

# Update on Debt Collection

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# Treasury Report on Receivables (TROR)

How We Get the Information About  
Federal Non-Tax Debt?

# Treasury Report on Receivables

## Background

TROR Collects Data From Federal Agencies on the Status and Condition of the Federal Government's Non-Tax Debt Portfolio, in Accordance with the Requirements of the Debt Collection Act of 1982 and the Debt Collection Improvement Act of 1996. (DCIA)

Information Shared with Congress, OMB, and GAO, for Agency Performance & Monitoring. Disseminated to CFOs and Other Federal & State Officials.

# Treasury Report on Receivables (Cont.)

## Part I – Status of Receivables

Receivables and Collections  
Delinquent Debt by Age

## Part II – Debt Management Tool and Technique Performance Data

Delinquent Debt 180 Days or Less & 180 Days or More  
Debts Eligible for Referral to Treasury for Offset and Cross-Servicing  
Collections  
Debt Disposition

## Part III – Footnotes

# Treasury Report on Receivables (Cont.)

A Management Report and an Accounting Report...

The (FY) Year-End Accounts Receivables Balance for the Agencies' Financial Statements Should Reconcile to the TROR Receivables Balance.

Used for Treasury Assessment of the Extent of the Debt Collection Problem. (e.g. Value & Collectability of Delinquent Debt)

Enables the Comparison of Reported Amounts with Actual DMS Systems' Data.

Facilitates Treasury and Others to Monitor and Report on Agencies' Performance. (e.g. GAO, OMB)

Helps Agencies Manage Their Compliance with the Debt Collection Improvement Act. (DCIA)

# What's the Problem?

Why Do We Do the TROR?

Delinquent Non-Tax Debt Continues  
to Increase:

2002: \$65.0 Billion

2003: \$70.1 Billion

# What's the Problem? (Cont.)

- **Total Delinquent Debt Collections are Over:**

**\$20 Billion!!\***

- \* This Includes Child Support Debts, Federal Tax & Non-Tax Debts, and State Income Tax Debts.

# What's the Problem? (Cont.)

Need to Understand Shared Responsibility Among & within Federal Agencies.

Need for Addressing Prioritization and Resource Issues.

Need for Awareness & Management of System Capability Issues Among DMS & Federal Agencies.

Need for Improvements in Several Agencies with Communicating, Linking, and Insuring the Appropriate Program, Legal, Financial, and Management Roles & Activities.

Need for More Sharing Among Federal Agencies to Learn Best Practices in the Referral and Reporting of Non-Tax Delinquent Debt.

# What's the Answer?

Insuring That 100% of Eligible Delinquent Debt Referred to Cross-Servicing and/or TOP!

Referring Debts Timely and Ensuring the Certification & Verification of Delinquent Debt.

Reporting Accurately & Timely, and Managing the Disposition of Delinquent Debt!

Participating & Learning at Forums and Conferences to Implement Reporting Improvements.

# What's the Answer? (Cont.)

Communicating with Treasury Liaisons to  
Maximize the Use of Government-Wide  
Debt Collection Tools. TROR

Preventing Mechanical Errors, Debt Classification  
Errors, and Other Reporting Errors.

Expediting System Enhancements.

# What's New to TROR?

TROR Revised Workshops: Standard and Agency-Specific.

Revised On-Line Instructional Workbook.

Five-Year Trend Analyses: Government-Wide and by Agency.

Receivables

Collections

Write-offs

Delinquencies

Delinquencies > 180 days

Quarterly Reporting by All Agencies.

# What's New to DMS Websites?

TROR Comment Form on TROR Application Site:

<https://fmsapps.treas.gov/apps/dmis/suggestion.asp>

Information Updated Monthly (Text Box): Status of Current Initiatives, Q&As', Upcoming Events, etc.

