

**SUMMARY OF MAJOR CHANGES TO
DoD 7000.14-R, VOLUME 5, CHAPTER 30
“DEBT COLLECTION BY OFFSET”**

All changes are denoted by blue font

Substantive revisions are denoted by a ★ preceding the section,
paragraph, table, or figure that includes the revision

Hyperlinks are denoted by *underlined, bold, italic, blue font*

PARA	EXPLANATION OF CHANGE/REVISION	PURPOSE
300102	Added guidance on internal controls.	Add
300103	Added definitions for Debt Collection Office (DCO) and Debt and Claims Management Office (DCMO).	Add
300205	Added nonappropriated fund instrumentality (NAFI) employees to the salary offset rules for debt collection. The 2008 National Defense Authorization Act revised Title 5, United States Code, Section 5514 to include NAFI employees.	Add
300302.A	Deleted 10-year statute of limitations for salary offset under 31 U.S.C. 3716. Public Law 110-246 deleted the 10-year statute of limitations.	Update
300303.A. 4	Changed address for requesting hearings from DFAS-Denver to DFAS-Indianapolis.	Update
300303.B	Clarified responsibilities for the DCO and DCMO when processing requests for hearings.	Update
300304, Table 30- 1	Updated Hearing/Reconsideration Officials to include guidance for NAFI employees.	Update

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CHAPTER 30

DEBT COLLECTION BY OFFSET3001 APPLICABILITY

300101. Scope. Policies in this chapter apply to debts of individuals, except foreign individuals, owed to the United States. They do not apply to contract debts or sovereign debts owed to the United States, nor do they apply to the collection of child support, alimony, or commercial debts from the pay or salaries of Department of Defense (DoD) civilian employees or military members through garnishment or involuntary allotment. See Chapter 28, Table 28-1 of this volume for a list of volumes and chapters of this Regulation applicable to specific categories of debtors.

★ 300102. Internal Controls. DoD Components and nonappropriated fund instrumentalities (NAFIs) will establish and maintain internal controls to ensure salary offsets are processed in accordance with this chapter and other regulatory and statutory requirements.

★ 300103. Definitions

A. Debt Collection Office (DCO). The office responsible for performing initial debt collection and due process actions. The DCO may be part of the DoD Component's supporting accounting office or a separate organizational element within the DoD Component.

B. Debt and Claims Management Office (DCMO). The Defense Finance and Accounting Service (DFAS) Office responsible for servicing referred individual out-of-service debt.

3002 STATUTORY AUTHORITY

300201. General. This chapter implements the administrative offset authority in Title 31, United States Code, section 3716 (31 U.S.C. 3716) and Title 31, Code of Federal Regulations, parts 900-904 (31 C.F.R. 900-904), "Federal Claims Collection Standards" (FCCS)), for collecting delinquent debts owed to the United States. Debts owed by current or retired members of the military to DoD or to other Federal agencies that can be collected through salary offset shall be collected as provided in Volume 7A, Chapter 50 and Volume 7B, Chapter 28 of this Regulation. Debts owed by current or retired civilian employees to DoD or to other Federal agencies that can be collected through salary or retired pay offset shall be collected as provided in Volume 8, Chapter 8 of this Regulation. Debts determined to be owed to the United States that must be collected administratively other than through salary offset shall be collected under the authority of 31 U.S.C. 3716 and the FCCS applying the procedures in Chapters 28 through 32 of this volume.

300202. Administrative Offset for Advancements and Deductions. Under 5 U.S.C. 5705, when making collections of unearned advance per diem or mileage allowances,

DCOs shall give DoD civilian employees the opportunity immediately to pay the amount due. If immediate payment is not made, then full offset, if it does not cause undue financial hardship, shall be made immediately against accrued pay, retired pay, or any other amount due the civilian employee from the United States. If the civilian employee does not pay, or if there is no amount available for offset, then the DCO shall follow all other appropriate debt collection provisions of this Regulation. DCOs should inform employees of the requirement for immediate repayment of unearned advances of per diem and mileage allowances at the time that advances are made. Hearings are not required, but DCOs must reconsider debts upon request of the debtor.

