

<b>EMPLOYMENT AND TRAINING ADMINISTRATION</b> <b>ADVISORY SYSTEM</b> <b>U.S. DEPARTMENT OF LABOR</b> <b>Washington, D.C. 20210</b>	<b>CLASSIFICATION</b> UI
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**ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 4-20**

**TO:** STATE WORKFORCE AGENCIES

**FROM:** JOHN PALLASCH /s/  
Assistant Secretary

**SUBJECT:** Treasury Offset Program (TOP) Revised and Clarified Requirements for Referring Unemployment Compensation (UC) Debts for Recovery through Federal Tax Refund Offset

1. **Purpose.** This Unemployment Insurance Program Letter (UIPL) is to inform State Workforce Agencies (SWAs) that they: (1) must exclude Tax Identification Numbers (TINs), which include Social Security Numbers (SSNs) and Employer Identification Numbers (EINs), from the Debt Account Identification (ID) field of the record layout for UC debts referred to TOP for offset recovery; (2) must follow the provisions of the Social Security Number Fraud Prevention Act of 2017 (Public Law (P.L.) 115-59) that restricts the inclusion of TINs on documents Federal departments and agencies send by mail; and (3) must discontinue aggregating UC debts referred to TOP for offset recovery.
2. **Action Requested.** SWAs referring certain required delinquent UC debts (benefit overpayments and UC taxes) to the U.S. Department of the Treasury's Bureau of the Fiscal Service (Fiscal Service) for collection: 1) must exclude complete or partial TINs from the Debt Account ID field of the record layout when new UC debts are referred to TOP by December 31, 2020; 2) must complete the implementation process to ensure TINs are excluded in the Debt Account ID field of the record layout for existing UC debts when they are referred to TOP by December 31, 2020; and 3) must discontinue aggregating UC debts referred to TOP by August 31, 2020.
3. **Summary and Background.**
  - a. Summary – This UIPL advises SWAs of the changes and clarification to the requirements for referring debts to TOP for offset recovery.
  - b. Background – The Social Security Number Fraud Prevention Act of 2017, enacted on September 15, 2017, restricts the inclusion of SSNs on documents Federal departments and agencies, such as Fiscal Service, send by mail. While the effective date of this restriction is September 15, 2022, Fiscal Service has set an internal deadline of December 31, 2020, for compliance with the Act. To meet this internal deadline, Fiscal Service is requiring all Federal and state creditor agencies, including SWAs, to complete the

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> Continuing
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process of excluding partial or complete TINs from the structure of the Debt Account ID field in debts submitted to TOP by December 31, 2020. This requirement applies to existing debt referrals that remain uncollected and to future referrals made to TOP by SWAs.

Fiscal Service manages UC debts that are referred to TOP for recovery through the federal tax refund offset. In addition to identifying debts by a debtor's TIN, states must assign a unique Debt Account ID to UC debts that will identify the debt when it is referred to TOP. In some instances, states have included a debtor's complete or partial TIN in the content of the Debt Account ID field of the record layout sent to TOP. Fiscal Service prints the Debt Account ID on TOP offset notifications and TOP offset warning letters that are mailed to delinquent debtors whose debts were referred to TOP. The use of any portion of a debtor's TIN in the Debt Account ID field, therefore, results in the inclusion of that TIN in a mailed document, which constitutes a violation of the Social Security Number Fraud Prevention Act.

In addition to the new requirement to exclude SSNs from the Debt Account ID field, Fiscal Service is clarifying the prohibition on aggregating debts. Fiscal Service discovered anomalies within TOP as a result of some Federal and state creditor agencies' referring separate debts (e.g., debts with different delinquency dates) using revolving accounts, instead of submitting each separate debt to TOP as a new debt. SWAs must not aggregate UC debts referred to TOP for offset recovery.

#### **4. Complying with the TOP Referral Requirements.**

- a. TOP Debt Account Identification Numbers.** The Debt Account ID is a unique identifier for individual and business debts referred to TOP. SWAs designate the Debt Account ID in record layouts when UC debts are referred to TOP for collection. Fiscal Service established guidance on the record layout format in *Enhanced Record Layouts Version 3.12.1 with Definitions, Error Codes, and Layout Mapping* (Attachment I). *TOP Enhanced Input Record Layouts by Record Type* (pages I-7 thru I-10 of Attachment I) contains fields and instructions on the elements used when referring debts to TOP. SWAs assign a debt account number in the Debt Account ID field of *TOP Delinquent Debtor Input File Record Layouts by Record Type*. The Debt Account ID is a required field and must be a unique identifier within the referring creditor agency used to reference the debt and track the status of the debt account.

Due to the restrictions of the Social Security Number Fraud Prevention Act, Fiscal Service determined that, prior to the Act's effective date, it should no longer print Debt Account ID information that includes complete or partial TINs on TOP offset notifications and TOP offset warning letters to UC claimants. As such, it is imperative that SWAs, which presently use complete or partial TINs as part of the Debt Account ID structure, eliminate the use of complete or partial TINs from such account numbers, for both previously referred debts with uncollected balances and debts referred in the future. Additionally, because there are instances where a

business established as a sole proprietor may use an SSN as a TIN, SWAs also must exclude from the Debt Account ID structure both complete and partial TINs from all employer debts, in addition to individual debts, submitted to TOP.

- b. TOP No Longer Accepting Aggregated Debt.** Aggregating debts is problematic for TOP offset recovery, as it invalidates the delinquency date, a critical data element used by Fiscal Service for administering the TOP process. Therefore, SWAs must not aggregate UC debts referred to TOP for offset recovery. That is, if a debtor is being referred for multiple debts from the same Agency Site ID, each debt referred must be referred with a different Debt Account ID. The Debt Account ID is a unique identifier used to reference a debt and track the status of the account. Debt Account IDs are unique to every agency site.

An Agency Site ID identifies each individual agency site and may not necessarily refer to physical locations. The intended purpose of the Agency Site ID is to separate collection preferences, debt types, geographical locations, etc. An SWA needs only one (1) agency site to use the TOP system for delinquent debt collection. By August 31, 2020, SWAs must refer separate debts as new debts with each separate debt assigned a unique Debt Account ID.

- 5. Inquiries.** State agencies with questions regarding TOP's requirements should submit them to [stateoffsets@fiscal.treasury.gov](mailto:stateoffsets@fiscal.treasury.gov). Please direct other inquiries to the appropriate ETA Regional Office.

**6. References.**

- Public Law 115-59, Sept. 15, 2017, Social Security Number Fraud Prevention Act of 2017;
- UIPL No. 02-19, *Recovery of Certain Unemployment Compensation Debts under the Treasury Offset Program*;
- UIPL No. 12-14, *Required Use of the Treasury Offset Program to Collect Covered Unemployment Compensation Debt*;
- UIPL No. 11-11, *The Claims Resolution Act of 2010 (P.L. 111-291) and the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L.111-312) – Provisions Affecting the Federal-State Unemployment Compensation Program*; and
- UIPL No. 02-09, *Recovery of Unemployment Compensation Debts Due to Fraud from Federal Income Tax Refunds*, and its changes.

**7. Attachment.**

- I. Enhanced Record Layouts Version 3.12 with Definitions, Error Codes, and Layout Mapping (latest version)