<http://www.fms.treas.gov/debt/dmrpts.html>

On-Line Workshops Registration:

<http://www.fms.treas.gov/debt/training.html>

# Agency Liaison and Reporting Division Contacts

## Points of Contact

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# Cross-Servicing

## GOALS:

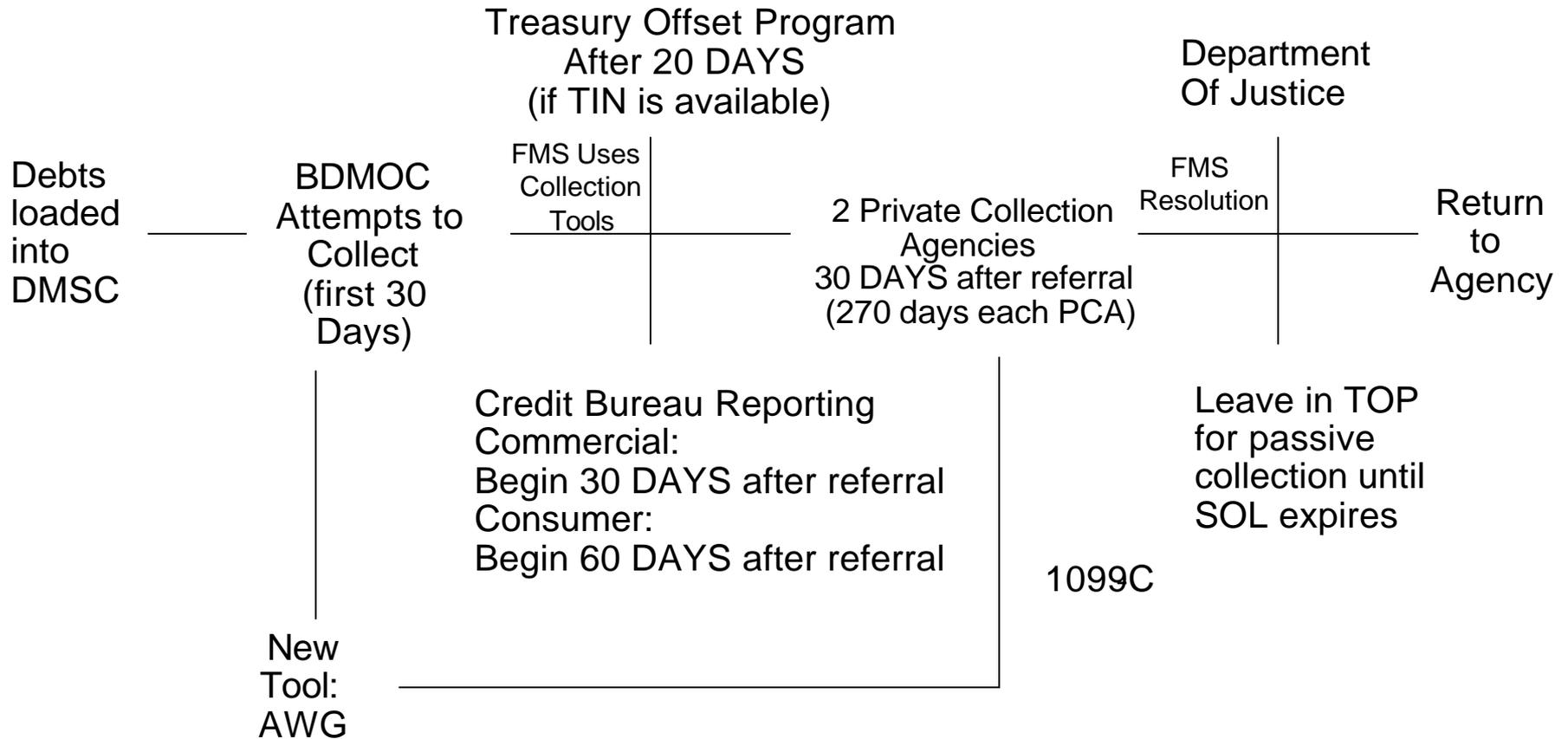
Collect Debt

Resolve Debt

Remove Debt from the Government's Receivables

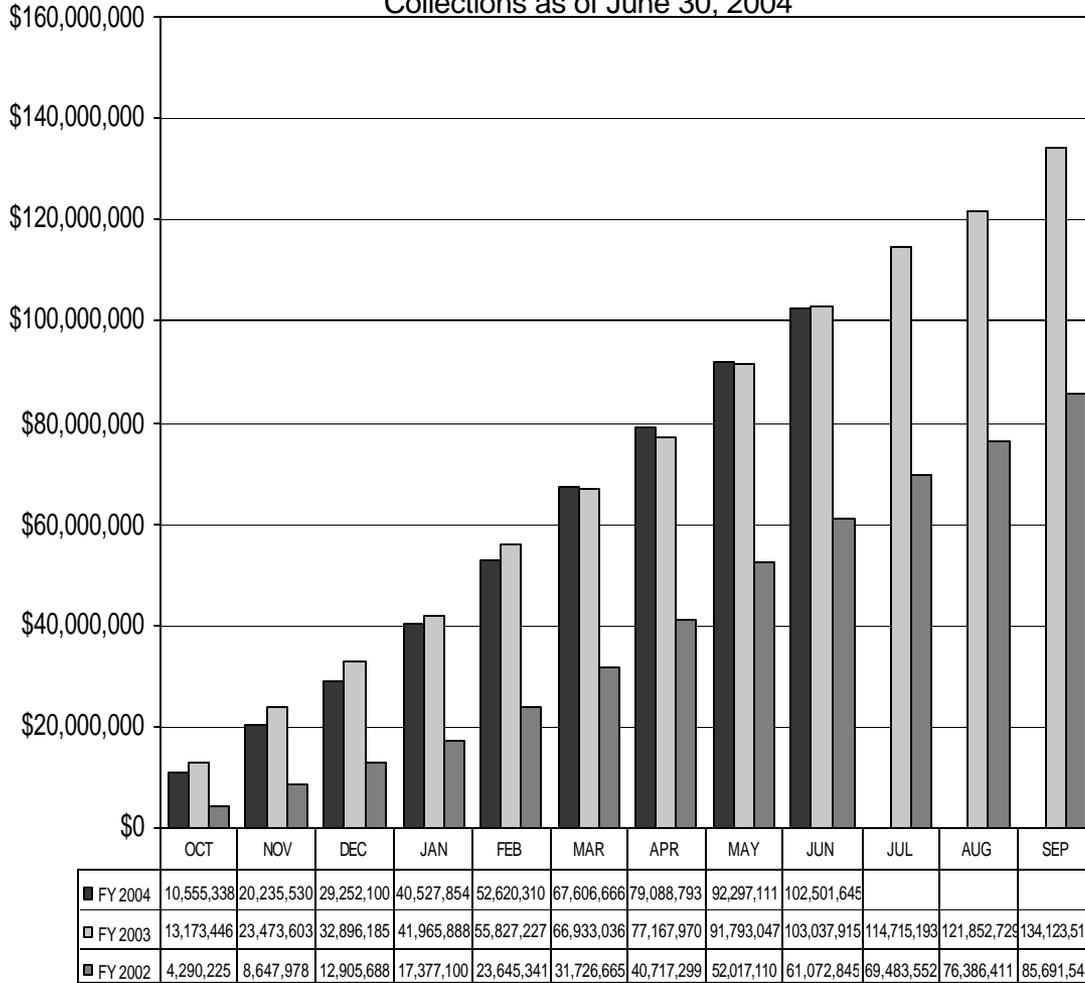
Centralize Government Debt Collection

# Collection Process Overview



# CROSS-SERVICING COLLECTIONS

Cross-Servicing Comparison FY 2002 Through FY 2004  
Collections as of June 30, 2004



Through June of FY 2004, Cross-Servicing Collections have averaged nearly \$11.4 million per month, almost the same as the monthly average collected during the same period in FY 2003.

## COLLECTIONS SINCE INCEPTION

\$ 238.5 MILLION FOR PCAs  
\$ 132.1 MILLION FOR DMSC  
\$ 84.1 MILLION FOR TOP  
\$ 454.7 MILLION TOTAL

## ACTIVE PAYMENT AGREEMENTS

DMSC	4,679	\$31,765,722
PMAC	3,541	\$34,735,921
<b>TOTAL</b>	<b>8,220</b>	<b>\$66,501,643</b>

# Manual Debt Referrals

Number of Manual Referrals

Going Away!

