

Austin Financial Center

Fiscal Digest

Fall/Winter 2001

Centralized Salary Offset

The Department of Treasury's Financial Management Service is pleased to announce a new collection tool that became available to Federal creditor agencies in the summer of 2001. Federal agencies will be able to use the Treasury Offset Program (TOP) to collect debts owed by a Federal employee through installment deductions from the employees pay. This program is called **Centralized Salary Offset** and will allow agencies to deduct up to 15 percent of a Federal employee's disposable pay to satisfy a delinquent debt.

Centralized Salary Offset is only for collecting debts owed by Federal employees and should not be confused with wage garnishments. Federal

agencies use wage garnishment to collect debts owed by a non-Federal employee through garnishment of the employee/debtor's private sector pay.

In addition to Salary Offset, other payment types currently being offset include certain Social Security benefit payments, Office of Personnel Management annuity payments, tax refunds, and vendor payments. FMS began implementing the offset process for Social Security Payments in March.

The Salary Offset implementation schedule called for the largest salary paying agencies to be phased into the program over the next year.

The National Finance Center began participating this summer. The remaining salary paying agencies will join the program in this order: U. S. Postal Service, Department of Veterans Affairs, Department of the Interior, and Defense Finance and Accounting Service.

FMS is very excited to add this new payment stream to TOP and encourages the participation of all Federal creditor agencies. If you have any questions about the Salary Offset program or would like to find out how your agency can participate, please call Rose Free in our Headquarters office at (202) 874-7538.

All of us at the Austin Financial Center join with the rest of the nation in extending our deepest sympathies to the family and friends of the victims of the tragic events on September 11.



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EFTPS Goes OnLine

On September 6, 2001, the Internal Revenue Service and Financial Management Service jointly held a news conference to launch the Electronic Federal Tax Payment System (EFTPS[®]) On-Line. Speaking at the news conference were Deputy Treasury Secretary Kenneth W. Dam, IRS Commissioner Charles O. Rossotti, and FMS Commissioner Richard L. Gregg. EFTPS has been an extraordinarily successful program for FMS, the IRS and the taxpayer. Since its introduction in 1996, EFTPS has enrolled more than 3.5 million businesses and individuals, with many more joining every day.

EFTPS-OnLine is a convenient, secure method of paying taxes that is consistent with the way people do business. Until September 6, EFTPS had only been available by phone or by using a PC with special software. Now we have placed it on the Internet. To provide you with additional information on EFTPS-OnLine, a special multimedia presentation has been prepared and placed on our web site – www.eftps.gov.

EFTPS-OnLine truly embodies the potential of E-government, empowering taxpayers in a way that starts to fundamentally change the way they interact with the agencies that serve them. It represents our continued commitment to using technology to serve the needs of the taxpayer, and it is a program in which we should all take great pride.☛



Attention All GOALS IPAC/OPAC users:

This is an update on the planned implementation date for IPAC. In our last update, FMS explained that we had reached an agreement to extend the current contract that supports the current OPAC applications. We also stated that once FMS had determined a new implementation date for IPAC, we would inform our customers. We are pleased to inform you that this extension has allowed the IPAC team to work toward stabilizing the IPAC system and that we are now working toward a December 3, 2001 implementation date for IPAC.

This means that all current OPAC and future IPAC users should be prepared to begin using the IPAC system on December 3. The last day to process a transaction in OPAC will be November 30. OPAC will continue to be available for users to pull reports containing activity from the accounting month of November for the first five workdays of December (through December 7). The first day to process a transaction in IPAC will be Monday, December 3.

With respect to IPAC User access, letters containing User IDs and Passwords will be mailed approximately 3 weeks before implementation. Be assured that each IPAC user submitting an IPAC User Request form prior to September 30 will receive their ID and Password before IPAC is implemented. We expect everyone will be using the new IPAC system beginning December 3. For more information, visit our web site at www.fms.treas.gov/goals.☛

Wage Garnishment Is Latest Debt Collection Tool

Debt Management Services (DMS) is putting into place a new debt collection tool, Administrative Wage Garnishment (AWG), a collection means of last resort that allows Federal agencies to garnish a debtor's wages from his or her employer to satisfy an outstanding debt.

