

**FISCAL YEAR 2013
REPORT TO THE CONGRESS**

***U.S. Government
Receivables and Debt Collection
Activities of Federal Agencies***

Department of the Treasury
July 2014





DEPARTMENT OF THE TREASURY
WASHINGTON, DC

OFFICE OF THE FISCAL ASSISTANT SECRETARY

A MESSAGE FROM THE FISCAL ASSISTANT SECRETARY

I am pleased to present the *Fiscal Year 2013 Report to the Congress on United States Government Receivables and Debt Collection Activities of Federal Agencies*. This annual report provides important information to the American public on the status and collection of the Federal government's non-tax receivables and delinquent debt.

At the end of Fiscal Year (FY) 2013, outstanding non-tax receivables (current and delinquent) owed to the United States exceeded \$1 trillion, an increase of \$118 billion (13 percent) from the prior fiscal year. These receivables include loans to students, small business owners, homeowners, farmers, and veterans. They also represent administrative non-tax receivables, including fines and penalties, overpayments, and fees.

Most citizens pay their debt on time. However, at the end of FY 2013, delinquent non-tax debt owed to the Federal government rose to \$212 billion, an increase of nearly \$50 billion (31 percent) from the prior fiscal year. The timely and efficient collection of delinquent debts helps fund government operations, maintain key programs, and reduce the Federal deficit. Thus, it is very important to continue to find ways to cost-effectively collect the delinquent debt owed to the government, while, at the same time, providing debtors with due process and the opportunity to repay debt in accordance with their financial ability to pay.

In FY 2013, the Bureau of the Fiscal Service collected a record \$7.0 billion owed to Federal and State agencies at a relatively small cost to the Federal government — \$58.37 are collected for every \$1 spent.

Information about the Federal government's management of receivables and delinquent debt is available at www.Transparency.Treasury.gov. This website provides the public with easy-to-understand data about the Federal government's finances.

David A. Lebryk

**FISCAL YEAR 2013 REPORT TO THE CONGRESS:
U.S. GOVERNMENT RECEIVABLES AND
DEBT COLLECTION ACTIVITIES OF FEDERAL AGENCIES**

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I. Introduction

The Secretary of the Treasury (Secretary) reports to Congress annually on the Federal government's non-tax receivables, delinquent debt owed, and debt collection activities. As required by Federal law (31 U.S.C. § 3719), this report includes information that Federal creditor agencies provide to the Secretary on the status of their accounts receivable and delinquent debt, as reported on the Treasury Report on Receivables and Debt Collection Activities (TROR). For more information about the TROR, visit <http://fms.treas.gov/debt/dmrpts.html>.

In furtherance of the policies promulgated by Congress and the President, Federal creditor agencies make loans to borrowers, guarantee loans made by private lending institutions, and impose fines and penalties. These activities result in the creation of accounts receivable as assets of the government. In addition, Federal creditor agencies award grants, make payments and provide other services, which, in certain circumstances, can also result in the creation of accounts receivable.

By the end of FY 2013, the government's outstanding non-tax receivables totaled more than \$1 trillion, an increase of \$118 billion (13 percent) from FY 2012. When the government's receivables are not paid by the applicable due date or in the appropriate manner, they become delinquent debt. In FY 2013, delinquent non-tax debt owed to the United States totaled \$212 billion, an increase of nearly \$50 billion (31 percent) from FY 2012.

Each Federal creditor agency is required to make every reasonable effort to collect its receivables and delinquent debt, using collection tools described in this report. The Treasury and the Department of Justice (DOJ) share responsibility for setting government-wide policy on delinquent non-tax debt collection, and each plays a major role in the centralized collection of delinquent non-tax debt. In FY 2013, Federal creditor agencies collected \$31 billion of delinquent non-tax debt, an increase of \$4 billion (17 percent) from FY 2012.

This report provides summary data on the value of receivables owed to the Federal government, the portion of those receivables that are delinquent, and efforts to collect or write-off delinquent debt. The report provides comparative information from FY 2012 to FY 2013, and focuses on specific aspects of government-wide non-tax receivables and debt collection activities

Note: Delinquencies and collections result from various events and conditions that can occur over multiple reporting periods. Therefore, caution must be exercised when comparing annual totals and year-over-year changes of receivables, delinquencies, and collections. Depending on the structure of repayment terms, for example, the date that a receivable is due may be in the same fiscal year that it is booked or it may be in a future fiscal year. Similarly, collections during FY 2013 may be associated with non-tax debt that became delinquent either in FY 2013 or in a prior year, and are most often associated with receivables that were booked in a prior fiscal year.

II. Non-Tax Receivables Owed to the United States

A. Total Non-Tax Receivables

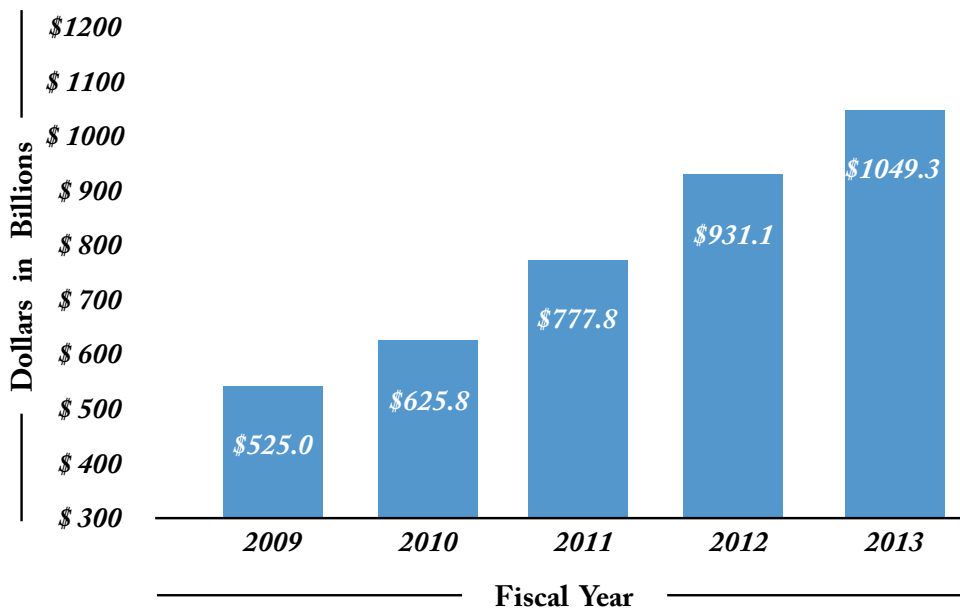
Federal non-tax receivables are amounts owed to the Federal government by a person (including individuals, organizations, and other entities). Receivables are categorized as being either current or delinquent. Delinquent receivables are also referred to as delinquent debt.

At the end of FY 2013, total non-tax receivables (current and delinquent) owed to the United States totaled \$1.0 trillion, an increase of \$118.2 billion (13 percent) from FY 2012. The total outstanding receivable balance at the end of a fiscal year is the net of new receivables booked during that fiscal year, plus receivables owed from prior years (that have not been collected or written off) less collections, adjustments, and amounts written off.

New non-tax receivables booked during FY 2013 totaled \$391.0 billion, an increase of \$21.6 billion (6 percent) from FY 2012. Collection during FY 2013 on non-tax receivables was \$273.4 billion¹, an increase of \$33.5 billion (14 percent) from FY 2012.

