



COMMONWEALTH of VIRGINIA

Department of Taxation

MEMORANDUM

TO: The Honorable Robert F. McDonnell
Governor of Virginia

THROUGH: The Honorable Richard D. Brown
Secretary of Finance

FROM: Craig M. Burns
Tax Commissioner

DATE: October 1, 2011

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 2011. The Setoff Debt Collection Program allows state and local government agencies to offset certain debts against individual tax refunds and lottery prize winnings.

During fiscal year 2011, 309,642 individual claims totaling \$51,988,998 were paid at an estimated cost of \$280,894. A detailed report of costs incurred to support the Setoff Debt Collection Program is attached. The average cost per claim was \$0.91. The average claim was \$167.90.

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

Attachment

c: The Honorable Charles J. Colgan
Chairman, Senate Finance Committee

The Honorable Harry R. Purkey
Chairman, House Finance Committee

The Honorable Lacey E. Putney
Chairman, House Appropriations Committee

FY11

Debt Setoff - Administrative Costs Detail

Individual

I. Labor Costs

Salaries & Wages - Set-Off	\$	71,310
Computer Operations	\$	698
Systems Administration - Labor	\$	10,666
IT Security-Labor	\$	45,833
Accounting	\$	27,476
FICA	\$	2,102
Benefits	\$	8,792
Subtotal - Labor	\$	166,877

II Telephone Costs

Telephone	\$	100
Subtotal-Telephone	\$	100

III. Equipment Costs

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

Total All Costs

\$ 280,894

IV. Program Results

Total Individual Funds Finalized & Paid	\$	51,194,694
Total Individual Claims Finalized & Paid		307,498
Individual Lottery Funds Finalized & Paid	\$	794,304
Individual Lottery Claims Finalized & Paid		2,144
Total Individual Debt Set-Off Funds Finalized & Paid	\$	51,988,998
Total Individual Debt Set-Off Claims Finalized & Paid		294,703
	\$	309,642