

**Supporting Statement For
OMB Clearance**

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

December 2009
Revised May 2010

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SUPPORTING STATEMENT:

PART A – JUSTIFICATION

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

A. JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary

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. Purpose and Use of the Information Collection

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 matched against records at 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 noncustodial parents and for purposes of denial or revocation of passports to collect past-due child support in appropriate cases.

3. **Use of Improved Technology and Burden Reduction**

The information required for matching is submitted by state IV-D agencies via CyberFusion, a data transfer software product that allows data centers within and across networks to send and receive large amounts of data using a secure 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.

The Federal Offset Processing Menu Enter Weekly Update Records screen allows individual cases to be added, updated, and deleted by state and/or federal users.

The Department of State Certification or Withdrawal screen gives a state and/or federal user the option to change the Passport Denial Exclusion Indicator for a noncustodial parent's case(s).

4. **Efforts to Identify Duplication and Use of Similar Information**

No similar information currently exists in any other national database. This is the only national database that includes past due child support arrearage balances and lists only delinquent cases.

5. **Impact on Small Businesses or Other Small Entities**

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

6. **Consequences of Collecting the Information Less Frequently**

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 Relating to the Guidelines of 5 CFR 1320.5**

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. Comments in Response to the Federal Register Notice and Efforts to Consult Outside the Agency

A notice was published in the Federal Register on November 9, 2009 at FR Volume 74, Number 215, page 57684, 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. Explanation of Any Payment or Gift to Respondents

Not Applicable.

10. Assurance of Confidentiality Provided to Respondents

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 encrypted transmissions.

11. Justification for Sensitive Questions

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 Annualized Burden Hours 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.
- States of varying sizes 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 weekly basis.
- The state workers use the Federal Offset Processing Menu to update Federal Offset and Passport Denial case information. Approximately 3000 online entries are completed per

year.

Reporting Requirement	Number of Respondents	Number of Responses Per Respondent	Annual Number of Responses	Average Burden Hours Per Response	Total Burden Hours
Input Record	54	52	2808	.3	842.40
Output Record	54	52	2808	.46	1291.68
Payment File	54	52	2808	.135 hours	379.08
Certification Letter	54	1	54	.4 hours	21.6
Federal Offset Processing Menu screens – State Workers	176	17	2992	.02 (1 min)	59.84
Total	392	174	11470		2594.60

12.2 Respondents’ Cost for Hour Burden

The annualized costs to respondents for the hour burdens are based on an average wage rate of \$25.30 per hour for state employees submitting data. The cost to respondents was increased due to the increase in the estimated hourly wage of a state employee. The original was estimated at \$18 per hour, however, based on information received from Forbes.com, the latest hourly wage is \$25.30 per hour.

Reporting Requirement	Average Annualized Cost Per Respondent	Total Annualized Cost
Input Record	\$394.68	\$21,312.72
Output Record	\$605.18	\$32,679.50
Payment File	\$710.42	\$ 28,362.90
Certification Letter	\$10.12	\$546.48
Screen Updates	\$7.19	\$1265.00

Total		\$84,166.60
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- 13. Estimate of Other Total Annual Cost Burden to Respondents and Record Keepers**
The system is already in place, therefore there is no capital or start-up cost burden to respondents. There are no incremental costs associated with this information collection.
- 14. Annualized Cost to the Federal Government**
Annualized cost to the Government is \$ 2.7 million. This includes federal salaries, contractor costs and CPU costs.
- 15. Explanation for Program Changes or Adjustments**
The number of responses and burden hours increased due to the inclusion of burden estimates for updating case information for offset and passport denial using two of the Federal Offset Processing Menu screens. The first screen allows the state worker to update information about a case; the second screen allows the worker to certify or withdraw a passport to the Department of State.
- Although the burden hours for the Payment File remain the same, the respondents are processing the payment files each week instead of every other week. The weekly file size is half of the bi-weekly file size, which keeps the burden hours the same.
- Therefore, there is a program change that resulted in an increase in burden hours and responses. There will be no adjustment.
- 16. Plans for Tabulation and Publication and Project Time Schedule**
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. Reason(s) Display of OMB Expiration Date is Inappropriate**
Not applicable.
- 18. Exceptions to Certification for Paperwork Reduction Act Submissions**
There are no exceptions to the certification statement.

SUPPORTING STATEMENT:

PART B – Statistical Methods
(used for collection of information employing statistical methods)

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

1. Respondent Universe and Sampling Methods
2. Procedures for the Collection of Information
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