



TO: Chief Business Officers
Chief Student Services Officers

FROM: Rhonda Mohr
Vice Chancellor, Educational Services and Support

RE: District Participation in the 2020 Chancellor's Office Tax Offset Program

Synopsis: The Chancellor's Office is pleased to invite you as a continuing or initial participant in the Chancellor's Office Tax Offset Program (COTOP) for 2020. Assembly Bill 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 (Assembly Bill 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, uncollected non-resident tuition, 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 3 years, the COTOP program has succeeded in offsetting and returning over \$15 million directly to participating districts. Since January 1, 2019, more than \$8 million has been collected and returned to the districts. More than 36,000 prior student debt have been relieved by tax offsets.

In addition to significant enhancements the past several years, the COTOP system is constantly being evaluated for improvement opportunities. 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:

To participate in the 2020 COTOP program, please submit the two items below no later than Monday, October 1, 2019 (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 22, 2019, an extension can be accommodated if a district needs additional time and consults with the Chancellor's Office in advance.

The COTOP program can help recover your college's/district's accounts receivable and 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: If you have any questions or concerns, please contact:

Terence Gardner, COTOP Program

California Community Colleges Chancellor's Office

1102 Q Street, Suite 4550

Sacramento, CA 95811

tgardner@cccco.edu or (916) 322-7412

Attachment

cc: Daisy Gonzales, Deputy Chancellor
Marty Alvarado, Executive Vice Chancellor, Education Services and Support
Christian Osmena, Vice Chancellor, College Finance and Facilities Planning
District COTOP Coordinators

THIS CONTRACT, made and entered into on or before this first day of October 1, 2019, in the State of California, by and between the

_____ COMMUNITY COLLEGE DISTRICT
and the
CHANCELLOR OF THE CALIFORNIA COMMUNITY COLLEGES

The CHANCELLOR of the CALIFORNIA COMMUNITY COLLEGES
(hereinafter Chancellor) and the

_____ COMMUNITY COLLEGE DISTRICT
(hereinafter District) do agree that:

I.

Performance of this contract shall be pursuant to Government Code Sections 12419.2, 12419.5, 12419.7, 12419.9, 12419.10. Both parties' performance of this contract shall conform to the requirements of those statutes.

The Chancellor agrees to act on behalf of the District for the purpose of collecting through the State Franchise Tax Board's Interagency Offset Program, outstanding student financial aid and proper non-financial aid obligations owed to the District.

II.

The Chancellor's Office Tax Offset Program (hereafter known as COTOP) will require the District to pay to the Chancellor an amount equal to but not greater than 25 percent (25%) of the amount which the Chancellor collects on behalf of the district from the Franchise Tax Board.

The Chancellor will, if a debtor owes an obligation to more than one college or district, eliminate the name of that debtor from the college or agency to which the debtor owes the smaller obligation.

III.

The Chancellor will perform only those administrative services necessary to implement the legislation and related functions concerning the repayment of student financial aid and proper non-financial aid obligations through the COTOP program. Names and amounts submitted in error by the district will be treated as all other names and amounts and may be offset by the Franchise Tax Board.

The district may submit requests for deletions or revisions to the unpaid account balance to the Chancellor at any time and as often as needed.

Districts must enter their *initial* COTOP debtor data to the Chancellor's Office Tax Offset Program web-based system no later than November 22, 2019. Districts may make modifications to accounts (adds/changes/deletes) until November 22, 2019. All additional modifications (add/changes/deletes) can be made after January 2, 2020. If an offset occurs prior to the implementation of the deletion or modification by the Franchise Tax Board, it will be the responsibility of the District to make restitution directly to the debtor as required by Section IV.6 below.

The Chancellor or Franchise Tax Board will delete all names which cannot be processed by the Chancellor's Office or the Franchise Tax Board.

IV.

