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United States Government Accountability Office
Washington, DC 20548

September 13, 2012

The Honorable Thomas R. Carper
Chairman
The Honorable Scott P. Brown
Ranking Member
Subcommittee on Federal Financial Management, Government
Information, Federal Services, and International Security
Committee on Homeland Security and Governmental Affairs
United States Senate

*Subject: Debt Collection Improvement Act of 1996: Status of Treasury's
Centralized Efforts to Collect Delinquent Federal Nontax Debt*

This report transmits the enclosed briefing slides¹ and related information that we presented to your offices on August 29, 2012, in response to your request for a description of the status of the Department of the Treasury's (Treasury) centralized debt collection efforts under the Debt Collection Improvement Act of 1996 (DCIA).² DCIA was intended, among other things, to maximize collection of delinquent federal nontax debt. DCIA requires federal agencies to notify Treasury of federal nontax debt delinquent over 180 days for purposes of payment offset and requires agencies to refer such debt to Treasury for centralized collection action (known as cross-servicing). To facilitate debt collection, DCIA, in concert with other federal debt collection laws that the act amended, authorizes several debt collection tools and bars delinquent federal nontax debtors from receiving additional federal loans, loan insurance, or loan guarantees until such debtors resolve their delinquencies. Treasury's centralized delinquent federal nontax debt collection efforts include the

¹See enc. I for our briefing slides.

²Pub. L. No. 104-134, § 31001, 110 Stat. 1321-358 (Apr. 26, 1996).

Treasury Offset Program (TOP)³ and the cross-servicing program,⁴ both of which are managed by Treasury's Financial Management Service (FMS).

As discussed with your offices, our objectives were to describe (1) actions Treasury has taken to implement its centralized delinquent federal nontax debt collection program as authorized by DCIA, and efforts under way or planned by Treasury to enhance or supplement its ability to collect delinquent federal nontax debt; (2) Treasury's collection experience over the last 5 years (i.e., fiscal years 2007 through 2011) for delinquent federal nontax debt relative to the amount of such debt that was referred to Treasury for collection; (3) whether agencies have reported referring significant amounts of federal nontax debt to Treasury for collection prior to or at 180 days delinquent, and if so, Treasury's collection results for such referrals compared to collection results for the debt referred that is more than 180 days delinquent; (4) agency exemptions from mandatory transfer of delinquent federal nontax debt to Treasury for cross-servicing, and Treasury's actions to evaluate these exemptions and associated collections; and (5) Treasury's mechanisms and controls to help ensure that federal agencies do not make new loans, loan insurance, or loan guarantees to delinquent federal nontax debtors to the extent required by the debtor bar provision of DCIA.

To address these objectives, we reviewed DCIA, pertinent Treasury regulations, and Treasury and Office of Management and Budget (OMB) guidance concerning delinquent federal nontax debt collection under DCIA. In addition, we interviewed FMS officials responsible for TOP and the cross-servicing program⁵ and FMS and Bureau of the Public Debt

³TOP compares the names and taxpayer identification numbers (TIN) (i.e., Social Security numbers or employer identification numbers) of debtors to the names and TINs of eligible federal and state payment recipients. If there is a match, the federal or state payment is reduced, or offset, in whole or in part, to satisfy the overdue debt, to the extent legally allowed. In addition to delinquent federal nontax debt, TOP processes and collects delinquent federal tax debt, delinquent child support debt, and certain delinquent debt owed to states, including some state income tax debt and unemployment insurance compensation debt.

⁴Treasury's cross-servicing program utilizes collection techniques authorized by DCIA and other federal debt collection laws to collect delinquent federal nontax debt on behalf of federal agencies.

⁵DCIA centralized the collection of delinquent nontax debt owed to the federal government and gave Treasury significant responsibilities in this area. Within Treasury, FMS is charged with, among other things, collecting delinquent federal nontax debt.

officials responsible for facilitating implementation of the debtor bar provision of DCIA, and we reviewed relevant documentation. Also, we obtained data from FMS, for fiscal years 2007 through 2011, showing (1) the amount of debt in TOP that was eligible for offset at fiscal year-end, (2) annual collections for TOP, (3) the amount of debt at the cross-servicing program that was eligible for collection at fiscal year-end, and (4) annual collections for the cross-servicing program. Further, we obtained data from federal agencies' Treasury Reports on Receivables and Debt Collection Activities (TROR),⁶ which show the status, as reported by federal agencies to Treasury, of federal nontax debt, including delinquencies and collections, and are used by Treasury to report on TOP and the cross-servicing program.

This report presents various data obtained from FMS and reported in the TRORs. According to an FMS official, the FMS data are unaudited, and to the best of our knowledge, the TROR data are unaudited. In some instances, differences or inconsistencies exist between the data obtained from FMS and the data reported in the TRORs, and in such instances, the data have not been reconciled by FMS. We used these data because they are the best data available that met our objectives. However, we did not attempt to reconcile or assess the reliability of these data.

We conducted our work from February 2012 to September 2012 in accordance with all sections of GAO's Quality Assurance Framework that are relevant to our objectives. The framework requires that we plan and perform the engagement to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analyses conducted, provide a reasonable basis for any findings and conclusions. See enclosure II for additional details on our scope and methodology, enclosure III for a description of the status of governmentwide federal nontax debt and delinquent debt as reported in the TRORs, and enclosure IV for abbreviations.

In summary, according to FMS officials, FMS considers both TOP and the cross-servicing program to be fully mature in that all key elements of the programs have been implemented. As such, FMS's current and future

⁶Treasury requires federal agencies to prepare TRORs quarterly and verify that the fiscal year-end receivable balances reconcile to the agencies' audited financial statement receivable balances.

efforts will focus on enhancements that will (1) for TOP, facilitate its ability to increase federal nontax debt collections through additional offsets and (2) for the cross-servicing program, enable it to collect such debt more efficiently and effectively. Further, FMS is considering a number of initiatives intended to improve centralized collection of delinquent federal nontax debt. These initiatives primarily involve increasing the amount of debt subject to collection by FMS, bolstering FMS's set of debt collection tools, and enhancing FMS's internal operations and interactions with referring federal agencies. Several of FMS's initiatives, which are in the early stages of development, could, if approved and effectively implemented, address long-standing concerns about FMS's centralized debt collection program. We previously reported on certain issues that continue to remain. According to FMS officials, the initiatives must be vetted by Treasury, OMB, and other stakeholders, as appropriate, prior to implementation.

According to data provided by FMS, the amount of delinquent federal nontax debt referred to Treasury for collection as of the fiscal year-end for the last 5 fiscal years (i.e., fiscal years 2007 through 2011) and the amount of collections for those fiscal years were as follows:

- Federal nontax debt referred to TOP and eligible for offset increased from \$29.8 billion in fiscal year 2007 to \$102.0 billion in fiscal year 2011, and FMS's annual TOP collections fluctuated, ranging from \$1.4 billion in fiscal year 2007 to the highest amount for the 5-year period of \$2.6 billion in fiscal year 2011.
- Federal nontax debt referred to the cross-servicing program and eligible for collection increased from \$8.6 billion in fiscal year 2007 to \$17.3 billion in fiscal year 2011, and FMS's annual cross-servicing program collections fluctuated, ranging from \$95 million in fiscal year 2007 to the highest amount for the 5-year period of \$193 million in fiscal year 2009.

According to the TRORs, federal agencies did not refer a significant⁷ amount of debt prior to or at 180 days delinquent to FMS for TOP or the

⁷For debt referred prior to or at 180 days delinquent as of September 30, 2011, we deemed significant any amount (1) over \$1 billion, (2) over 5 percent of the total reported federal nontax debt referred to TOP or the cross-servicing program, or (3) over 5 percent of the total reported federal nontax debt delinquent 180 days or less.

cross-servicing program. For example, federal agencies referred less than 1 percent of their reported nontax debt delinquent 180 days or less as of September 30, 2011, to TOP and the cross-servicing program. Accordingly, we did not perform any specific analysis of collection results for the limited amount of debt referred early to TOP or the cross-servicing program.

DCIA authorizes Treasury to grant exemptions from mandatory transfer of debt for cross-servicing for specific classes of debt at the request of the head of a federal agency or upon the Secretary of the Treasury's own initiative and determination. According to FMS officials, Treasury has granted exemptions for certain classes of nontax debt to four agencies—the Department of Education, the Social Security Administration, the Small Business Administration, and the Department of Health and Human Services.⁸ According to FMS officials, the exemptions, which totaled \$35.5 billion as reported by the agencies in their TRORs as of September 30, 2011, were granted during the 1999 to 2002 time frame. These officials stated that FMS has not reevaluated the exemptions or assessed collections by the agencies for the exempted classes of debt. In addition, according to these officials, Treasury has not performed a study to compare any of these four federal agencies' collections of exempted debt with FMS's cross-servicing program capability.

According to FMS officials, FMS's primary mechanisms used to help ensure that delinquent federal nontax debtors do not receive additional federal loans, loan insurance, or loan guarantees involve referring delinquent federal nontax debt information to credit bureaus as part of the cross-servicing program, and administering Debt Check, which is an Internet-based information system designed to assist federal agencies in identifying delinquent debtors by providing information that is obtained from TOP. According to these officials, there is no legislative or regulatory requirement for federal agencies to use Debt Check. In addition, while FMS officials consider Debt Check a mechanism to help credit agencies determine loan eligibility, they do not consider it to be a control to help ensure that delinquent debtors do not get additional financial assistance in the form of a loan, loan guarantee, or loan insurance. According to data provided by FMS, only the Small Business Administration and the

⁸Treasury has also granted exemptions to all federal agencies (in 2005) for certain debts being collected by administrative wage garnishment.

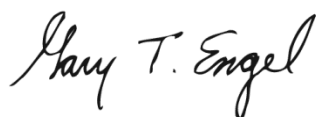
National Oceanic and Atmospheric Administration have used Debt Check during the last 5 calendar years (i.e., 2007 through 2011). In March 2012, Debt Check was made available to federal agencies via the Do Not Pay tool,⁹ which is being implemented by Treasury's Bureau of the Public Debt, with oversight and direction from OMB.

Agency Comments

We requested comments on a draft of the briefing slides and related enclosures from the Commissioner of FMS or his designee. On August 10, 2012, FMS provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to interested congressional committees, the Fiscal Assistant Secretary of the Treasury, the Commissioner of FMS, and other interested parties. In addition, this report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staffs have any questions about this report, please contact me at engelg@gao.gov or (202) 512-3406. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in enclosure V.



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⁹The Do Not Pay tool, which was established in response to a June 18, 2010, presidential memorandum, includes a web-based single entry access portal that federal agencies can use to gain access to several data sources to assist in determining whether an individual or entity is eligible to receive federal payments or engage in federal contracts or grants.

