



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE CHIEF FINANCIAL OFFICER

July 26, 2010

Dear U.S. Department of Education Grantee:

The purpose of this letter is to inform you of a pending change in the way your organization receives grant payments from the U.S. Department of Education (Department) that may affect some of your financial management operations. The U.S. Department of the Treasury's (Treasury) Financial Management Service has disbursement authority for grant payments made by virtually all Federal agencies. Recently, Treasury took over the disbursement authority for all grant payments made by the Department, and on October 1, 2010, will start disbursing grant funds for all of the Department's grant programs.

As a result, the grant payments your organization receives from the Department will be subject to the Treasury Offset Program (TOP) effective **October 1, 2010**, in accordance with the Debt Collection Improvement Act of 1996. Information about the TOP is available at the following Internet address:

<http://www.fms.treas.gov/debt/top.html>

We are notifying you in advance of the pending change in order to provide sufficient time for your organization to assess the implications of the offset program on its financial management operations.

Federal payments are subject to offsets under the TOP unless exempted by Federal statute or other authority. In accordance with 31 U.S.C. § 3716(c)(1)(C), payments certified by the Department under a program administered by the Secretary of Education under Title IV of the Higher Education Act (HEA) of 1965 are exempt from offset under this offset authority. A listing of these exempt HEA Title IV programs is enclosed. This list of exempt programs under TOP may be revised in the future. Please note that the exemption of Title IV funds under TOP does not preclude the offset of the Title IV funds pursuant to other available legal authority.

Under TOP, all other grant payments from the Department will be matched by Treasury using your Taxpayer Identification Number (TIN) against a database of delinquent debts owed to various Federal agencies, as well as certain types of debts identified by State agencies, in accordance with 31 C.F.R. § 285.6. If a match occurs and a delinquent debt is identified, your payments will be offset by the full amount or a portion of the debt owed as determined by Treasury. When all or part of a payment is affected by offset of a Federal debt, your organization, in order to meet all of your responsibilities and obligations under the grant, will remain responsible for paying for and conducting all activities required by the grant, and must replace Federal funds that were offset by Treasury with additional resources made available from non-Federal sources. To ensure appropriate accountability in these situations, it is important that you keep complete and accurate records to demonstrate that all activities required by the grant were carried out properly and that appropriate non-Federal sources of funding were used in accordance with all applicable requirements (including prohibitions against supplanting where applicable) to replace the Federal funds that were offset. To avoid potential offsets, we strongly recommend that you ensure that your organization does not have delinquent debts owed to any

Federal agency or State agencies as described above. Further, we recommend that the information contained in this letter and enclosure be communicated throughout your organization to ensure that debts are paid promptly and that no new applicable debts become delinquent.

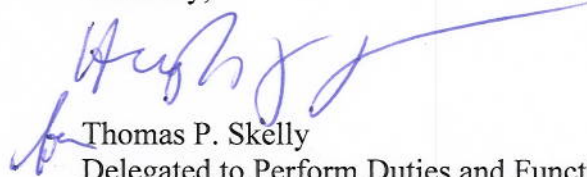
Depending on the current arrangements between the Department and your organization, payments are made either by Automated Clearinghouse (ACH) (*funds transferred by direct deposit*) or by Fedwire (*wire funds transfer*). If electronic payments are processed utilizing the ACH financial network and your organization's TIN is matched with a delinquent debtor record, Treasury will offset your payment in whole or in part as needed to recover the delinquent debt. If payments are processed by Fedwire and your organization's TIN is matched with a delinquent debtor record, the payment will not be processed. Instead, the organization must change its payment method to ACH and resubmit the payment request for processing as an ACH transaction. If an account will not accept ACH transactions, the Department will contact the payee to obtain account information for processing the ACH payment.

If your organization's payment is offset, Treasury will handle the disbursement of payments and will notify the individual identified as the point of contact for the TIN that an offset has occurred. The Department's Grant Management System (G5) will indicate that the entire payment was requested and received by the payee. In the event of an offset, payees remain responsible for paying for and providing all approved activities in the grant in accordance with all applicable requirements, and must keep the appropriate documentation as noted above. In addition, to help ensure that your organization is paying for and conducting all activities required by the grant and replacing the affected Federal funds with funds made available from non-Federal sources and meeting all responsibilities and obligations under the grant, the Department may decide to make payments under the grant on a reimbursement basis.

If your payment(s) has been offset and you have questions regarding the offset, please contact the Treasury Offset Program Call Center at (800) 304-3107 for immediate assistance. For general assistance, you may also contact the G5 Hotline at (888) 336-8930. If you have additional questions, please contact Cindy Dixon of my office at (202) 245-6677 or the Department's project officer for the affected grant.

We know that you acknowledge your responsibility to ensure that debts are paid and that programs are administered properly. Thank you for your cooperation and your assistance in ensuring that debts are paid expeditiously so that offsets are not required.

Sincerely,



Thomas P. Skelly
Delegated to Perform Duties and Functions
of the Chief Financial Officer

Enclosure

TREASURY OFFSET PROGRAM (TOP)
Payments Exempt from Offsets under TOP by Disbursing Officials
U. S. Department of Education

Title IV of the Higher Education Act of 1965, as amended (HEA) Program Names

CFDA	Program Name
84.375	Academic Competitiveness Grants (ACG)
84.376S	National Science and Mathematics Access to Retain Talent (Smart) Grants
84.032	Federal Family Education Loan (FFEL) Program
84.063	Federal Pell Grant Program
84.037	Federal Perkins Loan Program
84.038	Federal Perkins Loan Program
84.007	Federal Supplemental Educational Opportunity Grant (FESOG) Program
84.033	Federal Work-Study (FWS) Program
84.069	Leveraging Educational Assistance Partnership (LEAP) Program
84.069B	Special Leveraging Educational Assistance Partnership (SLEAP) Program
84.379	Teacher Education Assistance for College and Higher Education (TEACH) Grants
84.268	William D. Ford Direct Loan Program
84.066A	Educational Opportunity Centers (EOC)
84.334A	Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)
84.334S	Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)
84.185A	Robert C. Byrd Honors Scholarship Program
84.217A	Ronald E. McNair Postbaccalaureate Achievement Program
84.042	Student Support Services (SSS) Program
84.044	Talent Search Program
84.103	Training Program for Federal TRIO Programs
84.047	Upward Bound
84.047M	Upward Bound Math-Science
84.047V	Veteran's Upward Bound
84.149A	Migrant Education-College Assistance Migrant Program
84.141A	Migrant Education-High School Equivalency Program
84.335	Child Care Access Means Parents in Schools Program