



**ADMINISTRATIVE COMMUNICATIONS SYSTEM
U.S. DEPARTMENT OF EDUCATION**

DEPARTMENTAL HANDBOOK

Handbook OM-04

Page 1 of 40 (01/19/2012)

Distribution:
All Department of Education Employees

Approved by: _____/s/_____
Winona H. Varnon
Principal Deputy Assistant Secretary
for Management
Delegated the Authority to Perform
the Functions and Duties of the
Assistant Secretary for Management

Handbook for Processing Salary Overpayments

Table of Contents

I.	Purpose.....	3
II.	Policy	3
III.	Authority.....	3
IV.	Applicability	4
V.	Definitions.....	4
VI.	Delegated Responsibilities	7
VII.	Debt Management Process	7
VIII.	Notice of the Debt	11

IX. Debtor’s Repayment Options.....12

X. Hearing Process for Waivers and Pre-offset Proceedings.....20

XI. Bankruptcy22

XII. Additional Collection Concerns.....22

Appendix A – Notification Letters for Current Employee Debtors24

 Appendix A-1: Initial Notification of Salary Overpayment (Current)24

 Appendix A-2: Offset to Current Pay – Debts that fall under the DCIA and are \$50.00 or less26

 Appendix A-3: Debts that fall under the Debt Collection Improvement Act that are greater
 than \$50.00 for Current Employees28

 Appendix A-4: Notification of Completed and Satisfied Salary Overpayment (Current).....32

Appendix B – Notification Letter for Former Employee Debtors.....33

 Appendix B-1: Initial Notification of Salary Overpayment (Former)33

Appendix C – ED Repayments Instructions.....36

 Appendix C – 1: ED Repayments Form39

 Appendix C – 2: Privacy Act Statement40

For questions regarding this ACS Handbook, please contact the Debt Management Coordinator via [e-mail](#) or 202-401-0535.

This supersedes Handbook OM-04, Handbook for Processing Overpayments, dated 4/29/2008.

I. Purpose

This Handbook describes the practices to be followed by U.S. Department of Education (ED) personnel to collect funds from a debtor's disposable pay and/or any Federal funds due him/her and the practices utilized by the ED to seek repayment of any debt which was created as a result of a salary overpayment.

II. Policy

This policy is being implemented to delineate the appropriate procedures to seek collection of debts incurred as the result of errors in processing an employee's leave and earnings during a given year.

III. Authority

This Handbook is based on public law, as well as Department of the Treasury (Treasury), and Government Accountability Office (GAO) regulations and guidance interpreting public law relative to the collection of salary overpayments. Among the most significant laws and regulations affecting salary overpayments are:

- A. United States Code (USC), Title 5, §5584, Claims for overpayment of pay and allowances, and of travel, transportation and relocation expenses and allowances;
- B. 5 Code of Federal Regulations (CFR) §550.1101-550.1104, Collection by offset from indebted government employees;
- C. 5 CFR §179.201-179.218, Claims collection standards, salary offset;
- D. 5 USC §5514, Installment deduction for indebtedness to the United States, *et seq.*;
- E. 31 USC §3701-3720, Claims of the U.S. Government;
- F. 31 USC §3332, Required direct deposit and offset;
- G. 31 CFR Parts 900-904, Federal claims collection standards;
- H. 34 CFR Part 30, Debt collection;
- I. 34 CFR Part 31, Salary offset for Federal employees who are indebted to the United States under programs administered by the Secretary of Education;

- J. 34 CFR Part 32, Salary offset to recover overpayments of Pay or Allowances from Department of Education Employees;
- K. 34 CFR Part 34, Administrative wage garnishments;
- L. OMB Circular A-123, Management accountability and control (June 21, 1995);
- M. OMB Circular A-127, Financial management systems (Revised June 10, 1999);
- N. OMB Circular A-129, Policies for Federal Credit Programs and Non-Tax Receivables (Revised November, 2000);
- O. Chief Financial Officers Act of 1990, P.L. 101-576, (November 15, 1990);
- P. Debt Collection Act of 1982, P.L. 97-365, (October 25, 1982);
- Q. Debt Collection Improvement Act of 1996, §31001 of P.L. 104-134, the Omnibus Consolidated Rescission and Appropriations Act of 1996 (April 26, 1996);
- R. Federal Debt Collection, P.L. 101-647 (November 29, 1990); and
- S. Privacy Act of 1974, as amended.

IV. Applicability

This Handbook applies to all Principal Offices within ED and agencies serviced by ED (such as the National Commission on Libraries and Information Science).

V. Definitions

- A. *Accounts Receivable* – An amount of money, funds, or property that has been determined by an agency official to be due the United States Government from any person, organization, or entity, except another Federal agency (see Federal Claims Collection Standards, 31 CFR Chapter IX, part 900.2).
- B. *Adjustment* – A change to the recorded balance of an existing amount of a receivable other than collection or write-off. An adjustment may result from a compromise or other revision of amounts based on changes in facts and circumstances.
- C. *Administrative Law Judge (ALJ)* – A Federal administrative judge appointed under Title 5, USC.
- D. *Administrative Offset* – The act of withholding money payable by the government to, or held by the government for, a person or entity to satisfy a debt that the

person or entity owes the government. (See offset procedures in 34 CFR Part 30, Subpart C; Part 31; and Part 32.)

- E. *Bill of Collection (BOC)* – A document issued by the Department of the Interior (DOI) that certifies the amount of money that is owed to the Department due to a salary calculation error/correction.
- F. *Business Day* – Any day Monday through Friday, unless that day is a Federal holiday or the Federal government is officially closed for business by the Office of Personnel Management (OPM) or Agency Head. (Also see “Calendar Day”.)
- G. *Calendar Day* – For the purposes of computation of filing deadlines, the last day of the period will be included unless that day is a Saturday, Sunday, Federal holiday, or the Federal government is officially closed for business, by OPM or Agency Head. In that case, the last day of the period is the next business day after the end of the period. (Also see “Business Day”.)
- H. *Collection* – The transfer of monies from a source outside the Federal government to an agency or to a financial institution acting as an agent of ED. (Also see “Debt Collection”.)
- I. *Compromise* – Accepting less than the full amount of the debt owed by the debtor in satisfaction of the debt. The debt is satisfied in accordance with the Federal Claims Collection Standards, 31 CFR Chapter IX, part 9023.
- J. *Debt* – An amount of money or property that an appropriate Federal official determines is owed to the Department by a person. (See 31 USC §3701(b)(1)).
- K. *Debt Collection* – The portion of the credit cycle dealing with the recovery of amounts due after routine follow-up fails. This activity includes the assessment of the debtor’s ability to pay, the exploration of possible alternative arrangements to increase the debtor’s ability to repay and other efforts to secure repayment in full.
- L. *Debtor* – An individual who owes a delinquent, non-tax debt to ED,
- M. *Delinquency* – The status of a debt if it has not been paid by the date specified in the agency's initial written demand for payment or applicable agreement or instrument (including a post-delinquency payment agreement), unless other satisfactory payment arrangements have been made.
- N. *Disposable Pay* – The part of current basic pay, special pay, incentive pay, retired pay, retainer pay, or other authorized pay remaining after the deduction of any amount required by law to be withheld such as federal, state or local income taxes; social security deductions; health insurance premiums; normal retirement contributions; normal life insurance premiums (optional life insurance is

excluded); Thrift Savings Plan Contributions; and any other deductions required by law to be withheld. For purposes of salary offset, as long as a debt of a current employee remains with the Department, normally travel reimbursement will not be used as a means to collect the balance of a debt unless (1) the Agency has notice that the debtor may be leaving the agency and/or (2) collection of the debt from any other means is not possible within a reasonable amount of time. (See 5CFR 550.1103 and 5 CFR 581.105).

