



BUREAU OF THE  
**Fiscal Service**  
U.S. DEPARTMENT OF THE TREASURY

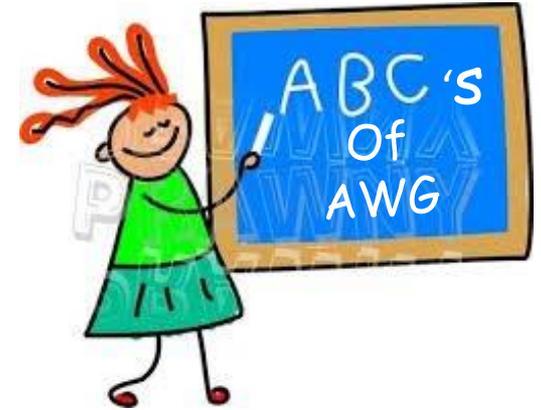
# Administrative Wage Garnishment

May 24, 2018

# Agenda

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- AWG Administration
- AWG Costs
- AWG Initiation
- AWG Hearing Requests
- AWG Hearings
- AWG Orders / Non-Compliance



# Collection Tools

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- Demand Letters and Phone Calls
- Payment Agreement Options
- Credit Bureau Reporting
- Treasury Offset Program
- **Administrative Wage Garnishment**
- Private Collection Agencies
- Litigation by Department of Justice
- IRS Form 1099-C after Closeout



# What is AWG?

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**Administrative Wage Garnishment (AWG)** is a collection tool used to enhance the ability of federal agencies to collect delinquent government debts. It is an instrument designed for agencies to have a debtor's wages garnished in an effort to satisfy the outstanding debt. AWG is permitted by federal law and does not require a judgement or court order for initiation.