300203. Administrative Offset for Damage to Military Housing. Under [10 U.S.C. 2775](#), administrative offset is authorized to pay for the cost of repair, replacement, or cleaning of military housing caused by the abuse or neglect of military members. Hearings are not required for debts being collected by administrative offset under this statute. All other provisions for administrative offset apply to collection of these debts. Reconsider these debts upon request of the debtor.

300204. Administrative Offset for Administratively Determined Debts. Under [37 U.S.C. 1007](#), administrative offsets are authorized to collect debts that administratively are determined to be owed to a DoD Component by a military member. Except where there are questions of debt validity or truthfulness, hearings are not required before collection of debts by administrative offset under this statute. Policies and procedures for collecting routine pay adjustments under this statutory authority are in Volumes 7A and 7B of this Regulation.

★ 300205. Salary Offset for Monthly Installments. Under [5 U.S.C. 5514](#), DCOs may initiate salary offset to collect indebtedness by installment deductions. Refer to Volume 7A, Chapter 50; Volume 7B, Chapter 28; Volume 8, Chapter 8, and [Volume 13, Chapter 8](#) of this Regulation for salary offset procedures under this statute. This statutory authority shall be used to collect indebtedness of military members, DoD civilian employees, and NAFI employees from their current pay or salary accounts when offset is not authorized or required by other more specific statutes. Unless otherwise provided by this or other Regulation, the paying office shall ensure that the debtor has received due process, before the current pay or salary can be involuntarily offset to satisfy a debt to the United States. The right to a hearing conducted by an independent hearing official is one of the due process protections afforded an individual under this statute. See paragraphs 300303 and 300304 for guidance on hearings. Debts that are owed to agencies other than DoD Agencies and Components are sent by those agencies to the Department of Treasury's Federal Offset Program at Department of Treasury, FMS/DMS, 401 14th Street, SW., Washington, DC 20227, for processing. Additional guidance can be found at: <http://www.fms.treas.gov/debt/top.html>. Questions pertaining to the system processing of debts initiated for salary offset prior to June 1, 2004 may be addressed to DFAS Cleveland, ATTN: DFAS-CL/TSBCA, 1240 East 9th Street, Cleveland, OH 44199, email address: ccl-salary-offset@dfas.mil.

300206. Offset Under Statutes Not Specifically Covered. Nothing contained in this Regulation shall prevent the collection of indebtedness utilizing any available statutory authority not covered herein.

3003. COLLECTION BY ADMINISTRATIVE OFFSET

300301. General. Administrative offset under 31 U.S.C. 3716 is the withholding of funds from amounts payable by the United States to a person, including a state or local government but excluding an agency of the United States, to satisfy a debt. Administrative offset is authorized by FCCS and implemented by FCCS and this Regulation. The provisions for administrative offset in the FCCS hereby are implemented by the FCCS and this Regulation. In the event of any inconsistency between this Regulation and the FCCS when 31 U.S.C. 3716 is the authority for the action, the provisions of the FCCS will prevail. Where feasible, DCOs shall collect debts by administrative offset whenever a debtor refuses to pay a debt in lump sum or by an installment repayment agreement. Debts not subject to administrative offset under 31 U.S.C. 3716 still can be collected by offset under the common law or other applicable statute. This section applies to administrative offsets undertaken pursuant to 31 U.S.C. 3716 and FCCS against funds or money payable to or held for a debtor. It does not apply to:

A. Offset against Federal salaries, to the extent that FCCS are inconsistent with regulations implementing salary offsets under [37 U.S.C. 1007](#) or [5 U.S.C. 5514](#) (also see Volumes 7A, 7B, 8, and 13 of this Regulation).

B. Offset under [31 U.S.C. 3728](#) against a judgment obtained by a debtor against the United States.

C. Offset or recoupment under common law, state law, or Federal statutes specifically prohibiting offset or recoupment of particular types of debts.

D. Offset in the course of judicial proceedings, including bankruptcy.

300302. Provisions for Administrative Offset. The FCCS provides for administrative offset utilizing both agency managed noncentralized administrative offset programs and centralized Department of the Treasury administrative offset programs. These provisions apply to either type of administrative offset program.

