



Treasury Financial Manual

Bulletin No. 2004-06

Volume I

Retention: July 31, 2005

To: Heads of Government Departments, Agencies, and Others Concerned

Subject: Federal Agency Miscellaneous Payments Subject to Offset through the Treasury Offset Program (TOP)

1. Purpose

This bulletin provides instructions to Federal agencies on preparing vouchers for Treasury to disburse miscellaneous payments so that Treasury may offset those payments in accordance with applicable laws.

In addition, this bulletin supplements the requirements in I TFM 4-2000: Payment Issue Disbursing Procedures, regarding the Federal Government's disbursing practices. It relates to the following Financial Management Service (FMS) guidelines and specifications:

- CPSS 19.90 – Vendor/Miscellaneous Agency Check Payment Format
- CPSS 8.90 – Vendor/Miscellaneous Agency Automated Clearinghouse Payment Format

The FMS-published specifications referenced above include the TOP Eligibility Code field, which conforms to this bulletin.

2. Background

On April 26, 1996, the Debt Collection Improvement Act of 1996 (DCIA) was enacted as Chapter 10 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 [Public Law 104-134, 110 Stat. 1321-358, Section 31001(d)(2), codified at 31 U.S.C. 3716(c)]. In general, the DCIA requires that Federal disbursing officials offset an eligible Federal payment to satisfy a delinquent non-tax debt that a Federal agency has certified to Treasury is owed by the payee to the United States. FMS also offsets some Federal payments to satisfy delinquent child support debts pursuant to Executive Order 13019. Offsets performed under this authority are referred to as "centralized offsets." FMS has promulgated regulations governing centralized offsets at 31 CFR Part 285, Subpart A. In addition, 31 CFR 285.5(e) provides general requirements for payment-certifying agencies.

FMS is responsible for implementing the DCIA, including the centralized offset authority. Pursuant to 31 CFR 285.5(e)(8), agencies must identify and certify payments as either legally eligible or legally ineligible for offset. As prescribed by FMS, agencies use the Federal agency payment formats to identify and certify payments for offset. Agency payment formats for the ACH and check vendor and miscellaneous payments are available on the FMS Web site at <http://www.fms.treas.gov/bulktransfers>.

3. Coverage

This bulletin applies to all bulk file (Type B) miscellaneous payment requests to Treasury Regional Financial Centers (RFCs) only. Attachment 1 lists the points of contact for each RFC. Agencies make miscellaneous payments for various Federal program expenditures, including interagency transfers; loans; grants; and medical, emergency, and other administrative obligations. All agencies must ensure that payments are classified correctly using the *Federal Agency Guidance for Classifying Payments*, which provides guidance to Federal agencies on how to classify and code their vendor and miscellaneous payments. To access these guidelines, see the FMS Web site at <http://www.fms.treas.gov/eft/regulations.html>.

4. Policy

Effective immediately, all Federal agencies that submit requests to FMS for disbursement of payments classified as miscellaneous must do the following:

- For Vendor/Miscellaneous Agency ACH Payment File Data Records (CPSS 8.90.17.05 and 8.90.17.06), fill in the TOP Eligibility Code field (blank or “Y” = offset, and “N” = do not offset) in position 160. If the full payment amount is not legally eligible to be 100 percent offset, place an “N” in this field.
- For Vendor/Miscellaneous Agency Check Payment File Data Records (CPSS 19.90.002.01 through 19.90.002.05), fill in the TOP Eligibility Code field (blank or “Y” = offset, and “N” = do not offset) in position 231. If the full payment amount is not legally eligible to be 100 percent offset, place an “N” in this field.

Note: FMS presumes that all miscellaneous payments are legally subject to offset unless the Federal agency indicates there is a legal bar to offsetting all or a portion of a payment by filling in the TOP Eligibility Code field with an “N”. Agencies may place an “N” in the field only if the payment may not legally be offset. Agencies should consult with legal counsel to determine if a particular payment or payment type is legally eligible for offset. They must carefully code their payments as vendor or miscellaneous since FMS now fully implements miscellaneous payments into the centralized offset program.

FMS maintains a list of payments currently exempt from offset on the FMS Web site at <http://www.fms.treas.gov/debt/dmexmpt.doc>. If an agency believes that a payment should be exempted from offset, it must follow the requirements set forth in 31 CFR 285.5(e)(7) and the procedures set forth in *Exemption of Classes of Payments From Centralized Administrative Offset Under the Debt Collection Improvement Act of 1996*, on the FMS Web site at <http://www.fms.treas.gov/debt/dmexem.doc>.

5. Compliance

FMS will monitor agency compliance with this requirement and provide assistance to agencies not in compliance or that request such assistance. All agencies must comply with these requirements by January 1, 2005.

6. Effective Date

This bulletin is effective immediately.

7. Inquiries and Assistance

Direct general inquiries relating to FMS' debt management operations, initiatives, or requests for assistance to Debt Management Services at 202-874-0540.

Direct inquiries relating to the agency payment file formats to the appropriate RFC Customer Assistance staff representative listed in Attachment 1.



Date: July 28, 2004

Richard L. Gregg
Commissioner

Regional Financial Center Customer Assistance Contact Information

Austin Financial CenterCatherine Young, 512-342-7200
Kansas City Financial Center.....Susan Robinson, 816-414-2101
Philadelphia Financial CenterDorothy Ramos, 215-516-8062
San Francisco Financial CenterLynne Menefee, 415-817-7120