- O. *Federal Agency* – For purposes of this Handbook, any executive agency of the United States Government, except for the Tennessee Valley Authority.
- P. *Financial Hardship* – An inability to meet the basic living expenses for goods and services necessary for the survival of the debtor, his/her spouse and any dependents.
- Q. *Hearing Official* – An ALJ appointed to conduct pre-offset proceedings in salary overpayment cases. (See 34 CFR § 32.5(d)).
- R. *National Business Center (NBC)* – NBC is DOI’s payroll processing organization. ED has contracted with NBC to perform certain payroll and personnel processing functions.
- S. *Pre-offset Hearing* – A proceeding presided over by an ALJ on the existence or the amount of the debt as well as the debtor’s ability to pay the debt. A hearing routinely will be conducted based upon the written record; however, in rare circumstances (i.e., typically when there are credibility issues concerned), the hearing will be conducted in person.
- T. *Repayment Agreement* – An agreement establishing the terms and conditions governing the recovery of a debt. It is executed when credit is initially extended or when a debt is rescheduled (renegotiated). A repayment agreement must be written or reduced to writing after such an agreement is reached consistent with 4 CFR 102.11, Federal Claims Collection Standards.
- U. *Reschedule* – To establish new terms and conditions (i.e., modify the existing terms) to facilitate repayment of a debt.
- V. *Salary Offset* – The process of collecting a debt by deductions (at one or more officially established pay intervals) from the current disposable pay of a Federal employee with or without the employee’s consent (34 CFR Part 31). Salary offset for Federal employees who are indebted to the United States under programs administered by the Secretary of Education and Part 32, Salary offset to recover overpayments of pay or allowances from ED employees).
- W. *Secretary* – The Secretary of Education, unless specifically identified otherwise, such as Secretary of the Treasury.

- X. *Waiver Request* – A statement to request to mitigate part or all of an overpayment by an employee where there is no claim of fraud or misrepresentation in connection with the overpayment, and where granting the request is not contrary to the best interests of the United States or otherwise against equity and good conscience.
- Y. *Waiver Proceeding* – A proceeding presided over by an attorney to determine whether a waiver should be granted. A hearing will be conducted based upon the written record.

VI. Delegated Responsibilities

- A. **The Office of Management/Human Capital and Client Services (OM/HCCS)** or its designee is delegated the authority to perform all functions related to the “human resources” area for ED including initiating the collection efforts of salary overpayments for all ED debtors, developing procedures for its efficient processing, and for the investigation of debts.
- B. **The Office of Management/Office of Hearings and Appeals (OM/OHA)** or its designee is responsible for making determinations on the timeliness of hearing and/or waiver requests (including requests for an extension of time), presiding over hearings, issuing rulings on waiver requests and developing policies for the efficient processing of waiver and hearing requests.
- C. **The Office of the Chief Financial Officer (OCFO)** or its designee is responsible for billing and collecting former employee salary overpayments, and for collecting a one-time lump sum salary overpayment repayment from current employees in accordance with the Debt Collection Improvement Act (DCIA) of 1996, and the Federal Claims Collections Standards.
- D. **The Department of the Interior (DOI)** is responsible for generating BOCs bi-weekly and notifying OM/HCCS.
- E. **The Office of the General Counsel (OGC)** is responsible for providing legal advice on the processing of salary overpayments under the applicable laws and regulations. Additionally, OGC is charged with providing assistance to OM and OCFO on bankruptcy matters relating to the processing of salary overpayments.

VII. Debt Management Process

Department of the Interior (DOI)/ National Business Center (NBC)/Federal Personnel Payroll System (FPPS) identifies all salary overpayments for all debtors and generates BOCs through bi-weekly payroll calculations of the Federal

payroll system. The BOC will then be forwarded to OM/HCCS for initial intake and investigation.

A. **OM Collection Process for Current Employee Debtors**

1. **OM/HCCS** receives BOCs from DOI/NBC/FPPS based upon DOI/NBC/FPPS's biweekly reports of the Federal payroll system.
 2. **OM/HCCS** investigates all debts upon receipt of BOCs. Evidence will be obtained and compiled into an official Department overpayment file. Each official case file will be logged in by the case number. Current employees' case files will be maintained by OM/HCCS and former employee case files will be maintained by OCFO/DMG. The investigation will include evidence supporting the amount of the debt and any other information which supports/disproves the basis for the debt. The investigation may include sworn statements and/or any other written information, which may shed some light into the justification for/against further collection action.
 3. **OM/HCCS** provides initial written notification to all debtors via certified mail, return receipt requested, outlining the amount owed to the ED attaching supporting documentation, and provides a copy of the applicable rules and regulations upon request. The applicable rules and regulations can be found at www.ed-oha.org/overpayments.html (See [Appendix A-1: Initial Notification of Salary Overpayment \(Current\)](#)).
- a. If the debtor seeks to enter repayment, the debtor may select one of the following options:
 - (1) Pay the debt in full to ED by check or money order; or
 - (2) Establish a voluntary installment repayment schedule or plan via payroll deduction if the debtor is a current ED employee.
 - b. If the debtor possesses supporting documentation which is contrary to the information which he/she has been provided by OM, he/she may request a waiver to OM/OHA, along with supporting documentation, in accordance with the rules stated in the initial written repayment demand letter. (See [Appendix A-1: Initial Notification of Salary Overpayment \(Current\)](#)).
 - c. If the debtor contests the existence, amount, or current enforceability of the debt and/or claims that repayment would cause extreme financial hardship, he/she may request a hearing by timely submitting a hearing request to OM/OHA.

4. **OM/HCCS** will send the initial written notification letter to a current ED employee via certified mail. If it is not delivered successfully (by receiving the green return receipt card with the employee's signature), the initial notification will be returned by the Post Office to OM/HCCS. OM/HCCS will forward the initial notification to the debtor's Executive Officer for delivery to the employee, and the Executive Office shall provide proof of the delivery of the notice to the debtor to OM/HCCS by email. Please send to the Debt Management Coordinator (OMDebtManagementCoordinator@ed.gov).
5. **OM/OHA** will make determinations as to the timeliness of any hearing requests, including requests for an extension of time.
6. If applicable, after a timely waiver/hearing request has been made, **OM/OHA** will notify the debtor or his/her representative that a timely request for a hearing has been made.
7. However, if OM/HCCS is notified by OM/OHA that the debtor failed to respond to ED's initial demand notice in a timely fashion, **OM/HCCS** will initiate involuntary salary offset of 15 percent of the debtor's disposable pay (if debtor is a current employee) within 30 calendar days from the date of its original notice. (See [Appendix A-1: Subsequent Notification of Salary Overpayment \(Current\)](#)).
8. **OM/HCCS** will prepare a case file including a report of investigation for all cases in which a timely waiver request has been made. Additionally, OM/HCCS will collect, provide copies of, and forward to OM/OHA specific documentation confirming the basis for the debt and justify how it came into being, including supporting documentation from the relevant pay periods. The report of investigation must include; (1) Date of Discovery of Overpayment; (2) Notification Dates; (3) Narrative of the Circumstances of Overpayment; (4) Considerations for Recommendation; (5) Status of Employee; (6) Supporting Documentation; and (7) An Analysis/Recommendation based on previous GAO decisions.
9. **OM/HCCS** will forward all requests for voluntary repayment and salary offset authorization for current ED employees to DOI/NBC/FPPS for processing.
10. **OM/HCCS** will prepare and mail a final close-out letter to current employees who have satisfied their debt in full (See [Appendix A-4: Notification of Completed and Satisfied Salary Overpayment](#)).
11. **OM/HCCS** will forward all bankruptcy proof of claim notices to OCFO for further processing.

C. OCFO's Collection Process for Former Employees1. *Initial Written Notification*

- a. OM/HCCS will send the initial written notification by certified mail to the former Department employee. On the same day/time, OM/HCCS will forward the official debt case file of the former ED employee to OCFO/FMO to establish a receivable after the 15-day period has elapsed.
- b. Upon receipt of the signed receipt card from the former employee, OM/HCCS will forward the card to OCFO/DMG to place in the official file.
- c. If the initial written notification sent to the former ED employee via certified mail is returned by the Post Office without the former employee's signature, OM/HCCS will forward the returned letter and unsigned receipt card to OCFO/DMG to be placed in the official file. OCFO/DMG will attempt to provide OM/HCCS with updated contact information so that proper notice can be made.

2. *OCFO/FMO*

- a. Establishes receivables and generates invoices for former/separated employee debtors.
- b. Records and deposits receipts. .
- c. Forwards former employee debtor files to OCFO/DMG for further notification/collection actions.

3. *OCFO/DMG*

- a. Initiates collection actions in accordance with the Debt Collection Improvement Act of 1996 and the Federal Claims Collection Standards.
- b. Stays collection action upon notice of an official acceptance of a timely waiver and/or hearing request.
- c. Stays collection action upon receipt of a bankruptcy claim.
- d. Resumes collection upon notice from OM/OHA that the waiver or appeal has been adjudicated.
- e. Writes off and closes out files in accordance with regulations.