FIGURE 1

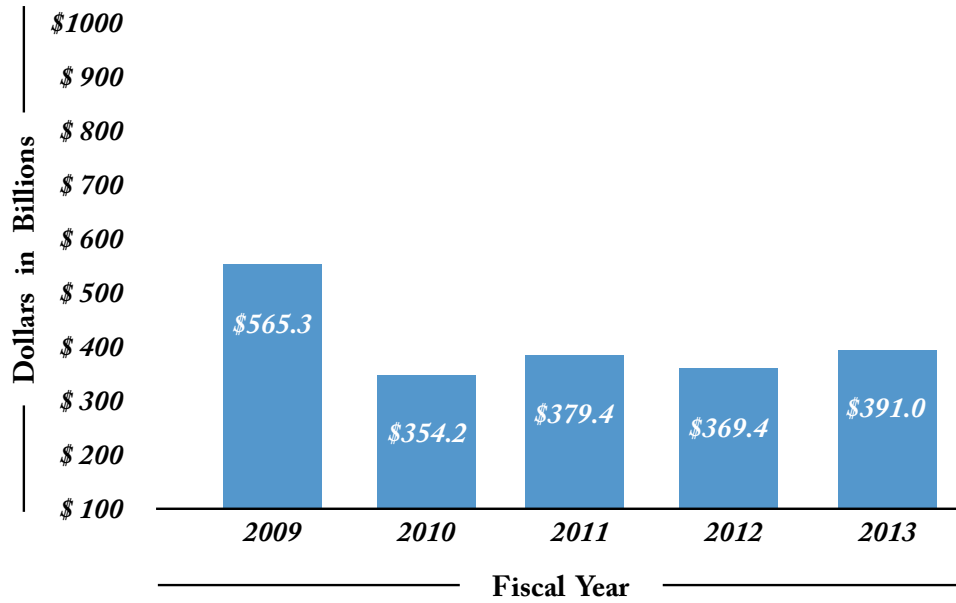
Outstanding Federal Non-Tax Receivables as of September 30: FY 2009–2013
(Dollars in Billions)



SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2009 - 2013

FIGURE 2

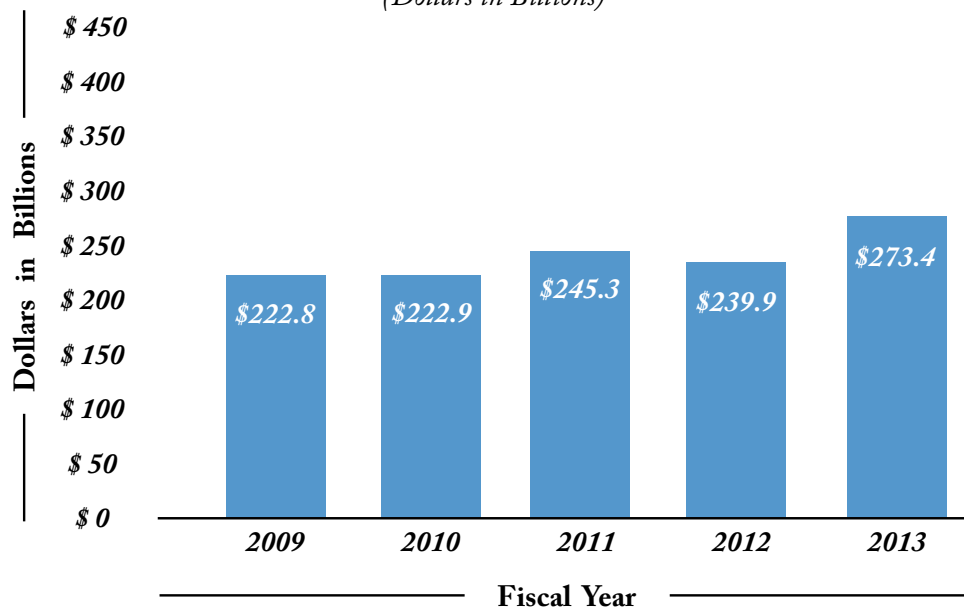
New Federal Non-Tax Receivables, by Fiscal Year Booked: FY 2009-2013
(Dollars in Billions)



SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2009 - 2013

FIGURE 3

Total Collection On Federal Non-Tax Receivables: FY 2009-2013
(Dollars in Billions)



SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2009 - 2013

1. By Creditor Agency

Together, the Department of Education (Education)ⁱⁱ and the Department of Agriculture (USDA) accounted for \$874.6 billion (83 percent) of the government's total outstanding receivables.

FIGURE 4

**FY 2012 to FY 2013 Percentage Change in Outstanding Federal
Non-Tax Receivablesⁱⁱⁱ: FY 2013 Top Five Creditor Agencies**
(Dollars in Billions)

| <i>Agency</i> | <i>FY 2012 (Billions)</i> | <i>FY 2013 (Billions)</i> | <i>% Change from FY 2012 to FY 2013</i> |
|-----------------------------------|-------------------------------|-------------------------------|---|
| <i>Department of Education</i> | \$643.3 | \$760.1 | 18.2% |
| <i>Department of Agriculture</i> | \$118.8 | \$114.5 | - 3.7% |
| <i>Department of the Treasury</i> | \$23.1 | \$20.0 | - 13.4% |
| <i>Export-Import Bank</i> | \$14.0 | \$19.7 | 41.2% |
| <i>Department of Energy</i> | \$16.2 | \$18.5 | 14.2% |
| <i>All Others</i> | \$115.7 | \$116.5 | 0.7% |
| <i>Total Government</i> | \$931.1 | \$1,049.3 | 12.7% |

SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2012 - 2013

FIGURE 5

**FY 2012 to FY 2013 Percentage Change in Collection of Federal Non-Tax
Receivables: FY 2013 Top Five Creditor Agencies**
(Dollars in Billions)

| <i>Agency</i> | <i>FY 2012 (Billions)</i> | <i>FY 2013 (Billions)</i> | <i>% Change from FY 2012 to FY 2013</i> |
|--|-------------------------------|-------------------------------|---|
| <i>Department of Education</i> | \$59.9 | \$59.1 | - 1.5% |
| <i>Department of Health and Human Services</i> | \$42.4 | \$53.2 | 25.6% |
| <i>Department of Agriculture</i> | \$25.9 | \$30.1 | 16.3% |
| <i>Department of Housing and Urban Development</i> | \$13.4 | \$18.3 | 36.5% |
| <i>Department of Defense</i> | \$15.7 | \$15.3 | - 2.5% |
| <i>All Others</i> | \$82.6 | \$97.4 | 17.9% |
| <i>Total Government</i> | \$239.9 | \$273.4 | 14.0% |

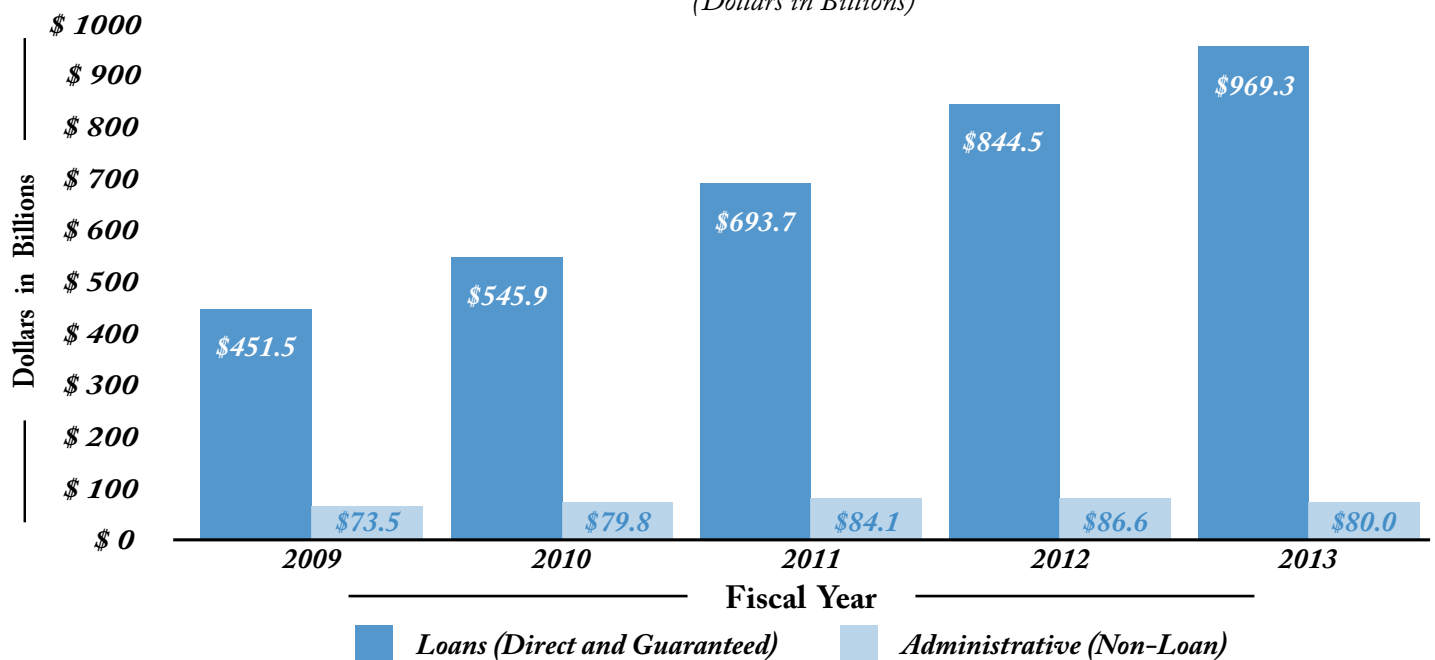
SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2012 - 2013