# Administrative Wage Garnishment (AWG)

The Process, was Authorized by the Debt Collection Improvement Act of 1996. The Debtor's Wages are Garnished Without the Requirement of a Court Order in Order to Collect a Federal Non-Tax Delinquent Debt.

Agencies Need to Publish Regulations and Establish Hearing Procedures to Participate.

Agency May Choose to Adopt Treasury Regulations.

Legislation is Pending to Allow FMS Access to the National Directory of New Hires.

# AWG – Collections

10 Agencies Currently Authorize AWG

Railroad Retirement Board

Securities and Exchange Commission

Housing & Urban Development

James Madison Foundation

Nuclear Regulatory Commission

Department of Education

Department of Defense

    Defense Financing & Accounting Service (DFAS)

    Army & Air Force Exchange Service (AAFES)

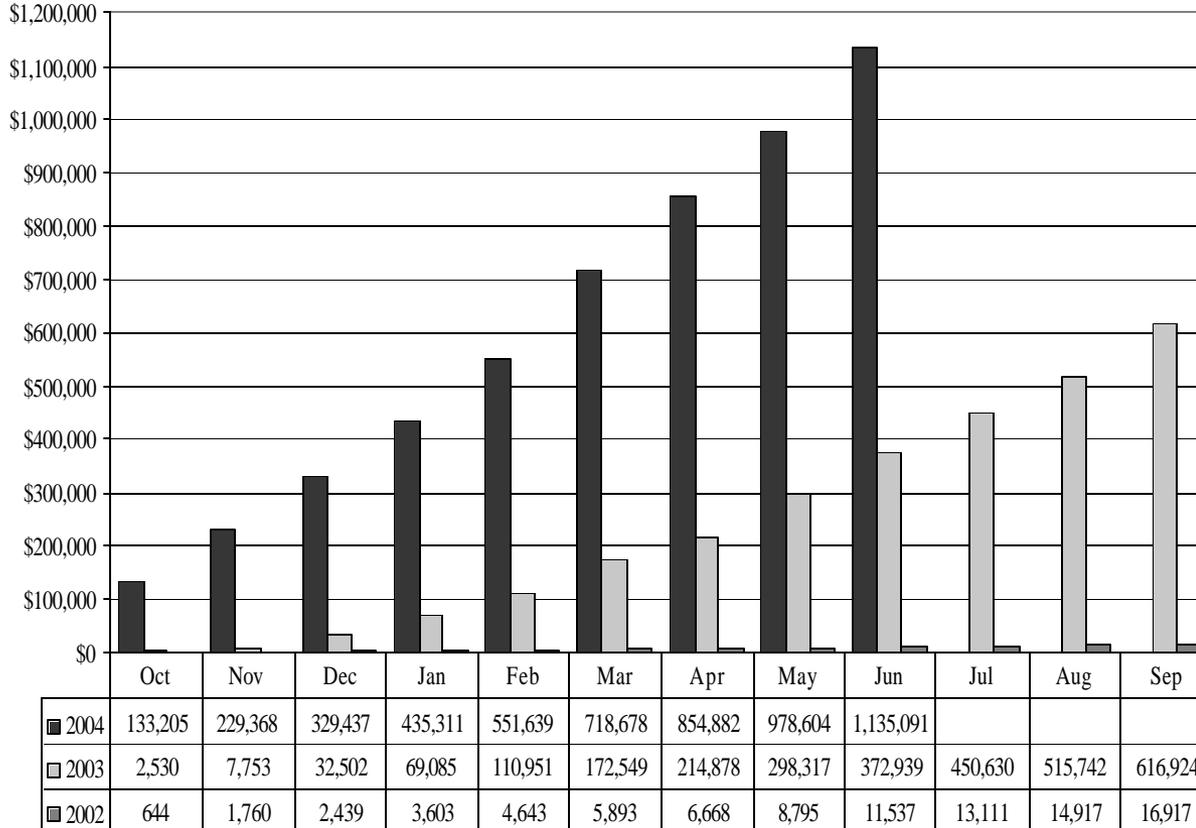
Department of Energy

Department of Treasury

# CROSS-SERVICING COLLECTIONS

Cross-Servicing Collections Through Administrative Wage Garnishment  
as of June 30, 2004

Comparison of Cumulative Collections for FY 2002 Through  
2004 by Month



Through June of FY 2004, the PCAs have collected over \$1.1 million through Administrative Wage Garnishment (AWG). Collections through AWG continue to increase as additional Federal agencies enable DMS to utilize this powerful collection tool. There are now 10 Agencies that have authorized the use of AWG.

