



TO: Chief Business Officers
Chief Student Services Officers

FROM: Marty J. Alvarado
Executive Vice Chancellor, Educational Services & Support

RE: Participation in the 2021 Chancellor's Office Tax Offset Program

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 2021. 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. The debt of more than 36,000 prior students has 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:

The Chancellor's Office will be sending the 2021 COTOP Agreement via Adobe Sign. To participate in the 2021 COTOP program, please submit the two items below as soon as possible, via Adobe Sign.

If for any reason you need to instead email the documents, please inform the contact person listed below, prior to transmittal:

COTOP data will be entered directly into the database by district staff. It is recommended that colleges upload their data by the initial November 20, 2020 deadline. After this date the system will be unavailable until Jan. 2, 2021 when it reopens for data uploads.

Contact: If you have any questions or concerns, please contact:

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