Enclosure I



**Debt Collection Improvement Act of 1996:
Status of Treasury's Centralized Efforts to Collect
Delinquent Federal Nontax Debt**

**Briefing for the Subcommittee on Federal Financial
Management, Government Information, Federal Services, and
International Security
Committee on Homeland Security and Governmental Affairs
United States Senate**

August 29, 2012

Enclosure I



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Introduction

- The Debt Collection Improvement Act of 1996 (DCIA) was intended, among other things, to maximize collection of delinquent federal nontax debt.¹ DCIA requires federal agencies to notify the Department of the Treasury (Treasury) of federal nontax debt delinquent over 180 days for purposes of payment offset and requires agencies to refer such debt to Treasury for centralized collection action (known as cross-servicing). To facilitate debt collection, DCIA, in concert with other federal debt collection laws that the act amended, authorizes several debt collection tools, including administrative wage garnishment (AWG), credit bureau reporting, and referring debt to private collection agencies (PCA), and bars delinquent federal nontax debtors from receiving additional federal loans, loan insurance, or loan guarantees until such debtors resolve their delinquencies.
- Following Treasury's implementation of its centralized debt collection program, we issued a series of reports that included numerous recommendations to Treasury aimed at improving its ability to collect delinquent federal nontax debt.² Our most recent report in this area was issued in 2003. Treasury implemented 27 of our 35 recommendations.

¹Under DCIA, the Department of the Treasury has significant governmentwide responsibilities for collecting federal nontax debts delinquent more than 180 days that are referred by federal agencies for collection. Pub. L. No. 104-134, § 31001, 100 Stat. 1321-358 (Apr. 26, 1996). While Treasury has additional debt collection-related responsibility(s) under other legislation, this review focuses only on Treasury's debt collection program as authorized by DCIA.

²Previous GAO products concerning Treasury's debt collection program include GAO, *Debt Collection: Treasury Faces Challenges Implementing Its Cross-Servicing Initiative*, GAO/AIMD-00-234 (Washington, D.C.: Aug. 4, 2000); *Debt Collection Improvement Act of 1996: Major Data Sources Inadequate for Implementing the Debtor Bar Provision*, GAO-02-462 (Washington, D.C.: Mar. 29, 2002); and *Debt Collection: Opportunities Exist for Improving FMS's Cross-Servicing Program*, GAO-04-47 (Washington, D.C.: Oct. 31, 2003).



Objectives

You asked us to provide a description of the status of Treasury's centralized delinquent federal nontax debt collection efforts, including the Treasury Offset Program (TOP)³ and the cross-servicing program⁴ at Treasury's Financial Management Service (FMS). Accordingly, as discussed with your offices, the objectives of this engagement were to describe

- (1) actions Treasury has taken to implement its centralized delinquent federal nontax debt collection program as authorized by DCIA, and efforts under way or planned by Treasury to enhance or supplement its ability to collect delinquent federal nontax debt;
- (2) Treasury's collection experience over the last 5 years (i.e., fiscal years 2007 through 2011) for delinquent federal nontax debt relative to the amount of such debt that was referred to Treasury for collection;
- (3) whether agencies have reported referring significant amounts of federal nontax debt to Treasury for collection prior to or at 180 days delinquent, and if so, Treasury's collection results for such referrals compared to collection results for the debt referred that is more than 180 days delinquent;
- (4) agency exemptions from mandatory transfer of delinquent federal nontax debt to Treasury for cross-servicing, and Treasury's actions to evaluate these exemptions and associated collections; and
- (5) Treasury's mechanisms and controls to help ensure that federal agencies do not make new loans, loan insurance, or loan guarantees to delinquent federal nontax debtors to the extent required by the debtor bar provision of DCIA.

³TOP compares the names and taxpayer identification numbers (TIN) (i.e., Social Security number or employer identification number) of debtors to the names and TINs of eligible federal and state payment recipients. If there is a match, the federal or state payment is reduced, or offset, in whole or in part, to satisfy the overdue debt, to the extent legally allowed. In addition to delinquent federal nontax debt, TOP processes and collects delinquent federal tax debt, delinquent child support debt, and certain delinquent debt owed to states, including some state income tax debt and unemployment insurance compensation debt.

⁴Treasury's cross-servicing program utilizes collection techniques authorized by DCIA and other federal debt collection laws to collect delinquent nontax debt on behalf of federal agencies.



Scope and Methodology

To address these objectives, we did the following:

- Reviewed DCIA, pertinent Treasury regulations, and Treasury and Office of Management and Budget (OMB) guidance concerning the collection of delinquent federal nontax debt under DCIA.
- Interviewed responsible FMS officials, and obtained and reviewed pertinent data and documents for TOP and the cross-servicing program,⁵ including FMS's actions to implement TOP and the cross-servicing program; efforts under way or planned by FMS to enhance or supplement its ability to collect delinquent federal nontax debt; FMS's collection experience over the last 5 years (i.e., fiscal years 2007 through 2011); federal agencies' referrals of debt prior to or at 180 days delinquent to TOP and the cross-servicing program; and exemptions granted by Treasury from mandatory referral of debt for cross-servicing.
- Interviewed FMS and Treasury's Bureau of the Public Debt officials, and reviewed relevant documentation, pertaining to mechanisms in place at Treasury to help ensure that federal agencies do not make new loans, loan insurance, or loan guarantees to delinquent federal nontax debtors to the extent required by the debtor bar provision of DCIA.

⁵DCIA centralized the collection of delinquent nontax debt owed to the federal government and gave Treasury significant responsibilities in this area. Within Treasury, FMS is charged with, among other things, the responsibility for delinquent federal nontax debt collection.



Scope and Methodology (cont.)

- We obtained data from FMS, for fiscal years 2007 through 2011, showing (1) the amount of debt in TOP that was eligible for offset at fiscal year-end, (2) annual collections for TOP, (3) the amount of debt at the cross-servicing program that was eligible for collection at fiscal year-end, and (4) annual collections for the cross-servicing program.
- We obtained data from federal agencies' Treasury Reports on Receivables and Debt Collection Activities (TROR),⁶ which show the status, as reported by federal agencies to Treasury, of federal nontax debt, including delinquencies and collections, and are used by Treasury to report on TOP and the cross-servicing program.
- This report presents various data obtained from FMS and reported in the TRORs. According to an FMS official, the FMS data are unaudited, and to the best of our knowledge, the TROR data are unaudited. In some instances, differences or inconsistencies exist between the data obtained from FMS and the data reported in the TRORs, and in such instances, the data have not been reconciled by FMS. We used these data because they are the best data available that met our objectives. However, we did not attempt to reconcile or assess the reliability of these data.
- We conducted our work from February 2012 to September 2012 in accordance with all sections of GAO's Quality Assurance Framework that are relevant to our objectives. The framework requires that we plan and perform the engagement to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analyses conducted, provide a reasonable basis for any findings and conclusions.
- See enclosure II of our full report for additional details on our scope and methodology.

⁶Treasury requires federal agencies to prepare TRORs quarterly and verify that the fiscal year-end receivable balances reconcile to agencies' audited financial statement receivable balances.



Background

- Federal nontax debt includes direct loans, defaulted guaranteed loans, and administrative debt. Administrative debt includes debt related to fines, penalties, and salary and benefit overpayments.
- Reported federal nontax debt and delinquencies,⁷ including debt delinquent over 180 days, increased markedly over the last 5 years. As reported in the TRORs, from September 30, 2007, to September 30, 2011, total federal nontax debt increased from \$339.6 billion to \$777.8 billion; federal nontax delinquent debt increased from \$64.9 billion to \$131.0 billion; and federal nontax debt delinquent over 180 days increased from \$45.5 billion to \$81.3 billion.
- Federal nontax debt that is written off and classified as currently not collectible (CNC)⁸ is reported in the TRORs separately from other federal nontax debt and delinquencies. As of September 30, 2011, federal agencies reported \$31.7 billion of CNC debt. Like other delinquent federal nontax debt, CNC debt is potentially eligible for referral to Treasury for collection.

⁷According to the Federal Claims Collections Standards (31 C.F.R. § 900.2(b)) and Treasury's *Instructional Workbook for Preparing the "Treasury Report on Receivables and Debt Collection Activities", A Supplement to the Treasury Financial Manual, Volume I-Part 2-Chapter 4100*, issued June 2008, a debt is delinquent if it has not been paid by the due date specified in the agency's initial written demand for payment or applicable agreement, unless other satisfactory payment arrangements have been made. Although a contract may provide for a "grace" period, once that period has expired without payment, the date of delinquency (which is used for aging the debt) is the original due date.

⁸According to OMB Circular No. A-129, federal nontax debt that is written off can be classified as CNC if the agency intends to take additional collection action on the debt. Collection action, including offset, can be taken on CNC debt until such actions are legally precluded or the debt is paid, sold, or closed out. Generally, debt that is closed out must be reported to the Treasury's Internal Revenue Service as potential income to the debtor. (See 26 C.F.R. § 6050P). According to FMS, in most cases, federal agencies stop all collection activity once a federal nontax debt is closed out.



Background (cont.)

- Certain delinquent federal nontax debt is ineligible for referral to Treasury for collection through TOP and the cross-servicing program, including debt classified as in bankruptcy, forbearance, formal appeals, or foreclosure. Of eligible debt, there are two exceptions to the requirement to refer debt for offset—debt owed by foreign sovereign nations and debt in litigation at the Department of Justice (DOJ) for enforced collection.⁹ Exceptions for debt referral to Treasury for cross-servicing include the offset exception categories, plus debt at federal agencies' PCAs; debt in the process of internal offset at the referring agencies if collectible within three years; debt exempted by Treasury from cross-servicing, for example, the Department of Education's (Education) student loan debt; and debt returned from the cross-servicing program as uncollectible. In addition, in the TRORs, federal agencies report certain delinquent federal nontax debt in "Other" categories, which result in the debt being exempted from referral to TOP, the cross-servicing program, or both.¹⁰

⁹According to FMS, DOJ refers eligible judgment debt to TOP on behalf of federal agencies.

¹⁰In the Delinquent Debt (Over 180 Days Delinquent) Eligible for Referral to Treasury Offset and Cross-Servicing section of the TROR, there are three "Other" categories—one for debt exempted from TOP, one for debt exempted from the cross-servicing program, and one for debt exempted from both TOP and the cross-servicing program. As of September 30, 2011, federal agencies reported a total of \$21.4 billion in these "Other" categories. According to TROR guidance, delinquent federal nontax debt reported in the "Other" categories includes debt that is not legally enforceable, debt scheduled for sale, and other debt that is exempt from mandatory referral for reasons not otherwise listed on the TROR. Agencies must footnote amounts included as "Other," with the reason for exempting the debt from referral.



Background (cont.)

- Federal agencies are required to refer their eligible, nonexempt federal nontax debt delinquent over 180 days to TOP for offset and to Treasury or another debt collection center for collection.¹¹ Federal agencies are required to certify that the debt referred is delinquent, valid, and legally enforceable and not subject to any bars against collection and the agency has complied with all applicable due process requirements. As of September 30, 2011, before exclusions, federal agencies reported in the TRORs that federal nontax debt delinquent over 180 days, including CNC debt, totaled \$113.0 billion. About two-thirds, or \$75.3 billion, of this debt was reported in the TRORs as 2 or more years delinquent, including \$43.6 billion of federal nontax debt delinquent over 180 days and all of the \$31.7 billion of CNC debt.

¹¹In addition to FMS, as of July 18, 2012, there is one other Treasury-designated debt collection center—the Department of Health and Human Services' (HHS) Program Support Center (PSC). PSC has been granted authority to service the following types of debt: (1) HHS debt less than 180 days delinquent, (2) HHS debt exempt from mandatory transfer to Treasury for cross-servicing, and (3) HHS debt and debt owed to other federal agencies arising from grant audit and program disallowances, but only for 180 days following completion of appeals.