# Private Collection Agencies (PCAs)

Debts Are Sent to PCAs 30 Days After Referral.  
PCAs Are Expected to Perform Nationwide Debt  
Collection, Including:

Consumer and Commercial Debt

Different Types of Debts (Fines, Fees, Overpayments  
Medical)

Varied Ages

Varied Values (\$100 to Millions)

# PCA Contract Goals

Collect Debt

Resolve Debt

Create Competitive Environment

Evaluate Performance

# Basic Contract Requirements

Collection Process:

Pre-Approved Collection Letters

Perform Skip-Tracing

Receive and Process Debtor Disputes

Payment Agreements

Administrative Wage Garnishment

Administrative Resolution with Inability to Pay

(Death, Disability, Bankruptcy)

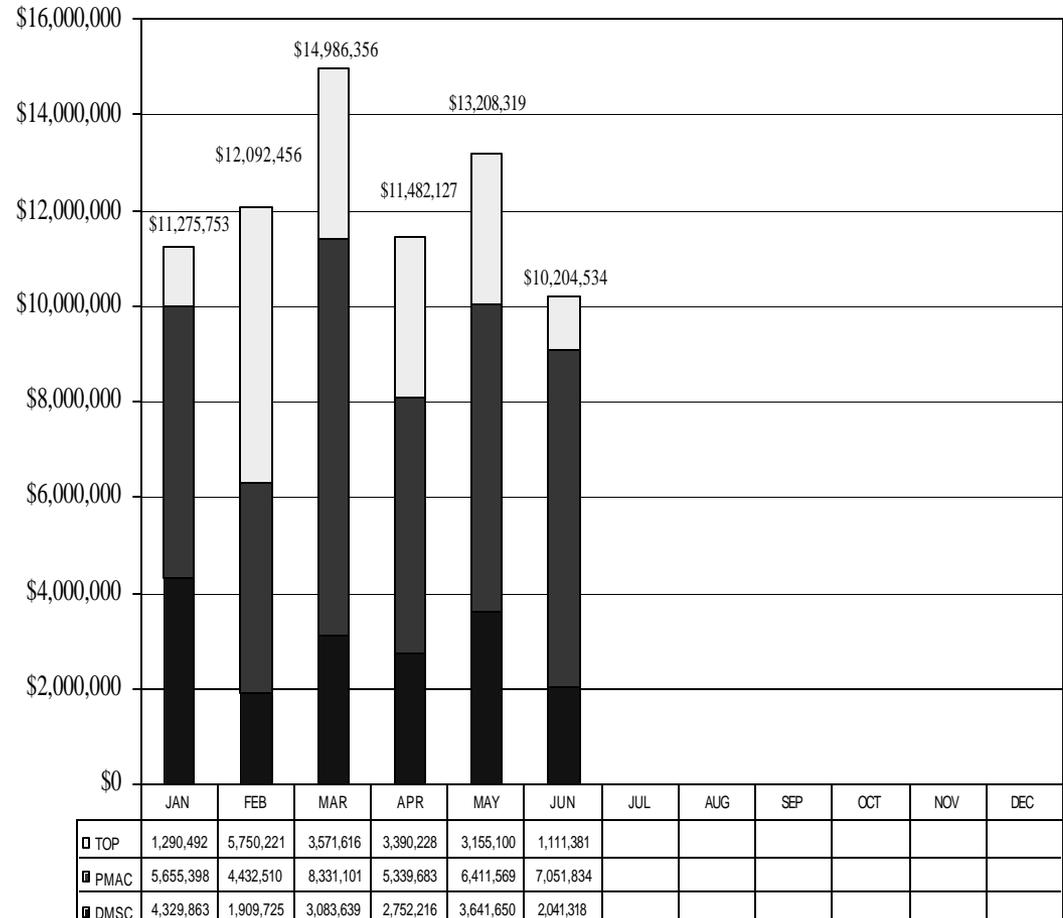
# CROSS-SERVICING COLLECTIONS

CY 2004 Collections of DMSC, PCA and TOP  
as of June 30, 2004