D. OM/OHA's Responsibilities

1. Will notify OM/HCCS (for current employees) and OCFO/DMG (for former employees) if a timely hearing or waiver request has been made. Will notify the debtor and/or his/her representative in writing when a hearing, whether on the record or oral, is scheduled.
2. Will notify OM/HCCS (for current employees) and OCFO/DMG (for former employees) if the debtor submits an untimely waiver/hearing request and further collection action is to proceed.
3. Will preside over pre-offset hearings for both current and former employees.:
 - a. Issue waiver determinations if the debtor files a timely waiver request.
 - b. Provide OM/HCCS (for current employees) and OCFO/DMG (for former employees) with a monthly report of the status and final disposition on all pending cases. In addition to monthly reports, OM/OHA will send a copy of the final decision letter to OCFO/FMO on the same day/time the decision is mailed to the debtor.

E. Executive Officer's Responsibilities

1. If initial notification sent to a current ED employee via certified mail is not confirmed by the return of the receipt, OM/HCCS will forward the notice letter to the debtor's Executive Office for further notification action. The Executive Office shall provide proof of the receipt of the notice to the debtor to OM/HCCS by email. Please send to the Debt Management Coordinator (OMDebtManagementCoordinator@ed.gov).
2. Ensures ACS Directive [OM:3-104, Clearance of Personnel for Separation or Transfer](#), is followed to ensure that employees satisfy overpayment obligations prior to leaving ED.

VIII. Notice of the Debt**A. Statute of Limitations**

ED may collect an overpayment of salary owed the Government without time limitations on any debt outstanding after the Government's right to collect the debt first accrued. OCFO will make a determination as to whether the debt should be written off in accordance with the law.

B. Initial Notification Letter Sent Via Certified Mail

Initial notice of the demand and request for repayment will be made in accordance with 34 CFR §32.3 and this Handbook by OM/HCCS and sent to debtors via certified mail, return receipt requested to assure proof of delivery. OM/HCCS will also request that the Executive Office notify current employees if delivery cannot be made. OM/HCCS will forward any returned initial notices to OCFO/DMG for former employees. (Please refer to [Appendix A-1](#) for Current Employees and [Appendix B-1](#) for Former Employees).

This notice will include, at minimum:

1. The origin, nature, and amount of the overpayment;
2. A specific demand for repayment in full or for the employee to enter into a written repayment agreement with ED in accordance with 34 CFR §32.3(c); and
3. His or her right to request a hearing or waiver of the repayment in part or in full and to whom any such request should be made.

C. Email Notification of the Department's Intent to Commence Administrative Salary Offset for Current Employees

OM/HCCS will provide written email notice of the ED's intent to offset a current employee's salary no later than two (2) pay periods from the date prior to the action. (See [Appendix A-2: Offset to Current Pay – Debts that fall under the DCIA and are \\$50.00 or less](#)).

D. Right to Union Representation

Bargaining unit employees have the right to union representation throughout this process. If a bargaining unit employee chooses to be represented by the union, he/she must notify OHA in writing providing the union representative's name, e-mail address, and phone and fax numbers.

IX. Debtor's Repayment Options

A sample of the employee initial notification is included in [Appendix A-2-3](#) for Current Employees and [Appendix B-1](#) for Former Employees. A sample of the ED Repayments Instructions is included in [Appendix C](#). A sample of the ED Repayments Form is included in Appendix C-1.

A. Payment of the Debt

The current or former employee elects one of the methods listed below.

1. *Payment in Full* (current and former)

The initial written notification of the debt must be attached to the ED Repayments Form ([Appendix C-1](#)). Payment must be done in full with a check or money order to the designated point of contact in OCFO/FMO as stated in the initial notification letter and in accordance with item C below:

- a. The Employee must fill out the ED Repayments Form (Appendix C-1) by first checking the salary overpayment box located at the top of the form. NOTE: Employees are not permitted to drop off their personal check and/or money order to the OCFO/FMO without accompanying ED Repayments Form. (Appendix C-1).
- b. The current or former employee must complete the form before a personal check and/or money order is delivered to the OCFO/FMO/Receivables and Cash Receipts Team. The Employee must complete the information under Section 1.
- c. The Employee must mail or hand deliver the ED Repayments Form ([Appendix C-1](#)) and the initial notification of debt along with payment to:

Mail Delivery:

U.S. Department of Education
OCFO Financial Management Operations
Accounts Receivable Group
550 12th Street, S.W., PCP, Room 6107
Washington, DC 20202-4461

Hand Delivery:

U.S. Department of Education
OCFO Financial Management Operations
Accounts Receivable Group
550 12th Street, S.W., PCP, Room 6107
Washington, DC 20202-4461

2. *Voluntary Repayment Schedule* (current employees only)

Within 15 calendar days from the receipt of the initial notification letter, the employee must submit written authorization to OM/HCCS to commence voluntary salary offset through payroll deductions. The employee must submit a written repayment agreement stating the amount

to be deducted. Without express written authority, this amount cannot exceed 15 percent of the employee's disposable income. The submission of a voluntary repayment schedule will not waive an employee's right to request a waiver of the overpayment claim in part or in full. Additionally, if a waiver is later granted, the debtor will promptly be refunded all funds found not to be owed to the Department. ***Do Not Use** the Repayments Form in ([Appendix C-1](#)).

3. *Repayment Plan* (former employees only)

Repayment on an installment schedule must be made by either check or money order to the designated point of contact in OCFO/DMG at 202-377-3849.

4. *Additional ED Repayment Instructions for Payment in Full*

a. **Principal Office Accounting Information: Executive Officer or Budget Contact**

- (1) The Executive Officer or Budget Contact must receive the ED Repayments Form, (Appendix C-1) with a copy of the debt notification attached, from the Education employee.
- (2) The Executive Officer or Budget Contact must determine if the employee made the payment after the fiscal year, in which the overpayment occurred. If the repayment is made after the fiscal year in which the overpayment occurred, select item 1 Miscellaneous Receipts box in Section II – Principal Office (PO) Accounting Information to indicate that the FY of Overpayment and FY of Repayment do not agree. In this case, the account classification code structure (ACCS) information is not required. These funds will be deposited in the ED's Miscellaneous Receipts Account and the funds will be returned to the Department of Treasury.
- (3) The Executive Officer or Budget Contact must provide the ACCS in items 2 through 9 if the overpayment and repayment occur in the same fiscal year, so that current year expenditures can be decreased. In addition, please complete items 10 through 12 to certify the accuracy of the data.
- (4) The Executive Officer or Budget Contact must review and attach the Status of Funds Report for repayments applicable

to current year overpayments and submit the completed ED Repayments Form (Appendix C-1) to OCFO/FMO and retain a copy for their file.

b. **OCFO/FMO Receivables and Cash Receipts Team: Program Support Assistant/Financial Analyst**

(1) The Program Support Assistant:

Will issue a receipt of payment to ED employee.

(2) The Financial Analyst:

- Will review ED employees' completed ED Repayments Form (Appendix C-1), personal check and/or money order, and the attached current year Status of Funds Report;
- Will establish, deposit, and record the SF-215 Deposit Ticket information in the accounting system;
- Will complete the ED Repayments Form (Appendix C-1) under **Section III – OCFO/FMO Receivables and Cash Receipts Team items 1 through 2**;
- Will forward the ED Repayments Form (Appendix C-1) to the Accountant to continue processing; and
- Will maintain all records of the ED Repayments Forms (Appendix C-1).

c. **OCFO/FMO Grant Programs, Administrative Reporting, and Reconciliation Group: Accountant**

The Accountant:

- Will process the ADI to record the accounting to reduce the expenditures;
- Will complete the ED Repayments Form (Appendix C-1) under **Section III – OCFO/FMO Receivables and Cash Receipts Team and Grant Programs, Admin. Report, and Reconciliation Group items 3 and 4**; and
- Will forward the ED Repayments Form (Appendix C-1) to the FMO Supervisor to sign.

d. **OCFO/FMO: FMO Supervisor**

The FMO Supervisor will review and complete the ED Repayments Form (Appendix C-1) for accuracy under **Section III – OCFO/FMO Receivables and Cash Receipts Team and Grant Programs, Admin. Report, and Reconciliation Group item 5.**

e. **OCFO/FMO Receivables and Cash Receipts Team: Financial Analyst**

The Financial Analyst will send a copy of the certified ED Repayments Form (Appendix C-1) to the person whose signature appears in Section II – Principal Office Accounting Information item 10.

