SCOMM

122:12

LEGISLATIVE TELECONFERENCE NETWORK

SIGN-IN SHEET

90987

SPONSOR: (JT) Commission on Privatization

SUBJECT: Full Committee

START/END TIME: 9am **DATE:** 11-4

PLEASE PRINT

	Name/Representing	Address	Zip	Phone No.	Testify	Observe	Bill No.
1.	Valerie Battaglia						
2.	JERRY BROOKMAN	715 MUIR AVE., KENAI	99611	283-9329			
3.	DWIGHT PERKINS			465-2700			
4.	Bob Gilfillan	2605 Denali St #203, Anchorage	99503	277-2021			
5.	Virgil Morton	P O Box 141796 Anc	99514	776 5481	L		
6.	Keith Brockie	P.O. 141 Girdwood AK	99587	229-5663	-		
7.	GREG MAGEE	4100 SPENARD RD. ANCHORAGE	99517	266-1115			
8.	GARLAND WARREN	2510 ARCTIC Blvd. Anch. Ak. 9	99503	276-7211			
9.							
10.							
11.							
12.							
13.							
14.							
15.							

Nov 4, 99 Commission Mtg.

1. MINUTES - DELAYED
2. DISCUSSION ON PROCESS
   * Permit need to finalize recc after all septs are due -

3 Talon Dept. - MAKE COVER SHT w/ MEMBERS
   Mech. Insp. --
   Bill Allen - Bobby Smith
   Recruiting short
   ∴ allow Permit Inspector 6
   ALSO do inspections
   owner, ins co. & state = 3 inspections

* call Bill to make recommendation

* FINAL Each dept should have an O.H. multiplier calculated in the bdgt process so that comparisons can be made w/ private sector activities of some type

* one Get avg. pay per dept.
   How many people @ each pay range

* ? Get Talon O.H. multiplier.

D.E.C. – Norton

Lmid – Dept. response due by 11/9/99

Prelims are in plt.

#9 re: Audit oversight by Pers. Com.

(FRANK) Make separation of "practices" and "management advice"

? # Have Many PIO's are there in all depts.

Valerko – Did you look @ total budget?

and Fleet goes out to Purch Sec.

→ (ask Dept)

Cost comparison of sanitary wraps in unfolds because we don't have all costs in state rates.

"3 people in PIO"

(FRANK) Mgmt Audit for each dept.

Thom – What specifically do you want to find in the audit –

Norton – 5833

Allen – Pls. prioritize recs –

Correction

Sharon Anderson

"no mechanism to evaluate participation in existing performance"

Q- Get avg. daily cost per inmate
# of incarcerated days & # of DUI's

* See #9 - Refer to another committee

Ask Dyson for examples for Rec 11

Finish - Why not all men in one dorm.

Rec #3 - Volish - $ per inmate for education

What program should be funded to finish each
Mark is already contacted at

Total Educ Budget = $ -
Inside = $ -
In Home = $ -

Ward Re-offense rate is key measure

Volunteer - what program should be prioritized?

S.A - GED

COMMISSION ON PRIVATIZATION and Delivery of Government Services

AGENDA
Full Commission Meeting
November 4, 1999
9:00 AM

1) CALL TO ORDER (Time / Date)

2) ROLL CALL OF REMOTE SITES
   a) Juneau _____
   b) Fairbanks _____
   c) Mat-Su _____
   d) Kenai _____
   e) Other _____

3) ROLL CALL OF COMMISSION MEMBERS (staff)

4) APPROVAL OF PREVIOUS MINUTES

5) OLD BUSINESS
   a) Revenue Subcommittee Recommendations

6) NEW BUSINESS
   REPORT BY SUBCOMMITTEES
   a) Labor – Valerie Bafone (Packet is not available as of 11-2-99. It will be distributed at meeting)
   b) DEC- Virgil Norton
   c) Corrections – Sharon Anderson

7) COMMISSIONER COMMENTS
   Senator Ward
   Representative Cowdery
   Senator Adams
   Representative Brice
   Commissioner Allen
   Commissioner Fink
   Commissioner Harper
   Commissioner Notti
   Commissioner Thomas
   Commissioner Valesko
   Commissioner Wuerch

