



**NASCIO STATE  
IT RECOGNITION  
AWARD NOMINATION**

**AWARD CATEGORY:  
CROSS-BOUNDARY  
COLLABORATION AND  
PARTNERSHIPS**

# **SETOFF SUCCESS: HOW IOWA BOLDLY REFORMED STATE FINANCES**



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## EXECUTIVE SUMMARY



In Iowa, state and local governmental agencies, judiciary systems, and community colleges all rely on the state to intercept and administer debtor liabilities—from late college tuition payments to child support arrears.

The Iowa Department of Administrative Services (DAS) managed this program until 2023. The state legislation mandated the transition of the program to the Iowa Department of Revenue (IDR) in order to capitalize on IDR's debt collections capabilities. Leveraging existing vendor partnerships and configurable technology, IDR implemented the legislative change and produced a customer-friendly, accessible portal, consolidating all eligible state debt and credit through this self-funded program.



Iowans now receive funds faster and have new methods for interacting with government officials. With the proactive, collaborative approach to stakeholder engagement, IDR's implementation serves as a model of how state agencies can refine legacy processes and enact state-wide change.

## IDEA



At a local Iowa casino, a crowd cheers as a blackjack player wins \$5,000. The casino patron is eager to claim his winnings, but one thing keeps him from doing so: he owes \$500 in child support arrears. The casino withholds his \$5,000 and sends it DAS. The winnings are then sent to Iowa Child Support Services (CSS). CSS applies the \$500 arrears to the gambler's child support liability. Finally, the state issues the balance of \$4,500 to the gambler. This process could take weeks, all while the casino patron is aggravated with a local business—and a family is waiting for money they rely on.

Until 2023, situations like this were common. Inflexible legacy technology and manual processes often negatively impacted customer service. As program staff worked through the administration process, the agencies involved experienced frequent hurdles to collaboration.

IDR had the opportunity to apply a modern approach to the program, capable of:

- Automating processes to provide enhanced customer self-service options and increased staff efficiencies
- Enhancing data-driven decision-making through central data and reporting
- Improving cohesion within the state by breaking down the communication barriers between the state and public entities
- Reinforcing confidence in state governance
- Providing critical funds to Iowans

In 2023, IDR was in the middle of a large-scale system modernization that streamlined all tax and revenue services. Recognizing the new system's potential, agency leadership decided to leverage the new flexible software—which already boasted robust financial functions—to enhance setoffs for Iowa's public entities.

Built with security and identity verification best practices, the new portal gives customers convenient service and account access while also fulfilling the IDR Modernization vision: "To deliver elevated interactions through integrated, user-friendly tools, with the flexibility to meet Iowan's changing needs."

The IDR Modernization Team established a plan for the new system to combine debts and credits from hundreds of stakeholders, including state and local government agencies, community colleges, judicial system, casinos, and online sportsbooks as part of the new Setoff Program. They developed the Debt Administration Portal, a 24/7 online self-service in GovConnectIowa, capitalizing on IDR's core system capabilities.

## IMPLEMENTATION

### IDR's Process

IDR dedicated four full-time employees to incorporate the setoff initiative into the third phase of the broader Modernization Program. Because agency staff had already experienced the first two phases, they were familiar with the software vendor's methodology and the system's core functionality.



**An initiative of this scale requires a multitude of parties to work collaboratively toward a shared outcome—building a cohesive coalition of stakeholders, including legislatures, state agencies, community colleges, judicial systems, and credit vendors.** IDR performed organizational change management, communicating with participating entities and providing interactive system demos in the months leading up to rollout. Every stakeholder had a communication forum to voice ideas and concerns. The vendor's iterative methodology and configurable software allowed for the rapid integration of feedback, at times even making same-day changes as prompted by users.

Time was of the essence, as the setoff system configuration had to be completed on the same 12-month timeline as the implementation of

individual income tax implementation in order to create synergies between the two solutions and ensure an efficient administration process. Because of the vendor's flexible, robust platform, IDR was able to successfully complete the initiatives simultaneously. By properly allocating resources, this initiative did not interfere with any operations or service to the customers.

### IDR's Technology

The new system and portal were built on IDR's new core system—an open, n-tier enterprise application based on Microsoft tools and technology flexible enough to make rapid changes. IDR leveraged the system's existing features for accounting and intercepts, creating efficiencies and consistencies for IDR and impacted customers.

IDR is proud of its customer-centric enhancements, which were informed by usability studies, as well as the Americans with Disabilities Act and Web Content Accessibility Guidelines, and include:

- Electronic payment options
- Increased communication channels
- Security and privacy functions
- Accessibility and equity features, such as:
  - Intuitive, user-friendly interfaces
  - Responsive design for all devices
  - Browser-based services
  - Compatibility with assistive devices
  - 24/7 online service with a chatbot driven by machine learning

The 24/7 self-service portal is vital for the state's high percentage of rural communities and for those with limited availability during business hours.