★ A. [There is no statute of limitations when initiating administrative offset procedures under 31 U.S.C. 3716 to collect debts outstanding on or after June 18, 2008.](#)

B. Before administrative offset is initiated, [the DCO will advise the debtor of the proposed action. The DCO will include in the notice of intent to offset, at a minimum, the following:](#)

1. Written notice of the basis and the amount of the debt and the intent to use administrative offset to collect the debt after 30 calendar days from date of the notice, unless a written response is received from the debtor requesting a hearing or debt determination reconsideration or the debtor provides supporting or mitigating statements/documents or repayment. See subparagraph 300303.B. Debts referred to the Treasury Offset Program (TOP) require 60-day notice prior to referral.

2. Information regarding the debtor's right to inspect and copy government records related to the debt at the debtor's expense.

3. Information regarding the debtor's right to a hearing, including a statement of the type of hearing (oral or administrative) appropriate for the debt in question, and an offer to reconsider the debt basis and amount. See paragraph 300303 for more information on hearings.

4. A request for the debtor to submit any documentation or statement regarding the debt basis or amount for inclusion in a reconsideration or hearing.

5. An opportunity to make a written agreement to repay the debt.

6. A date for the debtor to respond in writing to the notice of offset and submission of additional documentation or statement, normally, not less than 30 days from receipt of the initial notice, or 45 days if recipient is overseas.

7. The fact that the debtor's failure to respond will result in processing the administrative offset.

8. The fact that if the debtor knowingly provides false or frivolous statements, representations, or evidence, then the debtor may be subject to penalties under the False Claims Act ([31 U.S.C. 3729](#), [3730](#), and [3731](#)), [18 U.S.C. 286](#), [287](#), [1001](#), or [1002](#), or other applicable statutes.

9. Advice that any amounts paid or administratively offset from a payment for the debt that are later waived or found not owing promptly will be refunded unless prohibited by law or contract.

10. Mailing address and telephone number of point of contact for the debtor to call or write with any questions or discussions regarding the debt.

C. The requirements that must precede administrative offset may be omitted under any of the following circumstances:

1. The administrative offset is in the nature of a recoupment.

2. The first indication of the existence of a debt provides an insufficient time before the payment subject to administrative offset would be made to the debtor to allow for prior notice and opportunity for review.

NOTE: When the preceding conditions are present, afford the debtor an opportunity for review as soon as practicable and promptly refund any money offset to collect an indebtedness ultimately found not to have been owed.

D. The FCCS requires disbursing officers and certifying officials to cooperate with all government agencies to collect debts referred for administrative offset except under either of the following conditions:

1. The offset would not be in the best interest of the United States with respect to the program against which offset is requested as determined by the head of the agency holding funds or monies for offset.

2. The offset would be contrary to another applicable law.

E. When collecting multiple claims by administrative offset, amounts recovered shall be applied to those claims in accordance with the best interests of the United States, as determined by the facts and circumstances in each case, particularly the applicable statutes of limitation.

F. When a debtor previously has been given any of the required notice and review opportunities with respect to a debt, there is no need to duplicate these before initiating administrative offset with regard to that debt. Accomplish administrative offset as funds or moneys become due and payable to a debtor after consideration is given to administrative offset requirements.

300303. Reconsideration and Hearings for Administrative Offsets

A. General. Upon written request, a debtor is entitled to reconsideration or a hearing regarding determination of a debt. Both reconsideration and hearing involve review of debt documentation. A debtor is entitled to only one hearing, either administrative or oral, per debt owed to DoD.

1. Reconsideration is an informal examination of internal debt records by the DCO to validate the debt without appointment of a hearing official.

2. An administrative hearing is accomplished by a hearing official and shall involve consideration of debtor-submitted statements and documentation as well as DCO internal debt files.

3. An oral hearing consists of an appearance by the debtor before a hearing official to present arguments regarding the debt.

★ 4. The DCO will refer all requests for hearings received from DoD military members, DoD civilian employees, and NAFI employees to DFAS, DFAS/JFEA-IN, 8899 East 56th Street, Department 3300 (ATTN: Hearings), Indianapolis, IN 46249-3300.