During the first half of CY 2004, Cross-servicing Collections totaled over \$73 million, an increase of more than \$3 million over the total collected during the same period in CY 2003.

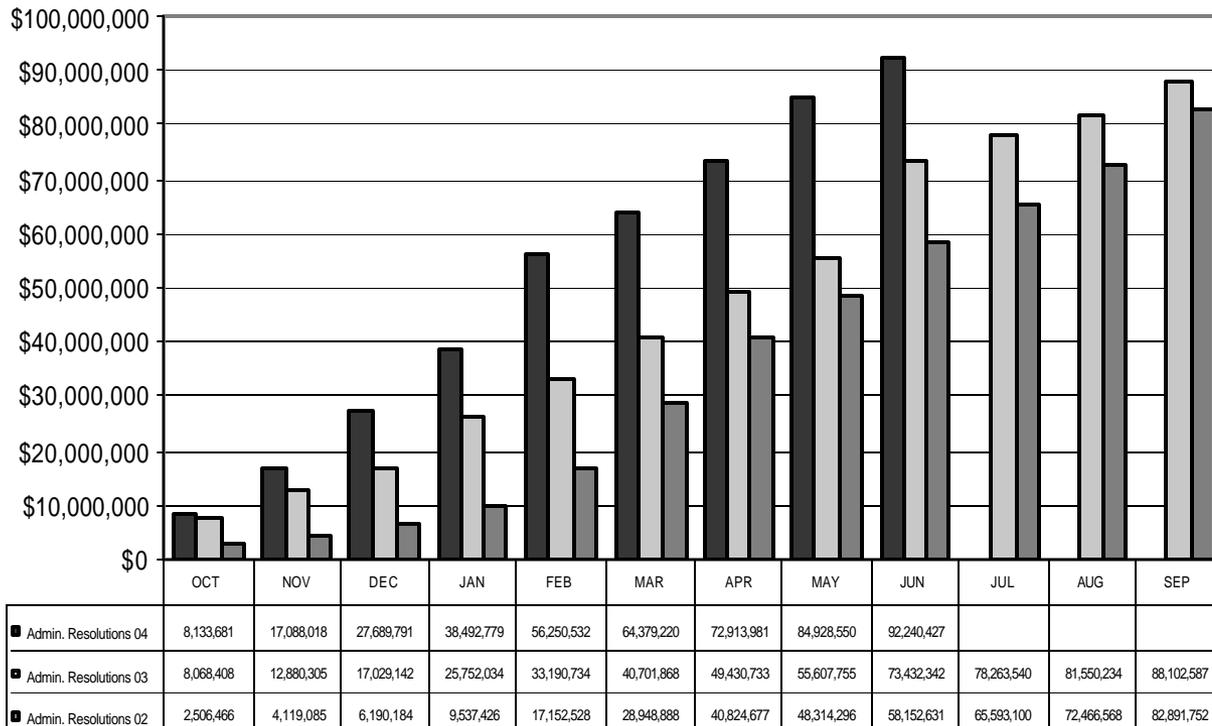
Calendar Year to Date Collections	
<b>DMSC =</b>	<b>\$17,758,411</b>
<b>PMAC =</b>	<b>\$37,222,095</b>
<b>TOP =</b>	<b>\$18,269,039</b>
<b>TOTAL =</b>	<b>\$73,249,545</b>

Fiscal Year to Date Collections	
<b>DMSC =</b>	<b>\$26,871,564</b>
<b>PMAC =</b>	<b>\$54,572,014</b>
<b>TOP =</b>	<b>\$21,058,067</b>
<b>TOTAL =</b>	<b>\$102,501,645</b>



# PRIVATE COLLECTION AGENCY (PCA) COLLECTIONS ADMINISTRATIVE DEBT RESOLUTION as of June 30, 2004

Comparison of Cumulative Debt Resolved Administratively for FY 2002  
Through FY 2004



Through June of FY 2004, the PCAs administratively resolved over \$92 million in debt, an increase of nearly \$19 million over the total amount of debt resolved during the same period in FY 2003.