2. By Receivable Type

Of the \$1.0 trillion in Federal non-tax receivables outstanding at the end of FY 2013, Federal loan receivables (direct loans and defaulted guaranteed loans) represented \$969.3 billion (92 percent) of total outstanding receivables. Direct loans and defaulted guaranteed loans increased by \$124.8 billion (15 percent) from FY 2012. Administrative receivables (all non-loan receivables^{iv} (both current and delinquent) represented \$80.0 billion (8 percent) of the total outstanding receivables by the end of FY 2013, a decrease of \$6.6 billion (8 percent) from FY 2012.

FIGURE 6

Outstanding Federal Non-Tax Receivables as of September 30, By Type : FY 2009 - 2013 (Dollars in Billions)



SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2009-2013

B. Interest, Penalties, and Administrative Costs

Generally, Federal creditor agencies assess interest on outstanding loan receivables. Federal creditor agencies are also generally required to assess interest, penalties, and administrative costs when receivables become delinquent. Of the \$1.0 trillion in outstanding current and delinquent receivables at the end of FY 2013, \$69.6 billion (7 percent) represented unpaid interest, penalties, and administrative costs.

III. Delinquent Non-Tax Debt Owed to the United States

A. Total Delinquent Non-Tax Debt

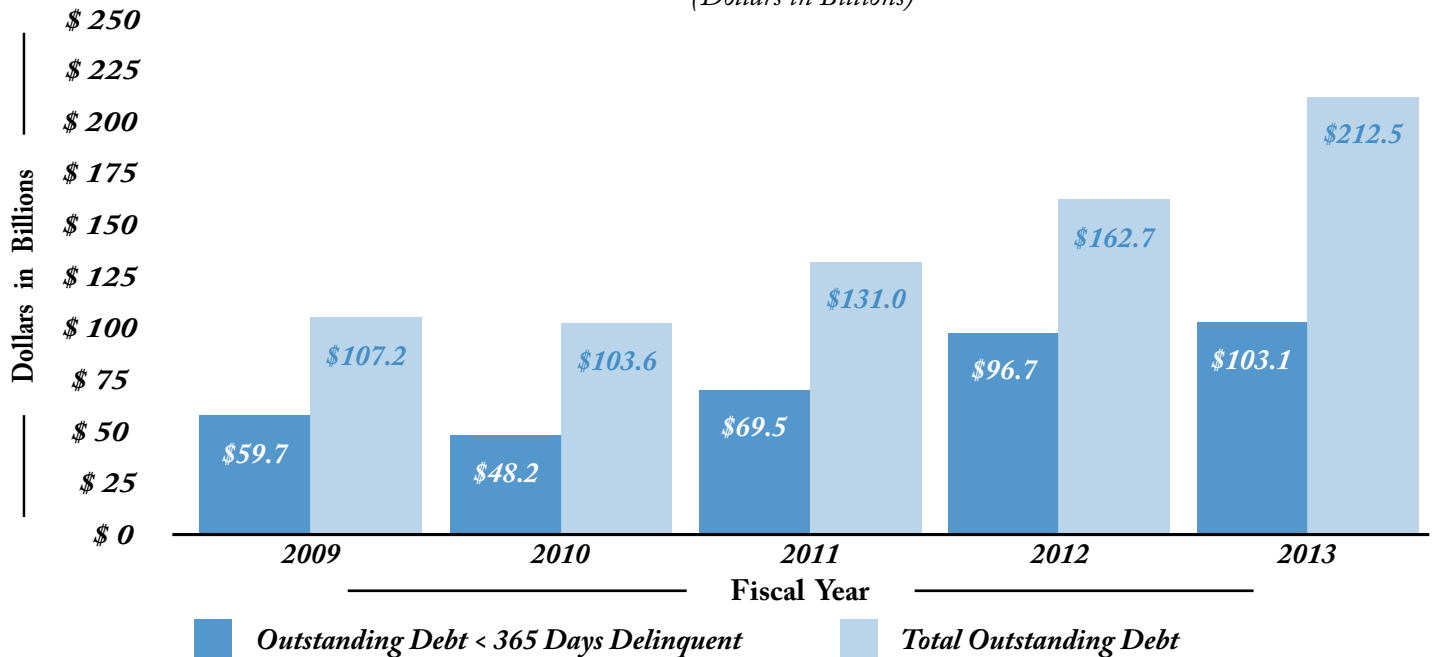
A non-tax debt is considered delinquent if it has not been paid by the date specified in an agency's initial written demand for payment or applicable agreement. A non-tax debt may become delinquent during the same fiscal year that it was booked as a receivable or during a subsequent fiscal year.

At the end of FY 2013, outstanding delinquent non-tax debt owed to the United States totaled \$212.5 billion, an increase of \$49.8 billion (31 percent) from FY 2012. The total outstanding delinquent debt balance at the end of a fiscal year is the net of debt that remained delinquent from previous fiscal years and debt that became delinquent during that fiscal year less collections, adjustments, and amounts written off.

Of the \$212.5 billion in outstanding delinquent debt as of the end of FY 2013, a total of \$103.1 billion became delinquent during FY 2013, an increase of \$6.4 billion (7 percent) from FY 2012.

FIGURE 7

Federal Delinquent Non-Tax Debt as of September 30 : FY 2009–2013
(Dollars in Billions)



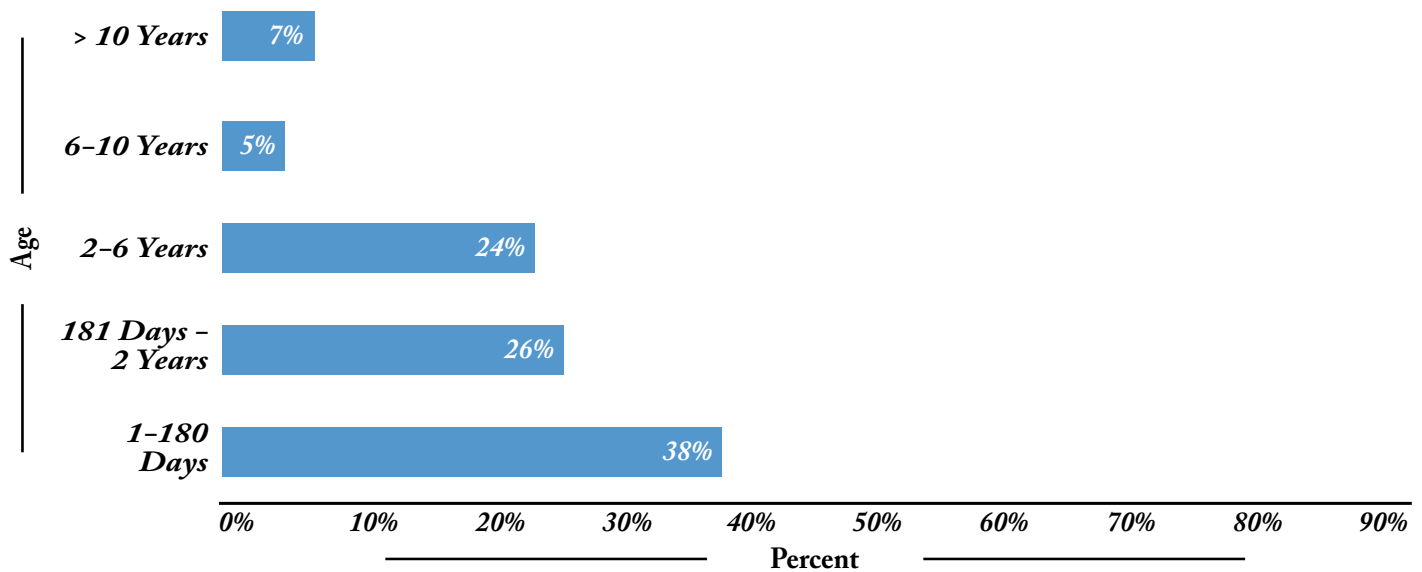
SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2009-2013

