

**Federal Tax Refund Offset, Administrative Offset,
and
Passport Denial**

**OMB Information Collection Request
0970 - 0161**

Supporting Statement Part A - Justification

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Submitted By:
Office of Child Support Enforcement
Administration for Children and Families
U.S. Department of Health and Human Services

SUPPORTING STATEMENT A – JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary

The federal Office of Child Support Enforcement (OCSE) helps state child support agencies to develop, manage, and operate their programs effectively and according to federal law, as well as provide limited enforcement services that facilitate collecting past-due child and spousal support. The proposed information collection is necessary to ensure continued compliance with federal law requiring and governing the Federal Tax Refund Offset, Administrative Offset, and Passport Denial programs. The Federal Tax Refund Offset and Administrative Offset programs are conducted by OCSE and the Treasury's Bureau of the Fiscal Service (BFS); the Passport Denial Program is conducted by OCSE and the U.S. Department of State (DOS).

The Federal Tax Refund Offset Program requires state child support agencies to submit information pertaining to a past-due support case that meets specific criteria to offset a federal tax refund of a noncustodial parent owing past-due support. 42 U.S.C. §§652(b) and 664; 26 U.S.C. §6402(c); 45 CFR §§302.60 and 303.72.

The Administrative Offset Program requires state child support agencies to submit information pertaining to a past-due support case that meets specific criteria for the administrative offset of federal payments, other than federal tax refunds, owed to a noncustodial parent owing past-due support. State participation in the Administrative Offset Program is optional, but states opting to participate must comply with federal requirements, including submitting the information required for the proposed collection. 31 U.S.C. §3716(h); the Debt Collection Improvement Act of 1996 (Pub. L. 104-134, April 26, 1996); 31 CFR §§285.1 and 285.3.

The Passport Denial Program requires state child support agencies to submit information pertaining to a past-due support case that meets specific criteria to DOS for the denial, revocation, restriction, or limitation of a passport held by a noncustodial parent owing past-due support. 42 U.S.C. §§654(31) and 652(k); 22 CFR §51.60.

State child support agencies are required to submit the Annual Certification Letter to certify that each case submitted to OCSE for the Federal Tax Refund Offset, Administrative Offset, and Passport Denial programs meets federal requirements. 42 U.S.C. §664; 31 CFR §§285.1 and 285.3; 42 U.S.C. §654(31).

This request is for a revision to the approved information collection (*See A.15 for an*

explanation of changes).

2. Purpose and Use of the Information Collection

Information collected from the support case submitted by state child support agencies is maintained in the OCSE Debtor File and is matched with records maintained by BFS and DOS. The match results are used by OCSE, BFS, DOS, and state child support agencies to offset federal income tax refunds and other federal payments, and to deny, revoke, restrict, and limit passports to facilitate past-due support collections.

The information collected in the Annual Certification Letter is used by OCSE to verify that states meet federal offset and passport denial requirements. It is also used to determine each state agency's preference for OCSE to mail Pre-Offset Notices to noncustodial parents.

3. Use of Improved Information Technology and Burden Reduction

The Federal Tax Refund Offset, Administrative Offset, and Passport Denial programs are components of the Federal Collections and Enforcement application maintained in the Child Support Portal (CSP). CSP applications are capable of securely and efficiently transmitting large amounts of data by authorized users.

CSP access allows individual cases to be added, updated, and deleted by state and/or federal users on a daily basis, simplifies retrieval of case data, and allows for up-to-date arrearage balances.

Information required for data matching may also be submitted daily by state IV-D agencies via Managed File Transfer (MFT), 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.

CSP and MFT technology reduces case processing time and allows for effective data sharing with minimal or no programming, effectively reducing user burden.

State child support agencies e-mail the Annual Certification Letter to expedite delivery and eliminate postage costs.

4. Efforts to Identify Duplication and Use of Similar Information

The information collected for the federal offset and passport denial programs is unique. No similar program currently exists. OCSE maintains the only national database that includes past-due support cases and arrearage balances.

5. Impact on Small Businesses or Other Small Entities

There is no impact on small businesses or other small entities.

6. Consequences of Collecting the Information Less Frequently

Collecting information less frequently will negatively impact child support collections. BFS and DOS process cases daily to ensure arrearage balances are as up to date as possible, which mitigates inappropriate federal payment interceptions or wrongly imposed passport denials, revocations, or restrictions.

7. Special Circumstances Relating to the Guidelines of 5 CFR 1320.5

As provided by Department of Health and Human Services (HHS) regulations, state child support agencies are required to notify OCSE of any deletion of, or any change in, the amount of debt submitted for federal tax refund offset. Department of Treasury (Treasury) regulations also require states to notify OCSE of any decrease in or elimination of, an amount referred for collection by federal income tax refund offset and/or by administrative offset within timeframes established by OCSE. Because all federal remedies depend on the information that is maintained on the OCSE debtor file, it is imperative that states update information at least biweekly, but may update as frequently as daily, to avoid inappropriate collection and enforcement actions. 45 CFR 303.72(d)(2); 31 CFR 285.1(g); 31 CFR 285.3(c)(5); 31 CFR Part 285.

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

OCSE published a notice in the *Federal Register* at 84 FR 8720 on March 11, 2019, announcing the information collection activities pertaining to the federal offset and passport denial programs. The notice allowed a 60-day comment period for the public to submit in writing any comments about this information collection. OCSE did not receive comments.

9. Explanation of Any Payment or Gift to Respondents

Not applicable.