Background (cont.)

- As reported by federal agencies in the TRORs, as of September 30, 2011, after ineligible and exempt debt was excluded, \$68.6 billion of federal nontax debt delinquent over 180 days and CNC debt was required to be referred to TOP. Of the \$68.6 billion, \$58.4 billion was reported as referred to TOP, leaving \$10.2 billion remaining to be referred by the federal agencies.
 - As reported by federal agencies in the TRORs, as of September 30, 2011, after ineligible and exempt debt was excluded, \$20.4 billion of federal nontax debt delinquent over 180 days and CNC debt was required to be referred to the cross-servicing program. Of the \$20.4 billion, \$19.3 billion was reported as referred to the cross-servicing program, leaving \$1.1 billion remaining to be referred by the federal agencies.
 - See enclosure III of our full report for details on the status of governmentwide federal nontax debt and delinquent debt.
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Results

Objective 1: Treasury's Actions to Implement Centralized Debt Collection under DCIA

- According to FMS officials, FMS considers both TOP and the cross-servicing program to be fully mature programs, that is, all key elements of the programs have been implemented. As such, FMS's current and future efforts will focus on enhancements that will
 - for TOP, facilitate its ability to increase collections through additional offsets and
 - for the cross-servicing program, enable it to collect more efficiently and effectively.
 - Further, FMS is considering a number of initiatives intended to improve centralized collection of delinquent federal nontax debt. These initiatives primarily involve
 - increasing the amount of debt subject to collection by FMS,
 - bolstering FMS's set of debt collection tools, and
 - enhancing FMS's internal operations and interactions with referring federal agencies.
-



Results

Objective 1: Treasury's Actions to Implement Centralized Debt Collection under DCIA—TOP

- TOP is used to offset, in whole or in part, federal and state payments to satisfy delinquent federal nontax debt of the payment recipient, to the extent legally allowed. Federal payments currently available for offset through TOP include¹²
 - federal tax refunds (may offset up to 100 percent);
 - federal salaries (may offset up to 15 percent of disposable pay,¹³ except when collecting child support, when the limit increases to 50 to 65 percent);
 - Office of Personnel Management retirement annuities (may offset up to 25 percent);
 - benefit payments, including Social Security retirement and Railroad Retirement (may offset up to 15 percent on payments over \$750); and
 - vendor and other miscellaneous payments, including federal employee travel advances and reimbursements, Medicare Part A and Part B payments to providers, Judgment Fund payments, and certain state payments (may offset up to 100 percent).

¹²Certain federal payments are not available for offset, including (1) payments exempted by law, for example, Education's student loan payments and Department of Veterans Affairs' benefit payments and (2) payments exempted by the Secretary of the Treasury, for example, Social Security Administration (SSA) Supplemental Security Income benefit payments and U.S. Department of Agriculture Food and Nutrition Service benefit payments.

¹³Disposable pay means that part of the debtor's compensation (including, but not limited to, salary, bonuses, commissions, and vacation pay) from an employer remaining after the deduction of health insurance premiums and any amounts required by law to be withheld.



Results

Objective 1: Treasury's Actions to Implement Centralized Debt Collection under DCIA—TOP (cont.)

- Examples of recent and ongoing efforts at FMS to enhance TOP include
 - making additional non-Treasury disbursing office (NTDO) payments available for offset through TOP,
 - increasing participation in the State Reciprocal Program, and
 - implementing a new TOP system.



Results

Objective 1: Treasury's Actions to Implement Centralized Debt Collection under DCIA—TOP (cont.)

- While Treasury is responsible for disbursing payments for most federal agencies, NTDOs also disburse payments on behalf of the federal government. According to FMS officials, FMS continues to work with NTDOs to increase participation in TOP.
- According to FMS officials, the strategy for bringing additional NTDO payments into TOP is twofold: (1) for agencies with delegated disbursing authority, Treasury can rescind that authority, and as Treasury begins making those payments, the payments can be processed through TOP, and (2) for agencies with statutory disbursing authority, Treasury will work with those agencies to reach agreements that will allow those payments to be processed through TOP.
- NTDOs that participate in TOP for vendor offset include the Department of Defense's Defense Finance and Accounting Service (DFAS) and Army Corps of Engineers and the U.S. Postal Service (USPS).
- Salary-paying agencies that participate in TOP for salary offset include DFAS (NTDO), USPS (NTDO), the U.S. Department of Agriculture's National Finance Center, the General Services Administration, and the Department of the Interior.



Results

Objective 1: Treasury's Actions to Implement Centralized Debt Collection under DCIA—TOP (cont.)

- In 2007, FMS initiated a pilot project for the State Reciprocal Program (SRP). Under SRP, states refer state debt to TOP for offset against federal vendor payments. Likewise, delinquent federal nontax debt is matched against payments made by the states, including state tax refunds and state vendor payments, as authorized by state laws and the reciprocal agreements.
- Generally, states must pass legislation authorizing participation in the program, and states must enter into a reciprocal agreement with FMS.
- According to FMS officials, as of July 12, 2012, six states were participating in SRP—Maryland (2007), New Jersey (2007), New York (2010), Kentucky (2011), Wisconsin (2012), and Minnesota (2012).
- According to FMS officials, although not yet participating in SRP, the following states have each passed legislation to allow participation in SRP: Illinois, Kansas, Louisiana, Massachusetts, Nevada, Oregon, Pennsylvania, Virginia, West Virginia, and the District of Columbia.



Results

Objective 1: Treasury's Actions to Implement Centralized Debt Collection under DCIA—TOP (cont.)

- In fiscal year 2011, FMS began developing a new system, called Treasury Offset Program Next Generation (TOP NG), that will replace the older TOP system.
 - According to FMS officials, TOP NG is expected to increase collections, improve timeliness and quality of debt data, and enhance reporting capabilities. According to these officials, specific outcomes to be achieved by TOP NG include (1) maximizing collections from offset of grant payments (grant payments are currently not being offset); (2) reducing the effort for manual payments (i.e., automate certain parts of the process, for example, automate notification to the creditor agency of manual check payments); (3) improving the effectiveness of matching (i.e., increase matching by using additional information from other data sources for partial match solutions); and (4) minimizing the inconsistencies between TOP and creditor agencies' systems (i.e., reduce the time lapse for notifying creditor agencies of offset).
-



Results

Objective 1: Treasury's Actions to Implement Centralized Debt Collection under DCIA—Cross-Servicing Program

- According to FMS officials, FMS considers its cross-servicing program to be fully mature, that is, all key elements authorized by DCIA have been implemented.¹⁴ As such, FMS's current and future efforts will focus on enhancements that will enable it to collect debt more efficiently and effectively.
- According to FMS officials and cross-servicing program guidance, FMS attempts to collect debt referred to the cross-servicing program by initiating the following actions, as appropriate:
 - perform skiptracing, if necessary, which is the process used to locate a debtor or identify a taxpayer identification number (TIN);
 - send demand letter and attempt phone contact;
 - offer payment agreement options (e.g., repayment or compromise agreement);
 - report the debt to consumer or commercial credit bureau;
 - refer the debt to TOP, based on agreement with the agency holding the debt;
 - pursue AWG, based on agreement with the agency holding the debt;
 - refer the debt to PCAs;¹⁵
 - refer the debt to DOJ for litigation, if necessary;
 - return the debt to the referring agency; and
 - file Internal Revenue Service (IRS) Form 1099C, reporting unpaid debt as potential income to the debtor.

¹⁴Although authorized by DCIA, FMS officials told us that FMS has no immediate plans to perform asset sales, liquidate collateral, sell secured debts, or publish or otherwise disseminate information regarding the identity of delinquent federal nontax debtors as part of its cross-servicing program. According to these officials, FMS has not recently been requested by any federal agency to perform these services. In addition, DCIA included a provision known as gainsharing, which was designed to provide agencies an incentive to increase collections of delinquent debt by reimbursing them for certain expenses related to collection. According to a FMS official, gainsharing has not been implemented, but it is being considered along with other incentive programs.

¹⁵FMS may refer debt to one of four PCA contractors. The PCA can service the debt for up to 270 days, or longer if in a repayment agreement, before returning it to FMS. At that time, FMS can refer the debt to a second PCA, which can also service the debt for up to 270 days, or longer if in a repayment agreement, before returning it to FMS.



Results

Objective 1: Treasury's Actions to Implement Centralized Debt Collection under DCIA—Cross-Servicing Program (cont.)

- Examples of recent and ongoing efforts at FMS to improve its cross-servicing program include
 - issuing a new *Treasury Financial Manual* (TFM) chapter, Part 4, Chapter 4000 (TFM 4-4000), *Debt Management Services Collection of Delinquent Nontax Debt*, which describes how FMS provides delinquent nontax debt collection services to federal agencies;
 - pursuing increased collections through AWG; and
 - developing and implementing the “Scorecard” to improve federal agencies’ management and reporting of delinquent federal nontax debt.



Results

Objective 1: Treasury's Actions to Implement Centralized Debt Collection under DCIA—Cross-Servicing Program (cont.)

- FMS issued the new TFM 4-4000 on October 18, 2011. According to FMS officials, the new TFM chapter gives FMS greater authority for making collection decisions for debts in the cross-servicing program, specifically with regard to making compromises and repayment agreements.¹⁶
- In the past, in addition to statutory requirements, collection parameters, such as maximum repayment periods and limits on repayment and compromise amounts, were established by the agency referring the debt. However, under the new TFM guidance, FMS has the same authority as the head of the referring agency to determine collection parameters and limits on repayment and compromise amounts without first getting approval from the referring agency, unless the agency has specific statutory authority to make such decisions.
- According to FMS officials, FMS is meeting with federal agencies to discuss the new TFM chapter, including FMS's new authority regarding compromises and repayment agreements. FMS officials stated that as of the end of June 2012, FMS has discussed the new TFM chapter with 18 federal agencies. In addition, these officials stated that discussions and outreach regarding TFM 4-4000 will be an ongoing effort that will continue through fiscal year 2013 in the form of individual agency meetings as well as through established training and conference venues.

¹⁶FMS debt collection staff and PCA personnel are required to attempt to collect delinquent federal nontax debt in full; however, they can enter into repayment or compromise agreements with debtors.



Results

Objective 1: Treasury's Actions to Implement Centralized Debt Collection under DCIA—Cross-Servicing Program (cont.)

- AWG is an authorized collection action under DCIA, but it is not a requirement. While federal agencies can administer AWG to collect their own debt,¹⁷ FMS must obtain authorization from the agencies in order for FMS to use AWG as part of the cross-servicing program.
- According to data provided by FMS, as of April 1, 2012, a total of 27 federal agencies, including 18 of the 24 Chief Financial Officers (CFO) Act agencies, have authorized FMS to use AWG to collect delinquent federal nontax debt for a total of 239 programs. While some agencies, such as the Departments of Education, State, and Veterans Affairs have authorized FMS to perform AWG for only one program, other agencies have authorized FMS to perform AWG for multiple programs.
- According to data provided by FMS, for fiscal year 2011, FMS had AWG collections for 21 of the 27 agencies, with collections for the agencies ranging from less than \$1,000 for 2 agencies to over \$10 million for 1 agency.
- On October 1, 2009, FMS's cross-servicing program implemented a matching process with the Department of Health and Human Services' (HHS) National Directory of New Hires (NDNH) database, which provides the names, TINs, and addresses of employees and their employers. According to FMS officials, because of its improved capability to locate debtors' employment information with the NDNH match, FMS has significantly increased its ability to use AWG.

