




COMMONWEALTH of VIRGINIA

Department of Taxation

MEMORANDUM

TO: The Honorable Terry McAuliffe
Governor of Virginia

THROUGH: The Honorable Richard D. Brown
Secretary of Finance

FROM: Craig M. Burns
Tax Commissioner 

DATE: October 1, 2014

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 2014. 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 2014, 316,485 individual claims totaling \$60,012,418 were paid at an estimated cost of \$297,907. The average cost per claim was \$0.94. The average claim was \$189.62. A detailed report of costs incurred to support the Setoff Debt Collection Program is attached.

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 Walter A. Stosch
The Honorable Charles J. Colgan
Co-Chairmen, Senate Finance Committee

The Honorable R. Lee Ware, Jr.
Chairman, House Finance Committee

The Honorable S. Chris Jones
Chairman, House Appropriations Committee

FY14
Debt Setoff - Administrative Costs Detail

Individual

I. Labor Costs

Salaries & Wages - Set-Off	\$	43,509
Computer Operations	\$	698
Systems Administration - Labor	\$	10,666
IT Security-Labor	\$	87,505
Accounting	\$	27,476
FICA	\$	3,515
Benefits	\$	12,775
 Subtotal - Labor	 \$	 186,144

II Telephone Costs

Telephone	\$	100
 Subtotal-Telephone	 \$	 100

III. Equipment Costs

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

Total All Costs

\$ 297,907

IV. Program Results

Total Individual Funds Finalized & Paid	\$	59,140,435
Total Individual Claims Finalized & Paid		314,140
 Individual Lottery Funds Finalized & Paid	 \$	 871,983
Individual Lottery Claims Finalized & Paid		2,345
 Total Individual Debt Set-Off Funds Finalized & Paid	 \$	 60,012,418
Total Individual Debt Set-Off Claims Finalized & Paid		316,485