

Tax Refund Exchange and Compliance System(TRECS) Program

Public school corporations in Indiana are considered "local units of government" and can use the Tax Refund Exchange and Compliance System(TRECS) program to collect various types of outstanding educational debts. TRECS in Indiana refers to a program allowing local governments to intercept state income tax refunds to collect outstanding debts like unpaid fines, fees, or property taxes.

Common School Debts Collected via TRECS

- **Unpaid Lunch Accounts:** Significant negative balances in student meal accounts.
- **Textbook Rental Fees:** Delinquent fees for textbook usage or digital curriculum access.
- **Device Damage:** Costs for repairing or replacing broken school-issued technology like laptops or tablets.
- **Preschool and Latchkey Programs:** Unpaid tuition or fees for before- and after-school care.
- **Miscellaneous Items:** Unreturned library books, school jerseys, or other sports

Key Policies for TRECS 2026

- **Notification Requirements:** Schools must send a written notice to your last known address before submitting the debt to TRECS, giving you an opportunity to pay or set up a plan.

- **Collection Deadlines:** Many schools set a year-end deadline (often **December 31st**) to receive payment before turning the debt over to the clearinghouse for the upcoming tax season.
- **Fees:** Once the debt is processed through TRECS, the debtor is typically responsible for a **\$20 to \$25 transaction fee** plus a **15% processing fee** assessed by the Indiana Department of Revenue.
- **Appeals:** If you believe you do not owe the debt, you have **30 days** from the date of the offset notice to file a written appeal with the school corporation.

Lunch Debt Mitigation: Despite national increases in unpaid meal debt—which reached a median of **\$6,000 per district** by late 2025—TRECS provides a mechanism to recoup these losses without exhausting local administrative resources.

As of 12/31/25, FCS had \$4,070.82 in unpaid meals after all donation monies received this year were applied. Twenty-seven students were left with balances over \$20. Nearly all of these kids owe over \$100 and several well over \$200. Since these are federal dollars, the district is required to pay Food Services the total amount of \$4,070.82. This payment was approved in the consent agenda tonight. These receivables then become the district's responsibility. These unpaid accounts will be submitted to collections as required by policy. Please note that this is the first time in my tenure that we were not able to cover the unpaid meals with donations.