

Federal Parent Locator Service

# **Federal Offset Program**

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## 1.0 REMOVE DISTINCTION IN OFFSET PRIORITY BETWEEN TANF AND NON-TANF PAST-DUE SUPPORT

Processing is being modified at the Department of Treasury's Federal Management System (FMS) to remove the distinction in offset priority between TANF and Non-TANF past-due child support.

### 1.1 Summary of Changes

Effective October 1, 2008 the offset hierarchy at FMS will be:

1. Federal Tax debt,
2. TANF and Non-TANF past-due child support,
3. Other Federal debt (i.e., Education), and
4. State tax debt.

### 1.2 Background

The current priority of offset at FMS is:

1. Federal Tax Debt,
2. TANF past-due child support,
3. other Federal debts,
4. Non-TANF past-due child support, and
5. State tax debt.

Public Law 109-171, the Deficit Reduction Act of 2005, amended §464(c) of the Social Security Act eliminating the distinction in offset priority between past-due TANF and past-due Non-TANF child support, effective October 1, 2009 or up to one year earlier at the States' option.

### 1.3 Description of Changes

System changes will occur at FMS only. States will receive the benefits of this modification automatically. The OCSE-to-State collection process will remain the same. Effective October 1, 2008, the offset hierarchy at FMS will change as indicated below:

Current Priority	New Priority
Federal tax debts	Federal tax debts
TANF past-due child support	All past-due child support
Other Federal debts	Other Federal debts
Non-TANF past-due child support	State tax debts
State tax debts	

## 1.4 Impact on States

There is no impact on State systems. This release information only addresses changes at the Federal level regarding the Offset Program. It does not address how States may choose to distribute Federal offset payments at the State level. For questions on the distribution of payments under the new DRA rules, please refer to AT 07-05.

The change in the offset hierarchy, which requires all past-due child support be paid prior to non-IRS Federal debts, will generate additional collections toward non-TANF past-due child support cases via the Federal Offset Program. For example, if an obligor has a past due balance on an education loan, or an agriculture loan, certified at FMS, in addition to past due non-TANF child support, the offset would be applied to satisfy the past-due child support first.