B. Appealing the Repayment of the Debt

1. **Request a Waiver** (current and former ED employees)

- a. All debtors must submit his or her request for a salary overpayment waiver in writing to OM/OHA within 15 calendar days of the receipt of the ED's initial notification letter. This date will be calculated by the date reflected on the certified mail return receipt.
- b. The request must explain the circumstances, which refute the overpayment, and must tell what steps were taken, if any, to bring the matter to the attention of the appropriate official and the agency's response.
- c. All debtors must submit his or her request for a salary overpayment waiver in writing, via U.S. Mail, private courier, or fax transmission to OM/OHA. The written request must be received within 15 calendar days of the receipt of the ED's initial notification. A copy of a facsimile request should also be sent via U.S. Mail or by private courier. Fax transmission by the 15th day will meet the timeliness requirement. All submissions mailed via the U.S. Postal Service should be sent to the address listed immediately below. It is incumbent upon the individual/representative filing the submission to ensure that the addressee receives any correspondence matters sent via U.S. Mail. Toward that end, debtors may contact OM/OHA to ascertain the filing date of their respective submissions. Submissions sent by fax transmission should not exceed 20 pages.

U.S. Department of Education
Office of Hearings & Appeals
490 L'Enfant Plaza SW, Suite 2100A, 2nd Floor
Washington, DC 20202-4616
TEL: 202-619-9700
FAX: 202-619-9726

All submissions filed via hand delivery, private messenger, or other private carrier, should be delivered to the following address:

U.S. Department of Education
Office of Hearings & Appeals
490 L'Enfant Plaza SW, Suite 2100A, 2nd Floor
Washington, DC 20024
TEL: 202-619-9700
FAX: 202-619-9726

2. Request for a Pre-offset Hearing (current and former ED employees)
 - a. An employee must submit his or her request for a hearing in writing to OM/OHA within 15 calendar days of the receipt of the ED's initial notification letter.
 - b. A pre-offset hearing request may be requested by an employee for a review of the:
 - (1) Existence of the debt;
 - (2) Amount of the overpayment; or
 - (3) Establishment of an involuntary repayment schedule (if the schedule is causing financial hardship).
 - c. The request for a hearing must:
 - (1) Be in writing;
 - (2) State why the employee contests the existence or amount of the overpayment; or
 - (3) State that the involuntary repayment schedule will cause extreme financial hardship;
 - (4) Identify all proposed witnesses and state the essence of their proposed testimony and evidence that will be presented at the hearing; and

- (5) Include all documents on which the employee is relying; any document, which is a statement of an individual, must be in the form of an affidavit.
- d. A pre-offset hearing may not review the denial of a waiver of repayment.

All debtors must submit his or her request for a hearing in writing, via U.S. Mail, private courier, or fax transmission to OM/OHA. A copy of a facsimile request should also be sent via U.S. Mail or by private courier. Fax transmission by the 15th day will meet the timeliness requirement. All submissions mailed via the U.S. Postal Service should be sent to the address listed immediately below. It is incumbent upon the individual/representative filing the submission to ensure that the addressee receives any correspondence sent via U.S. Mail. Toward that end, debtors may contact OM/OHA to ascertain the filing date of their respective submissions. Submissions sent by fax transmission should not exceed 20 pages.

U.S. Department of Education
Office of Hearings & Appeals
490 L'Enfant Plaza SW, Suite 2100A, 2nd Floor
Washington, DC 20024
TEL: 202-619-9700
FAX: 202-619-9726

All submissions filed via hand delivery, private messenger, or other private carrier, should be delivered to the following address:

U.S. Department of Education
Office of Hearings & Appeals
490 L'Enfant Plaza SW, Suite 2100A, 2nd Floor
Washington, DC 20024

A waiver request and a pre-offset hearing may be combined together at the discretion of the presiding official in OM/OHA. However, the hearings will only be combined if the debtor has filed timely requests for both the waiver determination and the pre-offset hearing.

3. **Timeliness of Request for a Pre-offset Hearing or Waiver**

As stated previously, a request for a pre-offset hearing or waiver must be made within 15 calendar days from the receipt of the initial notification letter. An employee may request an extension of time to file from OM/OHA if the employee can demonstrate in writing that the delay in

his/her request was due to circumstances beyond his/her control; and/or because of a lack of knowledge of the time due to not receiving the Email Notification of Salary Offset. (See 34 CFR §32.6).

C. Responsibilities of the Administrative Law Judge (ALJ)

1. Conducts fair and impartial hearings;
2. Presides over the proceedings, maintains decorum, and avoids delay in the processing of these cases;
3. Rules on any potential conflicts of interest with regard to the representation of any parties (a party may represent himself/herself or be represented by another person at the hearing);
4. Has the discretion to close any part or the entire public proceeding if he/she determines that to be in the best interests of the employee or the public; and
5. Decides if it would be best to conduct the oral hearing by a conference call as opposed to in person either at the request of the employee or at his/her own discretion.

D. Written Decision(s)

1. The ALJ will issue a written decision on the debt, the amount, and/or the employee's/former employee's ability to pay within 60 calendar days of the date of appeal. Unless provided for otherwise, a repayment will begin within 60 calendar days from the date of the decision.
2. In making his/her decision, the ALJ will be governed by all applicable Federal statutes, rules, regulations, and law. The ALJ must decide whether the agency's decision on the existence, amount, and the ability to repay the debt is clearly erroneous. A decision is clearly erroneous if, although there is evidence to support the decision, the ALJ, considering the record as a whole, is left with a definite and firm conviction that a mistake was made. The ALJ may also decide if extreme financial hardship will be caused by the establishment of an involuntary repayment schedule. If the ALJ believes that the involuntary repayment schedule would cause extreme financial hardship for the debtor, a new repayment schedule will be established by the ALJ.
3. Any funds due the debtor as the result of a waiver will be promptly refunded to the debtor.

E. Responsibilities of the Waiver Official

1. Conducts fair and impartial hearings;
2. Presides over the proceedings and avoids delay in the processing of these cases;
3. Rules on submissions and documentation; and
4. Issues a written decision and in making a decision, the waiver official will be governed by all applicable Federal statutes, rules, regulations, and law.

X. Hearing Process for Waivers and Pre-offset Proceedings

1. Receipt of Request from Debtor:
 - a. Upon receiving waiver/pre-offset request, OM/OHA:
 - (1) Dockets case, and
 - (2) Assigns case to a Hearing Official.
 - b. Waiver or Pre-offset Official
 - (1) Sends out an Order informing the debtor of the hearing process.
 - (a) Notifies debtor that he/she may designate a representative to assist in these proceedings.
 - (b) Notifies the debtor about the deadline for further submissions.
 - (c) Informs debtor of the appropriate mailing addresses.
 - (d) Informs debtor that collection process is automatically stayed pending issuance of decision or dismissal
 - (2) Issues an order dismissing any untimely request.
 - (3) Determines whether debtor provided sufficient documentation.
 - c. Decision & Waiver Determination:
 - (1) A decision will be issued within 60 days of receipt of the debtor's request for waiver/pre-offset. The written decision shall include:

- (a) A summary of the facts presented;
 - (b) The findings, analysis and conclusions; and
 - (c) The terms of any repayment schedules, if applicable.
- (2) OM/OHA will notify debtor, OM/HCCS, and/or OCFO of issuance of decision and/or waiver determination.
- d. All waiver determinations and pre-offset decisions are final and cannot be appealed. They will not be subject to further review by the agency.
- e. Oral Hearings - Administrative Law Judge (ALJ)
 - (1) OM/OHA will notify the debtor, if applicable, whether the debtor may elect an oral hearing.
 - (a) An oral hearing is an informal non-adversarial proceeding. An ALJ may ask questions of a witness. A debtor or debtor's representative may ask questions.
 - (b) Witnesses who testify in oral hearings must do so under oath or affirmation.
 - (2) Upon receipt of a request for oral hearing,
 - (a) OM/OHA will notify OM/HCCS and the debtor of the date, time, and location of the hearing.
 - (b) The ALJ will inform debtor of right to cancel the request for an oral hearing by notifying OM/OHA and OM/HCCS at least three calendar days before the date of the oral hearing.
- f. Standard of review
 - (1) A pre-offset decision determines whether the determination to collect a debt is clearly erroneous. If the debt determination is "plausible in light of the record viewed in its entirety," the ALJ may not reverse the determination even though convinced that had the ALJ been "sitting as the trier of fact, [the ALJ] would have weighed the evidence differently." *Anderson v. Bessemer*, 470 U.S. 564, 73-4 (1985).
 - (2) A determination to collect a debt is clearly erroneous if the ALJ has, despite support evidence:

A definite and firm conviction that a mistake was made in the determination.

