

FISCAL YEAR 2018  
REPORT TO THE CONGRESS

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

Department of the Treasury  
August 2019





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 2018 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 (current and delinquent).

At the end of Fiscal Year (FY) 2018, the outstanding amount of non-tax receivables owed to the United States was \$1.6 trillion. These receivables included loans to students, small business owners, homeowners, farmers, and veterans. They also included administrative non-tax receivables, including fines and penalties, overpayments, and fees.

Most citizens pay their debts on time. However, at the end of FY 2018, delinquent non-tax debt owed to the Federal government totaled \$203.0 billion, an increase of \$18.0 billion (10 percent) from FY 2017. The 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.

Federal agencies face many challenges collecting and resolving delinquent debts. Despite these challenges, in FY 2018, Federal creditor agencies collected \$27.9 billion of delinquent non-tax debt, while the Department of the Treasury, Bureau of the Fiscal Service (Fiscal Service) collected \$7.4 billion in delinquent tax and non-tax debt on behalf of Federal and State agencies. Fiscal Service continues to collaborate with Federal and State agencies to maximize collections and resolve those debts for which collection is not possible because of a debtor's circumstances.

Information about the Federal government's management of receivables is available at [transparency.treasury.gov](https://transparency.treasury.gov). This website provides the public with easy-to-understand data about the Federal government's finances.

David A. Lebryk

FISCAL YEAR 2018 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 and debt collection activities. As required by Federal law, this report includes information that Federal creditor agencies provide to the Secretary on the status of their accounts receivable, as reported in the *Treasury Report on Receivables and Debt Collection Activities (TROR)*.<sup>2</sup> Information about the Federal government's management of receivables is available to the public at [transparency.treasury.gov](https://www.transparency.treasury.gov).

Based on policies from 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.

At the end of FY 2018, the government's outstanding non-tax receivables totaled \$1.6 trillion, an increase of \$96.7 billion (6 percent) from FY 2017. A receivable is current when it is not yet due or is being repaid as agreed. When the government's receivables are not paid by the due date they generally become delinquent debt. At the end of FY 2018, delinquent non-tax debt owed to the United States totaled \$203.0 billion, an increase of \$18.0 billion (10 percent) from FY 2017.

Each Federal creditor agency is required to make every reasonable effort to collect its receivables. At the end of FY 2018, collections on Federal non-tax receivables totaled \$337.8 billion, an increase of \$0.4 billion (0.1 percent).<sup>3</sup> The Fiscal Service and the Department of Justice (DOJ) share the 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 2018, Federal creditor agencies collected \$27.9 billion of delinquent non-tax debt, a decrease of \$2.8 billion (9 percent) from FY 2017.

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 previous fiscal years to FY 2018, and information 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. 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 recorded or it may be in a future fiscal year. Similarly, collections during FY 2018 may be associated with non-tax debt that became delinquent either in FY 2018 or in a prior year, and are most often associated with receivables that were recorded in a prior fiscal year. Therefore, use caution when comparing annual totals and year-over-year changes of receivables, delinquencies, and collections.



## II. Federal Non-Tax Receivables Owed to the United States

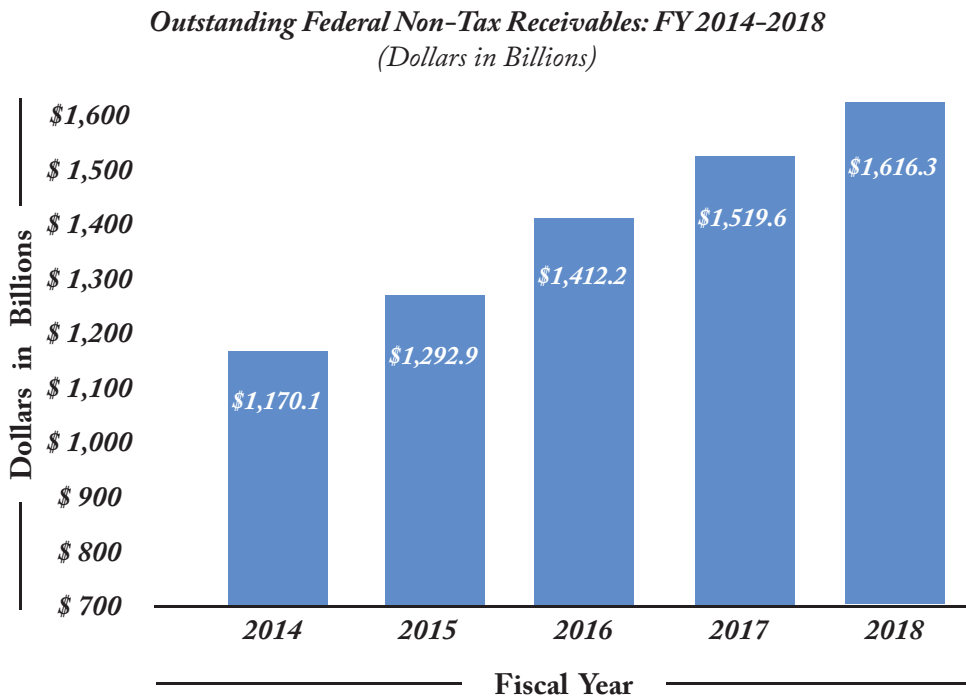
### *A. Total Federal Non-Tax Receivables*

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 2018, total Federal non-tax receivables owed to the United States totaled \$1.6 trillion, an increase of \$96.7 billion (6 percent) from FY 2017. The total outstanding receivable balance at the end of a fiscal year is the net of receivables that remained unpaid from prior fiscal years and new receivables recorded during that fiscal year, less collections, adjustments, and amounts written off.

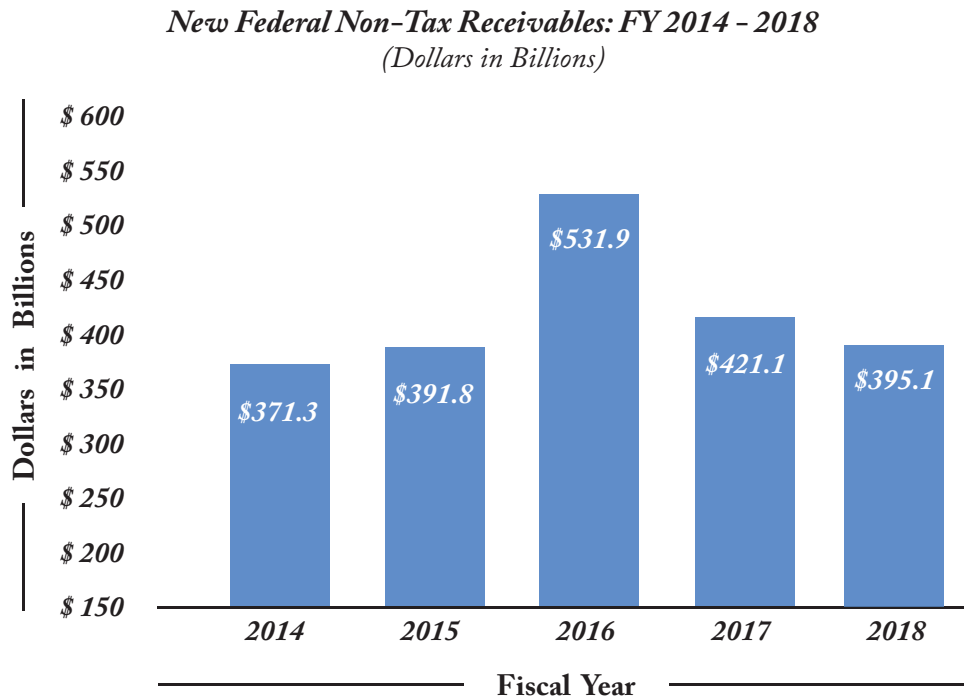
New Federal non-tax receivables recorded as of the end of FY 2018 totaled \$395.1 billion, a decrease of \$26.0 billion (6 percent) from FY 2017. Collection of Federal non-tax receivables in FY 2018 was \$337.8 billion, an increase of \$0.4 billion (0.1 percent) from FY 2017.