8) NEXT MEETING SCHEDULE
9) November 10, November 18, November 24, November 30, December 13

10) PUBLIC COMMENTS

716 W. 4th Ave. Anchorage, AK 99501
Senator Jerry Ward: 907-269-0107 Fax 907-269-0109
Representative John Cowdery: 907-269-0222 Fax 907-269-0223

COMMISSION ON PRIVATIZATION and Delivery of Government Services

Co-Chairs:
Representative John Cowdery
Senator Jerry Ward

Senator Al Adams
Bill Allen
Representative Tom Brice
Tom Fink
Michael Harper
Emil Notti
Kathryn Thomas
Don Valesko
George Wuerch

SUMMARY OF RECOMMENDATIONS

Revenue 1:

***Recommendation*: Thorough review and analysis by an independent efficiency expert with regard to CSED.** The review should include compliance with State and federal requirements. Additionally, a cost/benefit analysis should be performed.

Revenue 2:

***Recommendation*: Focus on privatizing collections on a contingency fee basis.**

Revenue 3:

***Recommendation*: Increase level of cooperation between CSED and private agencies.**

-Review sections:
- -Investigations
- -Locate
- -Paternity
- -Case Maintenance Team under Establishment section for privatization.
- -Cash Control
- -Client Services

Revenue 4:

***Recommendation:* Adapt business process design for New Hire Reporting Section and Accounting Section.**

Revenue 5:

***Recommendation*: Competitively bid services that are currently provided by other government agencies** (include current provider as a bidder)

Revenue 6:

***Recommendation:* Following suggestions could improve the efficiency within the organization:**

-Reduce caseload, inform parents of the option to withdraw from CSED services and get paid directly.

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Senator Jerry Ward: 907-269-0106 Fax 907-269-0109
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http://www.privatizealaska.org

-Establish non-custodial parent team to monitor cases and when obligor becomes delinquent for more than two months contact him/her and see what services can be provided.

-Establish customer oriented user/friendly attitude with employees, non-custodial parent team would remove anger/animosity toward agency.

-Review functions for consolidation.

Revenue 7:

Recommendation: **Modify state law to shift enforcement duties for the state's tobacco/ gaming laws to the Alcoholic Beverage Control Board.** Intent is to transfer budget and manpower to the Alcoholic Beverage Control board.

Alternative Recommendation: Recommend, in the alternative, that the legislature modify Title 4, allowing the ABC Board to enforce tobacco/ gaming laws under contract to the responsible state agencies.

Revenue 8:

The Income and Excise Audit Division/ Oil and Gas Audit Division already have planned to merge into single unit; the Subcommittee agrees and encourages this consolidation. ***Recommendation:*** **Subcommittee noted that the Division already engages in limited outsourcing of services and encourages the Division to continue seeking opportunities for outsourcing where it is economically efficient to do so.**

Revenue 9:

Recommendation: **Regarding the Alaska Housing Finance Corporation, the subcommittee voted unanimously to recommend a thorough review and analysis by an independent efficiency expert.**

Full Commission Schedule & Department Reviews

DATE	Dept Review	Dept Review	Dept Review	Dept Review	Dept Review
October 28	Revenue				
November 4	Corrections	Labor	DEC		
November 10	Legislature	Admin	Courts		
November 18	CED	DOT	Rev:AHFC	Law	
November 24	Education	HESS	Public Safety	Fish & Game	University
November 30	Governor	DMVA			
December ?					
December 13					

- ✓ Administration
- ✓ CED
- ✓ Corrections
- ✓ Courts
- ✓ Education
- ✓ Environmental Conservation
- ✓ Fish & Game
- ✓ Governor
- ✓ Hess
- ✓ Law
- ✓ Labor
- ✓ Legislature
- ✓ Military & Veteran Affairs

Natural Resources

- ✓ Public Safety
- ✓ Revenue
- ✓ Transportation
- ✓ University

Response to Recommendations of the Commission on Privatization and Delivery of Government Services Department of Revenue Subcommittee

The Department of Revenue either concurs with or is neutral toward the subcommittee's recommendations. With regard to some specific suggestions, most notably in child support enforcement, we offer detailed comments that either reflect changed circumstances since the report was issued or clarify the department's position.