2. Upon receipt of OM/OHA's order, the debtor must request an oral hearing (if applicable) within seven days and in doing so must identify all proposed witnesses, all facts, and all evidence about which they will testify.

XI. Bankruptcy

- A. **OM/HCCS** will forward all bankruptcy claims to OCFO/DMG. If the case is pending before OM/OHA, OM/HCCS will notify OM/OHA that a bankruptcy claim is pending.
- B. **OCFO** will be responsible for notifying OGC when a debtor has filed bankruptcy. Upon being placed on notice, OCFO/DMG will coordinate the suspension of all further collection action and prepare a debtor case file which will be forwarded to OGC.
- C. **OGC** will review the case file and make an assessment as to whether a proof of claim should be filed in the appropriate Bankruptcy Court.

XII. Additional Collection Concerns

- A. **Collection of debts that fall under the Debt Collection Improvement Act (DCIA) which are \$50 or less**

Under the DCIA, with respect to current employees, collection of a debt, of \$50.00 or less (i.e., of the gross amount) does not require notice prior to the commencement of any collection action. The employee must be provided written notification by DOI/NBC/FPPS at the time that collection is made or as soon thereafter as practical. (See 5 CFR 550.1104 (c) §§ (1), (2), and (3) and 5 USC 5514 (a) (3).)

Every attempt will be made to collect the debt within the same pay period the debt is identified. The employee will be provided written notice of (1) the amount of the debt; (2) the justification(s) for the debt; (3) the pay period(s) in which the offset(s) was/were taken out of the employee's pay; and (4) an estimated date/pay period within which the debt will be satisfied in full.

- B. **Collection of debts that fall under DCIA which are more than \$50**

If a current employee (1) does not contest the amount and/or existence of the debt or (2) does not timely file a request for a waiver and/or hearing, ED is authorized

to initiate collection of the debt via administrative offset of 15 percent of the employee's disposable income. Notification by email to inform the employee that the Administrative Salary Offset Collection action will proceed no earlier than 30 calendar days after the date of the initial notice of the debt. (See [Appendix A-2: Offset to Current Pay – Debts that fall under the DCIA and are \\$50.00 or less.](#))

C. Potential Tax Liability

If the debtor does not pay a salary overpayment by December 31st of the tax year within which it first occurred, the debtor may be liable for additional taxes.

Appendix A – Notification Letters for Current Employee Debtors

Appendix A-1: Initial Notification of Salary Overpayment
(Current)

The following text will be sent in a hardcopy document to the debtor’s mailing address. A copy of the letter and all stamped returned receipts will be placed into the documentation file.

(Letterhead)

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Date

In reply refer to:
XXXX

Debtor’s Name
Address
123 Anywhere Street
Anytown, USA Zip Code

SUBJECT: Pay Adjustment

Dear Debtor’s Name:

This memorandum is to notify you that we will make a 15 percent of disposable pay* offset to your pay beginning next pay period (pay period) to satisfy a debt. The reason for the debt is that payroll processed a change to pay period(s) _____ resulting from:

- _____ a corrected timesheet (contact your timekeeper for details);
 - _____ a personnel action (contact your human resources office for details);
 - _____ other _____;
- to hours code(s):

hours codes and description of hours code

The amount of the debt is \$ _____. *Disposable pay, for this purpose, is defined as your biweekly gross pay less deductions required by law (retirement, thrift savings plan, federal, state, local taxes, Medicare, OASDI, regular life insurance, and health benefit premium) and any other debt owed to the United States Government. The applicable rules and regulations can be found at <http://www.ed-oha.org/overpayments>.

If you believe you had no reason to recognize this as an erroneous payment, and that collection would be against equity and good conscience, you may apply for a waiver of repayment of this bill. Your request must explain the circumstances of the overpayment to the best of your knowledge, and must tell what steps you took, if any, to bring the matter to the attention of the

appropriate official and the agency response. Please send your request to:

U.S. Department of Education
Office of Hearings and Appeals
490 L'Enfant Plaza, S.W. Suite 2100 A, 2nd Floor
Washington, DC 20024
Phone: 202-619-9700
Fax: 202-619-9726

This office, which is separate from, and independent of, both payments and billing functions, will make the waiver decision based upon the evidence, which you submit.

If this bill is not paid in total by the end of this calendar year, the amount you must repay will increase by the amount of applicable federal, state, and local withholding taxes on the unrepaid balance. The unrepaid amount of the original bill will be included on your W2 as taxable income for this tax year.

This adjustment was made under the authority of the Debt Collection Improvement Act of 1996, which exempts from the requirements of due process prior to offset "routine intra-agency adjustments of pay that are attributable to clerical or administrative errors or delays in processing pay documents that have occurred within the four pay periods preceding the adjustment if, at the time of such adjustment or as soon as practical, the individual is provided written notice of the nature and amount of the adjustment and a point of contact for contesting such adjustment." If you wish to contest this adjustment, you should contact the Office of Management's Debt Management Coordinator by phone 202-401-0535 or 202-401-0520 or via email OMDebtManagementCoordinator@ed.gov.

Sincerely,

Name
Debt Management Coordinator
Human Capital and Client Services
Office of Management

Appendix A-2: Offset to Current Pay – Debts that fall under the DCIA and are \$50.00 or less

The following text will be sent via email, return receipt and read receipt. The return receipt, read receipt, and original message will be printed out and placed into the documentation file.

To Current Employees

(Letterhead)

Date

In reply refer to:
XXXX

Debtor's Name
Address
123 Anywhere Street
Anytown, USA Zip Code

SUBJECT: Offset to Current Pay

Dear Debtor's Name:

This memorandum is to notify you that we will make an offset to your pay in pay period (pay period) in the amount of \$_____ to satisfy a debt. The reason for the debt is that payroll processed a change to pay period(s) _____ resulting from:

- _____ a corrected timesheet (contact your timekeeper for details);
- _____ a personnel action (contact your human resources office for details);
- _____ other _____;

to hours code(s):

hours codes and description of hours code

If you believe you had no reason to recognize this as an erroneous payment, and that collection would be against equity and good conscience, you may apply for a waiver of repayment of this bill. Your request must explain the circumstances of the overpayment to the best of your knowledge, and must tell what steps you took, if any, to bring the matter to the attention of the appropriate official and the agency response. Please send your request to:

U.S. Department of Education
Office of Hearings and Appeals
490 L'Enfant Plaza, S.W. Suite 2100 A, 2nd Floor
Washington, DC 20024
Phone: 202-619-9700
Fax: 202-619-9726

This adjustment was made under the authority of the Debt Collection Improvement Act of 1996, which exempts from the requirements of due process prior to offset “routine intra-agency adjustment of pay that are attributable to clerical or administrative errors or delay in processing pay documents that have occurred within the four pay periods preceding the adjustment and to any adjustment that amounts to \$50 or less, if at the time of such adjustment, or as soon as practical, the individual is provided written notice of the nature and amount of the adjustment and a point of contact for contesting such adjustment.

If you wish to contest this adjustment, you should contact the Office of Management’s Debt Management Coordinator by phone 202-401-0535, through faxing 202-401-0520 or via email OMDebtManagementCoordinator@ed.gov.

Sincerely,

Name
Debt Management Coordinator
Human Capital and Client Services
Office of Management

Appendix A-3: Debts that fall under the Debt Collection Improvement Act that are greater than \$50.00 for Current Employees.

The following text will be sent in a hardcopy document to the debtor’s mailing address. A copy of the letter will be placed into the documentation file.

