



COMMONWEALTH of VIRGINIA

Department of Taxation

MEMORANDUM

TO: The Honorable Mark R. Warner
Governor of Virginia

THROUGH: The Honorable John M. Bennett
Secretary of Finance

FROM: Kenneth W. Thorson
Tax Commissioner

DATE: September 23, 2005

SUBJECT: Setoff Debt Collection Program Costs

Pursuant to § 58.1-531 of the *Code of Virginia*, I am reporting the administrative cost of the Setoff Debt Collection Program for fiscal year 2005. The Setoff Debt Collection Program allows state and local government agencies to offset certain debts against individual tax refunds and lottery prize winnings.

During FY05, 245,874 individual claims totaling \$23,888,293 were paid at an estimated cost of \$442,723. A detailed report of costs incurred to support the Setoff Debt Collection Program is attached. The average cost per claim was \$1.80. The average claim was \$97.16.

The Setoff Debt Collection program continues to be a cost efficient and effective means of collecting delinquent state and local revenues. Please contact me if additional information is required or desired.

Attachment

c: The Honorable John H. Chichester
Chairman, Senate Finance Committee

The Honorable Harry J. Parrish
Chairman, House Finance Committee

The Honorable Vincent F. Callahan, Jr.
Chairman, House Appropriations Committee

FY05

Debt Setoff - Administrative Costs Detail

	<u>Individual</u>
<u>I. Systems Administration</u>	
Batch Transaction Costs	\$ 61,966.00
On-Line Transaction Costs	\$ 33,915.00
DIT Storage Costs	<u>\$ 2,296.00</u>
Subtotal - Systems Administration	\$ 98,177.00
<u>II. Labor Costs</u>	
Salaries & Wages - Set-Off	\$ 79,289.00
Computer Operations - Technician	\$ 5,319.00
Computer Operations - Printing Assistant	\$ 4,756.00
Systems Administration - Labor	\$ 25,740.00
Data Entry	\$ 2,804.00
Mail Clerk	\$ 1,342.00
Accounting	\$ 12,900.00
FICA	\$ 7,342.00
Benefits	\$ 37,574.00
DMV - Print/Mail Labor Costs	<u>\$ 8,748.00</u>
Subtotal - Labor	\$ 185,814.00
<u>III. Supplies - Printing, Paper, etc.</u>	
SOC 1 Forms	\$ 2,474.77
SOC 2 Forms	\$ 99.00
Canary Paper	\$ 956.50
Envelopes	\$ 1,780.24
Labels	\$ 929.10
Computer Green Bar Paper	\$ 2,124.00
Miscellaneous Supplies	\$ 630.00
Boxes	\$ 54.00
Print/Paper for Letters	\$ 4,626.08
Tape Destruction	\$ 136.00
Telephone - Monthly	\$ 123.00
Telephone - Long Distance	<u>\$ 60.00</u>
Subtotal - Administrative Expenses	\$ 13,993.00
<u>IV. Postage</u>	
Postage from 2220 Bldg	\$ 32,543.00
Postage DMV Mailings	<u>\$ 110,796.00</u>
Subtotal - Postage	\$ 143,339.00
<u>V. Equipment Costs</u>	
Maintenance	<u>\$ 1,400.00</u>
Subtotal - Equipment Costs	\$ 1,400.00
Total All Costs	<u>\$ 442,723.00</u>
<u>VI. Program Results</u>	
Dollars of Individual Funds Intercepted & Paid	\$ 23,708,235.28
Number of Individual Claims Intercepted & Paid	245,351
Dollars of Individual Lottery Prizes Intercepted & Paid	\$ 180,057.66
Number of Individual Lottery Claims Intercepted & Paid	523
Total Dollars of Individual Debt Set-Off Funds Intercepted & Paid	\$ 23,888,293.00
Total Number of Individual Debt Set-Off Claims Intercepted & Paid	245,874