FIGURE 1



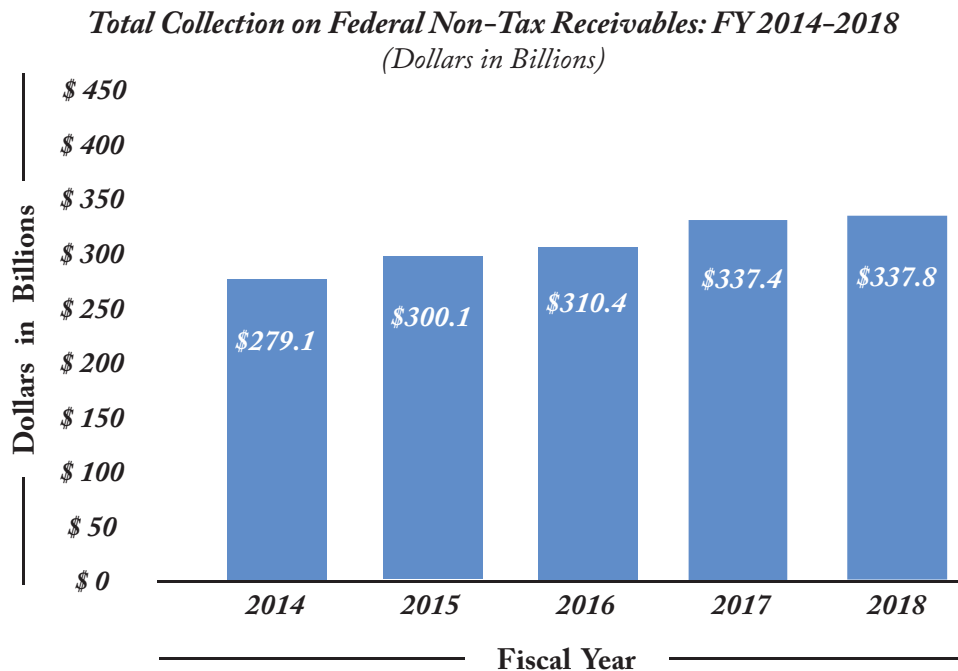
SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2014 - 2018

FIGURE 2



SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES & DoD — FOURTH QUARTER FY 2017 - 2018

FIGURE 3



SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES & DoD — FOURTH QUARTER FY 2017 - 2018

## B. By Creditor Agency

Receivables owed to the Department of Education (Education)<sup>4</sup> and the Department of Agriculture (USDA) at the end of FY 2018 accounted for \$1.4 trillion (86 percent) of the government's total outstanding Federal non-tax receivables.

FIGURE 4

*FY 2017 to FY 2018 Percentage Change in Outstanding Federal  
Non-Tax Receivables:<sup>5</sup> FY 2018 Top Five Federal Creditor Agencies  
(Dollars in Billions)*

<i>Agency</i>	<i>FY 2017</i>	<i>FY 2018</i>	<i>% Change from FY 2017 to FY 2018</i>
<i>Department of Education</i>	<i>\$1,183.3</i>	<i>\$1,275.9</i>	<i>7.8%</i>
<i>Department of Agriculture</i>	<i>\$108.2</i>	<i>\$109.9</i>	<i>1.6%</i>
<i>Department of Housing and Urban Development</i>	<i>\$38.2</i>	<i>\$44.9</i>	<i>17.5%</i>
<i>Department of Health and Human Services</i>	<i>\$39.8</i>	<i>\$34.3</i>	<i>-13.8%</i>
<i>Social Security Administration</i>	<i>\$22.6</i>	<i>\$24.5</i>	<i>8.4%</i>
<i>All Others</i>	<i>\$127.5</i>	<i>\$126.8</i>	<i>-0.5%</i>
<b><i>Total Government</i></b>	<b><i>\$1,519.6</i></b>	<b><i>\$1,616.3</i></b>	<b><i>6.4%</i></b>

SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2017 - 2018

In FY 2018, Education, the Department of Health and Human Services (HHS), USDA, the Department of Defense (DoD) and the Department of Housing and Urban Development (HUD), collected a combined \$231.2 billion (68 percent) in Federal non-tax receivables.

FIGURE 5

*FY 2017 to FY 2018 Percentage Change in Collection of Federal Non-Tax  
Receivables: FY 2018 Top Five Federal Creditor Agencies  
(Dollars in Billions)*

<i>Agency</i>	<i>FY 2017</i>	<i>FY 2018</i>	<i>% Change from FY 2017 to FY 2018</i>
<i>Department of Education</i>	<i>\$102.3</i>	<i>\$101.1</i>	<i>-1.2%</i>
<i>Department of Health and Human Services</i>	<i>\$69.8</i>	<i>\$71.9</i>	<i>3.0%</i>
<i>Department of Agriculture</i>	<i>\$24.6</i>	<i>\$24.2</i>	<i>-1.6%</i>
<i>Department of Defense</i>	<i>\$15.5</i>	<i>\$18.7<sup>6</sup></i>	<i>20.6%<sup>7</sup></i>
<i>Department of Housing and Urban Development</i>	<i>\$15.6</i>	<i>\$15.3</i>	<i>-1.9%</i>
<i>All Others</i>	<i>\$109.6</i>	<i>\$106.6</i>	<i>-2.7%</i>
<b><i>Total Government</i></b>	<b><i>\$337.4</i></b>	<b><i>\$337.8</i></b>	<b><i>0.1%</i></b>

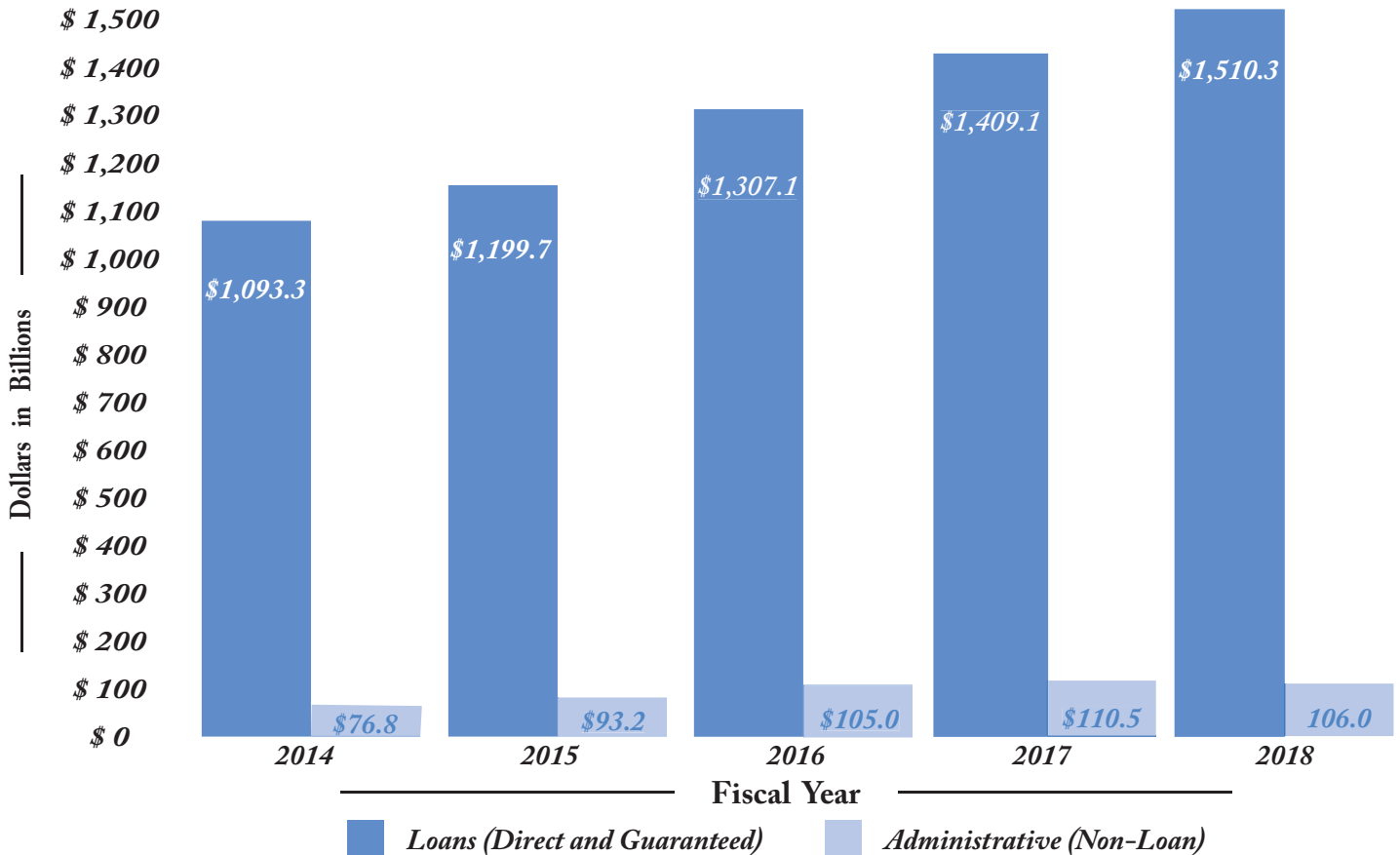
SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES & DoD — FOURTH QUARTER FY 2017 - 2018

### C. By Receivable Type

Of the \$1.6 trillion in Federal non-tax receivables outstanding (both current and delinquent) in FY 2018, Federal loan receivables (direct loans and defaulted guaranteed loans) represented \$1.5 trillion (94 percent) of total outstanding receivables. Receivables attributable to direct loans and defaulted guaranteed loans increased by \$101.2 billion (7 percent) from FY 2017 to FY 2018. Administrative receivables (all non-loan receivables)<sup>8</sup> represented \$106.0 billion of the total outstanding receivables at the end of FY 2018, a decrease of \$4.5 billion (4 percent) from FY 2017.

