



The Comptroller General  
of the United States

Washington, D.C. 20548

## Decision

Matter of: Debts Arising from Overpayments of Compensation -  
Standards for Termination of Collection Action  
File: B-206699.1, B-206699.2  
Date: September 15, 1988

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### DIGEST

Several thousand military Reserve technicians received overpayments of compensation between December 1981 and December 1982 as the result of an error in the application of a statute limiting their combined military and civilian compensation to the rate payable for level V of the Executive Schedule. It is also reported that several thousand Army members have been overpaid because of minor errors made in fixing the constructive date to be used in determining their length of federal service. No collection action is necessary since the individual overpayments are small, the administrative costs of attempted collection would be excessive, and all overpayments would be eligible for waiver on an individual case basis.

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### DECISION

The Departments of the Army and the Air Force have requested our concurrence in their proposals to forego action to collect certain overpayments of compensation made to several thousand persons as the result of administrative error.<sup>1/</sup> In the particular circumstances presented, we concur.

### BACKGROUND

In 65 Comp. Gen. 78 (1985) we held that, under a statutory provision which was in effect between December 29, 1981, and December 17, 1982, the combined military and civilian compensation of military Reserve technicians should have been limited to the rate payable for level V of the

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<sup>1/</sup> This action is in response to two separate requests for decisions received from the Army Finance and Accounting Center, Indianapolis, Indiana, and the Air Force Accounting and Finance Center, Denver, Colorado.

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Executive Schedule on a biweekly pay period basis rather than on an annual basis. This decision led to the conclusion that about 3,250 Air National Guard and Air Force Reserve technicians and 1,420 Army National Guard and Army Reserve technicians had received erroneous overpayments of compensation during that 1-year period. Air Force officials suggest, however, that from an administrative standpoint it would be counterproductive to assert claims against these individuals for a refund of the overpayments.

Also, the Army Finance and Accounting Center reports that a project to reconcile the personnel and pay records of active duty Army members led to a finding of minor discrepancies in the Pay Entry Basic Date (PEBD) determination required for many service members. Based on a representative sample, Army officials estimate that 22,060 members have erroneous PEBD entries on their master military pay files, and that 10,192 of them have received overpayments as the result of those errors. As the Air Force officials have suggested with respect to the Reserve technicians, the Army officials suggest that in the process of their correction of the records it would be impracticable to assert claims against service members found to have received overpayments as the result of erroneous PEBD entries in their pay files.

#### ANALYSIS AND CONCLUSION

Under 31 U.S.C. § 3711, the Comptroller General and the Attorney General are authorized to promulgate standards regarding the termination of collection action where it appears that the cost of collecting the claim is likely to exceed the amount of recovery. Standards for the termination of collection action are set forth in 4 C.F.R. part 104. Section 104.4 of those regulations instructs an agency to refer such matters to the General Accounting Office when it has doubts as to whether collection action should be suspended or terminated.

The GAO Policy and Procedures Manual for Guidance of Federal Agencies instructs agencies to consider the point of diminishing returns beyond which further collection efforts are not justified, giving consideration to the estimated recovery in relation to: (1) the cost; (2) the size of the debt; and (3) the apparent possibilities of collection. 4 GAO Manual § 69.3.


Here, the Air Force and the Army report that (1) the administrative costs of identifying and collecting overpayments would be excessive; (2) the size of the debt in individual cases is minor; and (3) the possibilities of

collection are minimal since all of the overpayments would be eligible for waiver consideration on an individual basis.

From our review of the reported circumstances, it seems clear that the administrative costs of collection are likely to exceed the estimated recovery and would go beyond the point of diminishing returns. See B-181467, July 29, 1976. Therefore, the matters presented here meet the standards for termination of collection set forth in 31 U.S.C. § 3771 and the implementing joint regulations of the Comptroller General and the Attorney General.

Moreover, it is equally clear that the overpayments were caused by an administrative error, and there is no indication of fault on the part of the recipients of those overpayments. Thus, such payments probably would be waived.<sup>2/</sup>

We therefore concur with the proposal to forego collection action on the overpayments in question.

*for*   
Comptroller General  
of the United States

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<sup>2/</sup> See 5 U.S.C. § 5584; 10 U.S.C. § 2774; 32 U.S.C. § 716; 4 C.F.R. parts 91-93; 57 Comp. Gen. 259, 265 (1978); and 56 Comp. Gen. 943, 951 (1977).