



Debt Management Services Branch (DMSB) Work Group Session

April 21, 2020

1:00 to 2:00, Central Standard Time

Introduction

Facilitator:

Jill Pettingill, Program Analyst

Presenters:

Robert Nobles, Program Analyst

Dianne Autrey, Claims Unit 1 Supervisor

Housekeeping

- Participants will be placed in listen only mode.
- Submit questions into the Chat Box or submit via the ServiceNow Customer Service Portal (CSP). Indicate in the request description field; **Debt Management Work Group Inquiry**
- The Debt Management Services Branch (DMSB) will respond to questions within two weeks. Responses will be posted on the NFC website under Debt Management Information.
- Please enter those requests in the Chat Box or submit via the ServiceNow CSP.

NFC Agenda

DMSB – THE PROCESS OF DELINQUENCY:

- Overview
- Delinquency Process Flow Described
- Debts By-Passed for Delinquency
- Delinquency Process Described
- Delinquency Automation Described
- Why NFC Reports to the Credit Bureaus
- Summary
- Useful Web Links

Delinquency Process Overview

OVERVIEW:

Why are Debts referred to Treasury?

- Debt Collection Improvement Act (DCIA) of 1996 requires all debts that are delinquent more than 90 days be referred to US Department of Treasury for further collection.

Delinquent Debts Defined

- A debt older than 30 days with a payment due that is not paid within 30 days.
- A debt with a scheduled repayment due more than 30 days past, not repaid to current status within 30 days.
- The date of delinquency is the payment due date.

Delinquency Process Overview, continued

OVERVIEW:

How Delinquent Debts are collected:

OMB authorizes debts under 2 years collect using enhanced methods:

- Demand Letters
- Treasury Offset Program (TOP)
- Cross Servicing Next Generation (CSNG)
- Private Collections Agencies (PCAs)

Collection Types:

- Principal
- Interest
- Penalties
- Administrative costs

Delinquency Process Overview, continued 1

Due Process:

- Guaranteed by the Constitution of the United States
- Specified times:
 - 31 days, bill issued
 - 60 days, payment made

Provide Notice of Rights:

- Examine bill, request explanation
- Request a hearing
- To request a Hardship accommodation
- Financial, Other, medical, health, disability

The Delinquency Process, Part 1

- The ABCO Billing process runs on the following dates (parm dates)
- Bill Aging dates; 1st, 8th, 16th and 24th of the Month.
- After each billing process is completed the delinquency process will run.
- The delinquency process identifies delinquent debts by Bill Aging date and non-payment.
- The delinquency process by-passes specified ineligible debts.

Delinquent Debts By-Passed

- Debts with a zero balance.
- Debts with a bill aging date equal or less than 45 days old.
- Debts where the 4th and 5th position of the bill number is ML, OW or VL
 - ML = Military Deposits
 - OW = OWCP (Office of Workers Comp)
 - VL = Voluntary repayment bills
- Debts in which the 5th and 6th position of the bill number equal 44 or 55
 - 44 = Recertified Bill for a limited-pay type Treasury credit.
 - 55 = Indicates a recertified Bill for a re-issued check.
- Debts in which the Claims Indicator is set to Y.

Delinquent Debts By-Passed, continued

- Debts in which an override was applied by the Agency.
- Debts with Delinquent Indicator of Y and Delinquent Count greater than 1.
- Debts with a Grace Period Count of 001 and the Grace Period is less than 30 days old.
- Debts that are coded for suspension of collection.
- Debts in which the day of the bill aging date does not equal the Parm date used when processing the delinquent job.
- If the ABCO Receivable Record system code equals '91'.
- If the Status Code of the ABCO Receivable Record contains an entry.

The Delinquency Process, Part 2

- The process examines and validates debts by personnel action codes.
- The process creates a Claims records for each validated debt.
- Created Claims records are referred to TOP and CSNG.
- At the end of each month the process reads the ABCO database.
- All new Claims records and all other Claim record activity is summarized and reported to the Credit Bureaus.

