



STATE OF ILLINOIS  
COMPTROLLER  
JUDY BAAR TOPINKA

# ACCOUNTING BULLETIN

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TO: Fiscal Officers of All State Agencies

FROM: Steven L. Valasek, Assistant Comptroller - Operations

DATE: July 26, 2012

SUBJECT: New State Offset Requirements – Public Act 97-0759

NUMBER: 181

Public Act 97-0759 amended the Illinois State Collection Act of 1986 (30 ILCS 210/5) by reducing the filing threshold for State debt, requiring the electronic submission of all State Involuntary Withholding (IW) transactions, increasing the length of the protest period for debtors, and establishing a processing fee for each State offset.

**Subsection (C-1) of 30 ILCS 210/5 states:**

“(C-1) All debts that exceed ~~\$250~~ \$1,000 and are more than 90 days past due shall be placed in the Comptroller's Offset System, unless (i) the State agency shall have entered into a deferred payment plan or demonstrates to the Comptroller's satisfaction that referral for offset is not cost effective; or (ii) the State agency is a university that elects to place in the Comptroller's Offset System only debts that exceed \$1,000 and are more than 90 days past due. All debt, and maintenance of that debt, that is placed in the Comptroller's Offset System must be submitted electronically to the office of the Comptroller. Any exception to this requirement must be approved in writing by the Comptroller.”

This subsection reduces the filing threshold for State debt by the agencies from \$1,000 to \$250. Universities have the option to remain at the \$1,000 level. This requirement is effective immediately. The Illinois Office of the Comptroller (IOC) is also adopting the policy of not accepting any debt less than \$10 at this time. The programming change to edit files for this requirement will be put in place within the next 45 days.

This subsection also requires agencies to submit all State IW transactions electronically to the IOC. Any agency that cannot comply with this electronic submission requirement must submit a signed written request via an e-mail attachment to [stateoffset@mail.ioc.state.il.us](mailto:stateoffset@mail.ioc.state.il.us) for an exception to this requirement. The request must contain the following elements:

- the reason the agency cannot currently comply with the requirement;
- the plan by the agency to comply with this requirement;
- an anticipated time frame to accomplish their plan;
- an agency contact name, phone number, and an e-mail address; and
- a signature by an individual with a current IW authorization card on file.

All requests must be submitted to the IOC by August 31, 2012. Any manual IW transaction received after August 31, 2012 from an agency that has not applied for an exception will be returned to the agency.

The IOC is developing a PC based utility program to calculate and submit add, change or delete files to the IOC. This utility program can be used by agencies that have a low volume of IW transactions and do not have the resources to develop an electronic submission system. We anticipate that this utility program should be available to agencies within three months. The IOC will notify agencies via an Accounting Bulletin when this program is available. If an agency intends to use this utility program for their electronic submission system, the agency must submit a request for an exception and cite this as their plan for complying with this requirement.

**Subsection (C-2) of 30 ILCS 210/5 states:**

“(C-2) Upon processing a deduction to satisfy a debt owed to a university or a State agency and placed in the Comptroller's Offset System in accordance with subsection (c-1), the Comptroller shall give written notice to the person subject to the offset. The notice shall inform the person that he or she may make a written protest to the Comptroller within 60 days after the Comptroller has given notice. The protest shall include the reason for contesting the deduction and any other information that will enable the Comptroller to determine the amount due and payable. If the person subject to the offset has not made a written protest within 60 days after the Comptroller has given notice, or if a final disposition is made concerning the deduction, the Comptroller shall pay the deduction to the university or the State agency.”

This subsection increases the length of the protest period from 30 days to 60 days. The protest periods still starts when the IOC has given notice to the debtor of the State offset. This requirement will be implemented once the IOC has completed required system changes. The IOC will notify agencies of the effective date of this change via an Accounting Bulletin. All State offsets processed prior to the effective date will continue to use the existing protest rules (30 days) and all State offsets processed on or after the effective date will use the new protest rules (60 days). The new protest period will be clearly identified on all IW notification letters generated on or after the effective date.

**Subsection (C-3) of 30 ILCS 210/5 states:**

“(C-3) For a debt owed to a university or a State agency and placed in the Comptroller's Offset System in accordance with subsection (c-1), the Comptroller shall deduct, from a warrant

or other payment, its processing charge and the amount certified as necessary to satisfy, in whole or in part, the debt owed to the university or the State agency. The Comptroller shall deduct a processing charge of up to \$15 per transaction for each offset and such charges shall be deposited into the Comptroller Debt Recovery Trust Fund.”

This subsection allows the IOC to deduct a processing charge for each payment that is intercepted for a State offset. The processing charge will be paid by the debtor and will not reduce the amount of the debt owed to the agency. The standard processing charge is \$15 per payment; however, if a payment that is being offset is less than \$30, then the processing fee will be 50% of the payment amount and the remaining 50% will be utilized to satisfy the debt. This requirement will be implemented once the IOC has completed system changes. The IOC will notify agencies of the effective date of this change via an Accounting Bulletin. All State offsets processed prior to the effective date will not be charged a processing fee and all State offsets processed on or after the effective date will be charged a processing fee.

If you have any questions pertaining to this bulletin, please contact Marvin Becker at (217) 782-7078. Agencies may access this and other Payroll, SAMS and Accounting Bulletins on the Comptroller’s website at [www.ioc.state.il.us](http://www.ioc.state.il.us) under Resource Library.