1. By Age

Of the total \$212.5 billion of outstanding delinquent debt at the end of FY 2013, \$76.5 billion (36 percent) of outstanding delinquent non-tax debt was more than two years delinquent and \$136.0 billion (64 percent) was less than two years delinquent.

FIGURE 8

Percentages of Federal Non-Tax Delinquencies, By Age: FY 2013 (Percentage of Total)



SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2013

FIGURE 9

Total Federal Non-Tax Delinquencies, By Age : FY 2009 - 2013 (Dollars in Billions)

| Delinquency Age | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 |
|--------------------|----------------|----------------|----------------|----------------|----------------|
| 1-180 Days | \$48.9 | \$34.3 | \$49.7 | \$72.2 | \$81.1 |
| 181 Days - 2 Years | \$24.1 | \$29.7 | \$37.7 | \$44.0 | \$54.9 |
| 2-6 Years | \$20.5 | \$22.9 | \$26.5 | \$26.4 | \$51.0 |
| 6-10 Years | \$4.5 | \$5.4 | \$5.2 | \$8.2 | \$11.3 |
| > 10 Years | \$9.2 | \$11.3 | \$11.9 | \$11.9 | \$14.2 |
| Total | \$107.2 | \$103.6 | \$131.0 | \$162.7 | \$212.5 |

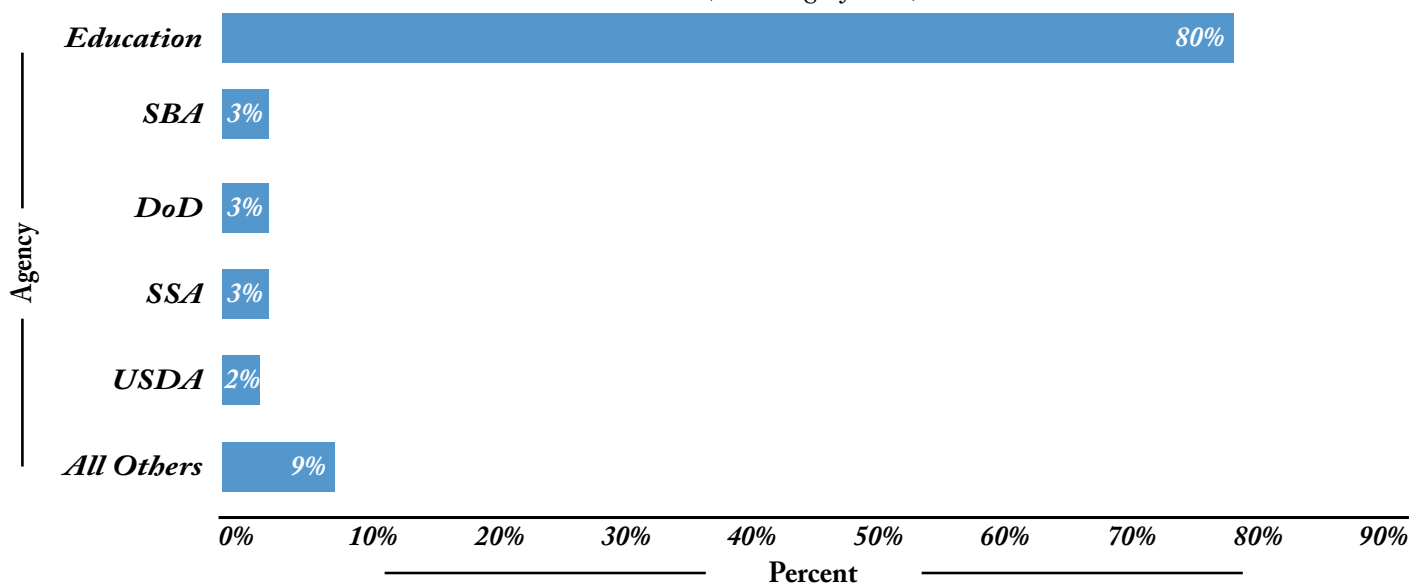
SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2009 - 2013

2. By Creditor Agency

By the close of FY 2013, \$193.3 billion (91 percent) in delinquent debt was owed to five Federal creditor agencies: Education, Small Business Administration (SBA), Department of Defense (DoD), Social Security Administration (SSA) and USDA.

FIGURE 10

*Federal Non-Tax Delinquencies in FY 2013: Top Five Creditor Agencies
(Percentage of Total)*



SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2013

FIGURE 11

*FY 2012 to FY 2013 Percentage Change in Federal
Non-Tax Delinquencies: FY 2013 Top Five Creditor Agencies
(Dollars in Billions)*

| Agency | FY 2012 (Billions) | FY 2013 (Billions) | % Change from FY 2012 to FY 2013 |
|--------------------------------|-----------------------|-----------------------|-------------------------------------|
| Department of Education | \$120.2 | \$170.8 | 42.2% |
| Small Business Administration | \$6.5 | \$5.9 | - 9.3% |
| Department of Defense | \$5.9 | \$5.8 | - 1.1% |
| Social Security Administration | \$5.0 | \$5.8 | 15.6% |
| Department of Agriculture | \$4.6 | \$5.0 | 9.4% |
| All Others | \$20.5 | \$19.2 | -6.7% |
| Total Government | \$162.7 | \$212.5 | 30.6% |

