



UNITED STATES DEPARTMENT OF EDUCATION  
WASHINGTON, D.C. 20202

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In the Matter of

**RALPH,**

Respondent.

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**Docket No. 10-03-WG\***

Administrative Wage  
Garnishment Proceeding

**DECISION**

This proceeding is based upon an action by the U.S. Department of Education (Department) to garnish the wages of Ralph [REDACTED] the respondent these proceedings, for the purpose of recovering \$1304.30 in Teacher Quality Enhancement (TQE) Grants Program scholarship funds which were awarded to Respondent in 2001 and 2002. This appeal arose under the provisions of 31 U.S.C. § 3720D which has been implemented by the Department in 34 C.F.R. Part 34.

In accordance with the above-cited statute and regulations, the Department is authorized to collect money from a debtor's disposable income by means of an administrative wage garnishment for any financial obligation owed to the United States that arises under a program the Department administers. 34 C.F.R. §§ 34.1 and 2. This wage garnishment process must be initiated upon determining that a debt to the Department exists, it is delinquent, and by sending notice of the proposed garnishment to the debtor at least 30 days before the garnishment proceeding is initiated. 34 C.F.R. § 34.4. This notice must inform the debtor of the nature and amount of the debt, the intention to collect the debt through deductions until the principal and interest have been recovered, and an explanation of the debtor's rights. These rights include providing the debtor with the opportunity to inspect and copy the Department's records related to the debt, to enter into a repayment agreement, and the right to a hearing. 34 C.F.R. §§ 34.5 and 6. The Department has the burden of proving the existence and amount of the debt; and the Respondent has the burden of proving by a preponderance of the credible evidence that the debt does not exist. 34 C.F.R. §§ 34.14(a) and (b).

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\* Corrected Docket Number

This wage garnishment proceeding before me has followed a long circuitous route on its way to this office. It began on July 12, 2001, when Respondent signed a Scholarship Agreement. In this agreement he acknowledged receipt of a scholarship to participate in a TQE program at Morgan State University in Baltimore, Maryland, and he was informed he would not have to repay the Department for this scholarship provided he fulfilled a prescribed service requirement. This service requirement obligated Respondent, within six months of graduating from the institution's teacher training program, to teach in a High-Need School of a High-Need School District for a period of time that is equivalent to the period of time for which Respondent received scholarship assistance. After completing this teaching obligation Respondent was informed he must have the High-Need School District provide the Department with confirmation that Respondent had taught for the preceding period. Further, the agreement provided that if Respondent taught for a period less than the period of his service requirement, he was responsible for repayment of the percentage of the scholarship, plus interest, equal to the percentage of the period for which the service requirement was not fulfilled.

The Department initiated this wage garnishment proceeding after it received a November 5, 2004, letter from the Assistant Dean of Morgan State indicating that Respondent had violated the terms of the scholarship agreement and, therefore, owed \$1,645.66 in scholarship funds to the Department. In a basic form letter, the Assistant Dean reported that Respondent enrolled in the program in Fall 2001 and he withdrew from the TQE program on May 2003, thus concluding Respondent did not complete the academic program. Following receipt of this notice, on January 4, 2006, the TQE program section of the Department's Office of Postsecondary Education sent Respondent a demand letter requesting repayment of the \$1645.66 in TQE scholarship loan funds.

The case file also contains an assortment of memos and e-mails from various persons within the Department who were involved with this debt collection process. These notes reflect that a Department employee spoke with Respondent in March, 2006, at which time he explained that he completed his educational program at Morgan State and then began teaching in a high-need school in the Baltimore City Public School System. He said he worked there for a year, and his contract was not renewed for the second year. Respondent reported that he considered this as a breach of contract by the city school system which exempted him from immediate loan repayment. He thought Morgan State employees and his congressman should become involved in this dispute and resolve it for him. He also asked that the Department intervene on his behalf but the Department employee told him it would not do so because it was his responsibility to rectify that dispute. Reportedly he was also told that the only contract with which the Department was interested was the fulfillment of the scholarship agreement between him and Morgan State.

The Department's Debt Management Group, within the Office of the Chief Financial Officer, renewed its demand on Respondent for repayment of \$1645.66, plus interest, penalties and administrative costs of \$278.33, in a letter dated December 11, 2006. The letter informed Respondent that if it did not receive payment within 10 days it would refer the debt to the U.S. Department of the Treasury for collection action. The letter also advised Respondent he could request to review and copy relevant records, he could request an oral hearing, or he could

propose a formal repayment agreement.

Respondent replied to the Department in a letter, dated December 22, 2006, in which he appealed the Department's monetary demand. He alleged that the Department has been given false/inaccurate information, and the director of his educational program at Morgan State has failed to respond to his e-mails and phone calls through which he was seeking to correct unspecified prior incorrect information. He conceded he had a two-year obligation to work for the Baltimore City Public School System to repay his service obligation, but reported that "[t]his has yet to happen for various reasons." He did not provide any details for this failure, but explained that any repayment of the debt should be suspended until these issues are resolved.

In a letter to the Department, dated December 15, 2008, Respondent renewed his position that the debt is based on inaccurate, incorrect information. He does not raise a defense of hardship or suggest he is eligible for any protected status. He also alleged that he had not received a formal response to his two appeals.

