**Section 320.50 Collection through Use of the Comptroller's Offset Procedure**

a) *State agencies may use the Comptroller's Offset System provided in Section 10.05 of the State Comptroller Act* (Ill. Rev. Stat. 1985, ch. 15, par. 210.05) *for the collection of debts owed to the agency. All debts that exceed $1,000 and are more than 1 year past due shall be placed in the Comptroller's Offset System, unless the State agency shall have entered into a deferred payment plan or demonstrates to the Comptroller's satisfaction that referral for offset is not cost effective* (Ill. Rev. Stat. 1986 Supp., ch. 15, par. 155 (c)).

b) The cost effectiveness test will be met where the total collection cost expended or anticipated will exceed the amount of the claim that would reasonably be expected to be realized as a result of those collection costs. The determination of "collection costs expended" shall include the direct costs for processing the Agency's offset claims. For the purposes of this Section, direct costs shall include, at a minimum the following: personnel and related fringe benefits, office space, equipment, supplies, and any other expenses determined by the agency to be directly associated with the processing offsets by the Agency. The estimation of future collections shall be based upon the historical collection efficiency of the Comptroller's Offset System for the particular type of receivable. The following examples set forth circumstances where referral for offset would not be cost effective:

1) Excessive age of the debt (e.g., initial investigation discloses that the debtor has changed addresses or names, or will be impossible to locate);

2) Ongoing negotiations with the debtor indicate that voluntary collection efforts will be successful;

3) A debtor company has ceased operations for a long period of time;

4) A debtor business has reorganized (e.g., from a sole proprietor to a partnership or corporation);

5) A debt has been placed with a private collection firm, and based on the collection firm's past history, it is likely that they will collect the debt;

6) The age or health of the debtor is such that is unlikely they will be receiving any payments from the State;

7) Foreign Student debtors who have left or will soon be leaving the country; and

8) Individuals and corporations in bankruptcy.

c) Requests for offsets must comply with the rules established under 74 Ill. Adm. Code 285.

d) *State agencies or the Comptroller may remove claims from the Comptroller's Offset System, where such claims have been inactive for more than one year* (Ill. Rev. Stat. 1986 Supp., ch. 15, par. 155(e)). Such claims shall be removed when the agency or the Comptroller determines that it is cost effective to do so (see subsection (b) of this Section for the standards for determining cost effectiveness) or where required by the doctrine of "due process of law" to do so.

e) A State agency which has submitted a claim to the Comptroller for offset must notify the Comptroller as soon as possible, but in no case later than 30 days, upon the occurrence of any event which affects the existence or current collectibility of the debt, such as payments received other than through a successful offset or the filing of a bankruptcy petition.