¹⁷For example, Education, SSA, and the Small Business Administration administer AWG to collect their own delinquent federal nontax debt.



Results

Objective 1: Treasury's Actions to Implement Centralized Debt Collection under DCIA—Cross-Servicing Program (cont.)

- According to FMS officials, FMS developed the “Scorecard” as a performance and relationship management tool to track federal agencies’ compliance with DCIA and sound debt collection practices and to help identify agencies’ debt collection strengths and areas for improvement.
- The Scorecard, which includes quantitative and qualitative scoring, is intended to measure
 - debt/debtor information (e.g., timeliness of debt certification, completeness of debt information, and debt referrals made at least once per quarter);
 - utilization of collection tools (e.g., AWG, credit bureau reporting, and TOP);
 - TROR reporting accuracy and timeliness;
 - meeting write-off and close-out requirements; and
 - validity of Treasury-granted exemptions and other exemption claims (i.e., the agency’s accuracy of identifying debts as ineligible or exempt from the mandatory transfer to Treasury).
- According to FMS officials, FMS began rollout of the Scorecard in fiscal year 2011, with plans for completing Scorecards for all of the 24 CFO Act agencies by the end of fiscal year 2012. FMS officials consider the Scorecard to be a work in progress and are still assessing its usefulness.



Results

Objective 1: Initiatives under Consideration by Treasury to Enhance or Supplement Centralized Debt Collection

- FMS has identified a series of initiatives intended to improve centralized collection of delinquent federal nontax debt. These initiatives primarily involve
 - increasing the amount of debt subject to collection by FMS,
 - bolstering FMS's set of debt collection tools, and
 - enhancing FMS's internal operations and interactions with referring federal agencies.
- According to FMS officials, the initiatives are predecisional—no decision has been made to go forward with the initiatives, which must be vetted by Treasury, OMB, and stakeholders, as appropriate, prior to implementation.
- According to FMS officials, in order to implement most of the initiatives, either a change in FMS's authority (i.e., a legislative change) or a change in partnership with outside stakeholders (i.e., require referring agencies to partner with FMS, change behaviors, or both) would be needed. A small number of initiatives would require only changes controlled internally by FMS. These officials stated that implementing some of the initiatives may involve difficult public policy trade-offs, and such decisions can only be made by policymakers.
- FMS initiatives under consideration to enhance or supplement centralized debt collection, including the type of change and the primary parties involved in implementing the initiative, are shown in table 1.



Results

Objective 1: Initiatives under Consideration by Treasury to Enhance or Supplement Centralized Debt Collection (cont.)

Table 1: FMS Initiatives under Consideration to Enhance or Supplement Centralized Debt Collection

TOP (T) or cross-servicing program (CS)	Initiative	Primary parties involved in implementation and type of change required
T	Enforce the requirement for federal agencies to refer eligible federal nontax debt to TOP at 180 days delinquent.	FMS and outside stakeholders (requires federal agencies to partner with FMS and change behaviors)
T	Mandate referral of eligible federal nontax debt to TOP at 60 days delinquent.	FMS and Congress (requires a change in authority—a legislative change)
T	Mandate states' participation in the state reciprocal program.	FMS and Congress (requires a change in authority—a legislative change)
T and CS	Reduce the amount of federal nontax debt exempted from TOP or the cross-servicing program because of federal agencies' misclassification of debts as ineligible, or exempt, from referral.	FMS and outside stakeholders (requires federal agencies to partner with FMS and change behaviors)
T	Mandate that additional NTDO payment streams be processed in TOP.	FMS and Congress (requires a change in authority—a legislative change)
T	Increase offset percentage of certain current payment streams from 15 percent to 25 percent.	FMS and Congress (requires a change in authority—a legislative change)
T	Mandate offset for currently ineligible payment streams, up to 25 percent.	FMS and Congress (requires a change in authority—a legislative change)
CS	Increase the use and effectiveness of AWG.	FMS and outside stakeholders (requires federal agencies to partner with FMS and change behaviors); making AWG mandatory would require a legislative change
T	Enhance the TOP matching process by improving the data-matching algorithm.	FMS (requires internal operational improvements at FMS)
CS	Improve the ability to quickly identify cases that should be (1) worked internally at FMS, (2) routed to an internal specialist, or (3) referred to PCAs or DOJ, to optimize collections.	FMS (requires internal operational improvements at FMS)
CS	Increase the frequency by which agencies are required to provide proof of debt documentation upon referral of debt to the cross-servicing program, specifically for debts with large outstanding balances (i.e., debts over \$26,000).	FMS and outside stakeholders (requires federal agencies to partner with FMS and change behaviors)

Source: FMS.



Results

Objective 1: Initiatives under Consideration by Treasury to Enhance or Supplement Centralized Debt Collection (cont.)

- Several of these initiatives, which are in the early stages of development, could, if approved and effectively implemented, address long-standing concerns about FMS's centralized debt collection program. We previously reported on certain issues that continue to remain.
 - These issues include
 - debt not promptly referred for collection at 180 days delinquent,
 - debt reported as excluded from TOP and cross-servicing program referral,
 - federal agencies' use of AWG, and
 - assessment of FMS's debt collection strategy.
-



Results

Objective 1: Initiatives under Consideration by Treasury to Enhance or Supplement Centralized Debt Collection (cont.)

- Debt not promptly referred for collection at 180 days delinquent
 - In a June 2000 testimony on FMS's implementation of its cross-servicing program, we noted that although FMS had taken steps to encourage agencies to refer eligible debt, much of the eligible debt was not being promptly referred and the age of the debt referred generally was significantly older than 180 days delinquent.¹⁸ In our testimony, we stated that debt needs to be promptly referred for collection because the likelihood of recovering amounts owed decreases dramatically as the debt ages.
 - During this current review, as previously discussed, we noted that \$10.2 billion (or about 15 percent) of debt reported in the TRORs as required to be referred to TOP, and \$1.1 billion (or about 5 percent) of debt reported in the TRORs as required to be referred for cross-servicing, had not been referred as of fiscal year-end 2011.

¹⁸GAO, *Debt Collection: Treasury Faces Challenges Implementing Its Cross-Servicing Initiative*, GAO/T-AIMD-00-213 (Washington, D.C.: June 8, 2000).



Results

Objective 1: Initiatives under Consideration by Treasury to Enhance or Supplement Centralized Debt Collection (cont.)

- Debt reported as excluded from TOP and cross-servicing program referral
 - In August 2000, we reported that a large amount of debt over 180 days delinquent was reported by federal agencies as ineligible for, or excluded from, the cross-servicing program (e.g., debt reported in the “Other” categories); however, these amounts were not required to be, and were not, independently verified.¹⁹
 - During this current review, as previously discussed, we noted that as of September 30, 2011, federal agencies reported a total of \$21.4 billion in the “Other” categories on the TRORs, indicating that debt was excluded from TOP, the cross-servicing program, or both. According to FMS officials, FMS was not able to provide explanations for all of the debt in the “Other” categories. According to these officials, FMS sometimes questioned the validity of certain of the exclusions. Further, there is no requirement for independent verification of such exclusions.

¹⁹GAO/AIMD-00-234.



Results

Objective 1: Initiatives under Consideration by Treasury to Enhance or Supplement Centralized Debt Collection (cont.)

- Federal agencies' use of AWG
 - In October 2001, we reported that federal agencies were not utilizing AWG as authorized by DCIA to collect delinquent federal nontax debt even though, according to experts, AWG can potentially be an extremely powerful debt collection tool.²⁰
 - During this current review, as previously discussed, as of April 2012, data provided by FMS show that only 27 federal agencies, including 18 of the 24 CFO Act agencies, allowed FMS to perform AWG as part of cross-servicing. According to FMS's data, collections from AWG for fiscal year 2011 totaled \$27 million, and FMS attributed almost \$23 million of that amount to the NDNH match (i.e., the NDNH match provided the debtor and employer information necessary for FMS to administer AWG). Although FMS officials stated that FMS matches all debts in the cross-servicing database to the NDNH data, FMS can only perform AWG for those federal agencies that allow it as part of their cross-servicing profile (i.e., those agencies that have completed AWG prerequisites, including promulgation of regulations and hearing procedures, and have authorized AWG as a collection tool for their debts).

²⁰GAO, *Debt Collection Improvement Act of 1996: Agencies Face Challenges Implementing Certain Key Provisions*, GAO-02-61T (Washington, D.C.: Oct. 10, 2001).



Results

Objective 1: Initiatives under Consideration by Treasury to Enhance or Supplement Centralized Debt Collection (cont.)

- Assessment of FMS's debt collection strategy
 - In August 2000, we recommended, among other things, that FMS perform a comprehensive review of its cross-servicing process (e.g., analyze the types of debt referred to FMS and the associated collection rates; identify specific types of debt, if any, that should be sent promptly to the PCAs; and identify the appropriate level of involvement by FMS collectors) to determine whether FMS's debt collection strategy was appropriate for optimizing collections.²¹
 - During this current review, FMS officials stated that they recognize that improvements can be made in FMS's cross-servicing program to increase collections, and FMS is working toward that goal. According to FMS officials, efforts currently under way to increase collections include identifying potential legislation, modifying FMS's business process, acquiring more sophisticated technology, and using analytics to assess the collectibility of debts and determine the most efficient and effective collection actions (e.g., service in-house or refer to a PCA).

²¹GAO/AIMD-00-234.



Results

Objective 2: Treasury's TOP and Cross-Servicing Program Collections, 2007 through 2011

- As shown in figure 1, according to data provided by FMS, during each of the last 5 fiscal years (i.e., 2007 through 2011), the amount of delinquent federal nontax debt referred to TOP and eligible for offset as of fiscal year-end increased, going from \$29.8 billion in fiscal year 2007 to \$102.0 billion in fiscal year 2011. During this same 5-year period, FMS's annual TOP collections fluctuated, ranging from \$1.4 billion in fiscal year 2007 to the highest amount for the 5-year period of \$2.6 billion in fiscal year 2011.²²
- Similarly, as shown in figure 2, according to data provided by FMS, during each of the last 5 fiscal years (i.e., 2007 through 2011), the amount of delinquent federal nontax debt referred to the cross-servicing program and eligible for collection as of fiscal year-end increased, going from \$8.6 billion in fiscal year 2007 to \$17.3 billion in fiscal year 2011. During this same 5-year period, FMS's annual cross-servicing program collections fluctuated, ranging from \$95 million in fiscal year 2007 to the highest amount for the 5-year period of \$193 million in fiscal year 2009.²³

²²TOP assesses the creditor agency a fee of \$17 to \$29 for each federal or state payment offset to collect a nontax federal debt. The fees are deducted from collections, with the agency receiving collections less fees to apply toward the debt. These TOP fees are included in the TOP collection amounts.