10. Assurance of Confidentiality Provided to Respondents

Federal Tax Refund Offset, Administrative Offset, and Passport Denial data are housed at the secure Social Security Administration facility with limited authorized users having access to the CSP. In addition, each state must have in effect safeguards in place to protect an individual's privacy rights. All state data transmission using MFT are encrypted, and the data contained in exchanges OCSE conducts with BFS and DOS are encrypted. No agency shall disclose any record in the system of records, except by written request or with prior

written authority, pursuant to the Privacy Act, 5 U.S.C. §§552a(b) and (e), or as authorized by statute and stated as an authorized disclosure in the system of records notice.

11. Justification for Sensitive Questions

Social Security numbers are a required data element that ensures a noncustodial parent’s information is correctly matched before intercepting a federal payment or imposing passport denials, revocations, or restrictions.

12. Estimates of Annualized Burden Hours and Costs

Estimates of burden hours 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, varying in population, caseload, and system age, provided information about the amount of time it took to transmit and receive the required information. OCSE used that information to obtain an average hourly burden for all states.
- States are able to complete many functions with no manual intervention at all.
- Four CSP users, varying in level of experience, from very experienced to new users, provided information about the amount of time it took to enter, add, delete, and update data; the time needed to perform specific portal functions, such as basic queries, submitting additions, deletions, or updates; and, submitting both normal and emergency passport releases was gathered. OCSE used this information to determine an average burden for all state CSP users.
- States use the FCE CSP application to add, update, and delete federal tax, administrative offset, and passport denial case information. OCSE used web hits received on the CSP to estimate the number of entries completed per year.

Information Collection Instrument	Total Number of Respondents	Total Number of Responses per Respondent	Average Burden Hours per Response	Annual Burden Hours	Average Hourly Wage	Total Annual Cost
Input Record	54	52	.3	842.4	\$42.68	\$35,953.63
Output Record	54	52	.46	1,291.7	\$42.68	\$55,128.90
Payment File	54	52	.135	379.1	\$42.68	\$16,179.13

Certification Letter	54	1	.4	21.6	\$42.68	\$921.89
CSP FCE Processing Screens	173	280.65	0.01	485.52	\$42.68	\$20,721.99
Estimated Annual Burden Total:				3,020.32	Estimated Annual Cost Total:	\$128,905.55

The annualized costs per respondents for the hourly burdens are based on an average wage rate of \$21.34 per hour for state employees submitting data. This is the national median hourly rate for child, family, and school social workers per the Bureau of Labor Statistics¹. This is the same rate used in all of our state child support agency estimates. To account for fringe benefits and overhead, the rate is multiplied by two, which is \$42.68. The total annualized cost is the total burden hours multiplied by the most recent hourly wage rate information. OCSE determined the average annualized cost per respondent by dividing the total annualized cost² by the number of respondents.

13. Estimates of Other Total Annual Cost Burden to Respondents and Record Keepers

State agencies already have required systems in place that they can use for the Tax/Administrative Offset and Passport Denial programs, so there is no capital or start-up cost burden to respondents. There are also no incremental costs associated with collecting this information.

14. Annualized Cost to the Federal Government

The estimated annualized cost to the federal government for the Debtor file is \$2,202,065, which includes federal salaries and benefits, contractor fees, and hardware/software costs.

15. Explanation for Program Changes or Adjustments

OCSE instituted the following, minor program changes since the previous approval:

- Updated OCSE’s address on the Annual Certification Letter
- Updated references from “Fiscal Services” to Treasury’s Bureau of the Fiscal Service (BFS)
- Eliminated the Administrative Offset exclusion indicator “ADM” and revised the comments in Chart F-6 to note that the two exclusion indicator options now available for states are Federal Retirement Offset (RET) and Vendor

¹Based on Bureau of Labor and Statistics National Compensation Survey, May 2017.

²Average annualized cost per respondent and total annualized costs are displayed with decimal points to provide exact calculations.

- Payment/Miscellaneous Offset (VEN)
- Removed the Federal Salary Offset (SAL) from Chart E-1 and F-6 as OCSE does not participate in that option
- Added manual payment (MPY) information to the Federal Offset record layouts and the Trace Number Query Child Support Portal (CSP) screen. The MPY is:
 - A check or money order sent directly to BFS for an outstanding debt to creditor agencies
 - Automatically processed and sent to states in their weekly collection files (chart F-4, positions 217-219)
- The Treasury implemented a rule amending its regulation governing the offset of tax refund payments to collect past-due child support obligations. This resulted in:
 - BFS providing federal tax offset reversal reason codes and the BFS offset date
 - Additions to the Federal Offset record layouts (positions 237-240) and the Trace Number Query CSP screen
- Added an additional choice (checkbox) for releasing a passport on the Passport Emergency Release CSP processing screen to provide a more accurate explanation of why the release was considered an emergency
- Other minor grammatical changes

These changes to the Annual Certification Letter, record layouts, and CSP Trace Number Query and Passport Emergency Release processing screens constitute program changes, but they do not affect the burden hour or cost to the respondents because they do not require system reprogramming or any additional information by the user. The MPY, administrative offset indicator revision, and changes resulting from the amended rule are also program changes that do not impact the burden hours, because these payments and processes are part of an existing automated FCE system process.

The adjustment to the respondents' costs is due to wage rate increases and to incorporating the OMB requirement to double the hourly rate to account for fringe benefits and overhead. This requirement constitutes a program change to the burden calculation and is why the adjusted burden significantly increased since the previous approval.

The increase in costs to the federal government from the previous OMB approval is due to general increases in salaries and costs.

16. Plans for Tabulation and Publication and Project Time Schedule

Information regarding collections derived from the Federal Tax Refund Offset, Administrative Offset, and Passport Denial programs are analyzed and published annually in the Child Support Enforcement Annual Report to Congress. There are no plans for statistical use.

17. Reason(s) Display of OMB Expiration Date Is Inappropriate

The OMB expiration date will be displayed.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

Not applicable.