We are gratified that the subcommittee recognizes the department's ongoing efforts to make our operations more efficient, whether contracting out where appropriate, consolidating functions or redesigning business processes. We believe that we have made and will continue to make significant progress in better serving Alaskans

- ***Treasury Division, Permanent Fund Dividend Division, Alaska Municipal Bond Bank Authority, Alaska Permanent Fund Corporation, Alaska Mental Health Trust Authority and the Alaska State Pension Investment Board***

The subcommittee made no recommendations for changes to these units.

- ***Income and Excise and Oil and Gas Audit divisions***

The two divisions are consolidating operations, with a scheduled merger date of April 1, 2000. The Oil and Gas Audit Division already contracts out a portion of its work, and we will continue to look for areas where additional outsourcing could result in improved operational efficiencies.

- ***Alaska Housing Finance Corporation***

The subcommittee has not completed its review of AHFC and we will reserve our comments until that report is submitted.

- ***Child Support Enforcement***

Recommendation 1. **Identify cases in arrears for privatization (includes collections and accounting).**

We plan to have a Request for Proposals ready within a month, asking private contractors to assist on some collections of child support debt owed to the state. We will ask for proposals on cases where we have failed to collect anything recently and where all of the debt is owed to the state as reimbursement for public assistant benefits paid to the custodial parent. Anything a private contractor can collect would be more than we have been able to get from the parent. A successful

privatization of this function on older cases could benefit the state and the contractor, which would be paid a commission on all collections.

The Request for Proposals will not include collections on debts owed to custodial parents because we may not – by law – accept reduced collections on private cases without permission of the custodial parent. We believe the contractor would perform best if limited to cases of state debt, which can be settled at less than full value by the child support agency. The other consideration is that custodial parents may turn to private collection agencies at any time to work on their case, and may negotiate their own terms with the company of their choice without jeopardizing other efforts on their behalf by the child support agency.

The Child Support Enforcement Division distributed a Request for Proposals for collections of arrears on public assistance cases earlier this year, but no one responded to the notice. We have since consulted with private collection agencies to determine why they did not respond and are incorporating their recommendations into a revised RFP. We want to make whatever accommodations we can to interest contractors in offering proposals.

Recommendation 2: **Review the following sections for privatization: Investigations, Locate, Paternity, Case Maintenance Team, Cash Control and Client Services.**

After the subcommittee completed its report, we learned that Internal Revenue Service rules do not allow us to give private contractors access to most federal income tax information contained in child support files. This information is disbursed throughout most of our case files because it is essential to determining a non-custodial parent's child support obligation and, in some cases, even locating that parent. Because of its wide use in our case files, it would be extremely time consuming if not impossible to remove IRS data from every file sent to private contractors. This is a nationwide problem that will have to be addressed by the federal Office of Child Support Enforcement and the IRS, since many contractors provide child support services throughout the country. We will continue to monitor it closely until the issue is resolved on the federal level.

Meanwhile, we are encouraged by the subcommittee's statement that more investigation is needed before a decision can be made to privatize certain child support functions. We believe there are many issues that need to be examined before an informed decision can be made. In addition to the IRS confidentiality issue, other questions include: How much would private services cost? Would privatization decrease or increase the cost of services? Would the service be more effective if privatized? The child support agency has many investigation tools not available to private agencies, and would these functions be diminished by transferring them to a private contractor? Are child support activities so entwined with each other that they cannot easily be separated without a reduction in services or, at the very least, a disruption in services? How would the public react to private contractors handling personal data?

Recommendations 3 and 4**: Review the New-Hire Reporting Section and Accounting Section for business-process redesign.**

We developed a plan to redesign the workflow of the Accounting Section in conjunction with last year's Customer Service Enhancement Project. Though we have implemented minor changes in

the Accounting Section, we are reluctant to put the entire redesign into force while we are working to clear our caseload backlog. We do not want to disrupt the momentum in handling the backlog, and certainly any major reorganization would cause downtime and an initial loss in productivity. Meanwhile, we are proceeding at a steady pace in clearing the backlog in the Accounting Section as we continue to apply all of our available resources to clearing up the problem.

