



COMMONWEALTH of VIRGINIA

Department of Taxation

MEMORANDUM

TO: The Honorable Tim Kaine
Governor of Virginia

THROUGH: Jody M. Wagner
Secretary of Finance

FROM: Janie Bowen *RBN for*
Tax Commissioner

DATE: September 28, 2007

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 2007. The Setoff Debt Collection Program allows state and local government agencies to offset certain debts against individual tax refunds and lottery prize winnings.

During FY07, 248,187 individual claims totaling \$35,785,589 were paid at an estimated cost of \$300,335. A detailed report of costs incurred to support the Setoff Debt Collection Program is attached. The average cost per claim was \$1.19. The average claim was \$144.18.

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



FY07

Debt Setoff - Administrative Costs Detail

	<u>Individual</u>
<u>I. Systems Administration</u>	
Batch Transaction Costs	\$ 799
On-Line Transaction Costs	\$ 84
DIT Storage Costs	\$ 1,650
Subtotal - Systems Administration	\$ 2,533
<u>II. Labor Costs</u>	
Salaries & Wages - Set-Off	\$ 66,964
Computer Operations	\$ 698
Systems Administration - Labor	\$ 10,666
IT Security-Labor	\$ 63,389
Accounting	\$ 32,860
FICA	\$ 2,514
Benefits	\$ 7,722
Subtotal - Labor	\$ 184,813
Telephone	\$ 91
Subtotal - Administrative Expenses	\$ 13,993
<u>V. Equipment Costs</u>	
Maintenance	\$ 112,898
Subtotal - Equipment Costs	\$ 112,898
Total All Costs	\$ 300,335
<u>VI. Program Results</u>	
Total Individual Funds Finalized & Paid	\$ 35,318,925
Total Individual Claims Finalized & Paid	246,908
Individual Lottery Funds Finalized & Paid	\$ 466,664
Individual Lottery Claims Finalized & Paid	1,279
Total Individual Debt Set-Off Funds Finalized & Paid	\$ 35,785,589
Total Individual Debt Set-Off Claims Finalized & Paid	248,187