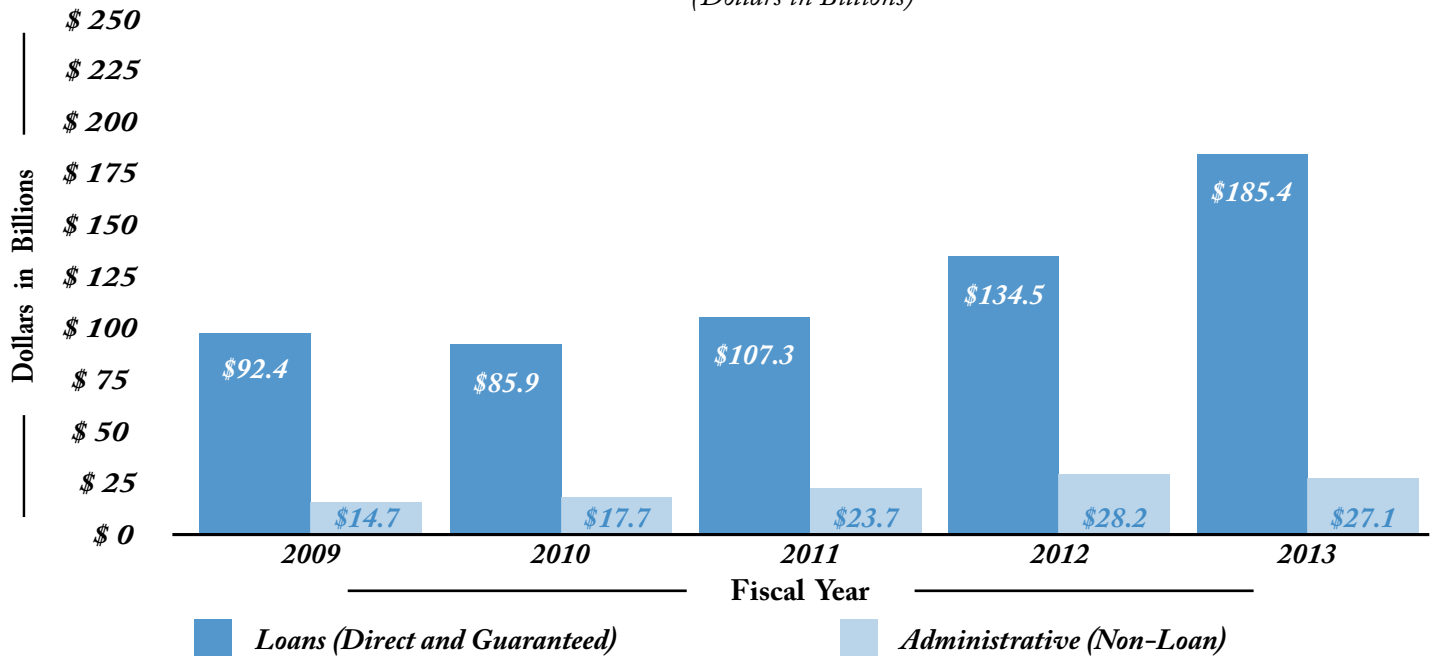
SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2012 - 2013

3. By Debt Type

Federal loan program delinquencies (direct and guaranteed) comprised \$185.4 billion (87 percent) of total delinquencies at the end of FY 2013, which is an increase of \$50.9 billion (38 percent) from FY 2012. Administrative delinquencies for FY 2013 totaled \$27.1 billion, a decrease of \$1.1 billion (4 percent) from FY 2012.

FIGURE 12

Federal Non-Tax Delinquent Debt, By Type : FY 2009 - 2013
(Dollars in Billions)

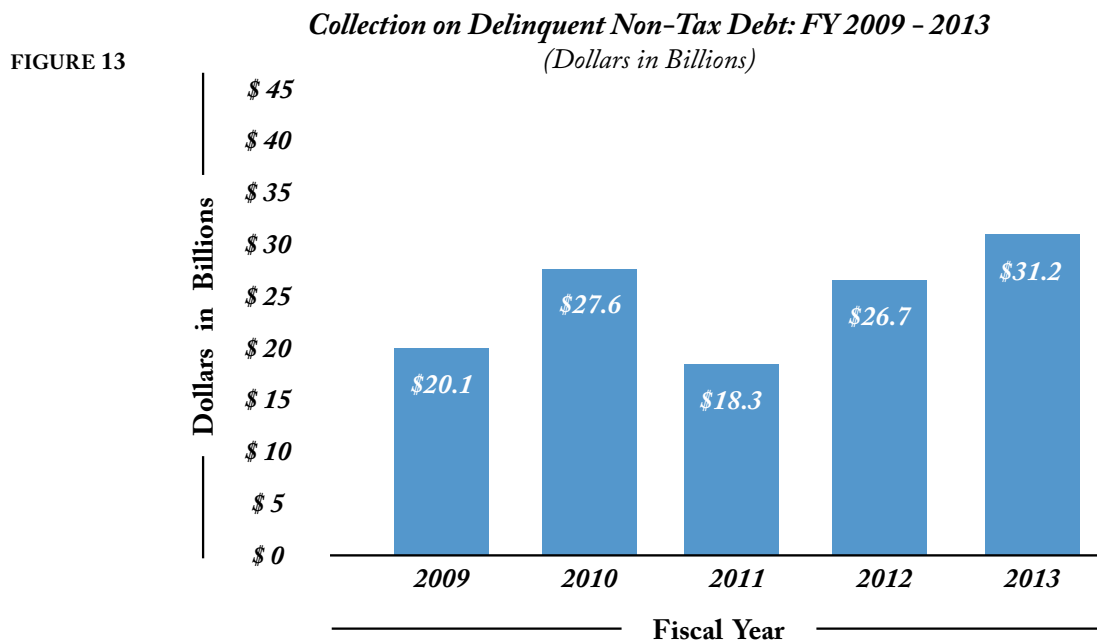


SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2009-2013

IV. Delinquent Non-Tax Debt Collection Activities

A. Total Delinquent Non-Tax Debt Collection

In FY 2013, Federal creditor agencies collected \$31.2 billion in delinquent non-tax debt. Delinquent non-tax debt collection increased by \$4.5 billion (17 percent) from FY 2012.



SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2009-2013

1. By Creditor Agency

More than \$24.4 billion (78 percent) of the delinquent non-tax debt collected in FY 2013 was owed to five Federal creditor agencies: Education (38 percent), HUD (18 percent), HHS (11 percent), DoD (7 percent), and USDA (4 percent).

FIGURE 14

**FY 2012 to FY 2013 Percentage Change in Collection of Federal
Non-Tax Delinquencies: FY 2013 Top Five Creditor Agencies**
(Dollars in Billions)

| Agency | FY 2012 (Billions) | FY 2013 (Billions) | % Change from FY 2012 to FY 2013 |
|--|-----------------------|-----------------------|-------------------------------------|
| Department of Education | \$10.0 | \$12.0 | 20.6% |
| Department of Housing and Urban Development | \$5.2 | \$5.8 | 11.3% |
| Department of Health and Human Services | \$2.5 | \$3.3 | 34.7% |
| Department of Defense | \$0.9 | \$2.1 | 128.4% |
| Department of Agriculture | \$1.2 | \$1.2 | 1.6% |
| All Others | \$6.9 | \$6.8 | -3.2% |
| Total Government | \$26.7 | \$31.2 | 16.8% |

SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2012-2013

2. By Collection Tool

Federal creditor agencies execute various debt collection strategies by utilizing a combination of debt collection tools. Among these collection tools are administrative wage garnishment (AWG), use of private collection agencies (PCAs), offset of Federal and State Payments through the Treasury Offset Program (TOP), use of the Bureau of the Fiscal Service's Cross-Servicing Program, and litigation. Before using collection tools, Federal creditor agencies must first provide debtors with appropriate due process. This includes providing notice and an opportunity to enter into a repayment agreement, dispute the debt, or object to the intended action.

a. Administrative Wage Garnishment (AWG)

Federal law authorizes Federal creditor agencies to garnish a delinquent debtor's wages without obtaining a court order. AWG is a debt collection process that allows a federal agency to order a non-federal employer to withhold up to 15 percent of an employee's disposable income to pay a non-tax delinquent debt owed to the agency. AWG serves as a viable tool in collecting delinquent non-tax debt from those debtors who are unwilling to voluntarily pay their obligations. In FY 2013, Federal creditor agencies collected \$254.1 million through the use of AWG, a decrease of \$542.4 million (68 percent) from FY 2012. AWG collections by Education's Office of Financial Student Aid (FSA) decreased by \$438.1 million (91 percent) from FY 2012 to FY 2013.

b. Private Collection Agencies (PCAs)

PCAs assist Federal creditor agencies in many ways, including locating debtors, establishing repayment agreements, and resolving debt administratively when a debtor is deceased, unable to pay, disabled, bankrupt, or out of business. In FY 2013, PCAs assisted Federal creditor agencies by collecting \$387.5 million a decrease of \$5.7 billion (94 percent) from FY 2012. PCA collections by Education's FSA office decreased by \$5.7 billion (94 percent) from FY 2012 to FY 2013.