²³For the cross-servicing program, FMS charges a fee to the creditor agency and, as authorized by the creditor agency, adds this fee to the debt balance—for any debt that is delinquent by more than 2 years, the fee is 30 percent of the total payment received, and for any debt delinquent 2 years or less, the fee is 28 percent of the total payment received. When a debt is collected by a PCA, the applicable fee is allocated as follows: PCAs receive commission fees (i.e., on amounts collected by them) at 25 percent for debts more than 2 years delinquent, and at 23 percent for debts delinquent 2 years or less; 2 percent is allocated to a bonus pool divided among the PCAs in accordance with contract terms; and 3 percent is retained by FMS. When a debt is collected by DOJ, it charges an additional fee of 3 percent of the collection amount on payments received after an account has been referred to DOJ for collection. Fees are deducted from collections, with the agency receiving collections less fees to apply toward the debt. These fees for cross-servicing are included, where applicable, in the cross-servicing program collection amounts.

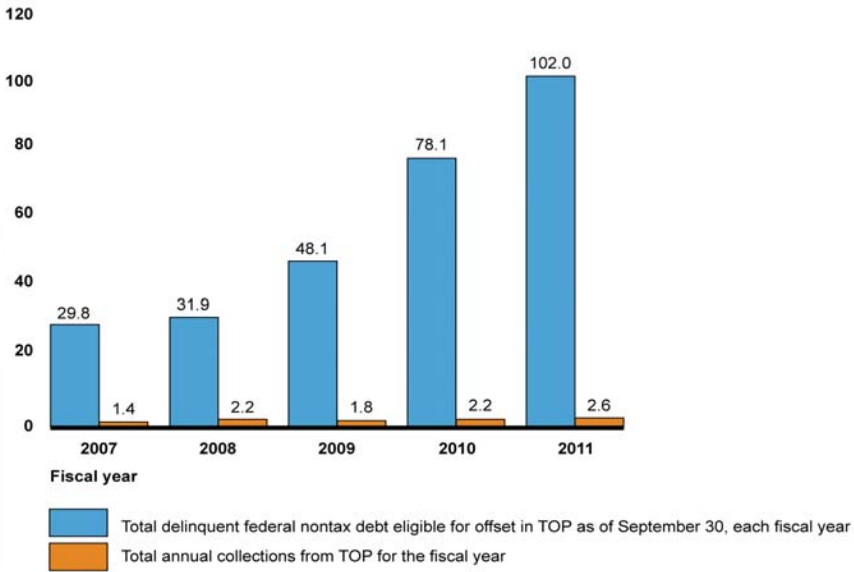


Results

Objective 2: Treasury's TOP and Cross-Servicing Program Collections, 2007 through 2011 (cont.)

Figure 1: Total Delinquent Federal Nontax Debt Eligible for Offset in TOP, and Annual TOP Collections, for Fiscal Years 2007 through 2011

Dollars (in billions)



Source: Unaudited data provided by FMS.

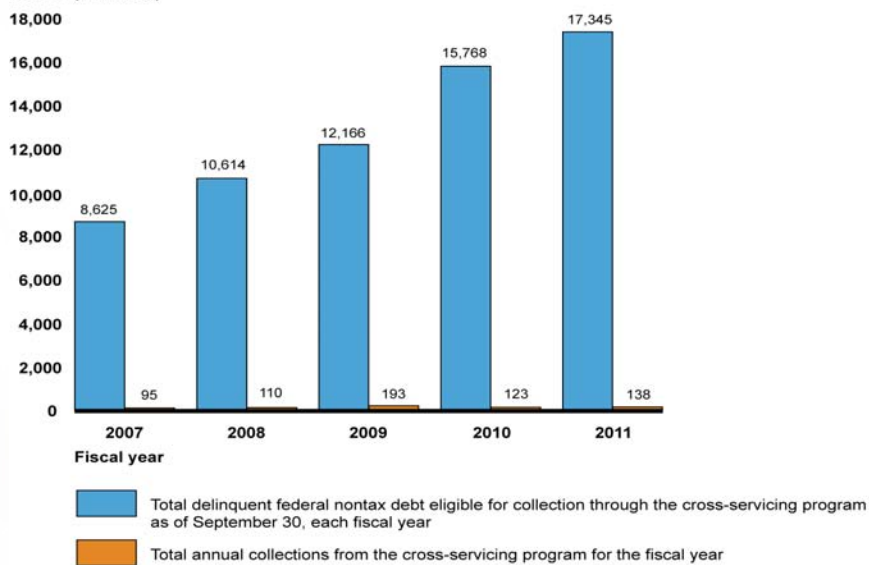


Results

Objective 2: Treasury's TOP and Cross-Servicing Program Collections, 2007 through 2011 (cont.)

Figure 2: Total Delinquent Federal Nontax Debt Eligible for Collection in FMS's Cross-Servicing Program, and Annual Cross-Servicing Program Collections, for Fiscal Years 2007 through 2011

Dollars (in millions)



Source: Unaudited data provided by FMS.



Results

Objective 2: Treasury's TOP and Cross-Servicing Program Collections, 2007 through 2011 (cont.)

- Data provided by FMS show that collections under the cross-servicing program are the highest during the first 2 years after debt referral. For example, for debts referred for cross-servicing during fiscal year 2007 that remained active in FMS's cross-servicing database, FMS and its PCAs collected
 - 2.02 percent during fiscal year 2007,
 - 2.44 percent during fiscal year 2008,
 - 0.70 percent during fiscal year 2009,
 - 0.41 percent during fiscal year 2010, and
 - 0.23 percent during fiscal year 2011.



Results

Objective 3: Early Referrals of Delinquent Federal Nontax Debt to Treasury for Collection

- In summary, according to the TRORs, federal agencies did not refer a significant amount of debt prior to or at 180 days delinquent to FMS for TOP or the cross-servicing program.²⁴ Accordingly, we did not perform any specific analysis of collection results for the limited amount of debt referred early to TOP or the cross-servicing program.
- According to FMS officials, and consistent with TFM 4-4000, FMS strongly encourages federal agencies to transfer all eligible delinquent federal nontax debt to FMS for debt collection services before it is 180 days delinquent; however, federal agencies are not required to do so.²⁵
- According to the TRORs, as of September 30, 2011, federal agencies reported referring \$228.4 million in federal nontax debt to TOP, and \$132.8 million of federal nontax debt to the cross-servicing program, prior to the debt becoming over 180 days delinquent.
- According to the TRORs, early referrals of debt prior to or at 180 days delinquent represented only about 0.4 percent of the reported total of \$58.4 billion of federal nontax debt referred to TOP as of September 30, 2011, and less than 0.7 percent of the reported total of \$19.3 billion of such debt referred to the cross-servicing program as of September 30, 2011.
- In addition, while federal agencies reported in the TRORs a total of \$49.7 billion of federal nontax debt delinquent 180 days or less as of September 30, 2011, only about 0.5 percent of such debt was reported as referred to TOP and only about 0.3 percent of such debt was reported as referred to the cross-servicing program.

²⁴For debt referred prior to or at 180 days delinquent as of September 30, 2011, we deemed significant any amount (1) over \$1 billion, (2) over 5 percent of the total reported federal nontax debt referred to TOP or the cross-servicing program, or (3) over 5 percent of the total reported federal nontax debt delinquent 180 days or less.

²⁵Federal agencies must certify that debt referred to FMS for collection is delinquent, valid, and legally enforceable; there are no legal bars to collection; and all applicable due process requirements have been completed. The certifying official makes this certification to FMS under penalty of perjury.



Results

Objective 4: Treasury-Granted Exemptions from Mandatory Transfer of Debts for Cross-Servicing

- In summary, Treasury has granted exemptions from mandatory transfer of debt for cross-servicing to four federal agencies for specific types of debt.²⁶ FMS's guidance for exemptions does not require that exemptions be reassessed once granted, and according to Treasury officials, Treasury has not reevaluated the exemptions.
- DCIA authorizes Treasury to grant exemptions from mandatory transfer of debt for cross-servicing for specific classes of debt at the request of the head of a federal agency, or upon the Secretary of the Treasury's own initiative and determination.
- According to FMS officials, Treasury has granted such exemptions to four agencies, which remained in place as of July 18, 2012:
 - to the Social Security Administration (SSA) (in 1999) for Supplementary Security Income debt and debt of former child beneficiaries in the Old-Age, Survivors, and Disability Insurance program;
 - to the Small Business Administration (SBA) (in 2000) for disaster loans and collateralized business loans in active workout (i.e., an agreement to repay the loan is in process);
 - to Education (in 2001) for delinquent and defaulted student loans; and
 - to HHS (in 2002) for health professions debt and debt stemming from unfiled cost reports.

²⁶Treasury has also granted exemptions to all federal agencies (in 2005) for certain debts being collected by administrative wage garnishment.



Results

Objective 4: Treasury-Granted Exemptions from Mandatory Transfer of Debts for Cross-Servicing (cont.)

- According to FMS officials, the criteria for evaluating exemptions is set forth in FMS's *Exemption of Classes of Debts from Mandatory Transfer to Treasury: Procedures and Standards*, dated January 2001.²⁷ FMS officials also stated that the criteria used to evaluate exemption requests prior to January 2001 (i.e., for SSA's and SBA's exemptions) were essentially the same as those outlined in FMS's January 2001 criteria, and those criteria are found in 31 C.F.R. § 285.12, *Transfer of Debts to Treasury for Collection*. The guidance does not include any requirements or procedures for reassessing an exemption once it is granted.
- According to a Treasury letter from 2001, Education's exemption is permanent.

²⁷According to FMS's *Exemption of Classes of Debts from Mandatory Transfer to Treasury: Procedures and Standards*, the Secretary of the Treasury will determine that granting an exemption is in the best interests of the federal government. Factors to be considered are whether (1) the exemption is the best means to protect the federal government's financial interest, (2) transfer of the debt to FMS would interfere with program goals, and (3) the exemption is consistent with the purposes of DCIA. According to FMS officials, since 2001, there have been no revisions or updates to these criteria.



Results

Objective 4: Treasury-Granted Exemptions from Mandatory Transfer of Debts for Cross-Servicing (cont.)

- FMS officials stated that since the exemptions from cross-servicing were granted, Treasury has not reevaluated the exemptions or assessed collections by the agencies for the exempted classes of debt. According to these officials, Treasury has not performed a study to compare any of these four federal agencies' collections of exempted debt with FMS's cross-servicing program capability.
- According to the TRORs prepared by these four agencies, their exemptions from cross-servicing totaled a reported \$35.5 billion as of September 30, 2011—Education reported exemptions of \$33.8 billion, or about 95 percent of total Treasury-granted exemptions from cross-servicing; SSA reported exemptions of \$1.7 billion; HHS reported exemptions of \$61.4 million; and SBA did not report any such exempted debt amount as of September 30, 2011.