(Letterhead)

Date

In reply refer to:
XXXX

Debtor’s Name
Address
123 Anywhere Street
Anytown, USA Zip Code

BILL OF COLLECTION \$XXX.00
Debt ID: 00000000000

Dear Debtor’s Name:

The Payroll Operations Division has determined that you have received Federal Salary payments in excess of the amount to which you were entitled. These erroneous payments constitute a debt, which is owed to the United States. Our records indicate that you have an overpayment of pay. The debt resulted from an erroneous payment of salary paid to you on DATE.

The referenced debt is for

You have certain legal and regulatory rights and obligations in regard to this salary overpayment. Please refer to the attached information sheet for a summary of these provisions.

Please note that payment in full is due by (bill date + 30 days). You may elect to pay the full amount by check or money order, not cash, made out to the U.S. Department of Education, or you may elect to make payments through payroll deductions. Payment done in full must be accompanied by the ED Repayments Form ([Appendix C-1](#)). If you choose to pay by check or money order, please send your payment to:

U.S. Department of Education
OCFO Financial Management Operations
Accounts Receivable Group
550 12th Street, S.W., PCP, Room 6107
Washington, DC 20202-4461

Written authorization with detailed instructions for a one-time payroll deduction or repayment schedule should be faxed to 202-401-0520. If you have questions concerning the specifics of the debt, please contact the Debt Management Coordinator on 202-401-0535.

Attachment

As indicated in the bill, you were overpaid in the pay periods indicated below due to an amended time and attendance record or a corrected/canceled personnel action. The action resulted in adjustments to previously reported pay codes. The net amount to be paid by the employee reflects the total of the adjustments shown.

Adjustment Pay Code	Processing Pay Period	Effective Pay Period	Amount
---------------------	--------------------------	-------------------------	--------

Total Gross Pay Adjustments

Less Applicable Recoverables

Federal Withholding
State Withholding
Local Withholding
Medicare
OASDI
Retirement
TSP

Net to be Paid By Employee
If paid by DATE

Sincerely,

Name
Debt Management Coordinator
Human Capital and Client Services
Office of Management

DEBT COLLECTION INFORMATION

If this bill is not paid in total by the end of this calendar year, the amount you must repay will increase by the amount of applicable federal, state, local withholding taxes on the unpaid balance. The amount of the original bill will be included on your W-2 as taxable income for this year.

Bills not paid in full by the due date will be assessed interest at 1% per annum from the date of the bill through the date of complete payment. In addition, bills not paid within 90 days of the due date will be subject to a penalty charge of 6% per annum computed from the date of the bill through the date of complete payment.

You have 30 days to 1) pay this bill in full 2) contact us to dispute the debt, or 3) to arrange a suitable alternative payment method. Otherwise, we will recover the amount of this debt, including applicable interest and penalty through deductions from your salary. Deductions will begin no earlier than 30 days from the date of this bill. If you separate prior to full collection of this debt, we will recover the entire remaining balance via deductions from your final pay and/or lump sum leave settlement.

If you believe you had no reason to recognize this as an erroneous payment, and that collection would be against equity and good conscience, you may apply for a waiver of repayment of this bill. Your request must explain the circumstances of the overpayment to the best of your knowledge, and must tell what steps you took, if any, to bring the matter to the attention of the appropriate official and the agency response. Please send your request to:

U.S. Department of Education
Office of Hearings and Appeals
490 L'Enfant Plaza, S.W., Suite 2100A, 2nd Floor
Washington, DC 20024
Phone: 202-619-9700
Fax: 202-619-9726

You have the right to inspect and copy our records relating to the debt by filing a petition to request a hearing on our determination of the debt. The petition should identify and explain the facts, evidence, and witnesses, which you believe, support your position. Mail the petition within 15 calendar days of the date of this letter as shown above to the address shown below.

U.S. Department of Education
Office of Hearings and Appeals
490 L'Enfant Plaza, S.W., Suite 2100A, 2nd Floor
Washington, DC 20024
Phone: 202-619-9700
Fax: 202-619-9726

INDEBTEDNESS PAYMENT AGREEMENT ELECTION FORM

Please indicate your intention to pay the debt by checking the appropriate space below. Sign form and return it to:

U.S. Department of Education
Human Capital and Client Services
Debt Management Coordinator
400 Maryland Avenue, S.W. LBJ, Room 2C130
Washington, D.C. 20202-4573
Phone: 202-401-0535
Fax: 202-401-0520
Email: OMDebtManagementCoordinator@ed.gov

___ 1. I elect to pay the full amount of my indebtedness by check or money order.
(Check and money orders must be made payable to the U.S. Department of Education. Enclose the check or money order with this form.

___ 2. I elect to pay my indebtedness through biweekly payroll deductions. The minimum amount is \$25, as long as it satisfies the debt in 3 years.

___ 3. I elect to repay my indebtedness through biweekly payroll deductions in the amount of \$_____ which is greater than the minimum amount displayed in option 2. I understand that it is permissible for me to authorize a payroll deduction in the amount in excess of the 15% limit that POD is legally allowed to offset from my disposable pay without my consent.

Type/Print Name: _____

Agency: U.S. Department of Education

Debt ID: _____

Signature: _____

Date: _____

Appendix A-4: Notification of Completed and Satisfied Salary Overpayment (Current)

The following text will be sent in a hardcopy document to the debtor's mailing address. A copy of the letter will be placed into the documentation file.

(Letterhead)

Date

Employee
123 Anywhere Street
Anytown, USA Zip Code

RE: File number: XXXXXXXX
Overpayment amount: \$XX.XX

Dear Current Employee Name:

According to the Department's records, your debt to the Department referenced above has been fully satisfied.

This correspondence certifies that this case file is closed. Please retain a copy of this letter for your records.

Sincerely,

Name
Debt Management Coordinator
Human Capital and Client Services
Office of Management

cc: DOI/Denver

Appendix B – Notification Letter for Former Employee Debtors

Appendix B-1: Initial Notification of Salary Overpayment (Former)

(Letterhead)

Date

In reply refer to:
XXXX

Debtor's Name
Address
123 Anywhere Street
Anytown, USA Zip Code

SUBJECT: Salary Overpayment

Dear Debtor's Name:

This memorandum is to notify you that our payroll office has identified an overpayment of salary to you. An explanation of the debt is enclosed for your review.

- a corrected timesheet
- a personnel action (contact your human resources office for details)
- other _____

The amount of the debt is \$ _____. The applicable rules and regulations can be found at www.ed-oha.org/overpayments.html.

Payment must be received in full within 30 days from the date of this letter and accompanied by the ED Repayments Form ([Appendix C-1](#)). If you cannot repay this debt within 30 days from the date of this letter, please contact the Debt Management Group at 202-377-3849 to arrange for a repayment plan. Please note that additional penalties and administrative fees may be applied if the debt is not repaid within 90 days from the date of this letter. Please make your payment by check or money order payable to the "U.S. Department of Education" (Department) and mail to the following address:

U.S. Department of Education
OCFO Financial Management Operations
Accounts Receivable Group
550 12th Street, S.W., PCP, Room 6107
Washington, DC 20202-4461

Please indicate that the payment is for repayment of a "salary overpayment" on the face of the check and provide the file number listed above on your check or money order.

If you believe you had no reason to recognize this as an erroneous payment, and that collection would be against equity and good conscience, you may apply for a waiver of repayment of this bill. You must provide documentation and/or specific justification(s) for your waiver request. Any waiver requests must be submitted in writing to the Department's Office of Hearings and Appeals (OHA) at the address below **within 15 calendar days from the date of receipt of this notice**. This office, which is separate from and independent of both payments and billing functions, will make the waiver decision based upon the evidence you submit.

U.S. Department of Education
Office of Hearings & Appeals
490 L'Enfant Plaza SW, Suite 2100A, 2nd Floor
Washington, D.C. 20024
(202) 619-9700 - phone
(202) 619-9726 - fax

If you contest the existence and/or amount of the debt or if making payment in full within 30 days will cause extreme financial hardship, you may request a hearing. Your request must demonstrate documentation/testimony, etc., which can dispute the debt or the amount, or inability to repay, based upon extreme financial hardship. To establish justification for a hearing, you must include in your request the evidence and/or testimony. Any hearing requests must be submitted in writing to OHA at the address above **within 15 calendar days from the date of receipt of this notice**.

You will be contacted by an administrative law judge who will review the evidence and determine if a hearing will be conducted in person or via written submissions made by the parties.