## New Approach –Enterprise Architecture Study

Fully Integrate All Debt Management  
Systems.

Delay in Implementation of Cross-Servicing  
Portion.

File Formats As Soon As Possible.

# Cross-Servicing Division Contacts

## Points of Contact

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# What is Offset?

Withholding Funds Payable by the United States to a Person to Satisfy a Debt.

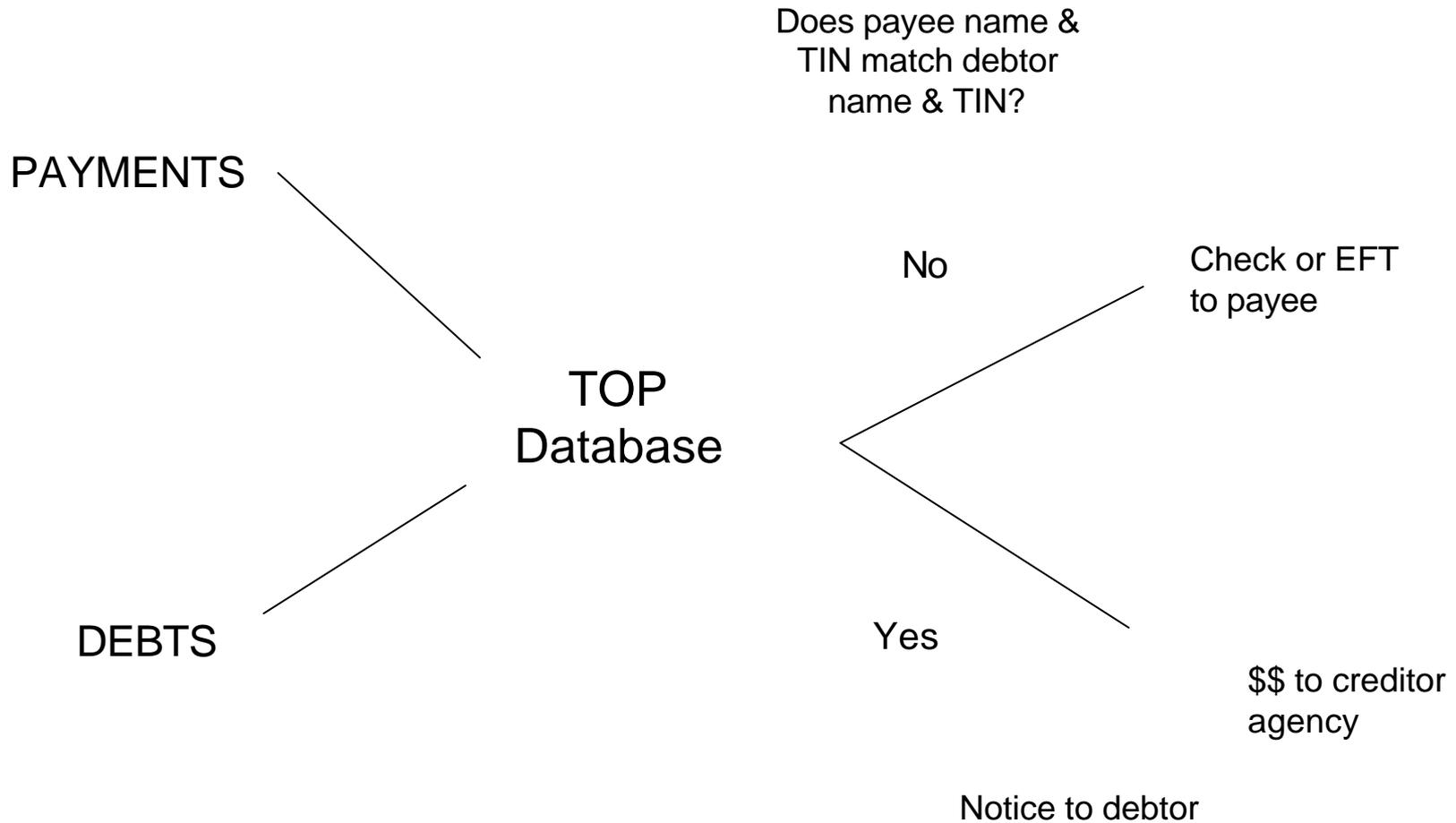
TOP is a System that Compares Payments with Debts. When a Match Occurs the Payment is Offset to Collect the Debt.