New-Hire Reporting came to the child support agency last year, after the Legislature adopted the federal requirement for locating parents through their employer. The initial workload of data from employers was substantial but we have adjusted to the new assignment and will continue to monitor performance and make changes as necessary. We would be happy to discuss with the subcommittee any ideas members may have to improve the operations of this section.

Recommendation 5: **Competitively bid services currently provided by other government agencies (include current provider as a bidder).**

Most of the services we receive from other departments can be provided only by that agency. For example, we pay the departments of Commerce, Health and Social Services, Education and Labor to interface with their databases. We also pay the Department of Administration for use of the state mainframe and other centralized support services such as the state email system.

Alaska Statute 25.27.050 requires the child support division to contract with the Department of Law for legal assistance. In addition to the statutory provision, the business reason for continued contracting with the Department of Law is that they have experienced attorneys who know and understand child support. We, and the Department of Law, have invested heavily in training the legal staff in the intricacies and specific provisions of state and federal child support law. Periodic changes of law firms would require additional training and thus more cost.

Suggestions regarding improving efficiency within the organization. We will continue to work on developing a more customer friendly agency. We will also continue to review all functions for consolidation and increased efficiency.

Suggestion regarding increasing our level of cooperation with private agencies. We assigned a staff person to coordinate with the private Alaska contractor that collects child support after this issue was discussed at a subcommittee meeting. We have increased our communication with the contractor and will continue to work on this issue to assist the contractor and those parents who use the contractor's services.

- ***Alcoholic Beverage Control Board***

  The department does not exercise operational control over this semi-autonomous state agency. The following is the response of the board's executive director:

The recommendation to merge tobacco and gaming enforcement with alcohol enforcement conducted by the Alcoholic Beverage Control Board deserves closer scrutiny and consideration. The concept was presented to the ABC Board at its October 6-7, 1999 meeting and several

concerns were raised. The board understands the parallels and efficiencies that exist regarding a single agency to enforce alcohol, tobacco and gaming statutes, but it has the following concerns:

- Any merger involving tobacco enforcement must be done with close involvement of the Department Health and Social Services to ensure that public health initiatives and tobacco use abatement programs are not compromised.
- The merging of tobacco and gaming into alcoholic beverage enforcement would require extensive amendment and restructuring of Title 4, probably including reconfiguration of the ABC Board.
- The politics and money involved in gaming and tobacco combined with the political and public interest concerns attributable to regulation of beverage alcohol would create a difficult enforcement challenge for the staff and any policy making board that may be involved in overseeing these separate activities. If the goal of the merger is to save money, it is uncertain that the regulatory and enforcement effort would be funded adequately on a sustained basis. Gaming and alcohol enforcement are already severely underfunded compared to the support these programs receive in other states.
- If federal funding for tobacco enforcement is reduced, will the state be able to replace these reductions with state funds?
- The ABC Board would lose its focus on regulating alcohol, a substance widely abused in Alaska, if it must also shoulder tobacco and gaming regulation and enforcement.

The ABC Board is willing to continue discussions directly and through its director on addressing these concerns. The primary motivation of considering a merger is to gain more resources to adequately enforce alcohol laws. Until it is clear that this goal will be accomplished through some type of enforcement merger, the ABC Board is skeptical about taking on more underfunded programs and responsibilities. The work of the Department of Revenue Subcommittee of the Privatization Committee to raise the question of combining similar functions is beneficial. It raises important issues regarding the state's desire to adequately support enforcement of its laws related to alcohol, tobacco and gaming.

The Department of Revenue has an additional comment on this recommendation.

Though we do not have a position on the ABC Board's duties, we oppose any effort to move charitable gaming enforcement to the board. We understand one rationale for the recommendation might be that pull-tabs are sold on licensed premises and, therefore, ABC inspectors could police gaming violations. This assumes, however, that most problems occur at the point of sale. The reality is that gaming enforcement is mostly a matter of reviewing financial records, ownership and accounting matters between permit holders, operators, vendors and distributors. We do not believe the ABC Board is equipped to undertake this function, which involves heavy accounting expertise – a much different skill than enforcement of alcohol laws. Moreover, the tasks are so dissimilar it is unlikely that combining alcohol and gaming enforcement would result in savings or other efficiencies. We believe that oversight of charitable gaming would be better served if it remains in the department's Tax Division, which is staffed with accountants and auditors.