FIGURE 6

#### Outstanding Federal Non-Tax Receivables, By Type: FY 2014 - 2018 (Dollars in Billions)



SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2014-2018

### D. 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. The rate of interest is generally governed by 31 U.S.C. § 3717 and published by the [Department of the Treasury](#). Of the \$1.6 trillion in outstanding current and delinquent receivables at the end of FY 2018, \$107.1 billion (7 percent) represented unpaid interest, penalties, and administrative costs.



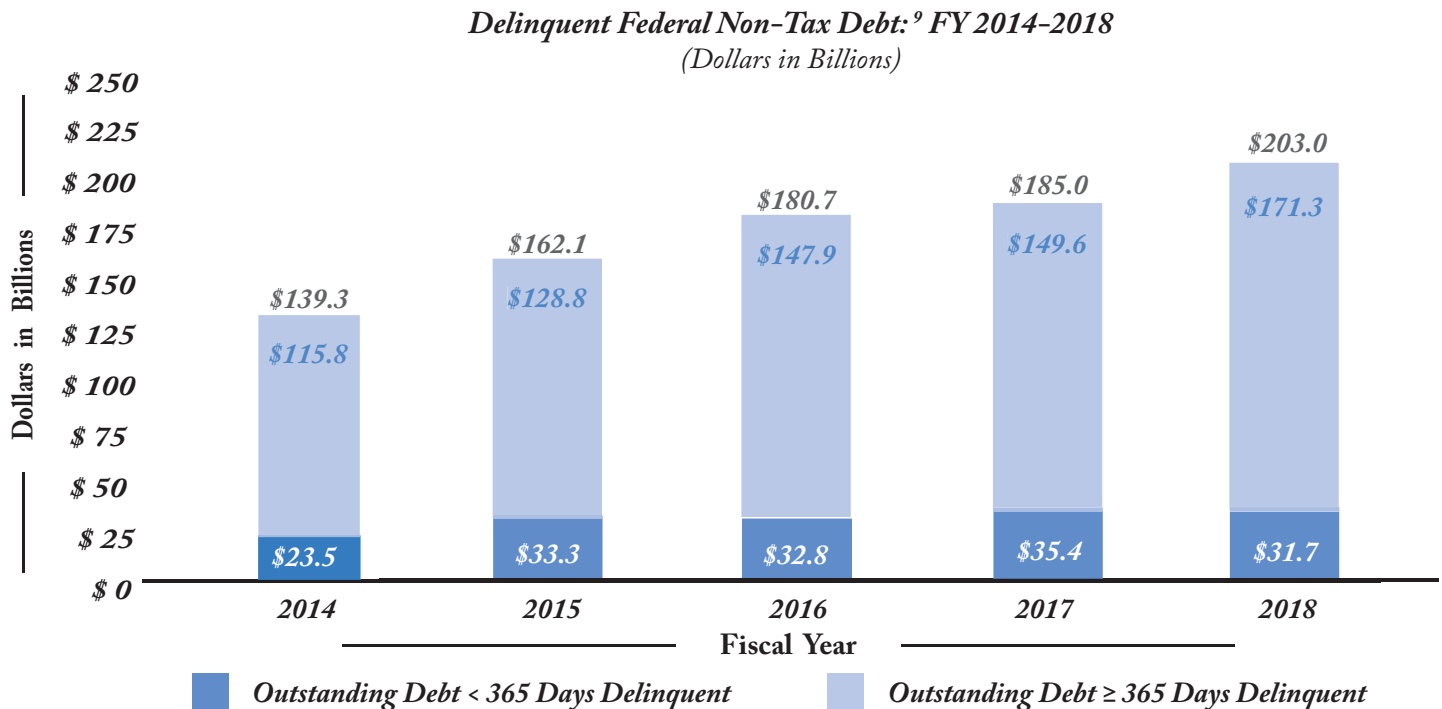
### III. Delinquent Federal Non-Tax Debt Owed to the United States

#### A. Total Delinquent Federal 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 recorded as a receivable or during a subsequent fiscal year.

At the end of FY 2018, outstanding delinquent non-tax debt owed to the United States totaled \$203.0 billion, an increase of \$18.0 billion (10 percent) from FY 2017. 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.

FIGURE 7



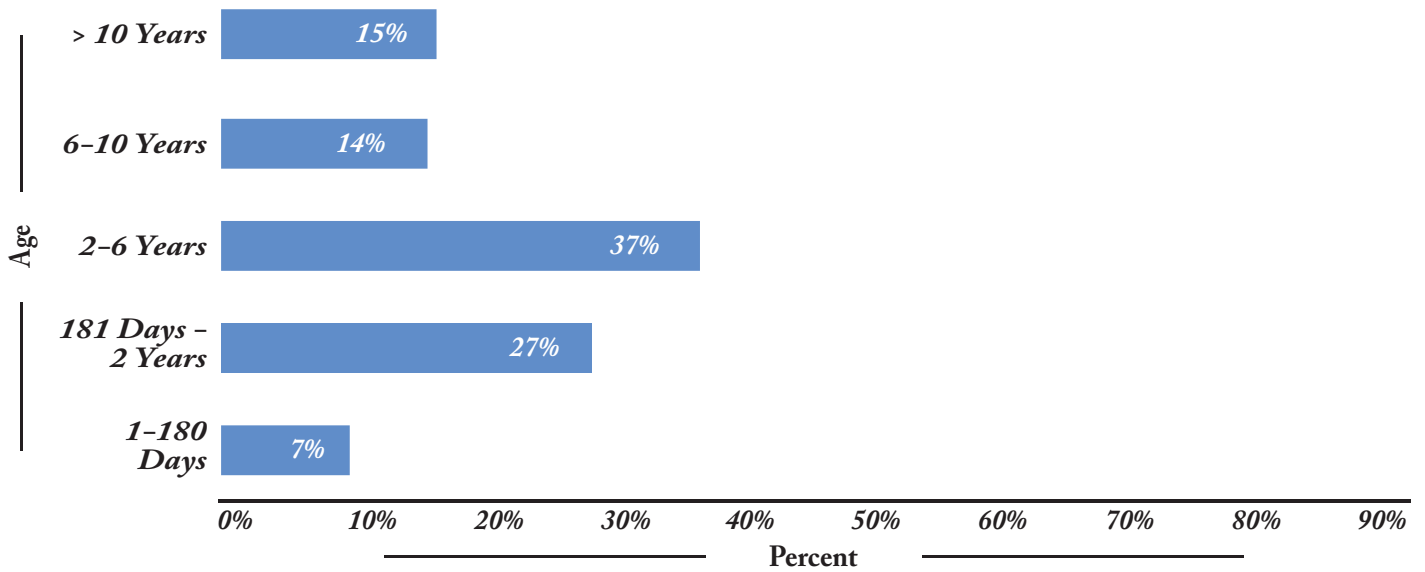
SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2014-2018

## B. By Age

Of the total \$203.0 billion of outstanding delinquent Federal non-tax debt at the end of FY 2018, \$132.6 billion (65 percent) was more than two years delinquent and \$70.4 billion was less than two years delinquent.