Delinquency Steps

Part 1:

1. NFC Identifies the Delinquent Record.
2. A Claims Record is Created.
3. The TOP Offset and TOP Transmission Records are created

Part 2:

1. Claims values populate the Claims Offset Record.
2. The Offset Record populates the TOP File Transmittal Form.
3. The records are transmitted to TOP and CSNG

Mandatory Credit Bureau (CB) Reporting

Public Laws:

- Debt Collection Improvement Act (DCIA) of 1996 Public Law 104-134.
- Fair Credit Reporting Act (FCRA), Public Law.
- The DATA Act of 2014, Public Law 113-101.

Regulations:

- Code of Federal Regulations - CFR 31; Part 31 A-1, and Part 29E Section 29.518.
- OPM's Circular A-129 Federal Nontax Debt Management.

Rules:

- Treasury's Managing Federal Receivables guide.
- Bureau of the Fiscal Service (BFS)'s Guide to Federal Credit Bureau Reporting and procedures for creditor reporting.
- Treasury's Report on Receivables (TROR) instructions and guidelines.

Credit Bureau Requests for Action

Corrections, Modifications or Removals:

NFC can modify or remove previously reported CB records based only on the following reasons;

- Authorized by the Creditor Agency (by Authorizing Agency Official) for a valid reason.
- Discovery of Administrative error on the part of the Creditor Agency or NFC.
- Bill cancellation (**not** Waiver).
- Change in fact or circumstance, e.g. subsequent discovery Employee was on Active Military duty.
- Pursuant to or complying with the terms of a Court order, Legal decision or recorded Settlement agreement.

Credit Bureau Monthly Processing

- Process sweeps ABCO database for new Claims created.
- Program totals payments, adjustments and decreases of prior Claims.
- Summarized into one file sent to service provider supplying three major Credit Bureaus (CBs); Equifax, Experian and TransUnion.
- When debt is repaid in full, updated as Paid out Delinquent Collection - Account paid in full - balance \$ -0- with the final payment date.
- Previously reported records remain in CBs up to seven years from the fully paid date.
- Employees can file individual credit record appeals directly with the CB based on factual evidence to receive possible modification or removal.

NFC Delinquency Compliance Summary

- NFC complies with all mandated requirements for the administration of delinquent Federal Non-tax debts.
- NFC is also compliant with all mandated requirements for reporting Federal Non-tax debts to the CBs.
- NFC follows proper time tables; the bill process is given 31 days, a grace period and 30 additional days before delinquency is determined.
- NFC provides all Due Process rights by mandated times, providing proper notice on each form, following dispute and response guidelines and directing cancellation, waiver or hardship requests back to Agency HR departments.

NFC Automated Delinquency Project

Impact of NFCs Automated process:

- Will implement before end of FY 2020.
- The due date of a debt is based on the bill aging date. The debt is due 30 days after the bill aging date.
- The automated process will expedite the identification and referral of bills from twice a month to four times a month.
- More bills will be processed and referred more efficiently to Treasury's enhanced Collection programs; TOP and CSNG.
- More important for Agencies to process and mail Employee bills from the Reporting Center.
- More important for Agencies to strongly encourage employees to make requests, arrangements and payments as soon as bills are received.

Delinquency Laws and Regulations Hyperlinks

- Hyperlink to:
 - [Debt Collection Improvement Act \(DCIA\) PL 104-134](#)
- Hyperlink to:
 - [Digital Accountability and Transparency Act \(DATA\) PL 113-101](#)
- Hyperlink to:
 - [The Fair Credit Reporting Act \(FRCA\) PL 91-508](#)
- Hyperlink to:
 - [Office of Management and Budget \(OMB\) Circular A-129](#)
- Hyperlink to:
 - [Managing Federal Receivables](#)
- Hyperlink to:
 - [Guide to Federal Credit Bureau Reporting](#)

The Delinquency Process, Useful Links

- Hyperlink to:
 - [NFC webpage to locate Debt Management Information](#)
- Hyperlink to:
 - [2020 Date to Print and Mail ABCO Notices](#)
- Hyperlink to:
 - [Instructions on how to retrieve large ABCO Form reports from the Reporting Center, if the report is too large to view](#)
- Hyperlink to:
 - [The ABCO Procedure Manual, web version](#)
- Hyperlink to:
 - [The ABCO Procedure Manual, PDF version](#)