Memorandum

To: Co-Chairs: Representative John Cowdery
Senator Jerry Ward

From: John Main, Revenue Subcommittee Member

Date: 11/02/99

Re: IRS response to use of IRS Form 1099 by private contractors of Child Support.

Attached is the response by Robert Uhar, Special Agent, Office of Safeguards, IRS as request by myself concerning information he presented at the Administration of Children and Families (ACF) Users Group meeting held on October 18-20, 1999 at Cocoa Beach, Florida. Additionally, at the meeting SA Uhar said that no contractor could have any access to any program or database where IRS Form 1099 may reside. This is to include those contractors doing programming for Child Support Enforcement agencies.

Office of Child Support Enforcement (OCSE), Washington, DC disagrees with the IRS in some of the areas that they claim need to be safeguarded. They are currently discussing these issues with the IRS, Washington, DC. However, OCSE did agree with the IRS in some areas after they were audited and found that they needed to correct safeguarding issues as well. An example of how the IRS is treating the safeguarding of their information was stated by Donna Bonar, Director, OCSE. She stated that they agreed with the IRS that a contracted courier service that transports the IRS 1099 magnetic tape information from one office of OCSE to another was a violation. The courier service was bonded and had to sign the confidentiality statements required by OCSE.

Furthermore, SA Uhar stated that if IRS Form 1099 information is currently available to private contractors of child support enforcement those states that have allowed this to happen would be told that they can't renew the contracts. Additionally, the IRS will advise states that planned to let contracts to private contractors that they cannot do so as long as private contractors may have access to IRS Form 1099 information.

The difficulty SA Robert Uhar's response poses is that IRS Form 1099 information permeates all of the information currently held by CSED within its physical case files and computerized case management database.

FAX Transmittal

Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, D.C. 20224

TO: JOHN MAIN

Fax No: 907 787 3135

Telephone: 907 269 6832

From: Bob Uthan

Office of Safeguards and Tax Checks
CP:EX:GLD:ST

Fax No: (202) 622-4274

Telephone: 202 622 3367

Comments: John, As discussed

Number of pages 3 (Including cover)

This communication is intended for the sole use of the individual to whom it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If he reader of this communication is not the intended recipient or the employee or agent responsible for delivering the communication to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication may be strictly prohibited. If you have received this communication in error, please notify the sender immediately by telephone call, and return the communication at the address above via the United States Postal Service. Thank you.

November 2, 1999

To: John Main – Alaska

From: Bob Uher – IRS
Office of Safeguards

Subject: Child Support Enforcement

John, as we discussed on Monday, November 1, 1999, IRS provides the Federal Office of Child Support Enforcement (OCSE) with FPLS and Form 1099 tax return information. OCSE provides this information to the state child support enforcement agencies (CSEA). Effective 1/1/99, Treasury's Financial Management Services (FMS) provides the tax refund offset (TRO) data to state CSEA. The relevant Internal Revenue Code (IRC) sections are:

- 6103(l)(6) – Disclosure of Return Information to Federal, state and Local Child Support Enforcement Agencies,
- 6103(l)(10) Disclosure of Certain Information to Agencies requesting a Reduction under Section 6402(c) or 6402(d) – (tax refund offsets).

Internal Revenue Code Section 6103(l)(6)(B) states that the *following information* disclosed to any child support enforcement agency with respect to any individual to whom child support obligations are sought to be established or enforced may be disclosed by such agency *to any agent* of such agency which is under contract with such agency to carry out the purposes described in 6103(l)(6)(C):

- The amount of the tax refund offset (TRO),
- The taxpayer's/absent parent's social security number,
- The taxpayer's/absent parent's address,

Internal Revenue Code Section 6103(l)(6)(C) states that the 3 pieces of information noted above can be disclosed only for the purpose of, and to the extent necessary in establishing and collecting child support obligations from and locating individuals owing such obligations.