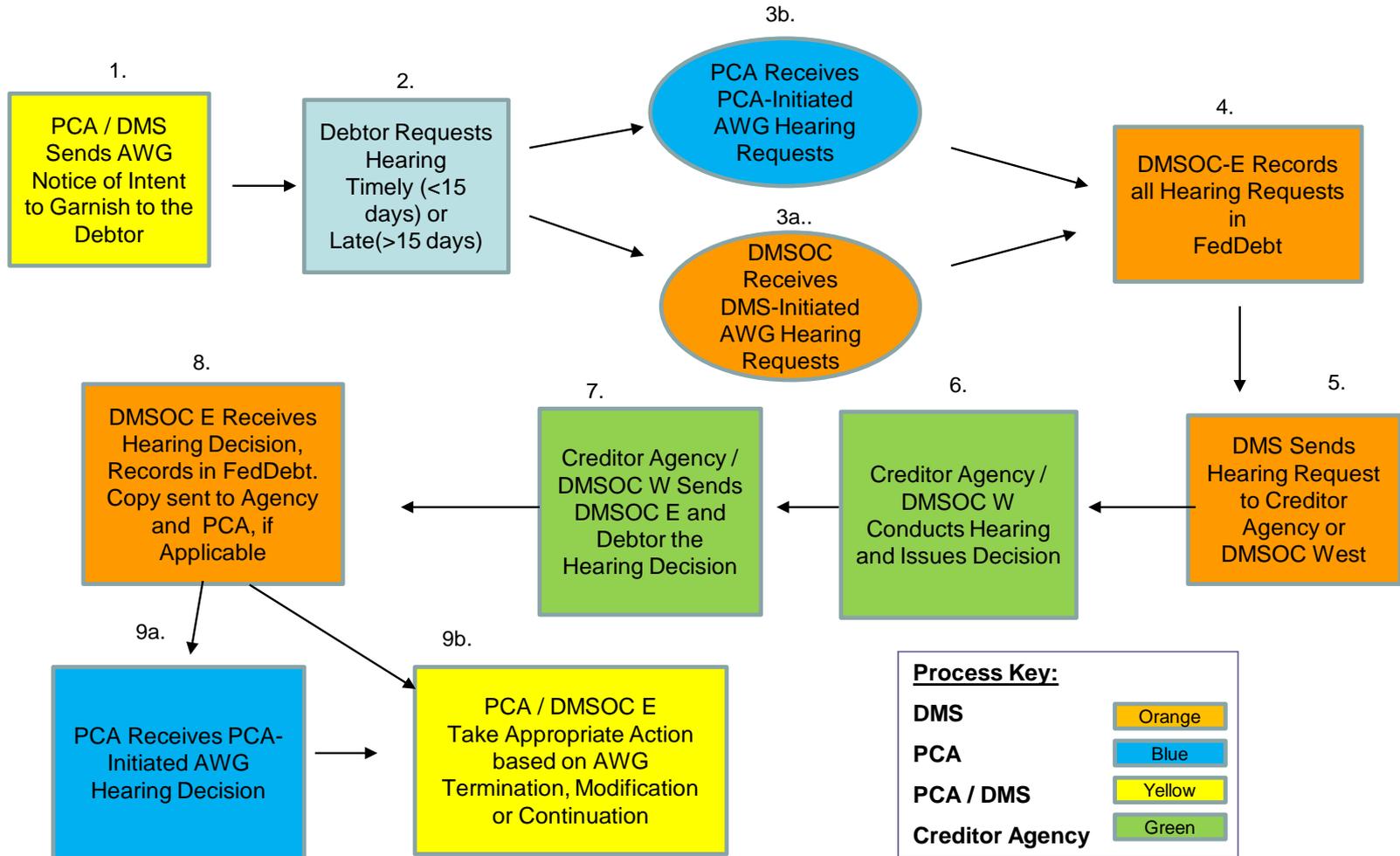
# Benefits of AWG

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- AWG can be started without a court order
- No statute of limitations
- AWG has proven an effective tool in encouraging the establishment of payment agreements.



# Debt Management Services Administrative Wage Garnishment (AWG) Hearing Process Work Flow



# Administration

# Agency Participation

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## Treasury Financial Manual (TFM) 4000

### **4035.30—Comply With Relevant Laws and Authorize Use of All Appropriate Debt Collection Tools**

- In the agency profile form, creditor agencies must authorize Fiscal Service to use all collection tools listed in subsection 4040.10.
- If the creditor agency determines that the use of AWG is not in the best interest of the Government, the agency must either:
  - (1) provide a citation to a legal authority that demonstrates it is legally precluded from using AWG; or
  - (2) provide an explanation to DMS as to why it does not believe it should use AWG and, if warranted, have a discussion with DMS about its explanation.
- Fiscal Service will make the final determination regarding whether the use of a collection tool is not in the best interest of the Government.

# Agency Participation

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- **Onboarding new agencies**
  - AWG Eligible Portfolio Report
- **Drafting AWG regulations / adopting Treasury's AWG regulations**
- **Develop hearing procedures**
  - Agency can do their own hearings
  - Treasury can conduct hearings on agency's behalf
    - ✓ Non-hardship hearings
    - ✓ Hardship hearings

# AWG Hearing Guidelines

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- Hearing official is appointed by agency appointing authority.
- Hearing official should not be the person responsible for establishing the debt or who has primary responsibility for collecting the debt.
- Official **Does Not** need to be an administrative law judge, most agencies do not use judges
- Hearings may be oral or paper
- Hearing decision must be in writing

# AWG Implementation

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- Once an agency starts participating in AWG, all consumer debts and commercial debts with individual liability in the agency's portfolio are eligible for participation
- DMS will provide a list of AWG Eligible Debt/Programs
- Each program must be authorized for AWG by the agency in order to update the profile for participation
- Once profile is changed, AWG is retroactive
- Debts which were already in CSNG will be run in NDNH database for employer matching