Results

Objective 5: Treasury's Role in Implementing the Debtor Bar Provision of DCIA

- In summary, according to FMS officials, FMS's primary mechanisms used to help ensure that delinquent federal nontax debtors do not receive additional federal loans, loan insurance, or loan guarantees are FMS's credit bureau reporting as part of cross-servicing and FMS's Debt Check. Data provided by FMS show that only two federal agencies have used Debt Check during the last 5 calendar years.
- In 1998, Treasury established regulations for implementing DCIA's debtor bar provision,²⁸ which bars delinquent federal nontax debtors from obtaining federal financial assistance in the form of certain loans, loan insurance, or loan guarantees²⁹ until the debtor resolves the delinquency(s).³⁰
- To facilitate compliance with the debtor bar provision, according to FMS officials, FMS has (1) referred delinquent federal nontax debt information to credit bureaus as part of the cross-servicing program³¹ and (2) made such information directly available to federal agencies through Debt Check, an Internet-based information system.

²⁸31 U.S.C. § 3720B; 31 C.F.R. § 285.13.

²⁹Exceptions to the debtor bar provision include disaster assistance loans, marketing loans, and certain loan deficiency payments.

³⁰According to Treasury's regulations, for the purpose of denying federal financial assistance, a person's delinquent debt is resolved only if the person (1) pays or otherwise satisfies the delinquent debt in full; (2) pays the delinquent debt in part if the creditor agency accepts such partial payment as a compromise in lieu of payment in full; (3) cures the delinquency under terms acceptable to the creditor agency in that the person pays any overdue payments, plus all interest, penalties, late charges, and administrative charges assessed by the creditor agency as a result of the delinquency; or (4) enters into a written repayment agreement with the creditor agency to pay the debt, in whole or in part, under terms and conditions acceptable to the creditor agency. In addition, Treasury has established 90 days delinquent as the trigger for denying federal financial assistance under the DCIA debtor bar provision. 31 C.F.R. § 285.13(d).

³¹According to FMS's *Cross-Servicing Implementation Guide*, FMS begins credit bureau reporting 60 days after a consumer debt is referred to the cross-servicing program and 30 days after a commercial debt is referred. Federal agencies can use credit bureau reports to identify delinquent federal debtors during the loan application process.



Results

Objective 5: Treasury's Role in Implementing the Debtor Bar Provision of DCIA (cont.)

- Implemented in 2003, Debt Check can assist federal agencies with implementing the debtor bar provision by providing information on delinquent federal nontax debtors currently available for offset in TOP. Debt Check includes the debtor's name and TIN, and credit agency contact information.
- According to FMS officials, there is no legislative or regulatory requirement for federal agencies to use Debt Check. In addition, while FMS officials consider Debt Check a mechanism to help credit agencies determine loan eligibility, these officials do not consider it to be a control to ensure that delinquent debtors do not get additional financial assistance in the form of a loan, loan guarantee, or loan insurance.
- Data provided by FMS show that SBA, which began using Debt Check in 2003, is the only federal agency that has consistently used Debt Check. Over the last 5 calendar years (i.e., 2007 through 2011), according to FMS's data, SBA has made a total of 26,593 inquiries in Debt Check. In addition, FMS's data show that the National Oceanic and Atmospheric Administration, which began using Debt Check in 2009, has made a total of 259 inquiries from calendar years 2009 through 2011. Further, according to FMS's data, no other federal agency has made any inquiries of Debt Check during the last 5 calendar years.
- According to FMS officials, FMS does not have information on the results of the Debt Check inquiries. For example, FMS does not know how many times the agencies' inquiries resulted in identifying delinquent debtors or how the results of the inquiries were ultimately used by the agencies.



Results

Objective 5: Treasury's Role in Implementing the Debtor Bar Provision of DCIA (cont.)

- On June 18, 2010, the President issued a memorandum for the heads of executive departments and agencies directing federal agencies to review available databases with relevant information on eligibility before the release of any federal funds. The memorandum also directed the establishment of a single point of entry through which agencies would access relevant data—in a network of databases to be collectively known as the Do Not Pay List—before determining eligibility for a benefit, grant, contract award, or other federal funding.
- In response to the presidential memorandum, OMB and Treasury established the Do Not Pay tool, which includes a web-based single entry access portal that federal agencies can use to gain access to several data sources to assist in determining whether an individual or entity is eligible to receive federal payments or engage in federal contracts or grants. Treasury's Bureau of the Public Debt is responsible for implementing the Do Not Pay tool, with oversight and direction from OMB.
- FMS's Debt Check was made available to federal agencies via the Do Not Pay portal in March 2012.

Scope and Methodology

To determine what actions the Department of the Treasury (Treasury) has taken to implement its centralized debt collection program as authorized by the Debt Collection Improvement Act of 1996 (DCIA), and what efforts are under way or planned by Treasury to enhance or supplement its ability to collect delinquent federal nontax debt, we reviewed DCIA, pertinent Treasury regulations, and Treasury and Office of Management and Budget guidance concerning delinquent federal nontax debt collection under DCIA. In addition, we interviewed Treasury's Financial Management Service (FMS) officials, and we obtained and reviewed pertinent documents related to the Treasury Offset Program (TOP) and the cross-servicing program, including information on FMS's efforts to include additional payment types into TOP, implement administrative wage garnishment, and develop the "Scorecard," a tool for tracking federal agencies' compliance with DCIA. Also, we reviewed, and discussed with FMS officials, documents pertaining to FMS's initiatives to improve centralized collection of delinquent federal nontax debt that are currently being vetted by Treasury and other stakeholders.

To determine Treasury's collection experience over the last 5 years (i.e., fiscal years 2007 through 2011) for delinquent federal nontax debt relative to the amount of such debt that was referred to Treasury for collection, we interviewed FMS officials and obtained from FMS (1) annual collection data for TOP and the cross-servicing program for each fiscal year and (2) the amount of debt in TOP and eligible for offset and the amount of debt in the cross-servicing program and eligible for collection, as of each fiscal year-end for comparable years. We also obtained data from federal agencies' Treasury Reports on Receivables and Debt Collection Activities (TROR), which show the status, as reported by federal agencies to Treasury, of federal nontax debt, including delinquencies and collections, and are used by Treasury to report on TOP and the cross-servicing program.¹ This report presents various data obtained from FMS and reported in the TRORs. According to an FMS official, the FMS data are unaudited, and to the best of our knowledge, the TROR data are unaudited. In some instances, differences or inconsistencies exist between the data obtained from FMS and the data reported in the TRORs, and in such instances, the data have not been reconciled by FMS. We used these data because they are the best data available that met our objectives. However, we did not attempt to reconcile or assess the reliability of these data.

To determine whether agencies were reporting having referred significant amounts of federal nontax debt to Treasury for collection prior to or at 180 days delinquent and, if so, how Treasury's collection results for such referrals compare to collection results for the referred debts that are more than 180 days delinquent, we interviewed FMS officials and obtained data from the TRORs, as of September 30, 2011, to identify those agencies that reported having referred debts to TOP and the cross-servicing program prior to or at 180 days delinquent and the associated dollar amounts of such referrals. Based on our findings regarding early referrals, we did not attempt to perform any specific analysis of collection results for the limited amount of debt referred early to TOP or the cross-servicing program.

To identify the agencies that have exemptions from mandatory transfer of delinquent federal nontax debt to Treasury for cross-servicing and the actions Treasury takes to evaluate these exemptions and their associated collections, especially in comparison with its own cross-servicing program's collection capability, we interviewed FMS officials and obtained and reviewed pertinent documents, including FMS's guidance for authorizing such exemptions,

¹Treasury requires federal agencies to prepare the TRORs quarterly and verify that the fiscal year-end receivable balances reconcile to the agencies' audited financial statement receivable balances.

Enclosure II

Exemption of Classes of Debts from Mandatory Transfer to Treasury, and information related to Treasury's approval of the existing exemptions, including the types of debt exempted for each federal agency with an approved exemption(s). We also identified exemptions and the related dollar amounts reported by federal agencies in the TRORs as of September 30, 2011.

To determine what mechanisms and controls are in place at Treasury to help ensure that federal agencies do not make new loans, loan insurance, or loan guarantees to delinquent federal debtors to the extent required by the debtor bar provision of DCIA, we interviewed FMS officials and obtained and reviewed information provided by FMS on Debt Check, including pertinent data concerning federal agencies' use of Debt Check for the last 5 calendar years (i.e., 2007 through 2011). In addition, we interviewed Treasury's Bureau of the Public Debt officials concerning the Bureau of the Public Debt's implementation of the new Do Not Pay tool, including the availability of Debt Check through the Do Not Pay portal.

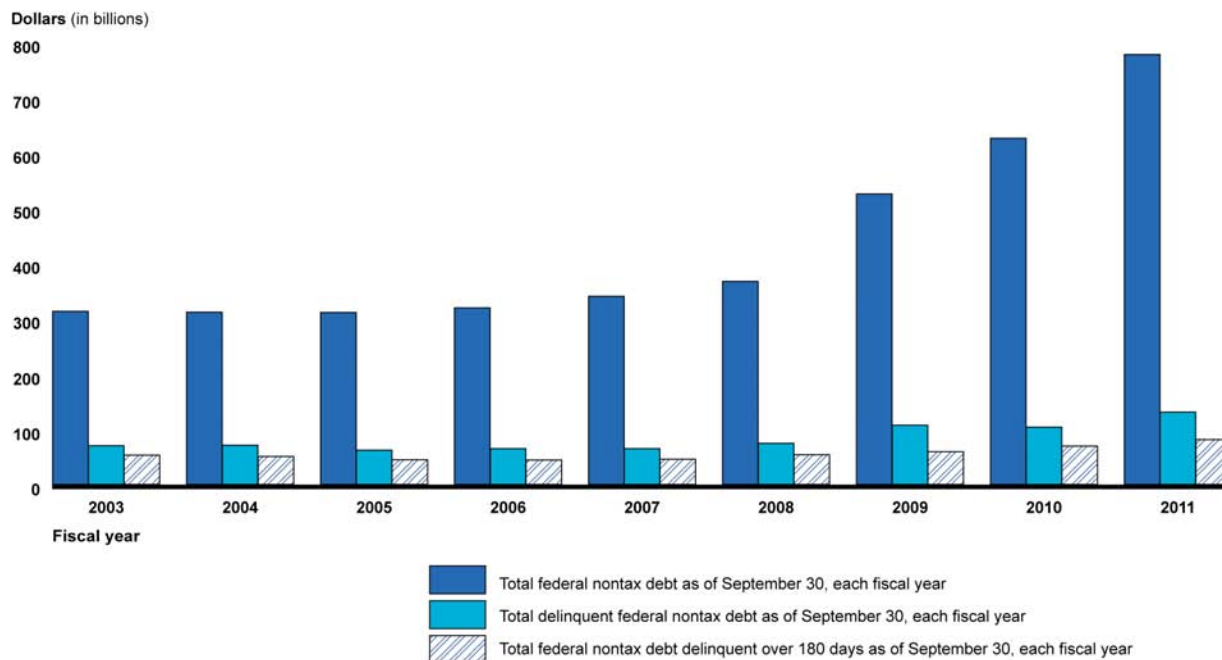
We requested comments on a draft of the briefing slides and the related enclosures from the Commissioner of FMS or his designee. On August 10, 2012, FMS provided technical comments, which we incorporated as appropriate.

We conducted our work from February 2012 to September 2012 in accordance with all sections of GAO's Quality Assurance Framework that are relevant to our objectives. The framework requires that we plan and perform the engagement to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analysis conducted, provide a reasonable basis for any findings and conclusions.