FIGURE 8

### Percentages of Federal Non-Tax Delinquencies, By Age: FY 2018 (Percentage of Total Delinquent Debt)



SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2018

FIGURE 9

### Total Federal Non-Tax Delinquencies, By Age: FY 2014 - FY 2018 (Dollars in Billions)

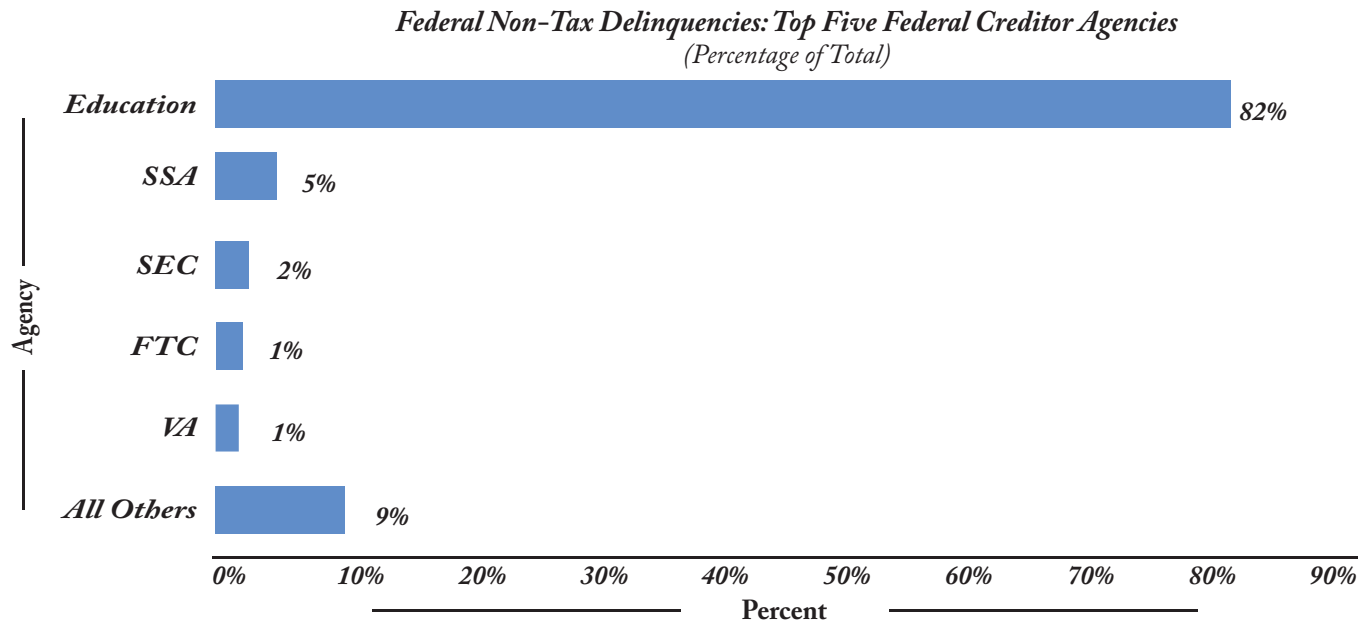
Delinquency Age	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
1-180 Days	\$15.4	\$16.2	\$15.2	\$14.3	\$14.8
181 Days - 2 Years	\$47.6	\$51.3	\$55.7	\$56.4	\$55.6
2-6 Years	\$51.3	\$52.5	\$61.4	\$64.5	\$72.7
6-10 Years	\$12.6	\$17.4	\$21.0	\$22.2	\$28.9
> 10 Years	\$12.4	\$24.7	\$27.4	\$27.6	\$31.0
<b>Total</b>	<b>\$139.3</b>	<b>\$162.1</b>	<b>\$180.7</b>	<b>\$185.0</b>	<b>\$203.0</b>

SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2014 - 2018

### C. By Creditor Agency

At the end of FY 2018, more than \$186.3 billion (92 percent) in delinquent debt was owed to five Federal creditor agencies: Education, Social Security Administration (SSA), Securities and Exchange Commission (SEC), Federal Trade Commission (FTC) and Department of Veterans Affairs (VA).

FIGURE 10



SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2018

FIGURE 11

**FY 2017 to FY 2018 Percentage Change in Federal  
Non-Tax Delinquencies: FY 2018 Top Five Federal Creditor Agencies**  
(Dollars in Billions)

Agency	FY 2017	FY 2018	% Change from FY 2017 to FY 2018
Department of Education	\$150.4	\$166.5	10.7%
Social Security Administration	\$9.0	\$10.2	13.3%
Securities and Exchange Commission	\$3.5	\$4.2	20.0% <sup>10</sup>
Federal Trade Commission	\$2.6	\$2.7	3.8%
Department of Veterans Affairs	\$2.7	\$2.7	0.0%
All Others	\$16.8	\$16.7	-0.6%
<b>Total Government</b>	<b>\$185.0</b>	<b>\$203.0</b>	<b>9.7%</b>

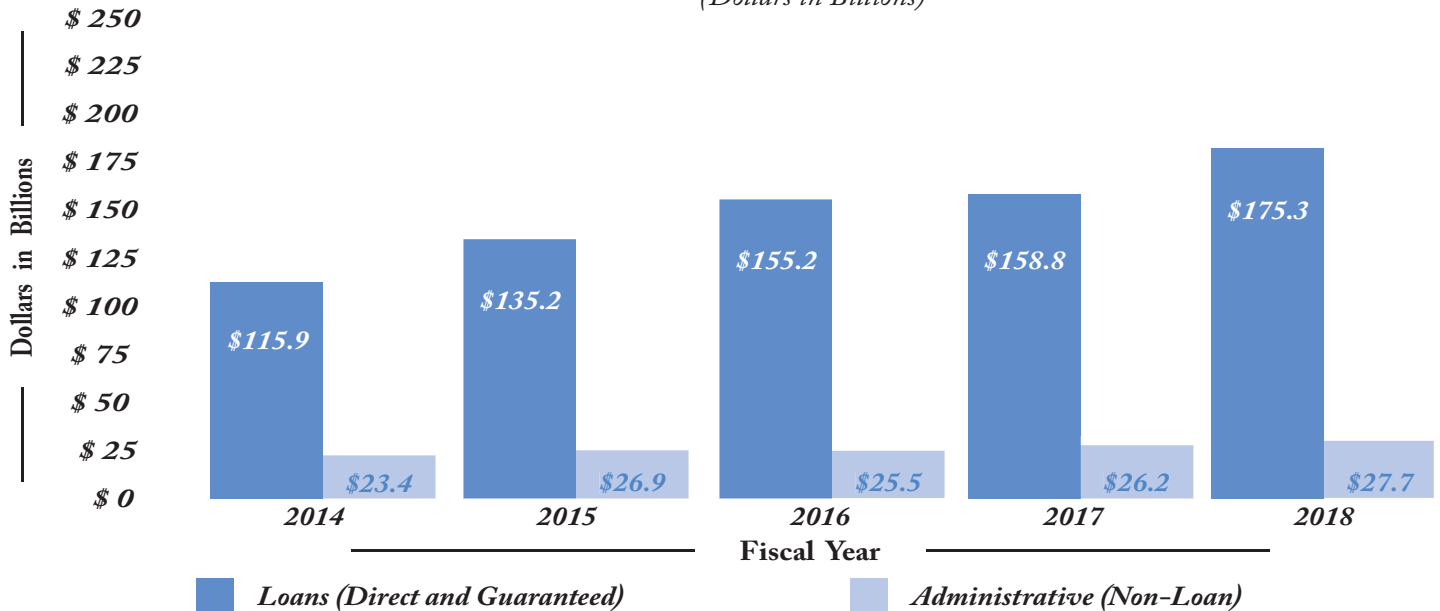
SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2017-2018

### D. By Debt Type

Federal loan program delinquencies (direct and guaranteed) totaled \$175.3 billion (86 percent) of total delinquencies at the end of FY 2018, an increase of \$16.5 billion (10 percent) from FY 2017. Administrative delinquencies totaled \$27.7 billion at the end of FY 2018, an increase of \$1.5 billion (6 percent) from FY 2017.

FIGURE 12

*Delinquent Federal Non-Tax Debt, By Type: FY 2014 - 2018*  
(Dollars in Billions)

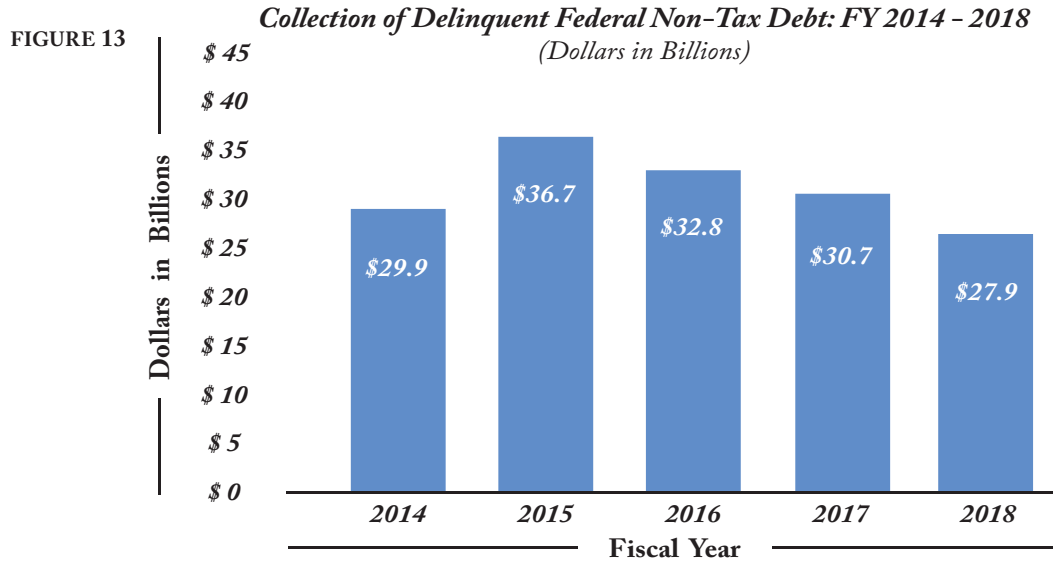


SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2014-2018

## IV. Delinquent Federal Non-Tax Debt Collection Activities

### A. Total Delinquent Federal Non-Tax Debt Collection

In FY 2018, Federal creditor agencies collected \$27.9 billion in delinquent non-tax debt, a decrease of \$2.8 billion (9 percent) from FY 2017.



SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2014-2018

### B. By Creditor Agency

During FY 2018, \$22.0 billion of the delinquent non-tax debt collected was owed to five Federal creditor agencies: Education (53 percent), HUD (9 percent), SEC (8 percent), USDA (5 percent), and HHS (4 percent).

FIGURE 14

**FY 2017 to FY 2018 Percentage Change in Collection of Federal  
Non-Tax Delinquencies: FY 2018 Top Five Federal Creditor Agencies**  
(Dollars in Billions)

Agency	FY 2017	FY 2018	% Change from FY 2017 to FY 2018
Department of Education	\$14.2	\$14.7	3.5%
Department of Housing and Urban Development	\$3.8	\$2.5	-34.2% <sup>11</sup>
Securities and Exchange Commission	\$2.9	\$2.2	-24.1% <sup>12</sup>
Department of Agriculture	\$1.3	\$1.4	7.7%
Department of Health and Human Services	\$0.9	\$1.2	33.3% <sup>13</sup>
All Others	\$7.6	\$5.9	-22.4%
<b>Total Government</b>	<b>\$30.7</b>	<b>\$27.9</b>	<b>-9.1%</b>

SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2017-2018



Federal creditor agencies utilize 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<sup>14</sup> payments through the Treasury Offset Program (TOP), use of Fiscal Service's Cross-Servicing Program, and litigation. Before using most collection tools, Federal creditor agencies must first provide debtors with due process. This includes providing notice and an opportunity to enter into a repayment agreement based on the debtor's financial circumstances, dispute the debt, or object to the intended collection action.

## 1. Administrative Wage Garnishment

Federal law authorizes Federal creditor agencies to garnish a delinquent debtor's wages without obtaining a court order by ordering a non-Federal employer to withhold up to 15 percent of an employee's disposable income to collect a delinquent Federal non-tax debt owed to the agency. AWG serves as an effective tool in collecting delinquent non-tax debt from those debtors who are able but unwilling to voluntarily pay their obligations. In FY 2018, Federal creditor agencies collected \$1.3 billion through the use of AWG, an increase of \$162.5 million (14 percent) from FY 2017.<sup>15</sup>

FIGURE 15

### *AWG Collections: FY 2014–2018* (Dollars in Millions)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<i>AWG</i>	\$472.0	\$685.3	\$1,149.9 <sup>16</sup>	\$1,137.0	\$1,299.5

SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2014–2018

## 2. Private Collection Agencies

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, bankrupt, or out of business. In FY 2018, PCAs assisted Federal creditor agencies by collecting \$443.0 million, an increase of approximately \$228.4 million (106 percent) from FY 2017.<sup>17</sup>

FIGURE 16

### *PCA Collections: FY 2014–2018* (Dollars in Millions)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<i>PCAs</i>	\$157.6	\$465.2	\$1,508.2 <sup>16</sup>	\$214.6 <sup>18</sup>	\$443.0 <sup>19</sup>

SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2014–2018

## *C. Centralized Government-Wide Debt Collection Programs*

Generally, Federal creditor agencies are required to refer delinquent Federal non-tax debt to Fiscal Service for collection through its delinquent debt collection programs, known as the Cross-Servicing Program and TOP. Federal creditor agencies generally are required to refer debts at no later than 120 days delinquent to the Cross-Servicing Program and TOP. Before referring a debt to Fiscal Service for collection, Federal creditor agencies must provide debtors with notice and an opportunity to enter into a repayment agreement based on the debtor's financial circumstances, dispute the debt, or object to the intended collection action. While Federal creditor agencies are responsible for providing this required due process, Fiscal Service also provides debtors with additional opportunities to resolve their debts prior to the initiation of adverse collection action. For example, prior to initiating a collection action, the Cross-Servicing Program sends a demand letter to each debtor, and TOP sends a warning letter to payees before offsetting recurring payments.

### *1. Treasury's Cross-Servicing Program Collections*

Treasury's Cross-Servicing Program collects delinquent non-tax debts through various means. Fiscal Service services the delinquent non-tax 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 AWG. In FY 2018, Fiscal Service collected \$448.8 million of delinquent Federal non-tax debt through its Cross-Servicing Program, which includes debt collected through TOP, a decrease of \$60.5 million (12 percent) from FY 2017.

### *2. Treasury Offset Program Collections*

For non-tax debt submitted to TOP, Fiscal Service intercepts eligible Federal and State payments and applies them to a payee's delinquent non-tax debt. Eligible payments include Federal tax refunds; Federal non-tax payments (e.g., Social Security benefits, civil service and military retirement, salary, vendor); State tax refunds; and other payments made by the States participating in TOP's State Reciprocal Program.<sup>20</sup> For more information about collections through TOP, see Appendix IV. For more information about the types of payments for which exemptions from centralized administrative offset have been approved, see Appendix VI.

In FY 2018, Fiscal Service collected \$7.2 billion through TOP for Federal and State agencies. Of the \$7.2 billion collected, \$3.8 billion was from debtors who owed delinquent Federal non-tax debt, \$678.9 million was from debtors who owed delinquent Federal tax debt, and \$2.7 billion was from debtors who owed State debts, including delinquent child support obligations. Figure 17 shows a breakdown of TOP offsets by payment type for the collection of Federal non-tax debt.

FIGURE 17

**TOP Collection of Federal Non-Tax Debt by Payment Type: FY 2014-2018**  
(Dollars in Millions)

<i>Payment Type</i>	<i>FY 2014</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>	<i>FY 2018</i>
<i>Federal Tax Refund Payments</i>	\$2,670.0	\$2,708.6	\$2,994.1	\$3,213.2	\$3,256.4
<i>Federal Non-Tax Payments</i>	\$508.4	\$508.0	\$483.8	\$457.9	\$485.4
<i>State Payments</i>	\$36.6	\$35.3	\$46.8	\$53.2	\$63.6
<b><i>Total</i></b>	<b>\$3,215.0</b>	<b>\$3,251.9</b>	<b>\$3,524.7</b>	<b>\$3,724.3</b>	<b>\$3,805.4</b>

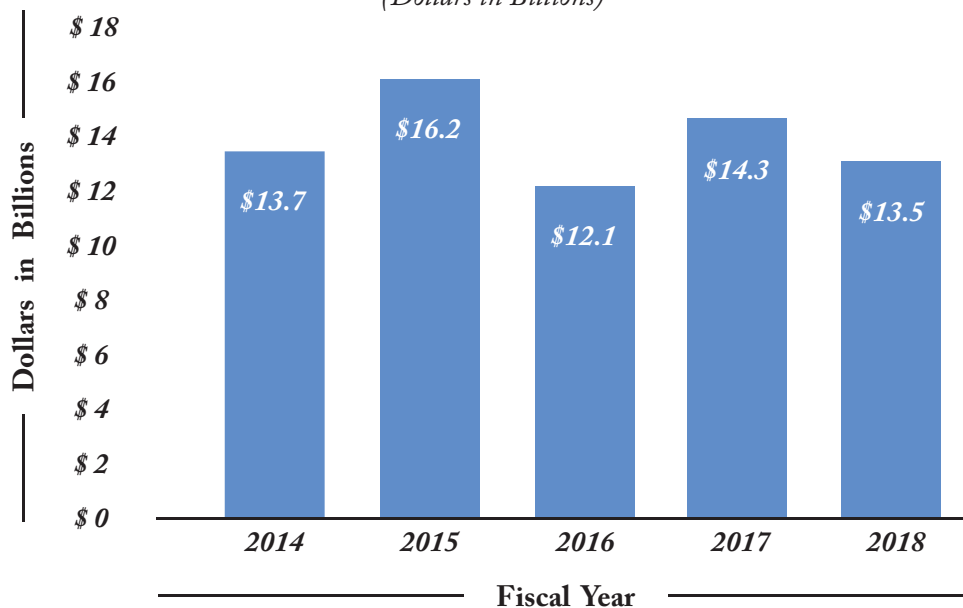
SOURCE: DEPARTMENT OF THE TREASURY, BUREAU OF THE FISCAL SERVICE

### 3. Enforced Collection by the Department of Justice

In FY 2018, DOJ collected a total of \$13.5 billion on behalf of Federal creditor agencies, a decrease of \$0.8 billion (6 percent) from FY 2017. When a Federal creditor agency cannot collect a non-tax debt administratively, or believes that enforced collection action is otherwise more appropriate, the agency may refer the debt to DOJ to pursue enforced collection<sup>21</sup> through the judicial process.