For data security and privacy, agencies and public entities can assign specific functions to staff (e.g., accountants vs. caseworkers). IDR tracks all user activity to ensure that security rules for user access are correctly applied and meet IDR requirements. Everything is geared toward a more transparent, user-friendly experience.

# IMPACT

When IDR launched the Setoff Program in November 2023, the Department did more than just release a portal. The new program completely revamped how the state manages setoffs. The system automates many processes, allowing the agency to accomplish more with fewer resources. IDR hired a Setoff Program Manager and Challenge Process Manager to manage the Program and related processes, cross-training five collections staff as additional support. Both the debtor and the debt agency now receive prompt, accurate, and verifiable payments that are cross-checked by the system rather than manually by agency staff.



“  
It’s energizing for us to see the long-term impact on people we serve.  
— Mary Mosiman, *IDR Director*”

Previously, staff received paper checks, researched where the funds went, processed them manually, and generated individual reports each month. Now, IDR staff work from one database and enjoy process automation for many tasks. And because the system has the same intuitive design and processes as other tax and revenue functions, it’s easy for staff to move between business areas as needed without having to re-learn new interfaces. IDR staff are fielding fewer calls, as customers are increasingly utilizing online channels.

Through the Debt Administration Partner, our partnering agencies and public entities can:

- Place qualifying debt in the system, keeping balances up to date
- Assign specific functions to staff
- Receive on-demand video tutorials for Setoff Program processes
- Upload any documents needed for setoff challenges
- Annually recertify submitted debt

Through the GovConnectIowa Home Portal, debtors can:

- Respond to “Notice of Setoff” letter
- Upload documents needed for setoff challenges
- Update names, addresses, and contact information

Furthermore, IDR’s proactive collaboration with stakeholders generated goodwill and built positive working relationships that will aid IDR for years to come.



## State Institutions

State agencies can now operate with more reliable funds to administer essential government services. They're grateful that IDR acts as the neutral party, creating a more positive, collaborative working environment for all involved.

Each of Iowa's 99 counties has also seen improvements for judicial debt, as the Iowa Judicial Branch can now submit 99 counties' worth of debt on one file, as opposed to 99 individual reports

## Individuals

For impacted Iowans, the new Setoff Program means receiving the funds they're owed to pay their rent and bills on time. The revamped system is part of our mission to show Iowans that their state government works for them, not against them, and can leverage modern technology.



## Partnering Debt Agencies

In the new system, once an application is approved, customers' online access to the Debt Administration Portal and ability to submit qualified debts to the program is approved within seven days.

The portal gives partnering debt agencies the flexibility to submit debt information in three different ways:

- Organizations with a limited number of debts can choose to manually enter their information into an online user access screen.

- Organizations can choose to upload their debt file information via a spreadsheet in the portal.
- Organizations with many debt entries can transfer data via a Secured File Transfer Protocol.



## Overall Operations

By streamlining and automating the process for setoff customers and stakeholders, IDR has:

- Increased self-service options through the Debt Administration Portal
- Reduced expenses related to mail procedures, as more features and communications are available instantly online
- Improved collaboration between IDR and partnering agencies
- Provided a tailored approach to meet variety of partner agency needs



We are always ready to provide excellent customer service, but we know the public expects to also have self-service capabilities.

—Mary Mosiman, *IDR Director*



CUSTOMERS RECEIVE RESPONSES

**71% FASTER**



PAYMENTS TURNED AROUND

**80% FASTER**



**23% INCREASE**

IN CASINO PAYMENT FREQUENCY



**\$20.9 MILLION**

COLLECTED IN THE FIRST SIX MONTHS OF THE PROGRAM



**\$354 THOUSAND**

COLLECTED IN SETOFF PROGRAM FEES FOR THE GENERAL FUND



## WHAT'S NEXT?

**IDR has drastically improved how Iowans interact with their government, but it's only the beginning.** IDR's new technology solution allows for quick deployment of system fixes and enhancements, enabling IDR to continually refine the Setoff Program.

*Expanding customer self-service:* By the end of 2024, IDR will have expanded The Kernel, the self-service chatbot, into the Debt Administration Portal. This programmed chatbot has demonstrated success in the GovConnectIowa Home Portal to help customers navigate the site and commonly asked questions and will be a positive addition for the Setoff Program.

*Responding to customer requests:* IDR maintains a close relationship with our customer base to evaluate feedback and improve our service to them.

*Collaborating with other state agencies:* With the system's robust functionality, IDR is exploring the possibility of expanding the management of non-tax debts and credits through partnership with additional state agencies.

We are proud of the IDR implemented Setoff Program, which established a new paradigm for how state agencies can work together to achieve better outcomes for their communities and the people of Iowa. IDR's success demonstrates how large-scale change can be achieved through proper planning, execution, and robust stakeholder management based on a comprehensive stakeholder analysis.

