

**CALIFORNIA COMMUNITY COLLEGES
SYSTEM OFFICE**

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July 13, 2012

TO: Chief Student Services Officers & Chief Business Officers

FROM: Linda Michalowski, Vice Chancellor for Student Services and Special Programs

SUBJECT: District Participation in the 2013 Chancellor's Office Tax Offset Program (COTOP)

Synopsis: We are pleased to invite your participation, continued or initial, in the Chancellor's Office Tax Offset Program (COTOP) for 2013. AB 2347 (Chapter 937, Statutes of 1982) authorizes the Chancellor's Office to act on behalf of local community college districts for the purpose of collecting outstanding student financial aid obligations through participation in the Franchise Tax Board's Interagency Tax Offset Program. The program was enhanced in 1991 by legislation (AB 3929, Jones) to permit the offset of specific non-financial aid obligations owed to the districts.

By contracting with the Chancellor's Office, local districts can recover outstanding student debts owed to the colleges such as enrollment fees, out-of-state fees, library fines, personal checks written with non-sufficient funds, student loans, financial aid overpayments and other approved debts. A complete listing of debts recoverable under this program is attached for your review.

Under the COTOP program, the Chancellor's Office requests the Franchise Tax Board to offset (deduct) the amount owed to a district from the student/debtor's personal state income tax refund, lottery winnings or other state refund. The Franchise Tax Board remits any amounts offset to the Chancellor's Office, which then authorizes the State Controller to disburse the offset amount, minus a 25 percent (25%) administrative fee, to the participating local districts.

In the last 13 years, the COTOP program has succeeded in offsetting and returning over \$16.1 million directly to participating districts. In the first 2 quarters of 2012, we have collected and returned in excess of \$2.8 million to the districts. As of June 1, there have been more than 40,000 offsets this year. The COTOP program collections have continued to grow in each succeeding year.

In addition to significant enhancements the past several years, the COTOP system is constantly being evaluated for improvement opportunities. We are sure any future enhancements will continue to be well received by staff at participating districts. Useful tools such as information on offsets, account balances and record deletions are available for district staff to view. The program is able to tally the amounts owed the districts in each category of debt submitted as well as tally the amounts collected in each of those categories. District staff members are able to view the previous offset history, if any, for any account submitted by the district.

Action/Date Requested: A link to the contract packet is listed below.

<http://www.cccco.edu/SystemOffice/Divisions/StudentServices/StudentFinancialAssistancePrograms/COTOPFormsandContractPacket/tabid/682/Default.aspx>

To participate in the 2013 COTOP program, please submit no later than Monday, October 1, 2012 (unless an extension is requested and granted):

- Two copies of the COTOP contract (**with original ink signatures on each**);
- The Transmittal Document

COTOP data will be directly entered into the database by district staff. Although it is recommended that data be loaded by November 9, 2012, an extension can be accommodated if a district needs additional time and consults with our office in advance.

A schedule of training dates to be conducted via CCCConfer during summer and early Fall 2012 will be posted on the COTOP Contract Packet web page at the site noted above.

As we enter into the upcoming academic year with continued fiscal challenges, the COTOP program can help limit and recover your college's/district's accounts receivable and help capture funds which may not otherwise have been recovered. Your thoughtful consideration as to whether this program can be of assistance to your college/district is requested.

Contact: The two copies of the contract and Transmittal Document form should be sent to: Terence Gardner, COTOP Program, California Community Colleges, Chancellor's Office, 1102 Q Street, Sacramento, CA 95811. If you have any questions or concerns, you may also reach Terence Gardner at tgardner@cccco.edu or (916) 322-7412.

cc: Erik Skinner, Executive Vice Chancellor for Programs
Dan Troy, Vice Chancellor of College Finance and Facilities Planning
District COTOP Coordinators
Financial Aid Directors