

## **Partnership Fund Pilot Award Summary**

**Concept Name:** State Debt Recovery via the Treasury Offset Program (TOP)

**Lead Agency:** Department of the Treasury, Treasury Offset Program (TOP)

**Funding Level:** \$650,000

**Number of States/Pilot Sites:** 5

**Summary of Funded Concept:** This pilot will address debt owed in Federally funded programs in which States disburse payments—such as Temporary Assistance to Needy Families (TANF), Medicaid, and Child Care—by matching State-submitted debt with Federal payment information to simulate the potential to increase recoveries by authorizing TOP to offset Federal income tax refunds in more cases. The simulation will look at which state-managed programs should be referred, which payments should be offset, the potential amount of recovered funds, and the costs/benefits of this method of debt recovery. As a simulation, no actual offsets will be processed. The evaluation will be constructed to validate matches and assess the potential for “false positives” in each of the programs. In addition, the evaluation will explore the need for and potential efficiencies to be gained by consolidating state debt prior to submission to Treasury. Each participating State will determine participating programs in consultation with Treasury. Treasury and pilot States will be required to evaluate and comply with privacy and consent obligations.

### **Addressing the Partnership Fund’s Goals:**

- Reduce improper payments by identifying offsets to overpayments that could be captured and returned to State agencies for proper program payments
- Improve administrative efficiency by giving States access to a more effective debt-recovery mechanism
- Improve and protect program access for eligible beneficiaries by determining the extent to which States could use collected debts to support program payments to eligible beneficiaries

**Changes from the Original Pilot Concept Submission:** The original submission called for an aggregator to compile debt data from all States for streamlined transmittal to Treasury. Instead, the pilot will allow States to share data either directly with TOP or through a third party aggregator if this option would be beneficial and can be achieved within similar time and cost parameters. The pilot evaluation will consider the likely need of an aggregator to support expanded TOP activity if pilot activities were to be implemented at scale.

**Original Pilot Concept Proposal Submitted By:** Collaborative Forum - Auditing Work Group.