



# STATE CONTROLLER'S BULLETIN

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Bulletin #18-06

**SUBJECT: U. S. Department of Treasury - Treasury Offset Program (TOP)**

**DATE: May 25, 2018**

**TO: All Departments and State Agencies**

**FROM: Douglas E. Cotnoir, CPA, CIA State Controller**

Debt(s) that one state agency owes to a federal agency can block another state agency's disbursement or draw. Debts can also block federal grant opportunities.

## The Treasury Offset Program

The Treasury Offset Program (TOP) is a centralized offset program, administered by the U. S. Bureau of the Fiscal Service's Debt Management Services (DMS), to collect delinquent debts owed to federal agencies, in accordance with 26 U.S.C. § 6402(d) (collection of debts owed to federal agencies), and other applicable laws ([https://www.fiscal.treasury.gov/fsservices/gov/debtColl/dms/top/debt\\_top.htm](https://www.fiscal.treasury.gov/fsservices/gov/debtColl/dms/top/debt_top.htm)).

## How TOP impacts State Departments and Agencies

When federal agencies identify debts that are due from specific state departments and agencies, the federal agencies (creditors) must provide the specific state departments and agencies (debtors) with notices of their debts explaining their rights and opportunities to resolve or dispute their debts.

It is important that specific state departments and agencies resolve or dispute the debts immediately upon receiving such notices. When a debt is not resolved or disputed, the tax identification number or "TIN" associated with the debt is used to identify future payments/draws/grants to offset. Since state departments and agencies of the State of Maine share the same TIN, any payments/draws/grants associated with the TIN can be offset, even though the state agency subject to offset may not be associated with the debt.

## Hypothetical Example

State of Maine Department 'A' does not resolve or dispute a \$50,000 debt reportedly owed to the Center for Medicare and Medicaid Services (CMS). The debt letter and subsequent notifications were ignored, unknowingly discarded or perhaps even delivered to an incorrect/obsolete state address.

CMS (the federal creditor agency) certifies to TOP that State of Maine Department 'A' with TIN # 01-6000001 owes a debt of \$50,000 to CMS. Offsets can begin immediately.

- 1) U.S. Department of Defense (DoD) pays State of Maine Department 'B' \$150 for renting space at the Augusta armory. Department 'B' receives a check from DoD in the amount of zero dollars. In this case, TOP intercepted the \$150 and routed it to CMS to offset the \$50,000 debt for Department 'A'. Debt amount remaining after this offset is \$49,850.
- 2) U.S. Department of Agriculture (USDA) denies a \$250,000 funding opportunity to State of Maine Department 'C' through the grant application process. The USDA's reason for denial is a debt found on SAM.GOV for the State of Maine. SAM.GOV does not include details of the debt or which State agency owes the debt. The USDA gives Department 'C' a week to resolve the issue since the deadline for the grant is nearing.
- 3) A \$75,000 draw request for State of Maine Department 'D' is reduced by the remaining debt amount of \$49,850. State of Maine Department 'D' is one of three State of Maine departments negatively impacted by a debt belonging to another state department.
- 4) After the debt is liquidated, it takes up to a week for the information to reach SAM.GOV.

## Identifying an offset

When a state agency receives a check from a federal agency for an amount less than the amount due, this may be the result of a TOP offset. Likewise, when a draw amount is reduced, this may be the result of a TOP offset.

When an offset occurs to a draw, the state agency may receive contact from the Office of the State Treasurer.

After an offset occurs, TOP mails a generic letter to the impacted state agency. This can take up to a week.

**Please contact the Office of the State Controller directly at 207-626-8423 for assistance with resolving any SAM debt notifications or offsets.**



The following message is from the United States Department of Treasury, Bureau of Fiscal Service – TOP

The Treasury Offset Program (TOP) has recently been receiving contacts from various state agency staff concerning notifications they are receiving from the General Services Administration (GSA) System for Award Management (SAM) regarding debts an agency in your state owes that may be blocking another state agency's disbursement.

Fiscal Service's Government-to-Government (G2G) program provides for our TOP and Cross-Servicing divisions to work directly with State Comptroller Offices, that have signed authorizations and designated staff, to assist them in obtaining debt and offset information for the purpose of remedying funds between their state agencies. Fiscal Service's TOP and Cross-Servicing staff cannot respond to inquiries directly from state employees in agencies that receive a SAM notice, as we have no authorization to do so, and, in most cases, the state agency debt(s) being inquired about does not belong to the state agency calling, or whose grant is being blocked.

The Office of the State Controller is authorized to work with TOP and Cross-Servicing divisions. Please contact us at 207-626-8423 so we may assist you with inquiries about debts.