

# Multistate Financial Institution Data Match (MSFIDM) & Proposed Federal Levy Process



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# Background

**1996**

- FIDM introduced in PRWORA

**1998**

- MSFIDM added to §466(a)(17) of SSA
- OCSE outreach to states and MSFIs

**1999**

- Distributed Inquiry File to MSFIs (July)
- Distributed matched data to states (August)

**2000**

- States began voluntarily reporting MSFIDM and Instate FIDM collections

**2001**

- OCSE hosted MSFIDM working session (February)

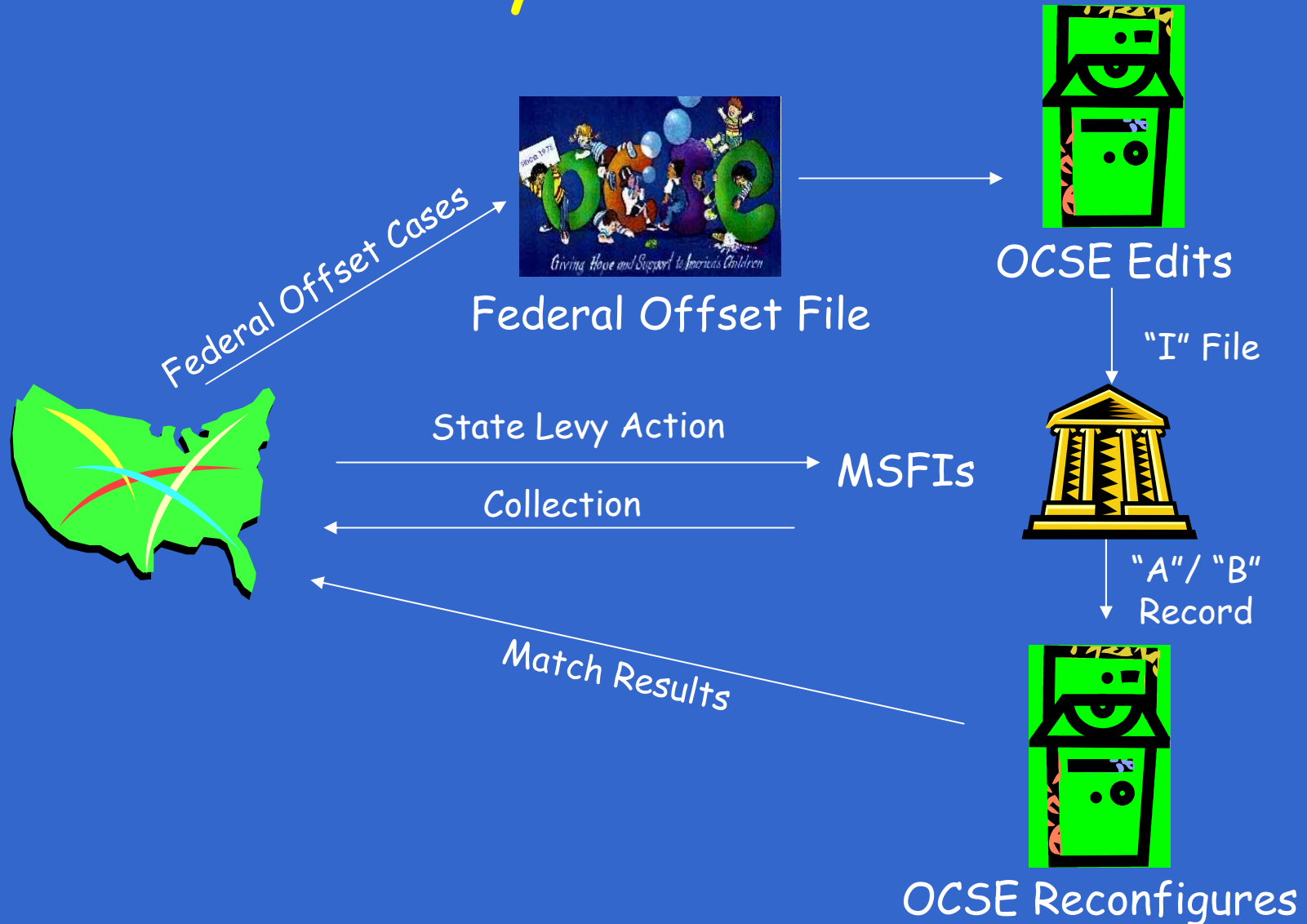
**2003**

- Proposed initiative to centralize and standardize the MSFIDM Levy Process at the federal level
- Established Workgroup of State, MSFI and OCSE representatives