Status of Governmentwide Federal Nontax Debt and Delinquencies

According to the Treasury Report on Receivables and Debt Collection Activities (TROR),¹ total federal nontax debt, federal nontax debt delinquencies, and federal nontax debt delinquent over 180 days reported by federal agencies have increased substantially from fiscal year 2007 through fiscal year 2011, as shown in figure 3. Specifically, reported federal nontax debt increased from \$339.6 billion at the end of fiscal year 2007 to \$777.8 billion at the end of fiscal year 2011, an increase of about 129 percent. Reported federal nontax debt delinquencies also increased substantially, rising from \$64.9 billion at the end of fiscal year 2007 to \$131.0 billion at the end of fiscal year 2011, an increase of over 100 percent. Likewise, reported federal nontax debt delinquent over 180 days increased from \$45.5 billion at the end of fiscal year 2007 to \$81.3 billion at the end of fiscal year 2011, an increase of about 79 percent. Such increases are in marked contrast to the previous 4 fiscal years (i.e., 2003 through 2006). During this time, relatively little change is evident in reported amounts of total federal nontax debt, while total reported federal nontax debt delinquencies and reported federal nontax debts more than 180 days delinquent decreased somewhat.

Figure 3: Reported Amounts of Total Federal Nontax Debt, Delinquent Federal Nontax Debt, and Federal Nontax Debt Delinquent over 180 Days, Governmentwide, for Fiscal Years 2003 through 2011



Source: Data reported in the TRORs for fiscal years 2003 through 2011.

Note: To the best of our knowledge, these data are unaudited.

Reported amounts in the TRORs of total federal nontax delinquent debt and federal nontax debt delinquent over 180 days as a percentage of total federal nontax debt, each decreased from fiscal year 2003 through fiscal year 2011, from about 22 percent and 17 percent, respectively, to

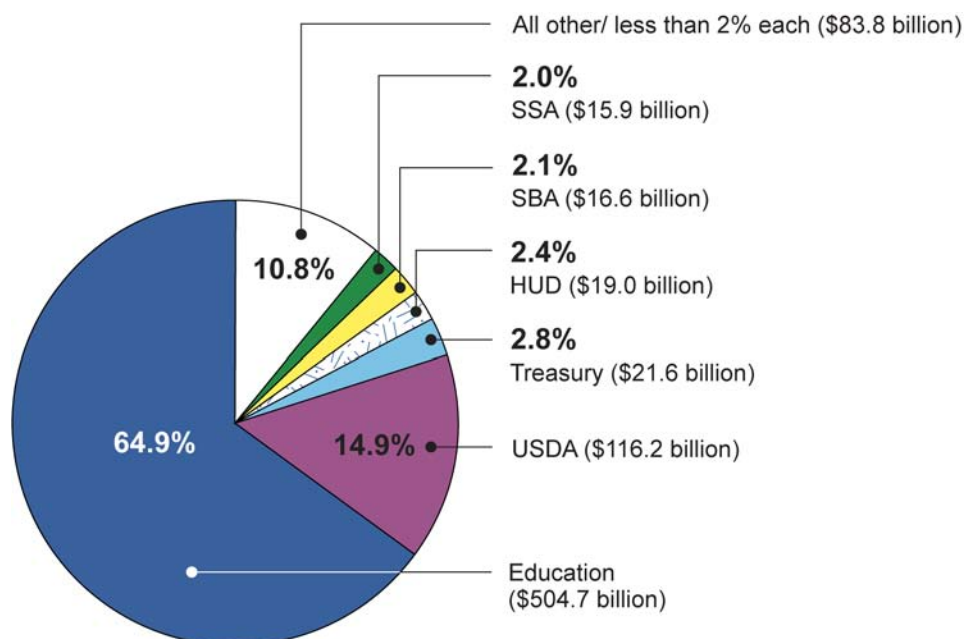
¹To the best of our knowledge, data reported in the TRORs are unaudited.

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about 17 percent and 11 percent, respectively. Moreover, of the \$438.2 billion increase in overall reported federal nontax debt from fiscal year 2007 through fiscal year 2011, \$373 billion, or about 85 percent, was debt held by the Department of Education (Education).² The increase in Education's debt is due to student loans, many of which will not become due and payable until students either graduate or cease attending college. Future delinquencies involving student loans may cause delinquencies relative to total debts to increase.

As shown in figure 4, Education and the U.S. Department of Agriculture (USDA) reported holding \$504.7 billion and \$116.2 billion of reported federal nontax debt, respectively, or about 80 percent of the \$777.8 billion total reported federal nontax debt as of September 30, 2011.³ Other federal agencies reporting 2 percent or more of the total were the Department of the Treasury (Treasury), the Department of Housing and Urban Development (HUD), the Small Business Administration (SBA), and the Social Security Administration (SSA). Each of the other reporting federal agencies' reported holdings were less than 2 percent of the reported total.

Figure 4: Reported Governmentwide Federal Nontax Debt, by Agency, as of September 30, 2011 (Total: \$777.8 Billion)



Source: Data reported in the TRORs as of September 30, 2011.

Notes: Percentages do not equal 100 percent because of rounding. To the best of our knowledge, these data are unaudited.

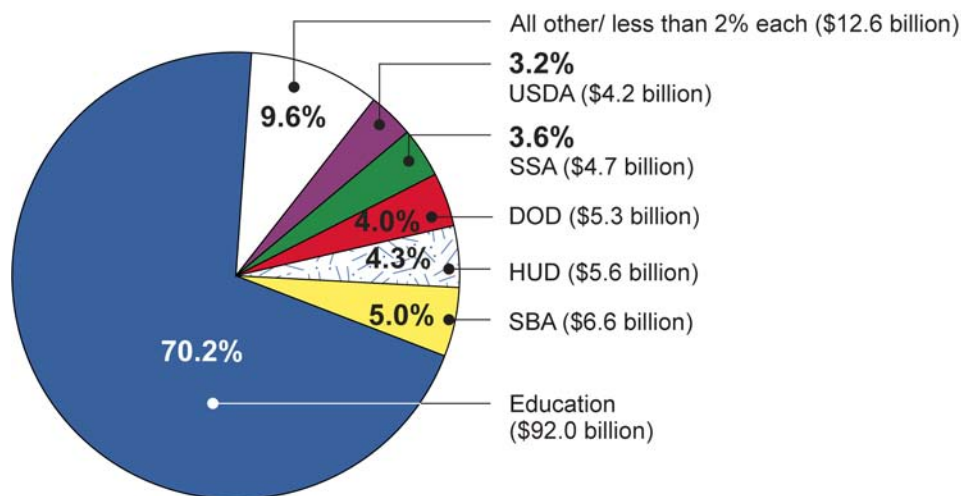
²Education administers the William D. Ford Federal Direct Loan Program, the Federal Family Education Loan (FFEL) Program, Federal Pell Grants, and the campus-based student aid programs to help students finance the costs of higher education. The Ensuring Continued Access to Student Loans Act of 2008 authorized the Secretary of Education, in consultation with the Secretary of the Treasury and under certain circumstances prescribed by law, to purchase or enter into forward commitments to purchase FFEL Program loans. Pub. L. No. 110-227, § 7, 122 Stat. 740, 746-47 (May 7, 2008). This temporary loan purchase authority was to expire on July 1, 2009; however, Congress subsequently extended the authority through July 1, 2010. Pub. L. No. 110-350, § 1, 122 Stat. 3947, 3947 (Oct. 7, 2008). The SAFRA Act, which was enacted as part of the Health Care Education and Reconciliation Act of 2010, eliminated Education's authority to make new FFEL Program loans after June 30, 2010, and all federally guaranteed student loans are now originated through Education under the William D. Ford Federal Direct Loan Program. Pub. L. No. 111-152, title II, subtitle A, § 2201, 124 Stat. 1029, 1071 (Mar. 30, 2010).

³The nontax debts held by Education and USDA were predominantly direct loans and defaulted guaranteed loans.

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Most of the delinquent federal nontax debt reported in the TRORs as of September 30, 2011, was held by Education. As shown in figure 5, Education held \$92.0 billion, or 70.2 percent, of the \$131.0 billion total. Other federal agencies reporting 2 percent or more of this total were SBA, HUD, the Department of Defense (DOD), SSA, and USDA. Each of the other reporting federal agencies' reported holdings were less than 2 percent of the reported total.

Figure 5: Reported Governmentwide Delinquent Federal Nontax Debt, by Agency, as of September 30, 2011 (Total: \$131.0 Billion)



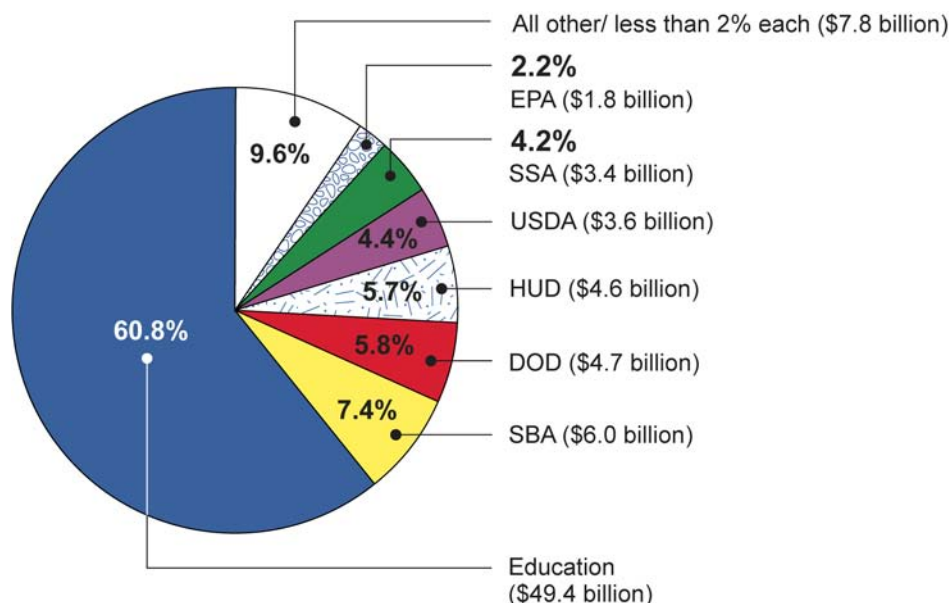
Source: Data reported in the TRORs as of September 30, 2011.

Notes: Percentages do not equal 100 percent because of rounding. To the best of our knowledge, these data are unaudited.

The majority of the \$81.3 billion of federal nontax debt delinquent over 180 days reported in the TRORs as of September 30, 2011, was also held by Education. As shown in figure 6, Education reported holding \$49.4 billion, or 60.8 percent of the total. Other federal agencies reporting 2 percent or more of this total were SBA, DOD, HUD, USDA, SSA, and the Environmental Protection Agency (EPA). Each of the other reporting federal agencies' reported holdings were less than 2 percent of the reported total.

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Figure 6: Reported Governmentwide Federal Nontax Debt Delinquent over 180 Days, by Agency, as of September 30, 2011 (Total: \$81.3 Billion)



Source: Data reported in the TRORs as of September 30, 2011.