FIGURE 15

Collection by Tool : AWG and PCAs: FY 2009–2013
(Dollars in Millions)

| <i>Collection Tool</i> | <i>FY 2009</i> | <i>FY 2010</i> | <i>FY 2011</i> | <i>FY 2012</i> | <i>FY 2013</i> |
|------------------------|------------------|------------------|------------------|------------------|----------------|
| <i>AWG</i> | \$649.7 | \$272.7 | \$296.0 | \$796.5 | \$254.1 |
| <i>PCAs</i> | \$2,876.0 | \$6,214.3 | \$740.3 | \$6,093.7 | \$387.5 |
| <i>Total</i> | <i>\$3,525.7</i> | <i>\$6,487.0</i> | <i>\$1,036.3</i> | <i>\$6,890.2</i> | <i>\$641.6</i> |

SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2009–2013

V. Centralized Government-Wide Debt Collection Programs

A. Treasury's Debt Collection Programs

Generally, Federal creditor agencies are required to refer non-tax debt that is 180 days delinquent to Treasury for collection through its TOP and Cross-Servicing Program. For non-tax debt submitted to TOP, Treasury intercepts eligible Federal and State payments and applies them to a payee's delinquent non-tax debt. Through TOP, Treasury also intercepts eligible Federal payments to collect delinquent debts on behalf of the Internal Revenue Service and State agencies. In FY 2013, Treasury collected \$7.0 billion owed to Federal and State agencies.

TOP collected \$3.2 billion of delinquent Federal non-tax debt, \$601.6 million of delinquent Federal tax debt, and \$3.0 billion of debt owed to State agencies, including delinquent child support obligations. See Appendix IV for more information.

TOP eligible payments include Federal tax refunds and Federal non-tax payments (e.g. Social Security, retirement, salary, vendor, and other Federal payments, as well as State tax refunds and other payments made by several States participating in TOP^{vi}).

FIGURE 16

TOP Collection of Federal Non-Tax Debt by Payment Type: FY 2009–2013
(Dollars in Millions)

| <i>Payment Type</i> | <i>FY 2009</i> | <i>FY 2010</i> | <i>FY 2011</i> | <i>FY 2012</i> | <i>FY 2013</i> |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|
| <i>Federal Tax Refund Payment</i> | \$1,400.0 | \$1,852.0 | \$2,180.0 | \$2,018.9 | \$2,593.1 |
| <i>Federal Non-Tax Payment</i> | \$511.9 | \$313.0 | \$390.0 | \$399.1 | \$618.0 |
| <i>Total</i> | \$1,911.9 | \$2,165.0 | \$2,570.0 | \$2,418.0 | \$3,211.1 |

SOURCE: DEPARTMENT OF THE TREASURY, BUREAU OF THE FISCAL SERVICE

In FY 2013, the Bureau of Fiscal Service collected \$306.2 million^{vii} of delinquent Federal non-tax debt through its Cross-Servicing program, an increase of \$43.2 million (16 percent) from FY 2012. For non-tax debt submitted to the Cross-Servicing Program, the Bureau of Fiscal Service services the delinquent debts on behalf of Federal creditor agencies by contacting debtors through demand letters and telephone calls, negotiating payment agreements, submitting delinquent debt to TOP, referring delinquent debt to PCAs, referring delinquent debt to DOJ for litigation, reporting debt to credit bureaus, and initiating administrative wage garnishments.

B. Enforced Non-Tax Debt Collection by the Department of Justice

At the end of FY 2013, DOJ collected a total of \$5.5 billion on behalf of Federal agencies, a decrease of \$1.0 billion (15 percent) from FY 2012. When a Federal creditor agency cannot collect a non-tax debt administratively, the agency may refer the debt to DOJ to pursue enforced collection^{viii} through the judicial process. In FY 2013, Federal creditor agencies referred 6,456 cases totaling \$9.1 billion to DOJ for enforced collection.

FIGURE 17

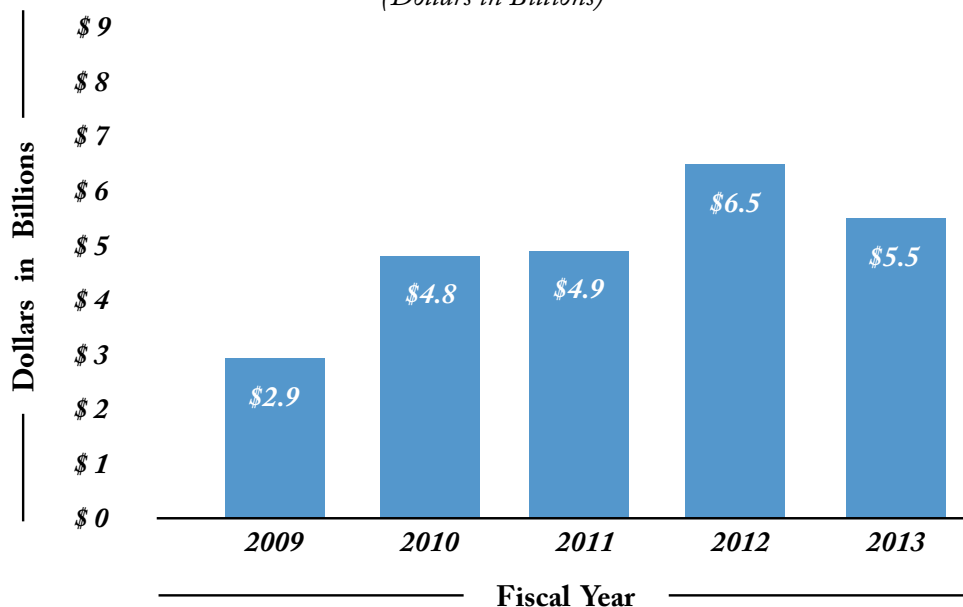
Civil Referrals to DOJ

| <i>Fiscal Year</i> | <i>Total Referrals (New)</i> | <i>Value of New Debt (Dollars in Billions)</i> |
|--------------------|------------------------------|--|
| 2009 | 11,088 | \$5.2 |
| 2010 | 11,531 | \$7.6 |
| 2011 | 16,487 | \$6.1 |
| 2012 | 7,109 | \$13.1 |
| 2013 | 6,456 | \$9.1 |

SOURCE: DEPARTMENT OF JUSTICE, OFFICE OF DEBT COLLECTION MANAGEMENT

FIGURE 18

Civil Litigation Cash Collection: FY 2009–2013 (Dollars in Billions)



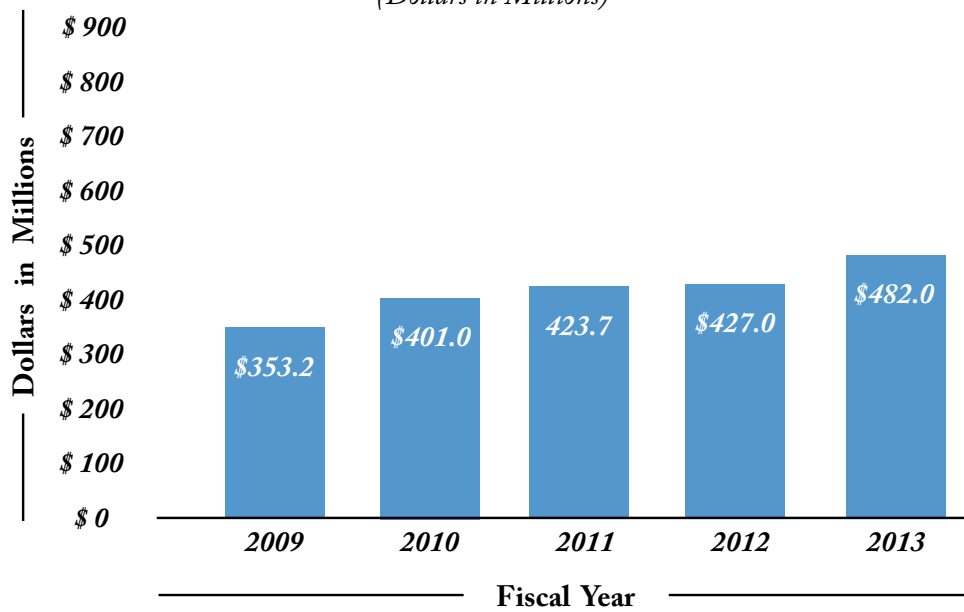
SOURCE: DEPARTMENT OF JUSTICE, OFFICE OF DEBT COLLECTION MANAGEMENT

C. Department of Health and Human Services Program Support Center

HHS's Program Support Center (PSC), is a Treasury-designated debt collection center that collects non-tax debt for Federal creditor bureaus within HHS and several Federal creditor agencies outside of HHS. In addition, the PSC serves as the HHS conduit for referrals to Treasury for both TOP and Cross-Servicing. In FY 2013, the PSC collected \$482.0 million, an increase of \$55.0 million (13 percent) from FY 2012.