# Administrative Offset

Requires Agencies to Notify Treasury of All Debts Over 180 Days Delinquent for Purposes of Offset.

Requires Disbursing Officials to Offset Payments.

# TOP Process



As of May 31, 2004  
TOP Database Contains:

\$33.7 Billion in Federal Non-Tax Debts

\$76.9 Billion in Child Support Debts

\$88.4 Billion in Federal Tax Debts

\$5.0 Billion in State Income Tax Debts

Total - **\$204.0** Billion!

# CY Collections Through TOP As of July 7, 2004 - \$2.6 Billion

Administrative Offsets \$60.9 Million

Tax Refund Offset

Child Support \$1.4 Billion

Tax Refund Offset

Federal Non-Tax Debt \$928.4 Million

Tax Refund Offset

State Income Tax Debt \$199.4 Million

Tax Levy

\$60.8 Million

# Debt Check

## Purpose:

To Assist Agencies in Collecting Delinquent, Non-Tax Debt by Providing Information to Agencies and Lenders on Whether Individuals and Businesses Applying for Federal Loans, Loan Insurance, and Loan Guarantees Have a Debt With the Federal Government (U.S.C. § 3720B and 31 C.F.R. §285.13).

To Provide an Online Resource on Delinquent Debtors for Federal Agencies for Purposes of Carrying Out the Law.

# Debt Check – Program Implementation

Initial Rollout with Small Business Administration (SBA) in February 2003.

Web-Deployed Solution for Use by Federal Lending Agencies and Their Lending Partners; Batch Application in the Future.

Working with USDA for Single Sign-On in Accordance with the Federal Government's Pursuit of Unified Authentication Systems.

Working with HUD to Develop a Portal Between CAIVRS and Debt Check.

# Debt Check

As of July 15, 2004, 15,026 Inquiries were Run on the Debt Check Database. Of Those Inquiries, There were 102 Full Matches and 80 Partial Matches.

# Centralized Salary Offset

Participating Salary Paying Agencies:

Interior

National Finance Center

DoD-DFAS

U.S. Postal Service

# Payroll Consolidation Initiative

Currently 3 of the 4 Payroll Agencies  
are Participating in Centralized Salary Offset  
(CSO).

The General Services Administration (One of  
the Four Payroll Agencies) is Slated to  
Participate as a SPA by the End of Calendar  
Year 2004.

# Miscellaneous Payments

Payments for Various Federal Program Expenditures Such As Loans, Grants, Medical, Emergency, and Other Administrative Obligations.

Effective Upon Publications of the New TFM Bulletin, Agencies Will Fill In the TOP Eligibility Code:

Blank or Y = Offset

N = Do Not Offset

Agencies Should Place an “N” in the Field, (If the Payment Is Legally Ineligible for Offset or Is Not Eligible To Be 100% Offset).

# Task Force

The Cross Agency Federal Contractor Tax Compliance Task Force with Senior Management from FMS, DOD, IRS, DOJ, OMB, and GSA was Established to Address the Recommendations of the GAO Audit.

Task Force has Taken Several Actions and Made Recommendations to Improve the Collection of Tax Debt Owed by DoD Contractors.

# Legislative Proposals

Unemployment Trust Fund to Participate in TOP.

Increase Continuous Levy to 100% for Vendor Payments.

Allow FMS to Access the National Directory of New Hires.

Removal of 10 Year Statute of Limitations on Offsets.

# Treasury Offset Division

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