FIGURE 18

**Civil Litigation Cash Collection: FY 2014-2018**  
(Dollars in Billions)



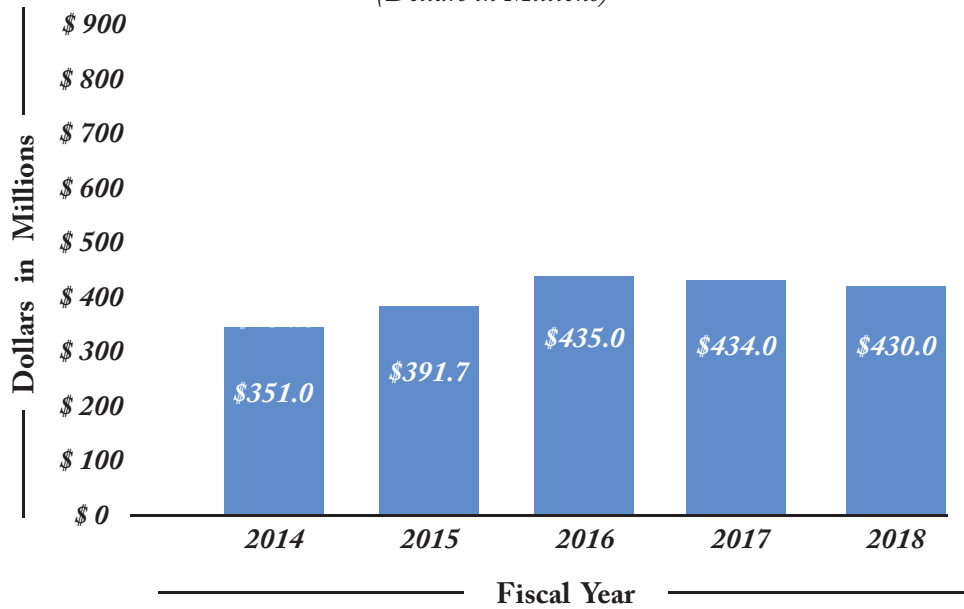
SOURCE: DEPARTMENT OF JUSTICE, OFFICE OF DEBT COLLECTION MANAGEMENT

#### 4. 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 Fiscal Service for both TOP and the Cross-Servicing Program. In FY 2018, the PSC collected \$430.0 million, a decrease of \$4.0 million (1 percent) from FY 2017.

FIGURE 19

*PSC Collection: FY 2014-2018*  
(Dollars in Millions)



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

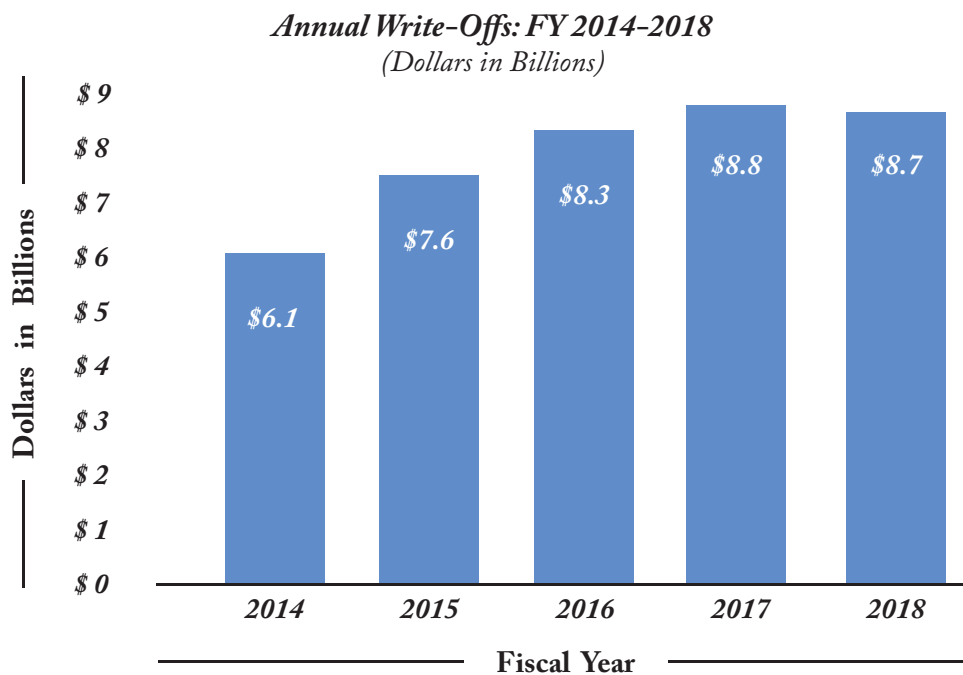
## *V. Write-Offs of Delinquent Federal Non-Tax Debt*

Federal creditor agencies are generally required to write off non-tax debt that is two years delinquent (see [Office of Management and Budget Circular A-129](#)).<sup>22</sup> By writing off delinquent Federal non-tax debt as uncollectible, 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 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 2018, Federal non-tax debt that was written off and categorized as “closed out” totaled \$8.7 billion, a decrease of \$0.1 billion (1 percent) from FY 2017. The Federal creditor agencies with the largest write-off amounts in FY 2018 include Education (\$6.9 billion), USDA (\$426.8 million), and SSA (\$329.4 million).

FIGURE 20



SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2014-2018



Appendices

*Appendix I: Total Federal Non-Tax Receivables by Creditor Agency*

At the end of FY 2018, 97 percent of Federal receivables were from programs administered by the ten Federal creditor agencies listed below.

FIGURE 21

*Total Federal Non-Tax Receivables and Delinquent  
Federal Non-Tax Debt: Top Ten Creditor Agencies  
(Dollars in Millions)*

<i>Agency</i>	<i>Receivables Balance (FY 2018)</i>	<i>Delinquent Debt Balance (FY 2018)</i>
<i>Department of Education</i>	<i>\$1,275,896.6</i>	<i>\$166,519.6</i>
<i>Department of Agriculture</i>	<i>\$109,912.8</i>	<i>\$2,075.5</i>
<i>Department of Housing and Urban Development</i>	<i>\$44,876.0</i>	<i>\$584.0</i>
<i>Department of Health and Human Services</i>	<i>\$34,331.1</i>	<i>\$1,736.2</i>
<i>Social Security Administration</i>	<i>\$24,483.5</i>	<i>\$10,211.8</i>
<i>Export-Import Bank</i>	<i>\$19,608.7</i>	<i>\$935.0</i>
<i>Department of Transportation</i>	<i>\$17,553.3</i>	<i>\$318.6</i>
<i>Department of Energy</i>	<i>\$17,044.5</i>	<i>\$25.3</i>
<i>Small Business Administration</i>	<i>\$12,628.7</i>	<i>\$2,386.5</i>
<i>Department of Defense</i>	<i>\$8,245.2</i>	<i>\$1,427.3</i>
<b><i>Top 10 Total</i></b>	<b><i>\$1,564,580.4</i></b>	<b><i>\$186,219.8</i></b>
<i>All Others</i>	<i>\$51,706.1</i>	<i>\$16,796.2</i>
<b><i>Government Total</i></b>	<b><i>\$1,616,286.5</i></b>	<b><i>\$203,016.0</i></b>

SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2018

## *Appendix II: Total FY 2018 Collection of Delinquent Federal Non-Tax Debt by Creditor Agency*

In FY 2018, 90 percent of collection of delinquent Federal non-tax debt was associated with debt administered by the ten Federal creditor agencies listed below.

FIGURE 22

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

<i>Agency</i>	<i>FY 2018 Collections</i>
<i>Department of Education</i>	<i>\$14,690.1</i>
<i>Department of Housing and Urban Development</i>	<i>\$2,509.7</i>
<i>Securities and Exchange Commission</i>	<i>\$2,197.0</i>
<i>Department of Agriculture</i>	<i>\$1,438.0</i>
<i>Department of Health and Human Services</i>	<i>\$1,154.1</i>
<i>Department of Veterans Affairs</i>	<i>\$1,038.1</i>
<i>General Services Administration</i>	<i>\$848.4</i>
<i>Federal Trade Commission</i>	<i>\$528.2</i>
<i>Department of Defense</i>	<i>\$366.3</i>
<i>Small Business Administration</i>	<i>\$355.8</i>
<b><i>Top 10 Total</i></b>	<b><i>\$25,126.3</i></b>
<i>All Other</i>	<i>\$2,746.1</i>
<b><i>Government Total</i></b>	<b><i>\$27,872.4</i></b>

SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2018

### *Appendix III: Total FY 2018 Write-Offs by Creditor Agency*

In FY 2018, 99 percent of Federal debt write-offs that were “closed out” arose from programs administered by the ten Federal creditor agencies listed below.