**2004**

- States proposed alternatives to centralization

# Current MSFIDM Match & Levy Process



# Current Match & Freeze Statistics

- Over 4,500 MSFIs Participating in MSFIDM (Quarterly Match)
- Average of 2003 MSFIDM Quarterly Match Statistics
  - 1.88 Million Matches Returned to States
  - 1,049,753 Obligors
- \$77,756,265 \* Collections Reported in Calendar Year 2003

\*Voluntarily reported by states

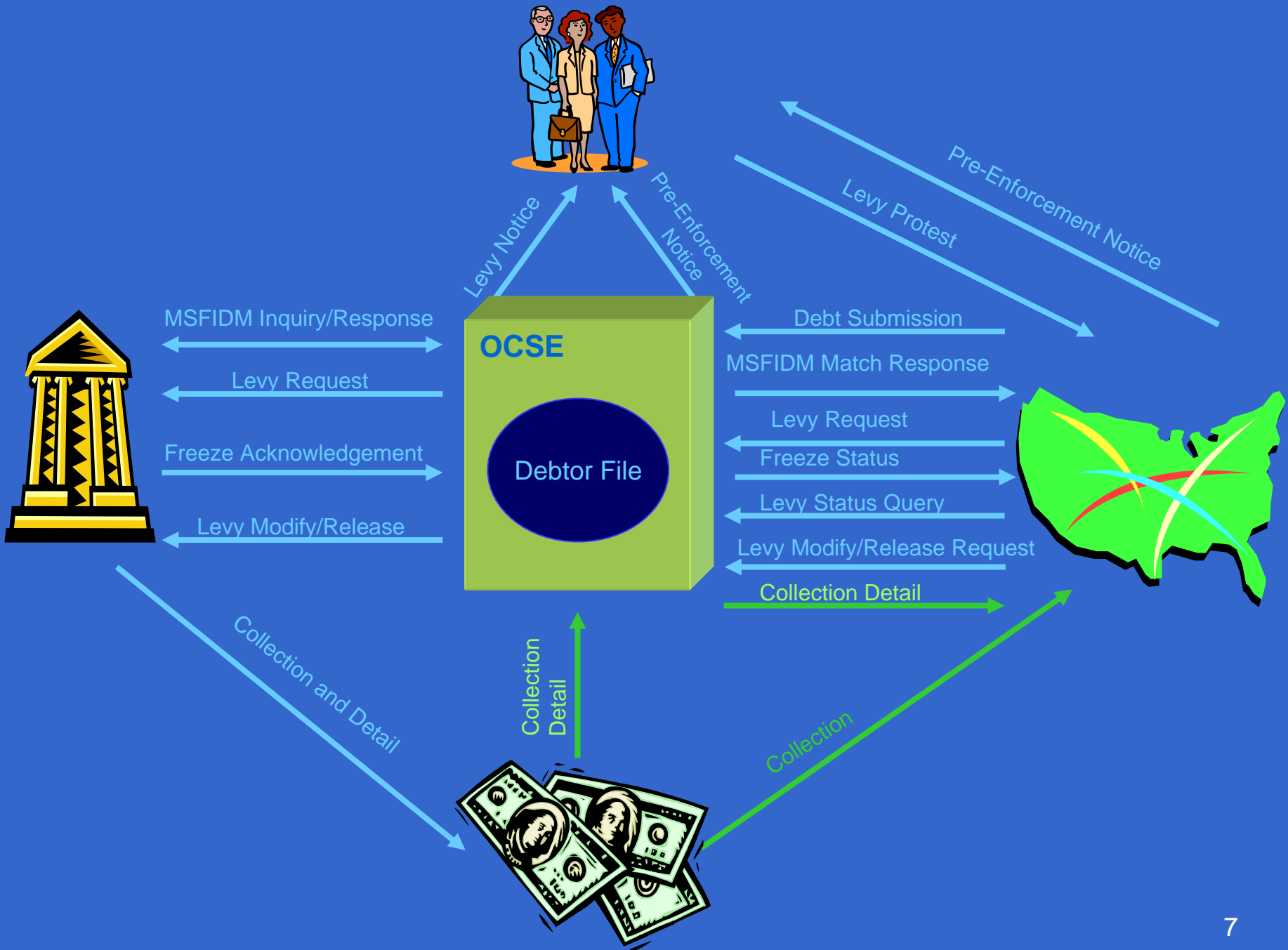
# Evolution & Goals of MSFIDM Federal Levy Proposal