The District will:

1. Submit a single record for each affected individual as specified in #3 below according to the format and specifications in Appendices A and B which are incorporated into and made a part of this contract.
2. Notify those debtors whose names are submitted for collection of the pending action no later than submitting those names to the Chancellor's Office and review any objections received from those debtors. This notification should inform the debtor that the individual is entitled to request a review of the decision to collect the debt by the offset procedure. Immediately submit to the Chancellor's Office any modifications of the amount or deletions of any record found to be submitted in error, as necessary, as a result of the review as required by Appendix C, which is incorporated into and made a part of this contract.
3. Submit for collection through the COTOP program only the following types of debtor obligations:
 - A. defaulted Perkins, Nursing, Emergency and Extended Opportunity Programs and Services (EOPS) loans;
 - B. campus financial aid funds; EOPS Grants and Board of Governors Enrollment Fee Waivers for which the student was ineligible;
 - C. other financial aid obligations.
 - D. Proper student non-financial aid obligations limited to: non-resident tuition; enrollment fees; library fines; library replacement material charges; parking fees; parking fines (incurred within 3 years of date submitted for collection only); residence hall rent contracts; cafeteria meal contracts; telephone bills; drop fees (incurred prior to January 1992); personal checks returned for non-sufficient funds (limited to bookstore and other charges listed in this section only); returned check service charges; child care charges; instructional equipment breakage/replacement charges; health fees; transcript fees; foreign student insurance charges; dental health center charges; community services fees; lost key charges; transportation charges/fees; audit fees; contract class charges; instructional material fees; damage to campus facilities/equipment charges; personal checks written to "Cash" returned for non-sufficient funds (including returned check service fee); auto repair costs (including parts, lab fee, sales tax on parts); student representation fee; student center fee.

4. For those student financial aid and non-financial aid obligations in default, send at least one written notice to the last known address of the debtor requesting that the debtor either pay the amount owed or contact the participating district regarding the debt. The written notice must be sent at least 30 days prior to Franchise Tax Board receiving the offset request. The district must retain copies of the notifications in the district/college file.
5. Do not submit names of any debtors who are:
 - A. not in default;
 - B. in litigation/bankruptcy.
6. Refund to debtor any overpayments or amounts collected in error resulting from collection through COTOP within 30 days from notification of offset by the Chancellor.

V.

The District agrees that the Chancellor is acting in reliance on the accuracy of information supplied by the District as to the names of debtors, identification of debtors, and amounts owed by debtors, and that the Chancellor shall not be liable for any damages arising from inaccuracies in information supplied by the District.

The District agrees that it will submit for collection only amounts which it is legally entitled to collect through this program.

The District agrees that it will respond to all debtor complaints received by the Chancellor regarding this program.

VI.

Each party agrees to indemnify, defend and save harmless the other, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, materialmen, laborers and any other person, firm or corporation furnishing or supplying work, services, materials or supplies in connection with the performance of this contract, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by either party in the performance of this contract.

VII.

The District and the agents and employees of the District, in the performance of this agreement, shall act in an independent capacity and not as officers or employees or agents of the State of California.

VIII.

Time is of the essence of this agreement.

IX.

No alteration or variation of the terms of this contract shall be valid unless made in writing and signed by the parties hereto, and no oral understanding or agreement not incorporated herein, shall be binding on any of the parties hereto.

X.

The term of this contract shall be from October 1, 2019 through December 31, 2020, which as defined by the Franchise Tax Board, is the end of the 2019 interagency program processing year.

IN WITNESS WHEREOF, this agreement has been executed by the parties hereto, upon the date first above written.

CALIFORNIA COMMUNITY COLLEGES

By _____ Date
Daisy Gonzales
Deputy Chancellor

_____ DISTRICT
(Name of District)

By _____ Date
(Authorized Signature)

(Printed Name of Signature)

(Title)

(Address)

Transmittal Document

District Name: _____

Date: _____

District contact person for **data** processing technical problems:

Name: _____ **Title:** _____ **Phone #:** () _____

District contact person **to receive** COTOP reports and take student/debtor referral phone calls:

Name: _____ **Title:** _____

Phone #: () _____ **Fax #:** () _____ **Email Address:** _____

District contact person's supervisor for Chancellor's Office COTOP staff **to contact when contact person is unavailable:**

Name: _____ **Title:** _____

Phone #: () _____ **Fax #:** () _____ **Email Address:** _____

District/College: _____

Address: _____

Note: Please return this form by US mail to:

COTOP Program
California Community Colleges, Chancellor's Office
1102 Q Street Suite 4554, Sacramento, CA 95811
tgardner@cccco.edu