If this bill is not paid in total by the end of this calendar year, the amount you must repay will increase by the amount of applicable federal, state, and local withholding taxes on the unpaid balance. The unpaid amount of the original bill will be included on your W2 as taxable income for this tax year.

The Department is also required to advise you of the laws and regulations pertaining to debts. The Debt Collection Act of 1982, as amended, and ED regulations (Title 34 CFR Part 32) require that you be given an opportunity to inspect and copy Government records relating to the debt; therefore, a copy of your file will be sent to you. Other laws governing the debt collection process include: the Federal Claims Collection Act of 1966, P.L. 89-508 (July 19, 1966), Chief Financial Officers Act of 1990, P.L. 101-576, (January 23, 1990), The Privacy Act of 1974, as amended, and 31 CFR Parts 900-904 Federal Claims Collection Standards. These laws and policies, laws governing the Department's debt collection process can be found on the Office of Hearings and Appeals website

located at: <http://www.ed-oha.org/overpayments/>. Upon request, a hardcopy can also be mailed to you. Please note that, during the course of resolution of this debt collection action, knowingly presenting any false or frivolous statements, representations or evidence may subject you to applicable disciplinary procedures and civil or criminal penalties under the law.

If you have any questions on this correspondence and/or any of the documentation, which I have provided you, I can be reached at 202-401-0535 or 202-401-0520 or via email OMDebtManagementCoordinator@ed.gov.

Sincerely,

Debt Management Coordinator
Human Capital and Client Services
Office of Management

Enclosure(s)

cc: Office of the Chief Financial Officer

Appendix C – ED Repayments Instructions



U.S. Department of Education (ED)

ED REPAYMENTS INSTRUCTIONS

I. PURPOSE:

The purpose of the ED Repayments Form is for the Office of the Chief Financial Officer (OCFO), Office of Financial Management Operations (FMO), Receivables and Cash Receipts Team to record timely and accurate Education employee debt repayment data into the accounting system. Before OCFO/FMO will accept the ED Repayment Form, the Education employee needs to complete the ED Repayments Form and submit it directly to the OCFO/FMO.

Employees who have been overpaid are notified via written notification (billing notice), which includes the amount of the debt, the reason for the debt, waiver and hearing rights, the date collections will begin, interest and penalty information, and a point of contact for any questions. A copy of the written notification to repay the debt must be attached to the ED Repayments Form. Employees recognizing overpayments prior to receiving a billing notice from the Department of Education should contact their Executive Officer to request the appropriate documentation to support the repayment.

II. RESPONSIBILITY:

A. ED Employee:

1. The ED Employee will fill out the ED Repayments Form by first checking the appropriate box located at the top of the form indicating the type of overpayment that occurred. NOTE: ED employees are not permitted to drop off their personal check and/or money order to the OCFO/FMO without the accompanying ED Repayments Form.

Overpayment may occur for the following reasons:

- Salary Overpayment: Salary Overpayments identified by the Department of Interior, National Business Center, Federal Personnel Payroll System due to retroactive personnel and/or time sheet corrections.
 - Travel Overpayment: Travel Overpayments identified by the Travel Manager System post audits or overpayment due to travel payment discrepancies on the employee voucher claim and billing statement from the Department's banking institution.
 - Benefits Overpayment (i.e. Health, Transit, etc.): Health benefit overpayments identified by the Department of Interior due to corrections to prior pay periods. Transit benefits overpayments identified by the Department of Education due to unused transit benefits.
 - Workers' Compensation Repayment (i.e. Leave Buy Back): The buy back of leave used for a work related injury, by an employee, in lieu of receiving compensation from the Department of Labor.
 - Other: These are overpayments or repayments related to the current year, which do not fall into any of the categories above.
2. The current or former Education employee will complete the ED Repayments Form before delivering a personal check and/or money order to the OCFO/FMO/Receivables and Cash Receipts Team. The ED Employee will complete the information under Section I — Education Employee information in Items 1 through 10.
 3. The ED Employee will deliver the ED Repayments Form and the accompanying written notification to pay the debt along with payment to:



U.S. Department of Education (ED)
ED REPAYMENTS INSTRUCTIONS

Mall and Overnight Delivery:

U.S. Department of Education
OCFO/Financial Management Operations, Receivables and Cash Receipts Team
830 1st Street N.E., Room 2286
Washington, D.C. 20202-4461

Hand Delivery:

U.S. Department of Education
830 1st Street N.E., Room 2286, Washington, D.C. 20202-4461

B. Principal Office Accounting Information: Executive Officer or Budget Contact

1. The Executive Officer or Budget Contact will receive the ED Repayments Form, with a copy of the debt notification attached, from the Education employee.
2. The Executive Officer or Budget Contact will determine if the employee made the payment after the fiscal year, in which the overpayment occurred. If the repayment is made after the fiscal year in which the overpayment occurred, select item 1 Miscellaneous Receipts box in Section III – Principal Office (PO) Accounting information to indicate that the FY of Overpayment and FY of Repayment do not agree. In this case, the account classification code structure (ACCS) information is not required. These funds will be deposited in the Department of Education's Miscellaneous Receipts Account and the funds will be returned to the Department of Treasury.
3. The Executive Officer or Budget Contact will provide the ACCS in Items 2 through 9 if the overpayment and repayment occur in the same fiscal year, so that current year expenditures can be decreased. In addition, please complete Items 10 through 12 to certify the accuracy of the data.
4. The Executive Officer or Budget Contact will review and attach the Status of Funds Report for repayments applicable to current year overpayments and will submit the completed ED Repayments Form to OCFO/FMO, and will retain a copy for their file.

C. OCFO/FMO Receivables and Cash Receipts Team: Program Support Assistant/Financial Analyst

1. The Program Support Assistant:
 - Will issue a receipt of payment to the Education employee.
2. The Financial Analyst:
 - Will review the Education employees' completed ED Repayments Form, personal check and/or money order, and the attached current year Status of Funds Report.
 - Will deposit funds and record the SF-215 Deposit Ticket information in the accounting system.
 - Will complete the ED Repayments Form under Section III – OCFO/FMO Receivables and Cash Receipts Team Items 1 through 2.
 - Will forward the ED Repayments Form to the Accountant to continue processing.
 - Will maintain all records of the ED Repayments Forms.



U.S. Department of Education (ED)

ED REPAYMENTS INSTRUCTIONS

D. OCFO/FMO Grant Programs, Admin. Reporting, and Reconciliation Group: Accountant1. The Accountant:

- Will process the ADI to record the accounting to reduce the expenditures.
- Will complete the ED Repayments Form under Section III – OCFO/FMO Receivables and Cash Receipts Team and Grant Programs, Admin. Report, and Reconciliation Group Items 3 and 4.
- Will forward the ED Repayments Form to the FMO Supervisor to sign.

E. OCFO/FMO: FMO Supervisor1. The FMO Supervisor:

- Will review and complete the ED Repayments Form for accuracy under Section III – OCFO/FMO Receivables and Cash Receipts Team and Grant Programs, Admin. Report, and Reconciliation Group Item 5.

F. OCFO/FMO Receivables and Cash Receipts Team: Financial Analyst1. The Financial Analyst:

- Will send a copy of the certified ED Repayments Form to the person whose signature appears in Section III – Principal Office Accounting Information Item 10.

Appendix C – 1: ED Repayments Form



ED REPAYMENTS

OCFO/FMO Receivables and Cash Receipts Form

ED EMPLOYEE, select the appropriate box on right to indicate the type of debt repayment to pay to the U.S. Department of Education. If appropriate box is not listed, select other and enter reason.

- Salary Overpayment
- Travel Overpayment
- Benefits Overpayment (i.e. Health, Transit, etc.)
- Workers' Compensation Repayment (i.e. Leave Buy Back)
- Other: _____

Instructions for completing this form are attached.

Mailing Address:

U.S. Department of Education
 Attn: OCFO/Financial Management Operations
 830 1st Street, N.E., Room 22B6
 Washington, D.C. 20202-4461

For Hand Delivery:

U.S. Department of Education
 830 1st Street, N.E., Room 22B6

NOTE: Before the Education current or former employee delivers a personal check and/or money order to the OCFO/FMO/Receivables and Cash Receipts Team, the ED employee must fill out the information on Section I, items 1 - 10 and request its Executive Officer or Budget Contact to fill out the accounting information from Section II, items 1 - 12. Employees must attach a copy of the written notification and/or provide appropriate documentation to support debt repayment.