The Scholarship Coordinator for the Office of Postsecondary Education responded to Respondent's December 15, 2008, letter on February 3, 2009. The letter recounts Respondent's scholarship obligations, identifies his failure to comply with the requisite work requirements. It concludes by stating that the Department agrees with Morgan State's determination that Respondent is liable for the debt and that the letter serves as the Department's formal reply to Respondent's request for an appeal dated December 22, 2006. The letter states further that a copy of Respondent's signed scholarship agreement was attached.

This debt collection action was forwarded to the Department of the Treasury for an administrative wage garnishment in February 2008. As part of that process, the debtor is allowed a further opportunity to request a hearing. Respondent requested such a hearing on November 1, 2009, and in that request he elaborated on the information in his December 15, 2008, letter of appeal to the Department. He further states that all documentation and written evidence, which he does not identify, has been available from the outset, but it has been ignored repeatedly. Once this request for a hearing was received, the Department of the Treasury returned the wage garnishment file back to the Department for further processing in accordance with Respondent's request.

This case was received in this office on February 3, 2010 and I issued an Order Governing Proceedings in which I made a determination that I would be conducting a paper hearing and assigned dates for the submission statements and any relevant, credible evidence by the parties. On April 19, 2010, in response to my Order Governing Proceedings, Respondent submitted a letter in which he points out that, contrary to a report from an assistant dean at Morgan State, he did not withdraw from the TQE program, but rather he was still enrolled in classes as of 2004. In support of this he submitted several transcripts and student financial records from Morgan State showing academic and financial activity from Summer 2001 through Spring 2004. He also asserts that over the past four years he has repeatedly contacted the staff at Morgan State to correct the misstatement that he withdrew from the TQE program. He said this would allow him to obtain his degree, but the staff has not been cooperative and they have not

responded to his frequent requests. Respondent says he continues to be employed by a high-need secondary school, as he, once again, acknowledges he accepted the scholarship with the understanding that it carries a service requirement. He explains that “[E]xtraordinary circumstances due to third parties are and continue to prevent the respondent from fulfilling this.” He further states that he has exhausted all avenues to resolve this matter and the Department has made no effort to mediate the dispute. In conclusion, he reiterates that he has never had any qualms about satisfying his service obligation, but argues that the debt is based on invalid information and extraordinary circumstances beyond his control.

In as much as the original case file contained four different amounts presumable owed by Respondent, I tasked the Office of the Chief Financial Officer to provide the correct amount. It did so on April 21, 2010, by explaining that Respondent owed \$1003.31 to the Department for principal interest, and penalty, and he owed \$300.99 to the Department of the Treasury for administrative fees. Although not explained, there are notes in the file suggesting the original amount of the scholarship has been reduced by subsequent collection action and withholding of Respondent’s federal income tax refunds.

After considering all of the evidence, I find the Department has met its burden of proving Respondent owes it \$1,304.30 and that this debt is enforceable. It did this through the presentation of documentary evidence showing that Respondent obtained an academic scholarship through the TQE program. The scholarship agreement included a provision that repayment of the scholarship would be forgiven if, within a prescribed period of time, the Respondent teaches in a high-need school in a high-need school district for an amount of time commensurate with the amount of the scholarship. Further, Respondent has the burden of obtaining a statement of employment from the employing school district to prove this obligation has been met. Respondent readily acknowledges this obligation and apparently he fulfilled one year of teaching out of his two-year obligation. Evidence in record from sources within the Department and Respondent indicate that Respondent taught for one year in the Baltimore City School District, but his teaching contract was not renewed. When Morgan State discovered he taught for only one year, it notified the Department that the scholarship agreement had not been satisfied by Respondent and he owed the balance of the scholarship.

Respondent’s objection on appeal is two-fold. First he objects to the statement by Morgan State that he failed to complete his academic program, and secondly, he alleges the Baltimore City School District breached the teaching contract he had with it. I find Respondent is not entitled to relief on either ground.

With regard to the first ground, as explained in a number of subsequent e-mails between the Department and Morgan State, the “withdrawal from the academic program” which is cited in the original correspondence from Morgan State, does not mean that Respondent withdrew from the academic portion of the TQE program, but rather that he did not complete the service requirement portion of this scholarship agreement. No party is suggesting that Respondent did not complete the academic class work, although it is a little puzzling why Respondent stated in his appeal that the actions of the parties have prevented him from receiving his degree. Regardless, Respondent’s complaint that the letter from Morgan State contains misleading

information is unfounded.

As to his complaint that neither the Department nor Morgan State will assist him in mediating his dispute with the Baltimore City School District, I find it to be without merit. There is no evidence any party required that he enter a teaching contract with the Baltimore City School District; he had complete discretion to apply to teach in any high-need school. If the school district he selected subsequently chose not to renew his teaching contract, as has been explained to him by the Department, that is a private matter between him and the school district. He was, and is, free to seek employment with any other high-need school district. After teaching in a high-need school for the requisite period of time, his final obligation is to supply the Department with the appropriate certification form from the employing school district.

In conclusion, I find that Respondent has not satisfied the contractual obligations of his TQE scholarship and owes a debt to the Department of Education in the amount of \$1003.31, plus a debt to the Department of the Treasury for administrative fees of \$300.99. I further find that this amount is subject to involuntary wage garnishment.

### **ORDER**

In accordance with the provisions of 31 U.S.C. § 3720D, Respondent's debt in the amount of \$1,304.30 may be garnished.

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Judge Richard F. O'Hair

Dated: May 11, 2010