FIGURE 23

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

<i>Agency</i>	<i>FY 2018 Write-Offs</i>
<i>Department of Education</i>	<i>\$6,879.4</i>
<i>Department of Agriculture</i>	<i>\$426.8</i>
<i>Social Security Administration</i>	<i>\$329.4</i>
<i>Department of Veterans Affairs</i>	<i>\$308.6</i>
<i>Export-Import Bank</i>	<i>\$201.7</i>
<i>Department of Housing and Urban Development</i>	<i>\$163.7</i>
<i>Securities and Exchange Commission</i>	<i>\$142.3</i>
<i>Department of Labor</i>	<i>\$67.6</i>
<i>Department of Homeland Security</i>	<i>\$58.3</i>
<i>Commodity Futures Trading Commission</i>	<i>\$48.6</i>
<b><i>Top 10 Total</i></b>	<b><i>\$8,626.4</i></b>
<i>All Other</i>	<i>\$118.9</i>
<b><i>Government Total</i></b>	<b><i>\$8,745.3</i></b>

SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2018

### *Appendix IV: TOP Collections Including Debts Owed to the Internal Revenue Service and State Agencies*

TOP is the centralized process through which Federal and State disbursing agencies intercept, or “offset,” eligible Federal and State payments to satisfy delinquent debts owed to Federal and State agencies. Delinquent debts owed to Federal agencies include loans, overpayments, fines, penalties, and more. In addition, the Federal Payment Levy Program, processed through TOP, allows the IRS to continuously levy Federal payments due to delinquent Federal taxpayers.<sup>23</sup> Delinquent debts owed to State agencies include child support and unemployment insurance obligations.

In FY 2018, Fiscal Service collected \$7.2 billion through TOP for Federal and State agencies, of which \$4.5 billion was for debts owed to Federal agencies and \$2.7 billion for debts owed to State agencies. Highlights include:

- \$1.8 billion was collected for delinquent child support obligations submitted to TOP by HHS’s Office of Child Support Enforcement on behalf of States.
- \$563.5 million was collected for the 42 States that participated in TOP’s State Income Tax Program, whereby Federal tax refunds are offset to collect delinquent State income tax obligations.
- \$88.0 million was collected for the 12 States that participated in TOP’s State Reciprocal Program, whereby eligible Federal payments are offset to collect debt owed to States, and States offset State payments to collect delinquent Federal non-tax debt. \$63.6 million was collected for Federal creditor agencies through the offset of State payments.
- \$300.3 million in Federal tax refunds were offset to collect unemployment compensation debt owed to 50 States.
- TOP collected \$678.9 million of delinquent Federal taxes through the Federal Payment Levy Program.

FIGURE 24

#### *TOP Collection – Federal Debt: FY 2014 – 2018* (Dollars in Millions)

<i>Type of Debt</i>	<i>Type of Payment Offset / Levy</i>	<i>FY 2014</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>	<i>FY 2018</i>
<i>Federal Non-tax Debt</i>	<i>Tax Refund Offset</i>	<i>\$2,670.0</i>	<i>\$2,708.6</i>	<i>\$2,994.1</i>	<i>\$3,213.2</i>	<i>\$3,256.4</i>
<i>Federal Non-tax Debt</i>	<i>Administrative Offset</i>	<i>\$508.4</i>	<i>\$508.1</i>	<i>\$483.8</i>	<i>\$457.9</i>	<i>\$485.4</i>
<i>Federal Non-tax Debt</i>	<i>State Payments</i>	<i>\$36.6</i>	<i>\$35.3</i>	<i>\$46.8</i>	<i>\$53.2</i>	<i>\$63.6</i>
<i>Federal Tax Debt</i>	<i>Tax Levy (Federal Payments)</i>	<i>\$579.9</i>	<i>\$724.4</i>	<i>\$692.4</i>	<i>\$682.6</i>	<i>\$678.9</i>
<b><i>Total</i></b>		<b><i>\$3,794.9</i></b>	<b><i>\$3,976.4</i></b>	<b><i>\$4,217.1</i></b>	<b><i>\$4,406.9</i></b>	<b><i>\$4,484.3</i></b>

FIGURE 25

**TOP Collection – State Debt as of September 30: FY 2014 – 2018**  
(Dollars in Millions)

Type of Debt	Type of Payment Offset	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Child Support	Tax Refund Offset	\$1,901.3	\$1,889.1	\$1,872.0	\$1,796.4	\$1,751.9
State Income Tax Debt	Tax Refund Offset	\$546.5	\$571.2	\$582.8	\$607.7	\$563.5
State Unemployment Compensation Debt	Tax Refund Offset	\$370.7	\$547.8	\$403.2	\$353.8	\$300.3
Child Support	Administrative Offset	\$8.7	\$7.6	\$7.6	\$7.1	\$7.6
State Income Tax Debt (Reciprocal Program)	Administrative Offset	\$16.7	\$15.0	\$22.7	\$36.9 <sup>24</sup>	\$36.9
Other State Debt (Reciprocal Program)	Administrative Offset	\$35.7	\$32.6	\$38.8	\$48.4	\$46.7
State Unemployment Compensation Debt (Reciprocal Program)	Administrative Offset	N/A	N/A	N/A	N/A	\$4.6
<b>Total</b>		<b>\$2,879.6</b>	<b>\$3,063.3</b>	<b>\$2,926.5</b>	<b>\$2,850.3</b>	<b>2,711.5</b>

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



## Appendix V: Compliance with 120-Day Delinquent Debt Referral Requirement

The Digital Accountability and Transparency Act of 2014 (DATA Act) requires Federal agencies to notify Treasury of legally enforceable, non-tax debts that are greater than 120 days delinquent for purposes of administrative offset.<sup>25</sup> The DATA Act also requires Treasury to report to Congress when debts are not referred timely.

The figure below shows the extent to which each Federal agency satisfied this referral requirement in FY 2018. The figure only includes agencies that had eligible debts to refer to Fiscal Service. Agencies that did not have eligible debts to refer are not listed.

The data used in this figure, as with the data for much of this Report, are based on data that agencies reported on the TROR at the close of FY 2018. When agencies report information on the TROR, they certify to its accuracy.

FIGURE 26

### Compliance with 120-Day Delinquent Debt Referral Requirement as of September 30: FY 2018

Agency	Total Number of Eligible Debts	Number of Eligible Debts Referred	Number of Eligible Debts Not Referred	Compliance Rate
Department of Education	27,440,775	12,711,041	14,729,734	46.3%
Department of Veterans Affairs	8,375,544	8,248,584	126,960	98.5%
Social Security Administration	2,778,561	345,945	2,432,616	12.5%
Department of Health and Human Services	1,787,983	1,770,907	17,076	99.0%
Department of Defense	1,472,076	312,165	1,159,911	21.2%
Small Business Administration	115,715	115,602	113	99.9%
Department of Agriculture	63,805	60,305	3,500	94.5%
Department of Homeland Security	61,180	61,180	0	100.0%
U.S. Postal Service	46,784	36,733	10,051	78.5%
Department of Labor	35,356	23,953	11,403	67.7%
Department of Justice	34,219	34,020	199	99.4%
Department of Interior	25,386	25,094	292	98.8%
Department of State	21,227	21,157	70	99.7%
Federal Communications Commission	11,423	11,423	0	100.0%
Department of the Treasury	7,132	7,109	23	99.7%
Department of Housing and Urban Development	6,422	6,416	6	99.9%
Department of Transportation	6,392	6,365	27	99.6%
General Services Administration	4,262	3,826	436	89.8%

SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2018

*Compliance with 120-Day Delinquent Debt Referral Requirement as of September 30: FY 2018*

<i>Agency</i>	<i>Total Number of Eligible Debts</i>	<i>Number of Eligible Debts Referred</i>	<i>Number of Eligible Debts Not Referred</i>	<i>Compliance Rate</i>
<i>Railroad Retirement Board</i>	3,858	3,858	0	100.0%
<i>Pension Benefit Guaranty Corporation</i>	1,589	1,589	0	100.0%
<i>Office of Personnel Management</i>	1,449	1,101	348	76.0%
<i>Department of Commerce</i>	1,336	1,336	0	100.0%
<i>Securities and Exchange Commission</i>	928	928	0	100.0%
<i>Commodity Futures Trading Commission</i>	377	377	0	100.0%
<i>Administrative Office of the U.S. Courts</i>	281	281	0	100.0%
<i>National Archives and Records Administration</i>	275	275	0	100.0%
<i>Corporation for National and Community Service</i>	272	254	18	93.4%
<i>Nuclear Regulatory Commission</i>	261	261	0	100.0%
<i>U.S. House of Representatives</i>	255	0	255	0.0%
<i>Environmental Protection Agency</i>	201	201	0	100.0%
<i>Department of Energy</i>	129	129	0	100.0%
<i>National Science Foundation</i>	115	115	0	100.0%
<i>National Aeronautics and Space Administration</i>	106	106	0	100.0%
<i>Armed Forces Retirement Home</i>	99	92	7	92.9%
<i>Federal Election Commission</i>	84	84	0	100.0%
<i>Government Publishing Office</i>	81	0	81	0.0%
<i>Presidio Trust Corporation</i>	78	70	8	89.7%
<i>Architect of the Capitol</i>	69	0	69	0.0%
<i>Consumer Financial Protection Bureau</i>	61	0	61	0.0%
<i>Federal Trade Commission</i>	56	56	0	100.0%
<i>Agency for International Development</i>	55	54	1	98.2%
<i>Library of Congress</i>	31	0	31	0.0%
<i>Equal Employment Opportunity Commission</i>	22	22	0	100.0%
<i>James Madison Memorial Fellowship Found.</i>	21	0	21	0.0%