# Agency Participation

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- **If Treasury is to conduct agency hearings**
  - Memorandums of Understanding (MOU)
  - Interagency Agreements (IAA) Form 7600 A & B
- **Information communicated to other DMS staff**
  - FedDebt liaison team contacted to update FedDebt to “yes” for authorized programs
  - Contact AWG Operation to alert of hearing procedure for new participating agency
  - Updated agency hearing contact spreadsheet sent to Bham and Austin
  - MOU and IAA copy sent to Austin

# Questions?

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# Costs

# Hearing Costs

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- From Inception until FY 18 DMS Hearings Program costs were \$200 for AWG and \$250 for FSO
- FY18 DMS increased the costs of AWG to more closing reflect the cost of providing hearing services and FSO cost to reflect actual cost of hearing services

# Hearing Functions and Costs

## AWG Cost and Fee Comparison

Cost Overview	Cost	Fee	Cost	Fee	Cost	Fee
	2017	2017	2018	2018	2019	2019
Non-Hardship Hearing Request without Reconsideration	\$519.93	\$200.00	\$519.93	\$300.00	\$265.93	\$265.00
Non-Hardship Hearing Request with Reconsideration (1% of all Non-Hardship cases)	\$687.47	\$200.00	\$687.47	\$350.00	\$543.91	\$450.00
Hardship Hearing Request without Reconsideration	\$260.59	\$0.00	\$260.59	\$150.00	\$238.70	\$200.00
Hardship Hearing Request with Reconsideration (7% of all Hardship cases)	\$428.13	\$0.00	\$428.13	\$200.00	\$492.86	\$300.00
Hearing Requests Returned to Agencies	\$287.27	\$0.00	\$287.27	\$150.00	\$225.46	\$200.00

# Hearing Functions and Costs

## AWG Costs and Fee Comparison

Cost Overview	Cost	Fee	Cost	Fee
	2018	2018	2019	2019
Dual Hardship and Non Hardship	N/A	\$350.00	\$330.34	\$325.00
Dual Hardship and Non-Hardship With Reconsideration (7% of all Dual cases)	N/A	\$200.00	\$672.57	\$450.00

# Hearing Functions and Costs

## AWG Fee Changes for FY 19

Cost Overview	Fees		Difference
	2018	2019	
Non-Hardship Hearing Request without Reconsideration	\$300.00	\$265.00	(\$35.00)
Non-Hardship Hearing Request with Reconsideration (1% of all Non-Hardship cases)	\$350.00	\$450.00	\$100.00
Hardship Hearing Request without Reconsideration	\$150.00	\$200.00	\$50.00
Hardship Hearing Request with Reconsideration (7% of all Hardship cases)	\$200.00	\$300.00	\$100.00
Hearing Request returned to Agencies	\$150.00	\$200.00	\$50.00

# Hearing Functions and Costs

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## FSO Cost and Fee Comparison

Cost Overview	Cost	Fee	Cost	Fee	Cost	Fee
	2017	2017	2018	2018	2019	2019
Federal Salary Offset (FSO)	\$1,324.47	\$200.00	\$1,324.47	\$1,320.00	\$1,324.47	\$1,320.00

# Hearing Invoices

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- Austin sends monthly Hearing Status Report of all hearings resolved (Non-hardship and Hardship)
- Hearings information entered into spreadsheet
- “Courtesy” invoice created for each agency and emailed to agency contact
- Invoice also given to BFS Budget for IPAC
- BFS Budget (AWG) or DMS Comptroller (FSO) gives us document reference number (DRN)
- We email agency the DRN to assist them in identifying the IPAC

# Questions?

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# AWG Initiation

# AWG Initiation

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AWG Initiation is the start of the AWG notification process to the debtor. The initiation is the actual sending of the AWG notice of intent letter to the debtor after the debt has met AWG eligibility criteria.



