




# COMMONWEALTH of VIRGINIA

*Department of Taxation*

## MEMORANDUM

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

**THROUGH:** Ric Brown  
Secretary of Finance

**FROM:** Janie Bowen  
Tax Commissioner 

**DATE:** October 01, 2008

**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 2008. 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, 263,389 individual claims totaling \$41,492,852, were paid at an estimated cost of \$283,378. A detailed report of costs incurred to support the Setoff Debt Collection Program is attached. The average cost per claim was \$1.08. The average claim was \$157.54.

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



FY08

Debt Setoff - Administrative Costs Detail

Individual

I. Labor Costs

Salaries & Wages - Set-Off	\$	58,493
Computer Operations	\$	698
Systems Administration - Labor	\$	10,666
IT Security-Labor	\$	63,389
Accounting	\$	27,476
FICA	\$	2,102
Benefits	\$	8,792
Subtotal - Labor	\$	171,616

II Telephone Costs

Telephone	\$	100
Subtotal-Telephone	\$	100

III. Equipment Costs

Maintenance	\$	111,663
Subtotal - Equipment Costs	\$	111,663

**Total All Costs**

**\$ 283,378**

IV. Program Results

Total Individual Funds Finalized & Paid	\$	41,120,178
Total Individual Claims Finalized & Paid		262,248
Individual Lottery Funds Finalized & Paid	\$	372,674
Individual Lottery Claims Finalized & Paid		1,141
Total Individual Debt Set-Off Funds Finalized & Paid	\$	41,492,852
Total Individual Debt Set-Off Claims Finalized & Paid		263,389