FIGURE 19

PSC Collection: FY 2009-2013
(Dollars in Millions)



SOURCE: DEPARTMENT OF HEALTH AND HUMAN SERVICES, PROGRAM SUPPORT CENTER

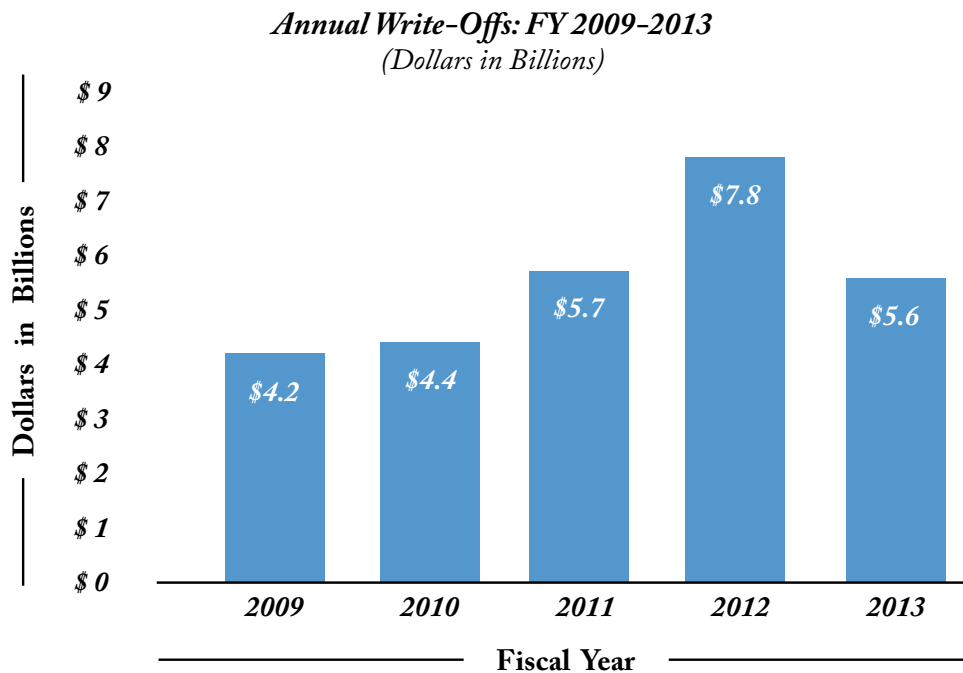
VI. Write-Offs Of Delinquent Non-Tax Debt

Federal creditor agencies are generally required to “write-off” non-tax debt that is two years delinquent^{ix} (see Office of Management and Budget Circular A-129). By writing off their uncollectible non-tax debt, Federal creditor agencies more accurately reflect the value of their receivables on the books of the United States. Certain write-offs are categorized as “currently not collectible” (CNC), which means that collection efforts may continue until the agency determines it should terminate those efforts.

Other write-offs are categorized as “closed out,” which means that a Federal creditor agency has terminated all debt collection action. Consequently, a Federal creditor agency may be required to report such write-offs to the Internal Revenue Service (IRS) as potential income to the debtor.

In FY 2013, Federal non-tax debt that was written off as “closed out” totaled \$5.6 billion, a decrease of \$2.2 billion (28 percent) from FY 2012. The Federal creditor agencies with the largest write-off amounts in FY 2013 include Education (\$2.7 billion), SSA (\$0.9 billion) and USDA (\$0.8 billion).

FIGURE 20



SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2009-2013

Appendix I: Total Federal Non-Tax Receivables and Delinquent Non-Tax Debt by Creditor Agency

At the end of FY 2013, 96 percent of Federal receivables arose from programs administered by the 10 Federal creditor agencies listed below.

FIGURE 21

*Total Federal Non-Tax Receivables and
Delinquent Debt : Top Ten Creditor Agencies*

(Dollars in Millions)

| <i>Agency</i> | <i>Receivables Balance (as of September 30, 2013)</i> | <i>Delinquent Debt Balance (as of September 30, 2013)</i> |
|--|---|---|
| <i>Department of Education</i> | <i>\$760,081.3</i> | <i>\$170,818.9</i> |
| <i>Department of Agriculture</i> | <i>\$114,453.3</i> | <i>\$5,015.5</i> |
| <i>Department of the Treasury</i> | <i>\$19,986.0</i> | <i>\$32.2</i> |
| <i>Export-Import Bank</i> | <i>\$19,705.1</i> | <i>\$1,572.7</i> |
| <i>Department of Energy</i> | <i>\$18,541.2</i> | <i>\$639.9</i> |
| <i>Department of Housing and Urban Development</i> | <i>\$18,066.2</i> | <i>\$2,121.1</i> |
| <i>Social Security Administration</i> | <i>\$17,046.8</i> | <i>\$5,778.0</i> |
| <i>Small Business Administration</i> | <i>\$15,646.6</i> | <i>\$5,876.4</i> |
| <i>Department of Health and Human Services</i> | <i>\$15,473.0</i> | <i>\$2,615.8</i> |
| <i>Department of Defense</i> | <i>\$12,552.5</i> | <i>\$5,805.5</i> |
| <i>Top 10 Total</i> | <i>\$1,011,522.0</i> | <i>\$200,276.0</i> |
| <i>All Others</i> | <i>\$37,728.4</i> | <i>\$12,189.5</i> |
| <i>Government Total</i> | <i>\$1,049,280.4</i> | <i>\$212,465.5</i> |

SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2013

Appendix II: Total FY 2013 Collection of Federal Delinquent Non-Tax Debt by Creditor Agency

At the end of FY 2013, 92 percent of Federal collection of delinquent Federal non-tax debt was associated with debt administered by the 10 Federal creditor agencies listed below. The remaining 8 percent of collections arose from all other agencies.

FIGURE 22

Total Collection of Delinquent Federal Non-Tax Debt: Top Ten Creditor Agencies
(Dollars in Millions)

| <i>Agency</i> | <i>FY 2013 Collections</i> |
|--|----------------------------|
| <i>Department of Education</i> | <i>\$12,009.9</i> |
| <i>Department of Housing and Urban Development</i> | <i>\$5,812.7</i> |
| <i>Department of Health and Human Services</i> | <i>\$3,330.1</i> |
| <i>Department of Defense</i> | <i>\$2,120.7</i> |
| <i>Department of Agriculture</i> | <i>\$1,204.4</i> |
| <i>Department of Veterans Affairs</i> | <i>\$1,086.8</i> |
| <i>Commodity Futures Trading Commission</i> | <i>\$1,043.9</i> |
| <i>General Services Administration</i> | <i>\$856.4</i> |
| <i>Department of Homeland Security</i> | <i>\$643.6</i> |
| <i>Department of the Interior</i> | <i>\$611.9</i> |
| <i>Top 10 Total</i> | <i>\$28,720.4</i> |
| <i>All Other</i> | <i>\$2,455.5</i> |
| <i>Government Total</i> | <i>\$31,175.9</i> |

SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2013

Appendix III: Total FY 2013 Write-Offs by Creditor Agency

In FY 2013, 97 percent of Federal debt write-offs that were “closed out” arose from programs administered by the 10 Federal creditor agencies listed below. The remaining 3 percent of Federal debt write-offs arose from all other agencies.

