




# COMMONWEALTH of VIRGINIA

*Department of Taxation*

## MEMORANDUM

**TO:** The Honorable Tim Kaine  
Governor of Virginia

**THROUGH:** Jodi M. Wagner  
Secretary of Finance

**FROM:** Janie Bowen  
Tax Commissioner 

**DATE:** September 29, 2006

**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 2006. The Setoff Debt Collection Program allows state and local government agencies to offset certain debts against individual tax refunds and lottery prize winnings.

During FY06, 173,630 individual claims totaling \$22,408,540 were paid at an estimated cost of \$502,862. A detailed report of costs incurred to support the Setoff Debt Collection Program is attached. The average cost per claim was \$2.89. The average claim was \$129.05.

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 R. Purkey  
Chairman, House Finance Committee

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



FY06

Debt Setoff - Administrative Costs Detail

	Total	% Alloc	Individual	% Alloc	Vendor
<u>I. Systems Administration</u>					
Batch Transaction Costs	\$ 12,681	59.00%	\$ 7,482	41.00%	\$ 5,199
On-Line Transaction Costs	\$ 5,724	90.72%	\$ 5,193	9.28%	\$ 531
DIT Storage Costs	\$ 1,836	89.88%	\$ 1,650	10.12%	\$ 186
Subtotal - Systems Administration	\$ 20,241		\$ 14,325		\$ 5,916
<u>II. Labor Costs</u>					
Salaries & Wages - Set-Off	\$ 99,755	83.17%	\$ 82,966	16.83%	\$ 16,789
Computer Operations - Technician	\$ 443	83.17%	\$ 368	16.83%	\$ 75
Computer Operations - Printing Assistant	\$ 396	83.17%	\$ 329	16.83%	\$ 67
Systems Administration - Labor	\$ 9,123	83.17%	\$ 7,587	16.83%	\$ 1,535
IT Security- Labor	\$ 48,031	83.17%	\$ 39,948	16.83%	\$ 8,084
Data Entry	\$ 84	83.17%	\$ 70	16.83%	\$ 14
Mail Clerk	\$ 93	83.17%	\$ 78	16.83%	\$ 16
Accounting	\$ 17,896	83.17%	\$ 14,884	16.83%	\$ 3,012
FICA	\$ 11,754	83.17%	\$ 9,776	16.83%	\$ 1,978
Benefits	\$ 22,478	83.17%	\$ 18,695	16.83%	\$ 3,783
DMV - Print/Mail Labor Costs	\$ 1,608	83.17%	\$ 1,337	16.83%	\$ 271
Subtotal - Labor	\$ 211,661		\$ 168,928		\$ 35,623
<u>III. Supplies - Printing, Paper, etc.</u>					
SOC 1 Forms	0.00	100.00%	\$ -	0.00%	\$ -
SOC 2 Forms	0.00	0.00%	\$ -	100.00%	\$ -
Canary Paper	0.00	100.00%	\$ -	0.00%	\$ -
Envelopes	\$ 18	83.17%	\$ 15	16.83%	\$ 3
Labels		95.00%	\$ -	10.00%	\$ -
Computer Green Bar Paper		83.17%	\$ -	16.83%	\$ -
Miscellaneous Supplies	\$ 630	83.17%	\$ 524	16.83%	\$ 106
Boxes		83.17%	\$ -	16.83%	\$ -
Print/Paper for Letters	\$ 1,512.89	83.17%	\$ 1,258	16.83%	\$ 255
Tape Destruction	\$ 136	100.00%	\$ 136	0.00%	\$ -
Microfiche	n/a				
Telephone-Setoff Unit	\$ 228	83.17%	\$ 190	16.83%	\$ 38
Subtotal - Administrative Expenses	\$ 1,877		\$ 2,123		\$ 402
<u>IV. Postage</u>					
Postage from 2220 Bldg	\$ 2,277	83.17%	\$ 1,894	16.83%	\$ 383
Postage DMV Mailings	\$ 22,125	83.17%	\$ 18,401	16.83%	\$ 3,724
Subtotal - Postage	\$ 24,402		\$ 20,295		\$ 4,107
<u>V. Equipment Costs</u>					
Maintenance-ARWEB	\$ 30,800	83.17%	\$ 25,616	16.83%	\$ 5,184
Maintenance-EESMC	\$ 43,406	83.17%	\$ 36,101	16.83%	\$ 7,305
Maintenance-AR	\$ 61,538	83.17%	\$ 51,181	16.83%	\$ 10,357
Maintenance-Seibel	\$ 430	83.17%	\$ 358	16.83%	\$ 72
Subtotal - Equipment Costs	\$ 244,681		\$ 25,616		\$ 5,184
<b>Total All Costs</b>	<b>\$ 502,862</b>		<b>\$ 231,288</b>		<b>\$ 51,231</b>

VI. Program Results

Total Individual Funds Finalized & Paid	\$ 22,152,304	\$ 22,152,304
Total Individual Claims Finalized & Paid	173,358	173,358
Individual Lottery Funds Finalized & Paid	\$ 256,326	\$ 256,326
Individual Lottery Claims Finalized & Paid	272	272
Total Individual Debt Set-Off Funds Finalized & Paid	\$ 22,408,540	\$ 22,408,540
Total Individual Debt Set-Off Claims Finalized & Paid	173,630	173,630