The 3 pieces of information are the only information that may be disclosed to a contractor to which a state child support enforcement agency has assigned responsibilities with respect to the collection and distribution of child support under a state's Title IV-D program. The contractor may only redisclose such tax information to the same extent, as the child support enforcement agency is itself, authorized to do so.

Therefore, no Form 1099 information can be disclosed to a contractor for any reason.

To the extent that a contractor is operating or accessing the State Case Registries of Child Support Orders, or operating the automated disbursement unit, such contractor would be limited to the 3 items of tax data noted above and any redisclosure would be limited as noted above.

Neither child support enforcement agencies, nor their contractors have authority under IRC Section 6103(l)(7) to disclosure TRO tax information to agencies responsible for administering programs such as TANF, Food Stamps, SSI, etc.

As for storage of federal tax information, the specific situations must be carefully reviewed. Normally, when the physical control of storage is maintained by the state agency, there is more assurance we have that the necessary safeguards are in place.

Please give me a call if you wish to discuss further.

LEGISLATIVE RESEARCH REPORT

NOVEMBER 4, 1999

REPORT NUMBER 00.015

IRS CONFIDENTIALITY REQUIREMENTS AFFECTING PRIVATIZATION OF CHILD SUPPORT ENFORCEMENT

PREPARED FOR REPRESENTATIVE JOHN COWDERY

BY PATRICIA YOUNG, LEGISLATIVE ANALYST

You wished to know if any U.S. Internal Revenue Service (IRS) rule or regulation on confidentiality precludes the privatization of state child support enforcement efforts. You asked for copies of any such federal provisions.

According to Robert Uhar, Office of Safeguards and Tax Credits with the Internal Revenue Service, nothing in the Internal Revenue Code precludes the possibility of privatization of child support enforcement services.[1] However, federal tax laws limit the IRS information about individuals that state agencies may release: agencies may release only the address, the social security number, and the amount of any tax overpayment that would be applied to past-due support.[2] The tax laws prohibit federal, state, and local child support agencies from disclosing other IRS information, even to private contractors performing child support enforcement services.

Thus, according to Mr. Uhar, states may privatize any enforcement function that can occur without other information supplied by the IRS. Functions such as paternity establishment, locating absent parents, and collections might readily be privatized; determination of assets, on the other hand, would likely prove more difficult.[3] In this regard, however, he notes that the actual source of the information is critical. If the information comes from a source other than the IRS, then it need not be protected. For example, IRS documents contain information on assets such as income from stocks and bonds, other investments, other dividends, interest-bearing accounts,

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[1] Robert Uhar, Office of Safeguards and Tax Credits with the Internal Revenue Service, can be reached at (202) 622-3367.

[2] Confidentiality requirements relating to child support agencies are codified in the Internal Revenue Code at 26 U.S.C. § 6103 (l)(6) and (10), and § 6402 (c). Copies of these sections are attached.

[3] Mr. Uhar suggests that Ms. M. Berumen, disclosure officer for the IRS Pacific Northwest region, would be a helpful resource in developing privatization plans for child support enforcement services. Ms. Berumen may be reached at (206) 220-5678.

and lottery winnings. The IRS releases such documents only to the federal, state, and local child support agencies, and those agencies may not disclose such information. Child support agencies may, however, disclose any asset information they have independently verified.

Donna Bonar, Director of Program Operations with the federal Office of Child Support Enforcement (OCSE), notes that OCSE and the IRS disagree on the meaning of "local child support agency." The IRS considers "local child support agencies" to refer only to governmental agencies, and not to contractors. According to the OSCE, contractors who are subject to the same regulations and restrictions as state agencies may be considered "local child support agencies" and may, therefore, have access to IRS information. Ms. Bonar notes that the issue is currently in dispute, and the Department of Health and Human Services' general counsel has recently sent a brief to the IRS general counsel arguing, in effect, that the IRS is not in a position to define the child support laws.[4]

Despite that significant disagreement between the agencies, Ms. Bonar concurs with Mr. Uhar in regard to what information is protected from disclosure. They likewise concur in regard to enforcement functions that states might readily privatize.[5]

I hope you find this information useful. Please let us know if you have questions or need further information.

