



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

October 22, 2020

The Honorable Richard E. Neal  
Chairman  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

Dear Representative Neal:

I write in reply to your October 13, 2020 letter regarding offsets from disbursements to the New York City Fire Department (FDNY) for delinquent debts owed by New York City (NYC). Treasury is committed to doing everything we can to identify potential solutions to your concerns and to ensure FDNY is made whole.

By law, the Department of the Treasury and Centers for Medicare and Medicaid Services (CMS) within the U.S. Department of Health and Human Services (HHS) are required to withhold unpaid federal debts from federal payments.<sup>1</sup> Delinquent debts owed by various NYC government entities, such as the NYC Department of Finance, have resulted in offsets to federal payments otherwise payable to FDNY. Although Treasury cannot take unilateral action to exempt payments from offset or to issue refunds,<sup>2</sup> we have engaged with CMS—the federal agency responsible for all offsets applied to FDNY since 2016—to review this matter and explore any accommodations that can be made to assist FDNY.

It is unfair to burden FDNY with the delinquent debts of other NYC government entities. Upon learning that HHS has not been able to identify authority to refund offsets to past payments to FDNY to satisfy valid NYC debts, the Secretary sent the enclosed letter to Mayor de Blasio urging him to reimburse FDNY. We hope Mayor de Blasio will do the right thing and make FDNY whole promptly. But if not, the letter explains that Treasury and HHS will facilitate offsets against future federal payments owed to NYC—which would permit the release of funds to FDNY as such substitute offsets are made.

To ensure payments to FDNY are not subject to further offsets, Treasury also has provided technical assistance to HHS in the drafting of an exemption request, which Treasury has the authority to grant after one is formally submitted by HHS. Once granted, future payments to FDNY covered by the exemption will not be subject to offset.

If you have further questions, please direct your staff to contact the Office of Legislative Affairs.

Sincerely,

Frederick W. Vaughan  
Principal Deputy Assistant Secretary  
Office of Legislative Affairs

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<sup>1</sup> 31 U.S.C. § 3716(c)(1).

<sup>2</sup> 31 U.S.C. § 3716(c)(3)(B).

cc: The Honorable Frank Pallone Jr.

Enclosure



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

October 8, 2020

The Honorable Bill de Blasio  
Mayor of New York City  
City Hall  
New York, NY 10007

Dear Mayor de Blasio:

I write regarding an important matter affecting the Fire Department of New York (FDNY) that was recently brought to my attention by the New York Congressional delegation. Based on the U.S. Department of the Treasury's review of federal payments since 2004, FDNY has shouldered debts of up to \$3.92 million owed by various New York City government departments to the federal government. I agree with the New York Congressional delegation that FDNY should promptly be made whole.

By law, Treasury and Centers for Medicare and Medicaid Services (CMS) within the U.S. Department of Health and Human Services (HHS) are required to withhold unpaid federal debts from federal payments. Delinquent debts owed by various New York City government entities, such as the NYC Department of Finance, have resulted in offsets to federal payments otherwise payable to FDNY. Since 2004, \$3.92 million in federal payments to FDNY were offset to satisfy federal debts owed by NYC. In response to Congressional inquiries, Treasury has carefully reviewed this matter with CMS—the federal agency responsible for all offsets applied to FDNY since 2016. HHS has concluded that it has no authority to refund offsets to past payments to FDNY to satisfy valid NYC debts.

We agree that it is unfair to burden FDNY with the delinquent debts of other NYC government entities. The City government should directly reimburse FDNY. Treasury has provided a detailed accounting of all offsets since 2004, which should assist NYC in making the necessary repayments to FDNY. If you choose not to pursue this solution, however, Treasury and HHS will facilitate offsets against future federal payments owed to NYC, which would permit the release of funds to FDNY as such substitute offsets are made.

Thank you for your attention to this matter, and please do not hesitate to contact me. We stand ready to work with you to ensure that New York's Bravest receive every dollar that they are due.

Sincerely,

Steven T. Mnuchin

cc: The Honorable Peter T. King  
The Honorable Charles E. Schumer  
The Honorable Kirsten Gillibrand  
The Honorable Carolyn B. Maloney  
The Honorable Jerrold Nadler  
The Honorable Max Rose  
The Honorable Thomas R. Suozzi  
The Honorable Lee Zeldin  
The Honorable Kathleen M. Rice  
The Honorable Gregory W. Meeks  
The Honorable Grace Meng  
The Honorable Nydia M. Velázquez  
The Honorable Hakeem S. Jeffries  
The Honorable Yvette D. Clarke  
The Honorable Adriano Espaillat  
The Honorable José E. Serrano  
The Honorable Eliot L. Engel  
The Honorable Nita M. Lowey  
The Honorable Sean Patrick Maloney  
The Honorable Paul D. Tonko  
The Honorable Elise M. Stefanik  
The Honorable Anthony Brindisi  
The Honorable Joseph D. Morelle  
The Honorable Brian Higgins  
The Honorable Chris Jacobs  
The Honorable Antonio Delgado  
The Honorable Alexandria Ocasio-Cortez  
The Honorable John Katko  
The Honorable Tom Reed II  
The Honorable Andrew Cuomo