In an attempt to further reduce debt owed the Federal government, the Department of the Treasury recently rolled out AWG as allowed under the Debt Collection Improvement Act of 1996 (DCIA). This collection mechanism enables garnishment of up to 15 percent of a debtor's disposable pay. An agency can use the tool by adhering to statutory requirements and by updating its agency profile to indicate that it permits AWG. DMS is geared up for the increase in collection activity anticipated with the advent of AWG, which allows agencies to garnish wages without getting a court order.

What are the statutory and regulatory requirements? The AWG process is authorized by the DCIA, 31 United States Code (U.S.C.) section 3720D and 31 Code of Federal Regulations (CFR) section 285.11. The rules and procedures governing Administrative Wage Garnishment (final rule) were published in the Federal Register May 6, 1998. In accordance with the final rule, the Financial Management Service established Standard Form 329 (SF 329), which Federal agencies are required to use to issue AWG orders.

Who are the users of AWG? In addition to Federal agencies, the 11 private collection agencies (PCAs) under contract to Treasury to collect debt are users. A PCA must establish that the debtor has been employed for at least 12 months before garnishing the debtor's wages.

What is the employer's obligation? The employer is required to comply with the garnishment order by deducting the required amount from the debtor's disposable pay. Noncompliance by the employer may result in legal action.

Who has management and oversight of AWG? The Administrative Wage Garnishment Branch, Debt Services Division, DMS, FMS manages and has oversight responsibility. The AWG Branch is tasked with ensuring that PCAs correctly and actively use AWG.

What are the responsibilities of Federal agencies? An agency publishes in the Federal Register its intent to use AWG as a collection mechanism. If a debtor requests a hearing in writing, the agency holds a hearing in the interest of due diligence to afford the debtor an opportunity to explain extenuating circumstances or dispute the debt.

For more information, visit our web site at www.fms.treas.gov/debt.

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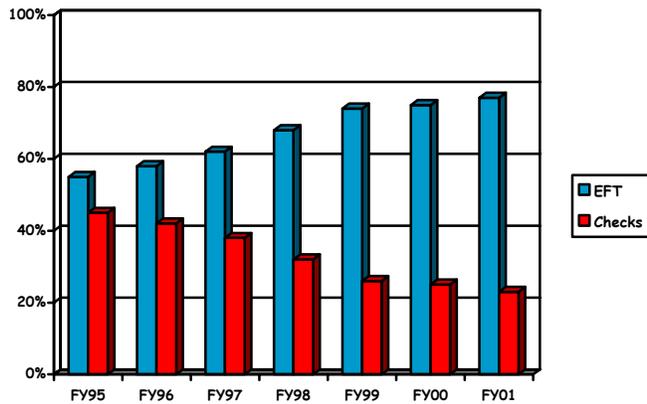
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EFT vs Check Payments 1995-2001



Electronic Funds Transfer (more commonly known as Direct Deposit) is still growing!

Our current percentage of electronic payments show Salary at 98%; SSA at 79%; SSI at 50%; VA at 78%; OPM at 92%; RRB at 78%; and our Vendor payments at 61%. EFT is increasing, but we still have almost 15 million benefit checks issued each month. We are currently including inserts in check payments to advise our check customers of options available to them for

receiving their government payments.

As a result of the recent terrorist attacks, many Americans are concerned about possible disruptions of postal service and of recent health issues associated with mail and are rethinking the way they conduct their personal financial business. Now might be a good time to have your customers reconsider the benefits of Direct Deposit. If you would like to learn more about the ETA and how we can help you in converting your check recipients to Direct Deposit, please call our Customer Assistance Staff at (512) 342-7300.