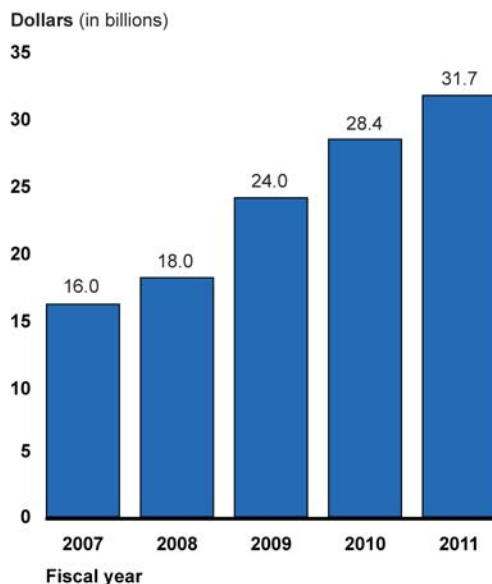
Notes: Percentages do not equal 100 percent because of rounding. To the best of our knowledge, these data are unaudited.

Office of Management and Budget (OMB) Circular No. A-129, *Policies for Federal Credit Programs and Non-tax Receivables*, generally requires agencies to write off federal nontax debt more than 2 years delinquent.⁴ Federal nontax debt that is written off can be classified as currently not collectible (CNC) if the agency intends to take additional collection action on the debt. Otherwise, the debt should be closed out and reported to Treasury's Internal Revenue Service (IRS) as income to the debtor. No further collection action can be taken on debts reported to IRS. CNC debt is not included in federal agencies' nontax receivables and delinquent debt balances in the TRORs; however, because CNC debt is eligible for continued collection action, debt that is classified as CNC is included when reporting federal nontax debt eligible for Treasury's offset program (TOP) and cross-servicing program in the TRORs. As shown in figure 7, total CNC debt reported in the TRORs as of September 30, each year, increased from 2007 through 2011.

⁴According to OMB Circular No. A-129, federal agencies must document and justify to OMB in consultation with Treasury any federal nontax debt older than 2 years delinquent that is not written off.

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Figure 7: Reported Governmentwide Delinquent Federal Nontax Debt Classified as CNC for Fiscal Years 2007 through 2011



Source: Data reported in the TRORs for fiscal years 2007 through 2011.

Note: To the best of our knowledge, these data are unaudited.

Moreover, both federal nontax debt delinquent over 180 days and CNC debt are potentially eligible for referral to Treasury for collection through TOP and cross-servicing. Combined, federal nontax debt delinquent over 180 days and CNC debt reported in the TRORs as of September 30, 2011, totaled \$113.0 billion (\$81.3 billion and \$31.7 billion, respectively).

However, certain delinquent federal nontax debt is ineligible for, or excepted or exempted from, referral to Treasury for collection through TOP and the cross-servicing program. As shown in table 2, after excluding debt that is ineligible for, or excepted or exempted from, referral for offset, \$68.6 billion, or about 61 percent, of the \$113.0 billion of federal nontax debt delinquent over 180 days and CNC debt was reported in the TRORs as being required to be referred to TOP as of September 30, 2011. Of the \$68.6 billion, \$58.4 billion, or about 85 percent, was reported as referred to TOP, leaving \$10.2 billion, or about 15 percent, remaining to be referred. According to the TRORs, of the reported \$10.2 billion remaining to be referred to TOP as of September 30, 2011, debt held by Education made up \$4.7 billion, or about 46 percent. In addition, other federal agencies with reported federal nontax debt delinquent over 180 days and CNC debt remaining to be referred to TOP as of September 30, 2011, included SSA (\$1.3 billion), the Federal Trade Commission (\$1.1 billion), and the Department of Health and Human Services (HHS) (\$1.0 billion).

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Table 2: Reported Governmentwide Federal Nontax Debt Delinquent over 180 Days and CNC Debt—Required to Be Referred to TOP, Referred to TOP, and Remaining to Be Referred to TOP—as of September 30, 2011

Dollars in billions

Total governmentwide federal nontax debt delinquent over 180 days and CNC debt	\$113.0
Debt ineligible for, or excepted or exempted from, TOP referral	<u>-\$44.4</u>
Ineligible debt includes debt in bankruptcy, forbearance, formal appeals, and foreclosure. Debt excepted from referral requirements includes foreign/sovereign debt and debt in litigation for enforced collection. Federal agencies report certain “Other” ^a debt as exempted from TOP referral.	
Debt required to be referred to TOP	\$68.6
Debt referred to TOP	<u>-\$58.4</u>
Balance of debt remaining to be referred to TOP	\$10.2

Source: Data reported in the TRORs as of September 30, 2011.

Note: To the best of our knowledge, these data are unaudited.

^aAccording to TROR guidance, federal agencies should use the “Other” categories sparingly and only when the debt truly cannot be placed in one of the given categories. Agencies are instructed by Treasury to footnote amounts included as “Other,” with the reason for exempting the debt from referral.

As shown in table 3, after excluding debt that is ineligible for, or excepted or exempted from, referral for cross-servicing, \$20.4 billion (or about 18 percent) of federal nontax debt delinquent over 180 days and CNC debt was reported in the TRORs as being required to be referred to Treasury or a designated debt collection center for cross-servicing as of September 30, 2011.⁵ Of the \$20.4 billion, \$19.3 billion (or about 95 percent) was reported as referred to cross-servicing, leaving \$1.1 billion (or about 5 percent) remaining to be referred. According to the TRORs, of the reported \$1.1 billion remaining to be referred to cross-servicing as of September 30, 2011, most involved debt held by DOD (\$491 million), HHS (\$288 million), and the Securities and Exchange Commission (\$161 million).

⁵In addition to FMS, as of July 18, 2012, there is one other Treasury-designated debt collection center—the HHS’s Program Support Center (PSC). PSC has been granted authority to service the following types of debt: (1) HHS debt less than 180 days delinquent, (2) HHS debt exempt from mandatory transfer to Treasury for cross-servicing, and (3) HHS debt and debt owed to other federal agencies arising from grant audit and program disallowances, but only for 180 days following completion of appeals.

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Table 3: Reported Governmentwide Federal Nontax Debt Delinquent over 180 Days and CNC Debt—Required to Be Referred to Cross-Servicing, Referred to Cross-Servicing, and Remaining to Be Referred to Cross-Servicing—as of September 30, 2011

Dollars in billions

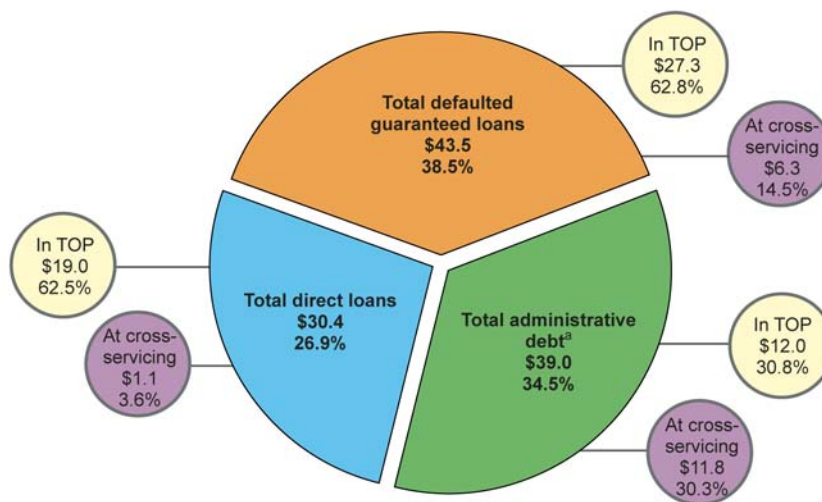
Total governmentwide federal nontax debt delinquent over 180 days and CNC debt	\$113.0
Debt ineligible for, or excepted or exempted, from cross-servicing referral	<u>-\$92.6</u>
<p>Ineligible debt includes debt in bankruptcy, forbearance, formal appeals, and foreclosure. Excepted debt includes foreign/sovereign debt, debt in litigation for enforced collection, debt at federal agencies' private collection agencies, debt in the process of internal offset at referring agencies, debt exempted by Treasury, and debt returned from cross-servicing as uncollectible. Federal agencies report certain "Other" debt as exempted from cross-servicing referral.</p>	
Debt required to be referred to Treasury or a designated debt collection center for cross-servicing	\$20.4
Debt referred to Treasury or a designated debt collection center for cross-servicing	<u>-\$19.3</u>
Balance of debt remaining to be referred for cross-servicing	\$1.1

Source: Data reported in the TRORs as of September 30, 2011.

Note: To the best of our knowledge, these data are unaudited.

As shown in figure 8, of the \$113.0 billion of federal nontax debt delinquent over 180 days and CNC debt reported as of September 30, 2011, in the TRORs, \$43.5 billion, or 38.5 percent, was defaulted guaranteed loans; \$39.0 billion, or 34.5 percent, was administrative debt; and \$30.4 billion, or 26.9 percent, was direct loans. The figure also shows the amounts and percentages in TOP and at the cross-servicing program by these three debt types.

Figure 8: Total Governmentwide Debt Delinquent over 180 Days and CNC Debt, by Type and Amount in TOP and Cross-Servicing, as of September 30, 2011 (Total: \$113.0 Billion)



Source: Data reported in the TRORs as of September 30, 2011.

Notes: Difference between amount shown in title and the sum of the parts in pie chart is due to rounding. To the best of our knowledge, these data are unaudited.

^aThe TROR defines administrative debt as any federal nontax debt other than a direct loan or a defaulted guaranteed loan, such as, debt related to fines, penalties, sales of goods and services, overpayments of salaries and benefits, and travel advances.

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Abbreviations

AWG	administrative wage garnishment
CFO	chief financial officer
CNC	currently not collectible
DCIA	Debt Collection Improvement Act of 1996
DFAS	Defense Finance and Accounting Service
DOD	Department of Defense
DOJ	Department of Justice
Education	Department of Education
EPA	Environmental Protection Agency
FFEL	Federal Family Education Loan
FMS	Financial Management Service
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
IRS	Internal Revenue Service
NDNH	National Directory of New Hires
NTDO	non-Treasury disbursing office
OMB	Office of Management and Budget
PCA	private collection agency
PSC	Program Support Center
SBA	Small Business Administration
SRP	State Reciprocal Program
SSA	Social Security Administration
TFM	<i>Treasury Financial Manual</i>
TIN	taxpayer identification number
TOP	Treasury Offset Program
TOP NG	Treasury Offset Program Next Generation
Treasury	Department of the Treasury
TROR	Treasury Report on Receivables and Debt Collection Activities
USDA	U.S. Department of Agriculture
USPS	U.S. Postal Service

Enclosure V

GAO Contact and Staff Acknowledgments

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Staff Acknowledgments

In addition to the contact named above, staff members who made key contributions to the review include Kenneth R. Rugar, Assistant Director; Wilfred B. Holloway, Assistant Director; Katherine S. Lenane, Assistant General Counsel; Neill W. Martin-Rolsky, Senior Attorney; Michael D. Hansen; Linda K. Sanders; and Lisa M. Galvan-Treviño.

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