FIGURE 23

Total Federal Write-Offs: Top Ten Creditor Agencies
(Dollars in Millions)

| <i>Agency</i> | <i>FY 2013 Write-Offs</i> |
|--|---------------------------|
| <i>Department of Education</i> | <i>\$2,656.4</i> |
| <i>Social Security Administration</i> | <i>\$924.5</i> |
| <i>Department of Agriculture</i> | <i>\$805.0</i> |
| <i>Department of Veterans Affairs</i> | <i>\$339.3</i> |
| <i>Department of Health and Human Services</i> | <i>\$231.9</i> |
| <i>Export-Import Bank</i> | <i>\$226.3</i> |
| <i>Department of Homeland Security</i> | <i>\$95.2</i> |
| <i>Department of Defense</i> | <i>\$75.9</i> |
| <i>Federal Communication Commission</i> | <i>\$56.0</i> |
| <i>Securities and Exchange Commission</i> | <i>\$49.5</i> |
| <i>Top 10 Total</i> | <i>\$5,460.0</i> |
| <i>All Other</i> | <i>\$179.9</i> |
| <i>Government Total</i> | <i>\$5,639.9</i> |

SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2013

Appendix IV: Treasury Offset Program (TOP) Collections Including Debt Owed to the Internal Revenue Service and State Agencies

The Treasury Offset Program (TOP) is the centralized process through which Treasury and other disbursing Federal creditor agencies intercept, or “offset,” eligible Federal and State payments, including tax refund payments, to a debtor to satisfy the debtor’s delinquent Federal non-tax debt and delinquent debt owed to State agencies, including child support and unemployment insurance obligations. In addition, the Federal Payment Levy Program, processed through TOP, allows the Internal Revenue Service (IRS) to continuously levy Federal payments due to delinquent Federal taxpayers.^x

For FY 2013, \$6.8 billion was collected through TOP for Federal and State^{xi} agencies. Highlights include:

- \$1.9 billion was collected for past due child support obligations submitted to TOP by the Department of Health and Human Services (HHS), and Office of Child Support Enforcement (OCSE) on behalf of States and territories.
- \$605.3 million was collected for 48 States and the District of Columbia that participate in TOP’s State Income Tax Program, whereby Federal tax refunds are offset to collect delinquent State income tax obligations.^{xii}
- \$37.9 million was collected for the seven states that participate in TOP’s State Reciprocal Program whereby eligible Federal payments are intercepted to collect debt owed to States, and States intercept State payments to collect delinquent non-tax Federal debt. In return, these States collected \$14 million for Federal agencies.
- \$326.2 million in Federal tax refunds were intercepted to collect unemployment compensation debt owed to 39 States and the District of Columbia.
- TOP collected \$601.6 million of unpaid Federal taxes through the Federal Payment Levy Program.

FIGURE 24

TOP Collection – Federal Debt : FY 2009 – 2013
(Dollars in millions)

| Type of Debt | Type of Payment Offset / Levy | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 |
|----------------------|---------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Federal Non-tax Debt | Tax Refund Offset | \$1,400.0 | \$1,852.0 | \$2,180.0 | \$2,018.9 | \$2,593.1 |
| Federal Non-tax Debt | Administrative Offset ^{xiii} | \$524.0 | \$312.8 | \$426.7 | \$399.1 | \$618.0 |
| Federal Tax Debt | Tax Levy (Federal Payments) | \$497.0 | \$617.9 | \$614.3 | \$601.6 | \$601.6 |
| Total | | \$2,421.0 | \$2,782.7 | \$3,221.0 | \$3,019.6 | \$3,812.7 |

SOURCE: DEPARTMENT OF THE TREASURY, BUREAU OF THE FISCAL SERVICE

FIGURE 25

TOP Collection – State Debt : FY 2009 – 2013
(Dollars in millions)

| Type of Debt | Type of Payment Offset | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 |
|---|------------------------|------------------|------------------|------------------|------------------|------------------|
| Child Support | Tax Refund Offset | \$2,066.0 | \$2,086.0 | \$2,302.0 | \$2,246.7 | \$1,941.4 |
| State Income Tax Debt | Tax Refund Offset | \$368.0 | \$435.1 | \$475.0 | \$561.8 | \$605.3 |
| State Unemployment Compensation Debt [‡] | Tax Refund Offset | N/A | N/A | \$25.9 | \$132.9 | \$326.2 |
| SNAP ^{xiv} | Tax Refund Offset | N/A | N/A | N/A | N/A | \$109.8 |
| Child Support | Administrative Offset | \$5.0 | \$8.3 | \$10.4 | \$8.1 | \$8.6 |
| State Income Tax Debt (Reciprocal Program) | Administrative Offset | \$13.0 | \$9.1 | \$7.4 | \$9.2 | \$16.0 |
| Other State Debt (Reciprocal Program) | Administrative Offset | \$12.0 | \$7.4 | \$28.8 | \$44.5 | \$21.8 |
| SNAP | Administrative Offset | N/A | N/A | N/A | N/A | \$9.2 |
| Total | | \$2,464.0 | \$2,545.9 | \$2,849.5 | \$3,003.2 | \$3,038.3 |

SOURCE: DEPARTMENT OF THE TREASURY, BUREAU OF THE FISCAL SERVICE

‡ TOP Unemployment Insurance Compensation program implemented in FY 2011

Appendix V: Sources of Data

Data contained in this report were obtained from the following sources:

Sources

Treasury Report on Receivables and Debt Collection Activities — Fourth Quarter 2013, as reported by Federal creditor agencies to the Department of the Treasury.

Department of the Treasury, Bureau of the Fiscal Service

Department of Education, Default Resolution Group

Department of Health and Human Services, Program Support Center

Department of Justice, Office of Debt Collection Management

Endnotes

- ⁱ Collections on receivables include loan consolidations from the Department of Education. A loan consolidation is the process of combining one or more eligible educational loans into a single new loan.
- ⁱⁱ More information on the Education's Student Aid programs can be found in the Annual Report for Federal Student Aid (<http://www2.ed.gov/about/reports/annual/index.html>).
- ⁱⁱⁱ All year-over-year changes are calculated based on the exact value in whole dollars and may differ from the change calculated based on the rounded values expressed in millions or billions of dollars.
- ^{iv} Non-loan receivables include fines, penalties, and overpayments.
- ^v The calculation of the amount that became delinquent during FY 2013 is based on debt that was between 1 and 365 days delinquent as of September 30, 2013.
- ^{vi} Generally, one-time payments (tax refunds and vendor payments) may be offset up to 100% of the payment amount. For recurring payments (Social Security, retirement, and salary), the offset amount is statutorily limited to a percentage of the payment.
- ^{vii} The Cross-Servicing Program collected \$926,000 through DOJ by the close of FY 2013.
- ^{viii} An "enforced" collection occurs when DOJ uses a legal process to force the involuntary payment of a debt by a debtor. Examples of enforced collection processes include a court-ordered wage garnishment sent to the debtor's employer or a bank garnishment filed with the debtor's bank, effectively seizing the funds from the debtor's pay or bank account.
- ^{ix} Write-off of delinquent debt is an accounting action. Collection of the delinquent debt, however, may still be pursued by the Federal creditor agency.
- ^x A "levy" is legally distinct from "offset." While offset involves the netting out of mutual obligations between two parties, a levy is a legal seizure of property, usually in the hands of a third party, to satisfy a tax debt.
- ^{xi} For more detail on Treasury's collections on behalf of states, see the Annual Report to the States (http://fms.treas.gov/debt/TOP_annual_report_to_states_fy12.pdf).
- ^{xii} Nine (9) States do not have an income tax.
- ^{xiii} Administrative Offset refers to the offset of Federal non-tax payments to collect delinquent debts.
- ^{xiv} SNAP, the Supplemental Nutrition Assistance Program, is a government assistance program to help low-income households pay for food. States submit delinquent SNAP obligations to the USDA, Food and Nutrition Service, which in turn submits the debts to TOP for collection through the offset of Federal tax refunds and other eligible payments.