I. EDUCATION EMPLOYEE INFORMATION

GENERAL INFORMATION NEEDED TO PROCESS A DEBT REPAYMENT

1. NAME: (Last, First, Middle Initial) _____ _____ _____	2. WORK TELEPHONE NO.: _____	3. SSN: (Last 4 digits) <table border="1" style="width: 100%; text-align: center;"> <tr> <td>X</td><td>X</td><td>X</td><td>X</td><td>-</td><td>X</td><td>X</td><td>-</td><td></td><td></td><td></td><td></td> </tr> </table> and/or EMPLOYEE ID NO.: _____ For Future Use	X	X	X	X	-	X	X	-				
X	X	X	X	-	X	X	-							
4. HOME ADDRESS: _____ _____ _____	5. WORK STATUS: Current Employee <input type="checkbox"/> Former Employee <input type="checkbox"/>													
6. PAYMENT TYPE: <table style="width: 100%;"> <tr> <td style="text-align: center;">Check</td> <td style="text-align: center;">Money Order</td> <td style="text-align: center;">Check or Money Order</td> <td style="text-align: center;">Check or Money Order</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;">Number</td> <td style="text-align: center;">Date</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">_____ / ____ / ____</td> <td style="text-align: center;">_____ / ____ / ____</td> </tr> </table> NOTE: Make payment payable to the U.S. Department of Education (ED).	Check	Money Order	Check or Money Order	Check or Money Order	<input type="checkbox"/>	<input type="checkbox"/>	Number	Date			_____ / ____ / ____	_____ / ____ / ____	7. PAYMENT AMOUNT: \$ _____	
Check	Money Order	Check or Money Order	Check or Money Order											
<input type="checkbox"/>	<input type="checkbox"/>	Number	Date											
		_____ / ____ / ____	_____ / ____ / ____											
8. SIGNATURE: _____	9. DATE: mm dd yyyy ____ / ____ / ____	10. PRINCIPAL OFFICE NAME: _____												

II. PRINCIPAL OFFICE (PO) ACCOUNTING INFORMATION

EDCAPS ACCOUNT CLASSIFICATION CODES (ACCS) MUST BE INCLUDED TO DECREASE CURRENT YEAR EXPENDITURES

1. MISCELLANEOUS RECEIPTS <input type="checkbox"/> Principal Office , select Miscellaneous Receipts box on left if FY of Overpayment and FY of Repayment NOTE: Review the current year Status of Funds Report for expenditures do not agree. Do not provide the ACCS if box is checked Miscellaneous Receipts.		
2. FUND CODE: (a.g. 3 position code--0800A2008) _____	3. BUDGET FISCAL YEAR: (a.g. 4 position code--2008) _____	
4. ORGANIZATION CODE: (a.g. 8 position code--EA000000) _____	5. LIMITATION CODE: (a.g. 3 position code--200) DO NOT ZERO FILL _____	
6. OBJECT CLASS CODE: (a.g. 5 position code--3331A) _____	7. ACTIVITY CODE: (a.g. 3 position code--000) _____	
8. CFDA CODE: (a.g. 3 position code--000) _____	9. FUNDS CONTROL LEVEL: (a.g. 1 position code--A) _____	
10. EXECUTIVE OFFICER or BUDGET CONTACT SIGNATURE & DATE: _____ / ____ / ____	11. TELEPHONE NO.: _____	12. BUILDING & ROOM NO.: _____

III. OCFO/FMO RECEIVABLES AND CASH RECEIPTS TEAM AND GRANT PROGRAMS, ADMIN. REPORT, AND RECONCILIATION GROUP

CERTIFICATION OF PAYMENT DEPOSIT AND TRANSACTIONS

*I certify that the necessary **Application Desktop Integrator (ADI) transactions** have been processed for the ACCS indicated under Section II.*

1. S.F. 215 DEPOSIT TICKET NUMBER & DATE: _____	2. S.F. 215 DEPOSIT TICKET POSTED BY (SIGNATURE & DATE): _____
3. ADI NUMBER & DATE: _____	4. ADI PREPARER (SIGNATURE & DATE): _____
5. FMO, SUPERVISOR (SIGNATURE & DATE): _____	

NOTE: A copy of this certified Receivables and Cash Receipts Form should be forwarded to the PO Executive Officer or Budget Contact.

Appendix C – 2: Privacy Act Statement

U.S. Department of Education (ED)

PRIVACY ACT STATEMENT

31 U.S.C. 3512, 31 U.S.C. 3711-3720E, 31 U.S.C. 901-903, 5 U.S.C. 5701 et seq., 5 U.S.C. 8101 et seq., 5 U.S.C. 5514, 5 U.S.C. Section 5584 et seq., and 5 C.F.R. Section 890.502(b), Chief Financial Officer, Financial Management Operation, Receivables and Cash Receipts Team to properly record funds in a financially acceptable accounting manner in the Receivables Management System of Records (18-03-03), 64 Fed. Reg. 30116 - 30118 (June 4, 1999), which system of records ED intends to republish in the near future in the Federal Register in such a way as to incorporate this system within the EDCAPS (18-03-02) system of records.

Disclosure of this information to third parties may be made pursuant to the published routine use disclosures in the applicable system of records notice, as discussed above. Currently, these routine use disclosures include: (1) to credit agencies and Federal agencies in order to verify the identity and location of the debtor; (2) to credit agencies, educational and financial institutions, and Federal, State, or local agencies to enforce the terms of a loan or where disclosure is required by Federal law; (3) to the U.S. Department of the Treasury and privately contracted collection companies for debt servicing; (4) to the U.S. Department of Justice (DOJ), to adjudicative bodies before which ED is authorized to appear or to an entity otherwise empowered to resolve disputes, or to an opposing counsel, representative or witness if ED determines that disclosure of the records is relevant and necessary to the litigation and in the event that one of the parties listed below is involved in litigation, or has an interest in litigation: (i) ED or any component of ED (ii) Any ED employee in his or her official capacity; (iii) Any employee of ED in his or her individual capacity where DOJ has agreed to provide or arrange for representation for the employee; (iv) Any employee of ED in his or her individual capacity where ED has agreed to represent the employee; or (v) The United States where ED determines that the litigation is likely to affect ED or any of its components; (5) to an appropriate agency, whether foreign, Federal, State, Tribal, or local, charged with the responsibility of investigating or prosecuting a violation or potential violation of law or charged with enforcing or implementing the statute, or executive order or rule, regulation, or order issued pursuant thereto in the event that information in this system of records indicates, either on its face or in connection with other information, a violation or potential violation of any applicable statute, regulation, or order of a competent authority; (6) to employees of contractors that ED contracts with for the purpose of performing any function that requires disclosure of records in this system. Before entering into a contract, ED shall require the contractor to maintain Privacy Act safeguards as required under 5 U.S.C. 552a(m) with respect to the records in the system; (7) to the Office of Management and Budget (OMB) for Credit Reform Act (CRA) support as necessary to fulfill CRA requirements; (8) to another agency of the Federal government if the record is relevant to one of the following proceedings regarding a present or former ED employee; a grievance, complaint, discipline or competence determination proceeding; (9) to a labor organization recognized under Title V of the United States Code, Chapter 71, if a contract with the labor organization provides that ED will disclose personal records relevant to the organization's mission; (10) to researchers if an appropriate official of ED determines that an individual or organization is qualified to carry out specific research related to functions or purposes of this system of records and if the researcher is required to maintain Privacy Act safeguards with respect to these records; (11) to the DOJ and the OMB in the event that ED deems it desirable or necessary in determining whether particular records are required to be disclosed under the Freedom of Information Act; (12) to the DOJ to the extent necessary for obtaining DOJ advice on any matter relevant to an audit, inspection, or other inquiry related to the programs covered by this system; and (13) to a member of Congress from the record of an individual in response to an inquiry from the member made at the written request of that individual.

Because the employee identification number is the last four digits of your Social Security Number (SSN), collection of the SSN information is authorized by Executive Order 9397. Furnishing the data on this form in the requested format, including your SSN, is voluntary; however, the possibility exists that OCFO/FMO may not be able to process your repayment accurately without such data. Further, failure to repay your debt may result in adverse collection activities, such as salary or administrative offset or referral to the Department of Treasury.