- Why Did The Administration Propose to Centralize & Standardize The Levy Process?
  - Responding to Recommendations from MSFIDM Conference Held in February 2001
    - Centralize MSFIDM Levy Process
    - Develop Standard Form
    - Mirror IRS Levy Process
  - Overcome Jurisdiction Issues
  - Maximize Use of MSFIDM Information
  - Increase Collections
  - Standardized Process Facilitates Automation to Accommodate Greater Volume



# Administration's Proposed Legislation

- Proposed Legislation Authorizes OCSE To Seize Assets Identified Through MSFIDM
  - Centralizes MSFIDM Levy Process
  - Standardizes Freeze Period - 30 Days
  - Standardizes Contest Period - Obligor Has 21 Days (During The 30-Day Freeze) To Contact State Agency To Request Review of Levy Action
  - Address Notice Requirements and Due Process for Obligors and Joint Account Holders



# Proposed MSFIDM Federal Levy Process

## Step 1—Obligor Submittal Process

State Submits Obligor on Debtor File For:

- Federal Tax Refund Offset
- Administrative Offset
- Passport Denial
- MSFIDM (Quarterly Match)
- MSFIDM Federal Levy (Based on Quarterly Match)**



## Every Quarter. . . .

**Step 2—Inquiry File to MSFIs**

OCSE Sends Inquiry File to MSFIs



**Step 3—Match Response File from MSFIs**

MSFIs Send Matches to OCSE



**Step 4—Match Responses to States**

OCSE Sends Matches to States



## Step 5—Levy Initiation

- States Determine Which Obligor Are Submitted
  - How Will States Initiate MSFIDM Federal Levy Requests?
    - Use Debtor File for Automatic Levy for Obligors Without Exclusion Indicator
    - States Send Separate Transaction/File to OCSE
- Federal Edits
  - Arrears >\$100 or >\$500
  - Open Accounts
  - Name Match
  - Exclude ERISA, Trust Accounts and Safe Deposit Boxes

## Step 6—Levy Transmission (OCSE to MSFIs)

- How Will OCSE Send MSFIDM Federal Levy Requests to MSFIs?
  - Batch File (Puerto Rico & Banco Popular)
  - Paper (Fax, Mail)
  - Secure Web (SSA Proof of Concept)
  - Service of Process
- How Will MSFIs Process MSFIDM Federal Levies?

## Step 7—Levy Acknowledgment (MSFI to OCSE)

How Will MSFIs Send Acknowledgments to OCSE?

- Fax
- Secure Web
- Batch

# Freeze & Appeal Time Ticking.....



## Step 8—OCSE (Federal) Levy Notice to Obligor

- OCSE Sends Notice to Obligor
  - Directs NCP to State for Questions/Contests
- How Are Appeals Handled?
  - State Judicial/Administrative
  - Joint Accounts
  - MSFIs

## Step 9—Levy Acknowledgment (OCSE to States)

- Does OCSE Send Levy Acknowledgement to States?
  - Only Rejects
  - All
- How Will OCSE Send Levy Acknowledgement to States?
  - Batch File
  - Secure Web
  - Fax

## Step 10—Modify/Release Levy (State to OCSE)

- How Will States Notify OCSE to Modify/Release Funds?
  - File
  - Secure Website
  - Fax
- Timing of Modifications/Releases

## Step 11—Modify/Release Levy (OCSE to MSFI)

- How Will OCSE Notify MSFIs to Modify/Release Levy Action?
  - File
  - Secure Website
  - Fax
- Timing of Release/Modifications
  - How Quickly Will MSFIs Release Accounts?



## Step 12—Funds Transfer (MSFI to OCSE)

- How Will MSFIs Send Funds to OCSE?
  - Paper Check
  - ACH (EFT/EDI)
  - Debit
- How Will MSFIs Notify OCSE of The Details of The Funds?
  - Addenda Record

## Step 13—Funds Transfer (OCSE to States)

- How Will OCSE Send Funds and Detail Record to States?
  - Mirror Tax Offset Process
  - Multiple States With Same Obligor
    - First Come First Serve
    - Prorate
- How Frequently Will OCSE Send Funds to States?
  - Daily
  - Weekly
  - Other

# MSFIDM Levy Next Steps

- Passage of Proposed Legislation
- Continue MSFIDM Levy Process Development and Analysis
- Outreach to States and MSFIs