FY 2018 REPORT TO THE CONGRESS: U.S. GOVERNMENT RECEIVABLES  
AND DEBT COLLECTION ACTIVITIES OF FEDERAL AGENCIES

*Compliance with 120-Day Delinquent Debt Referral Requirement as of September 30: FY 2018*

<i>Agency</i>	<i>Total Number of Eligible Debts</i>	<i>Number of Eligible Debts Referred</i>	<i>Number of Eligible Debts Not Referred</i>	<i>Compliance Rate</i>
<i>U.S. Court of Veterans Appeals</i>	<i>14</i>	<i>0</i>	<i>14</i>	<i>0.0%</i>
<i>Federal Maritime Commission</i>	<i>11</i>	<i>7</i>	<i>4</i>	<i>63.6%</i>
<i>Government Accountability Office</i>	<i>11</i>	<i>11</i>	<i>0</i>	<i>100.0%</i>
<i>U.S. Institute for Environmental Conflict Resolution</i>	<i>9</i>	<i>0</i>	<i>9</i>	<i>0.0%</i>
<i>Broadcasting Board of Governors</i>	<i>5</i>	<i>5</i>	<i>0</i>	<i>100.0%</i>
<i>Federal Housing Finance Agency</i>	<i>2</i>	<i>0</i>	<i>2</i>	<i>0.0%</i>
<i>National Council on Disability</i>	<i>2</i>	<i>0</i>	<i>2</i>	<i>0.0%</i>
<i>Smithsonian Institution</i>	<i>2</i>	<i>0</i>	<i>2</i>	<i>0.0%</i>
<i>Consumer Product Safety Commission</i>	<i>1</i>	<i>1</i>	<i>0</i>	<i>100.0%</i>
<i>Farm Credit Administration</i>	<i>1</i>	<i>1</i>	<i>0</i>	<i>100.0%</i>
<i>U.S. Merit Systems Protection Board</i>	<i>1</i>	<i>1</i>	<i>0</i>	<i>100.0%</i>
<i>Udall Foundation</i>	<i>1</i>	<i>0</i>	<i>1</i>	<i>0.0%</i>

SOURCE: TREASURY REPORT ON RECEIVABLES AND DEBT COLLECTION ACTIVITIES — FOURTH QUARTER FY 2018

## *Appendix VI: Payments Exempted from Centralized Administrative Offset by the Secretary of the Treasury*

As authorized by Federal law, 31 U.S.C. § 3716(c)(3)(B), the Secretary of the Treasury, at the request of a paying agency, may exempt certain classes of Federal payments from the requirement that they be offset for the purpose of collecting non-tax debt owed to the United States. [\*A complete list of payment classes exempt from centralized administrative offset is available on Treasury's website.\*](#)

FIGURE 27

### *New Exemptions from Administrative Offset in FY 2018*

<i>Payment Agency</i>	<i>Type of Payment</i>
<i>Administrative Office of the U.S. Courts</i>	<i>Jury entitlement and reimbursement payments made to citizens for their participation in federal jury service pursuant to the Jury Selection and Service Act; agency request approved on September 21, 2018.</i>
<i>Department of the Interior</i>	<i>Payments made from the Natural Resource Damage Assessment and Restoration Fund to states and federally recognized Indian tribes and their entities; agency request approved on May 16, 2018.</i>
<i>Department of the Treasury, Office of District of Columbia Pensions</i>	<i>75% of payments made under the District of Columbia's Judges' Retirement Plan and the District of Columbia's Teachers' Retirement Plan and Police Officers' and Firefighters' Retirement Plan; agency request approved on November 13, 2017.</i>

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

## *Appendix VII: Sources of Data*

Data in this report were obtained from the following sources and reported as of September 30, 2018:

### Sources

**Treasury Report on Receivables and Debt Collection Activities — Fourth Quarter 2018, as reported by Federal creditor agencies to the Department of the Treasury**

**Department of the Treasury, Bureau of the Fiscal Service**

**Department of Health and Human Services, Program Support Center**

**Department of Justice, Office of Debt Collection  
Management**

**Department of Defense**

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## Endnotes

<sup>1</sup> Dollar figures in this report have been rounded to the tenth decimal point. Percentage changes are calculated based on the rounded dollar figures.

<sup>2</sup> 31 U.S.C. § 3719(b) (requiring the Secretary to report annually to Congress on the management of debt collection activities); 31 U.S.C. § 3716(c)(3)(B) (requiring the Secretary to report annually to Congress regarding payments exempted from offset); 31 U.S.C. § 3716(c)(6)(B) (requiring the Secretary to report to Congress on agency failure to refer debts for administrative offset).

<sup>3</sup> Collections on receivables includes loan consolidations from the Department of Education. A loan consolidation is the process of combining one or more eligible loans into a single new loan.

<sup>4</sup> More information on Education's Student Aid programs can be found in the *Federal Student Aid Annual Report*.

<sup>5</sup> 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.

<sup>6</sup> Source: DoD

<sup>7</sup> DoD had an increase in collections primarily due to increased billings, which resulted in higher collection rates of both current and previously aged accounts receivable.

<sup>8</sup> Non-loan receivables include fines, payments, and overpayments.

<sup>9</sup> The calculation of the amount that became delinquent during FY 2018 is based on debt that was between 1 and 365 days delinquent as of September 30, 2018.

<sup>10</sup> SEC's increase in delinquent debt is due to approximately \$1.7B in enforcement debts that became delinquent in FY 2018.

<sup>11</sup> HUD's delinquent collections decreased due to a decline in collections by the Government National Mortgage Association and Federal Housing Programs.

<sup>12</sup> SEC's delinquent debt collections decreased due to a decline in collections on large dollar enforcement debts.

<sup>13</sup> Centers for Medicare and Medicaid Services growth in delinquent collections is due to the Office of Medicare Hearings and Appeals having an increase in the number of settlements from the expansion of the Settlement Conference Facilitation program to reach additional providers and suppliers.

<sup>14</sup> The term "State" includes the several states of the United States, the District of Columbia, American Samoa, Guam, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the Commonwealth of Puerto Rico.

<sup>15</sup> This amount does not include collections resulting from the use of AWG by Fiscal Service's Cross-Servicing Program or from judicial garnishment actions.

<sup>16</sup> Education's Office of Federal Student Aid revised a segment of its reporting process, which led to the increase in its AWG and PCA collections.

<sup>17</sup> This amount does not include collections resulting from the use of PCAs by Fiscal Service's Cross-Servicing Program or from the use of private counsel by DOJ. This amount also does not include collections from AWG.

<sup>18</sup> The decrease in PCA collections is a result of a change to Education's delinquent debt aging methodology for its Federal Student Aid (student loan) programs.

## *Endnotes*

<sup>19</sup> The increase in Federal Student Aid's PCA collections is primarily due to: 1) a general increase in PCA collections, and 2) a correction to the aging methodology implemented by its default servicer. Federal Student Aid's default servicer implemented the revised aging methodology in December 2017 but had to make additional system changes during July 2017 to correctly apply the revised aging methodology.

<sup>20</sup> Generally, one-time payments (tax refunds and vendor payments) may be offset up to 100 percent of the payment amount. For recurring payments (Social Security, retirement, and salary), the offset amount is generally limited to a percentage of the payment.

<sup>21</sup> An "enforced" collection action refers to an action taken by DOJ (or by another Federal creditor agency with independent litigation authority) to obtain a judgment against the debtor and to pursue available post-judgment remedies (including wage and bank garnishment and liens filed against property).

<sup>22</sup> "Write-off" of a delinquent debt is an accounting action. Federal creditor agencies may pursue collection of a delinquent Federal non-tax debt, however, without regard to whether it has been written off.

<sup>23</sup> "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.

<sup>24</sup> FY 2017 amount corrected for the FY 2018 Annual Report. Incorrectly reported \$11.4 million in FY 2017 Report.

<sup>25</sup> 31 U.S.C. § 3716(c)(6).