

	<b>INDIANA DEPARTMENT OF CHILD SERVICES TITLE IV-D POLICY MANUAL</b>	
	<b>Chapter 12: Enforcement</b>	<b>Effective Date: 1/4/19</b>
	<b>Section 3.3: Administrative Offset</b>	<b>Version: 1.0 Revision Date: 1/4/19</b>

**BACKGROUND**

The purpose of the Debt Collection Improvement Act (DCIA) of 1996 was to increase the collections of non-tax debt owed to the federal government with provisions for use in the collection of past-due child support obligations.<sup>1</sup> In September 1996, the Executive Order 13019-Supporting Families: Collecting Delinquent Child Support Obligations was issued and allowed the Secretary of Treasury and the Secretary of Health and Human Services to develop and implement procedures necessary to collect child support debts by administrative offset.<sup>2</sup>

**POLICY**

An administrative offset is withholding of funds (recurring and non-recurring payments) payable by the United States to satisfy a debt.<sup>3</sup>

Federal payments eligible for an administrative offset are:

1. Contractor/vendor payments;
2. Miscellaneous payments, such as travel reimbursements; and
3. Federal retirement payments, including military retirement pay.<sup>4</sup>

While a federal salary payment is eligible for an administrative offset, the Office of Child Support Enforcement (OCSE) strongly encourages states to use income withholding to collect these payments.<sup>5</sup> Contractor/vendor and miscellaneous payments can be offset at 100%.<sup>6</sup> Federal retirement payments are currently being offset at 25%, but states are advised by OCSE to exclude cases from retirement offset if there is an income withholding order in place.<sup>7</sup>

Payments not eligible for an administrative offset include, but are not limited to:

1. Veterans Affairs disability benefits;
2. Federal student loans;
3. Railroad retirement payments; and
4. Supplemental Security Income (SSI).<sup>8</sup>

For a detailed list of all payments not eligible for an administrative offset, see Collection and Enforcement of Past-Due Child Support Obligations, an attachment to OCSE-AT-10-04.

<sup>1</sup> OCSE-AT-10-04

<sup>2</sup> OCSE-AT-10-04

<sup>3</sup> 31 C.F.R. § 285.1(a)

<sup>4</sup> OCSE-AT-10-04

<sup>5</sup> OCSE-AT-10-04

<sup>6</sup> OCSE-AT-10-04

<sup>7</sup> OCSE-AT-10-04

<sup>8</sup> 31 C.F.R. § 285.1(i); OCSE-AT-10-04

A case is eligible for an administrative offset when the obligor is at least \$25.00 behind in court ordered child support, although states are permitted to have a higher threshold.<sup>9</sup> The Child Support Bureau (CSB) submits the obligor for administrative offset through the federal offset file. CSB follows the same threshold for submitting an obligor for administrative offset as it does for federal tax offset:

1. If there are state owed arrears, the threshold is a total of \$150.00 in arrears owed to the state among all of obligor's cases; and
2. If there are not state owed arrears, the threshold is a total of \$500.00 in arrears owed to all custodial parties among all of obligor's cases.

## REFERENCES

- [CSB-LTR-5-19-17](#): New Type of Payment
- [31 C.F.R. § 285.1](#): Collection of past-due support by administrative offset
- [OCSE-AT-10-04](#): Collection and Enforcement of Past-Due Child Support Obligations

## PROCEDURE

### 1. Submission for Administrative Offset

The administrative offset process is an automated process through the Federal Offset Program. If the obligor has an arrears greater than the threshold stated above, the statewide child support system submits the obligor's case(s). If the obligor is eligible for an administrative offset, the funds are electronically transferred to CSB and applied to the obligor's case(s).

### 2. Federal Retirement Benefits

If an obligor is receiving an administrative offset due to federal retirement benefits, Centralized Enforcement Unit (CEU) adds the Office of Personnel Management to the obligor's employment record in the statewide child support system. The Title IV-D Prosecutor issues the IWO or requests CEU to issue the income withholding order (IWO). Once the IWO has been issued and the first payment is received, the Title IV-D Prosecutor or CEU, whoever sends the IWO, puts a stop on the administrative offset to prevent duplicate payments from administrative offset of federal retirement benefits and the federal retirement IWO.

### 3. Payment Processing

Administrative offset payments are coded as AO in the statewide child support system. CEU receives a report from OCSE that further breaks down the administrative offset payment type as Vendor (VEN) or Retirement (RET).

On rare occasion, an administrative offset payment will be coded as OT with MPY in the statewide child support system.<sup>10</sup> The report CEU receives from OCSE lists these as Manual Payment (MPY). These are payments the Internal Revenue Service (IRS) may have received from the obligor as payment towards an IRS debt.

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<sup>9</sup> 31 C.F.R. § 285.1(e)

<sup>10</sup> CSB-LTR-5-19-17

Administrative offset payments follows the regular payment distribution rules.<sup>11</sup>

**FORMS AND TOOLS**

N/A

**FREQUENTLY ASKED QUESTIONS**

N/A

**RELATED INFORMATION**

Chapter 14: Payment Processing

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<sup>11</sup> See Chapter 14: Payment Processing