting Statement For  
OMB Clearance**

**Federal Tax Offset, Administrative Offset, and Passport Denial  
OMB No. 0970-0161**

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Prepared by:

U.S. Department of Health and Human Services  
Administration for Children and Families  
Office of Child Support Enforcement  
370 L'Enfant Promenade S.W.  
Washington, DC 20447

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SUPPORTING STATEMENT:

**PART A – JUSTIFICATION**

Part A of the Supporting Statement for this information collection; Federal Tax Offset, Administrative Offset, and Passport Denial; addresses the 18 points outlined in Part A of 5 CFR 1320.

**A. JUSTIFICATION**

**1. Circumstances Necessitating Data Collection**

The Federal Income Tax Refund Offset Program is used to identify and intercept certain assets in order to collect past-due child support. In 1981, the Federal Income Tax Refund Offset Program was enacted into law (see section 2331, P.L. 97-35). Initially, this program was restricted to public assistance cases and enforced delinquent child support obligations by intercepting part or all of the obligor's Federal income tax refund. This program was expanded in 1984 to allow for its use in non-assistance cases.

The Debt Collection Improvement Act (DCIA) of 1996, P.L. 104-134, was enacted into law on April 26, 1996. The primary purpose of the DCIA is to increase the collection of non-tax debt owed to the Federal Government. The DCIA contains important provisions for use in the collection of past-due child support obligations.

The DCIA was further strengthened by *Executive Order 13019 - Supporting Families: Collecting Delinquent Child Support Obligations*, dated September 26, 1998. This executive order allows the Secretary of Treasury, in consultation with the Secretary of Health and Human Services, to develop and implement procedures necessary to collect child support debts by administrative offsets. These procedures appear at 31 CFR 285.1 and 285.3.

Section 370 of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 (P.L. 104-193), amended the Social Security Act (the Act) by adding subsection 452(k). This subsection became effective October 1, 1997 and provides for the denial, revocation, and restriction of U.S. passports in cases where past-due child support exceeds a statutorily determined threshold.

Participation in Tax Refund Offset and Passport Denial is a IV-D State Plan requirement. Administrative Offset is a voluntary program.

**2. How, By Whom, and For What Purpose Information Is to be Used**

**2.1 How the information is to be used**

States submit information on delinquent child support cases, which is then matched against records at Treasury's Financial Management Service (FMS) for interception of Federal payments (tax refunds and other payments). The information is also forwarded to Department of State (DOS) for denial or revocation of passports.

## 2.2 By whom the information is to be used

OCSE uses the information to match with FMS and DOS in order to intercept Federal payments and to deny or revoke passports in appropriate cases.

## 2.3 For what purpose the information is to be used

The information is used for purposes of interception of Federal payments to delinquent non-custodial parents and for purposes of denial or revocation of passports to collect past-due child support in appropriate cases.

### **3. Utilization of Information Technology**

The information required for matching is submitted by State IV-D agencies via CONNECT:Direct, a data transfer software product that allows data centers within and across networks to send and receive large amounts of data using a mainframe-to-mainframe data exchange. State IV-D agencies must send OCSE the certification letter in hard copy, one time per year, because it requires a signature from the IV-D Director for the State.

### **4. Efforts to Avoid Duplication**

No similar information currently exists in another national database. This is the only national database that includes arrearage balances, and lists only delinquent cases.

### **5. Efforts to Minimize Impact on Small Entities**

The information gathering does not involve small businesses or small entities.

### **6. Consequences if Data Collection Is Not Conducted**

Tax Refund Offset, Administrative Offset and Passport Denial are programs that are required under Federal law and executive order. Without this information collection, OCSE has no information on which to base the required match, and thereby collect past-due child support.

### **7. Special Circumstances**

Information is required to be provided on at least a monthly basis. Matches are done on a continuous basis with FMS, and the arrearage balance must be as up-to-date as possible in order to avoid inappropriate interceptions of funds. Quarterly reports are not sufficient when child support continues to accrue on a monthly basis, and payments may be received at any time.

**8. Publication of Public Notice**

A notice was published in the Federal Register on December 19, 2006 at FR Volume 71, Number 243, page 75967 – 75968, which allowed for a 60-day comment period to give the public an opportunity to submit to us in writing any comments they had on this information collection. No comments were received.

**9. Provision of Payment or Gift to Respondents**

Not Applicable.

**10. Assurances of Confidentiality**

The Secretary of HHS is required by law to establish and implement safeguards to restrict access to and use of confidential information to authorized persons. Federal Tax Offset data is housed at the secure SSA facility with access limited to authorized personnel. In addition, each State must have in effect safeguards designed to protect privacy rights. All State data and data exchanges between OCSE with DOS and with FMS are transmitted over secure lines.

**11. Questions of a Sensitive Nature**

Social Security numbers are collected as a data element of the information collection. This is required in order to guarantee that the correct person is matched before the interception of a payment or denial of a passport application.

**12. Estimates of Respondents' Hour Burden and Costs**

12.1 Respondents' Hour Burden

The estimates of burden and costs to respondents are based on the following assumptions:

- The information is currently contained in State case files and requires no additional information gathering.
- Five States were polled to gain information about the amount of time required to transmit and receive the required information.
- A range of sizes of States were called.
- Some States are able to complete many functions with no manual intervention at all.
- The Payment File burden has been calculated on a bi-weekly basis.

<b>Instrument</b>	<b>Number of Respondents</b>	<b>Number of Responses Per Respondent Per Year</b>	<b>Average Burden Hours Per Response</b>	<b>Total Burden Hours</b>
Input Record	54	52	.3	842
Output Record	54	52	.46	1292
Payment File	54	26	.27 hours	379
Certification Letter	54	1	.4 hours	22
<b>Total</b>				2,535

Note: All values have been rounded.

## 12.2 Respondents' Cost for Hour Burden

The annualized costs to respondents for the hour burdens are based on an average wage rate of \$18 per hour for State employees submitting data.

<b>Instrument</b>	<b>Average Annualized Cost Per Respondent</b>	<b>Total Annualized Cost</b>
Input Record	\$280.80	\$15,163.20
Output Record	\$432.00	\$23,328.00
Payment File	\$126.00	\$ 6,804.00
Certification Letter	\$ 7.20	\$ 388.80
<b>Total</b>		<b>\$45,684.00</b>

**13. Estimate of Annual Cost Burden to Respondents**

The system is already in place, therefore there is no capital or start-up cost burden to respondents.

**14. Estimate of Annualized Cost to the Federal Government**

Annualized cost to the Government is \$ 2.4 million. This includes Federal salaries, contractor costs, and CPU costs.

**15. Change in Burden**

The cost to respondents was reduced due to a change in the previous reporting methodology. There are no incremental costs associated with this information collection.

**16. Plans for Analysis and Publication**

Information regarding collections derived from the Federal Tax Offset, Administrative Offset, and Passport Denial programs is analyzed and published annually in the Child Support Enforcement Annual Report to Congress. The information is not planned for statistical use.

**17. Display of Expiration Date**

Not applicable.

**18. Exception to the “Certification for Paperwork Reduction Act Submissions”**

There are no exceptions to the certification statement.



SUPPORTING STATEMENT:

**PART B – COLLECTION OF INFORMATION EMPLOYING  
STATISTICAL METHODS**

The information collection requirements outlined in this report do not employ the use of statistical methods.

## **APPENDIX A: Input Record Specifications**

## **APPENDIX B: Output Record Specifications**

**APPENDIX C: Annual Certification Letter**