# AWG Initiation

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## ➤ **AWG Notice Letters Primary Requirements:**

- Employer is identified
- TIN is valid
- Agency changes profile to “Yes” for AWG
- Must meet dollar threshold (\$200.01)

# AWG Initiation

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Type of Initiation:

- Automated—System Generated
  - Up to 1000 daily

# AWG Initiation

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- Debtor has 30 calendar days to respond to the AWG Notice Letter before it is sent to the employer for garnishment
- On the evening of 30<sup>th</sup> day, a Garnishment Order will be generated unless there is a:
  - Timely hearing filed
  - Timely Payment Agreement negotiated

# Questions?

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# AWG Hearing Requests

# AWG Hearing Request

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Debtor may request a hearing at any time during AWG process

- **Timely** – received within 15 business days of the AWG Notice letter (stops AWG)
- **Late** – received more than 15 business days after the AWG Notice letter (AWG continues for 60 days)

# AWG Hearing Process

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- DMS receives the hearing request from the debtor and forwards to the Creditor Agency's Hearing Official
- Hearing Official conducts the hearing, and issues hearing decision



# AWG Hearing Process

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- No requirement to Duplicate Hearings. Agencies do not need to provide more than one hearing based on same grounds or objections.
- Hardship hearings can be requested multiple times, if financial circumstances have changed
- Many agencies already conduct some type of hearings, i.e. salary offset – these procedures can be modified to apply to AWG
- Similar to dispute process
- \$200.01 Debt Balance Minimum (courtesy to agency)

# Questions?

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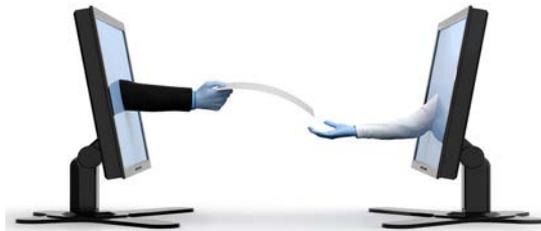


# AWG Hearings

# AWG Hearings

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- DMSOC – West receives hearing requests from DMSOC-East through IDMS



# Types of Hearings

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- A. Existence and Validity – I don't owe the debt
- B. Debt amount – I don't owe the amount that you are saying I owe
- C. Hardship – I can't afford to pay
- D. Employment – I was fired from previous job and have worked in current job <12 months

# Possible Hearings Decisions

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- A. Termination of garnishment with a review of the case within a year (hardship)
- B. Continue garnishment with modified lesser garnishment percentage and amount (hardship)
- C. Continue garnishment at the maximum 15% (hardship and non-hardship)
- D. Recall of the debt (non-hardship)



# Who Do We Conduct Hearings For?

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- A. DMS conducts all FedDebt agencies' "hardship" hearings
- B. DMS conducts "non-hardship" for:
  - i. Department of Agriculture ( Multiple programs)
  - ii. Small Business Administration
  - iii. Office of Personnel Management
  - iv. Department of Energy - WAPA
  - v. Veterans Administration
  - vi. Federal Retirement Thrift Investment Board
- C. DMS conducts Federal Salary Offset Hearings for:
  - i. Immigration and Custom Enforcement
  - ii. Department of Agriculture

# Hearing Decision

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- DMSOC-West sends a Decision Letter to debtor explaining the decision
- Update DMSOC-East via IDMS of hearing Decision



# Questions?

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# AWG Orders and Non-Compliance

# AWG Order

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- On 31<sup>st</sup> day or upon receipt of the Hearing Decision, an Order is sent to Employer
- Employee certification is returned with employment status
- Non-employed is terminated
- Payment expected within 45 days
- Letter mailed to Employer 60<sup>th</sup> and 75<sup>th</sup> days

# AWG Non-Compliance

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- Once non-payment reaches the 75<sup>th</sup> day, action is taken by DMS.
  - History is reviewed to ensure a payment has not been made within the last 30 days; no action is needed
  - Employer Certification received but no other information received since the original certification was sent, contact the employer
  - Employers failing or refusing to make payments may be referred to FMS legal counsel

# Questions?

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# Contact Information

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# Thank you!