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[4] We requested a copy of the brief and will forward it to you when it is available.

[5] Donna Bonar, Director of Program Operations with the federal Office of Child Support Enforcement, may be reached at (202) 401-9271. Although we refer to certain functions being "readily privatized," we acknowledge that in actuality, a state child support enforcement agency might have considerable difficulty segregating confidential IRS information into files that are inaccessible to contractors.

Title 26 U.S.C. § 6103 (l)(6) Disclosure of return information to Federal, State, and local child support enforcement agencies

(A) Return information from Internal Revenue Service
The Secretary may, upon written request, disclose to the appropriate Federal, State, or local child support enforcement agency -

(i) available return information from the master files of the Internal Revenue Service relating to the social security account number (or numbers, if the individual involved has more than one such number), address, filing status, amounts and nature of income, and the number of dependents reported on any return filed by, or with respect to, any individual with respect to whom child support obligations are sought to be established or enforced pursuant to the provisions of part D of title IV of the Social Security Act and with respect to any individual to whom such support obligations are owing, and

(ii) available return information reflected on any return filed by, or with respect to, any individual described in clause (i) relating to the amount of such individual's gross income (as defined in section 61) or consisting of the names and addresses of payors of such income and the names of any dependents reported on such return, but only if such return information is not reasonably available from any other source.

(B) Disclosure to certain agents
The following information disclosed to any child support enforcement agency under subparagraph (A) with respect to any individual with respect to whom child support obligations are sought to be established or enforced may be disclosed by such agency to any agent of such agency which is under contract with such agency to carry out the purposes described in subparagraph (C):

(i) The address and social security account number (or numbers) of such individual.

(ii) The amount of any reduction under section 6402(c) (relating to offset of past-due support against overpayments) in any overpayment otherwise payable to such individual.

(C) Restriction on disclosure
Information may be disclosed under this paragraph only for purposes of, and to the extent necessary in, establishing and collecting child support obligations from, and locating, individuals owing such obligations.

Title 26 U.S.C. § 6103 (l)(10) Disclosure of certain information to agencies requesting a reduction under section 6402(c) or 6402(d)

(A) Return information from Internal Revenue Service
The Secretary may, upon receiving a written request, disclose to officers and employees of any agency seeking a reduction under subsection (c) or (d) of section 6402 and to officers and employees of the Department of the Treasury in connection with such reduction -

(i) taxpayer identity information with respect to the taxpayer against whom such a reduction was made or not made

and with respect to any other person filing a joint return with such taxpayer,
(ii) the fact that a reduction has been made or has not been made under such subsection with respect to such taxpayer,
(iii) the amount of such reduction,
(iv) whether such taxpayer filed a joint return, and
(v) the fact that a payment was made (and the amount of the payment) to the spouse of the taxpayer on the basis of a joint return.

(B) Restriction on use of disclosed information
Any officers and employees of an agency receiving return information under subparagraph (A) shall use such information only for the purposes of, and to the extent necessary in, establishing appropriate agency records, locating any person with respect to whom a reduction under subsection (c) or (d) of section 6402 is sought for purposes of collecting the debt with respect to which the reduction is sought, or in the defense of any litigation or administrative procedure ensuing from a reduction made under subsection (c) or (d) of section 6402.

Title 26 U.S.C. § 6402 (c). Offset of past-due support against overpayments

The amount of any overpayment to be refunded to the person making the overpayment shall be reduced by the amount of any past-due support (as defined in section 464(c) of the Social Security Act) owed by that person of which the Secretary has been notified by a State in accordance with section 464 of the Social Security Act. The Secretary shall remit the amount by which the overpayment is so reduced to the State collecting such support and notify the person making the overpayment that so much of the overpayment as was necessary to satisfy his obligation for past-due support has been paid to the State. A reduction under this subsection shall be applied first to satisfy any past-due support which has been assigned to the State under section 402(a)(26) [1] or 471(a)(17) of the Social Security Act, and shall be applied to satisfy any other past-due support after any other reductions allowed by law (but before a credit against future liability for an internal revenue tax) have been made. This subsection shall be applied to an overpayment prior to its being credited to a person's future liability for an internal revenue tax.