5. When a debtor is entitled to a hearing in conjunction with administrative offset, the DCMO shall determine whether an oral or an administrative hearing is indicated. An oral hearing is not required with respect to determinations of indebtedness that rarely involve issues of credibility or veracity and when the DCMO has determined that review

of the written record is an adequate means to discover and correct any prior mistakes. When an oral hearing is not required, a hearing official must provide an administrative hearing. A debtor shall be given a reasonable opportunity for an oral hearing when the debtor requests reconsideration of the debt and the DCO determines that the question of the indebtedness cannot be resolved by review of the documentary evidence, for example, when the validity of the debt involves an issue of credibility or veracity.

6. There are no provisions for review or appeal of debt determination decisions rendered with regard to administrative offset; however, DCOs, [the DCMO](#), and debtors may exercise any other collection, appeal, waiver, remission, or review right that may be provided by other statute or regulation with regard to the debt.

★ B. [DCO and DCMO Responsibilities](#). Upon receipt of a debtor's written request for reconsideration or hearing, examine the basis for the debt and the amount to determine appropriate action. Resolution of a debt at any time during the administrative offset process will halt any ongoing procedures and result in the [DCO or DCMO](#) furnishing appropriate advice to the debtor.

1. When reconsideration is requested and deemed appropriate, [the DCO](#) will issue a response to the debtor within 60 days after receiving the request. The response shall advise the debtor that the basis for the debt and amount were reconsidered, indicate whether the debtor's contentions were accepted in whole or in part, specify the debt amount now owed, and, if applicable, reaffirm the government's intent to collect the debt by administrative offset.

2. [When a hearing is requested, the DCO will forward the request to the DCMO. See subparagraph 300303.A.4.](#)

a. When an administrative hearing is requested and deemed appropriate, [the DCMO](#) will issue a response to the debtor within 60 days after receiving the request. The response shall advise the debtor that the basis for the debt and amount were reconsidered, indicate whether the debtor's contentions were accepted in whole or in part, specify the debt amount now owed, and, if applicable, reaffirm the government's intent to collect the debt by administrative offset.

b. When an oral hearing is requested and deemed appropriate, [the DCMO will](#), within 20 working days after receiving the debtor's request, notify the debtor of the time, date, and location of the oral hearing and [provide](#) a list of any additional submissions required of the debtor and the mailing address for the submissions. Whenever feasible, schedule an oral hearing site, time, and date convenient for the debtor. Also, at least 3 working days before an oral hearing, forward to the debtor and hearing official a package containing copies of debt records in the possession of the DCO, a statement supporting the basis for the debt, the amount and names of DCO witnesses, and their anticipated statements.

3. [The DCMO will](#) document all significant matters discussed at the [oral hearing](#).

4. Upon the written request of debtors, the DCMO will change oral hearings to administrative hearings if the request is received at least 3 working days before established oral hearing dates and if all submissions will be available to hold the administrative hearing at the already established time and site.

C. Debtor Responsibilities. Debtors shall indicate, in their initial written response to a notice of administrative offset, their desire for a debt determination reconsideration or hearing. The debtor shall furnish, by the date specified in the notice of administrative offset, any facts and reasons why they believe that the debt determination clearly is erroneous.

1. Debtors afforded an oral hearing on the existence or amount of the debt may petition for an administrative hearing in lieu of an oral hearing. Debtors who elect an administrative hearing in lieu of an oral hearing waive any right to an oral hearing and shall agree to accept the administrative hearing decision as final as part of their written petition. Once approved by the DCMO, the debtor cannot revoke his or her petition for an administrative hearing.

2. At least 3 working days before an oral hearing, the debtor shall give the hearing official and the DCMO the name of his or her representative, if one is selected, copies of any records that he or she plans to introduce if the records are different from those in the possession of the DCMO, and a list of any witnesses, along with a summary of their anticipated statements.

3. Debtors, their representatives, and witnesses are responsible for their expenses incident to inspecting and copying government records and attending oral hearings.

4. If the debtor fails to file a reconsideration or hearing petition with the DCO by the date specified in the administrative offset notification letter, fails to appear on time at a scheduled oral hearing, or fails to file required submissions with the hearing official and the DCO by the specified due date, then the debtor waives any debt reconsideration or hearing rights, and the debt will be subject to administrative offset.

5. During oral hearings, debtors may not raise any issues not previously raised with the hearing official and the DCO nor may they introduce any facts or records not previously submitted.

300304. Authorized Administrative Offset or Reconsideration Hearing Officials.

A. General. Personnel eligible to reconsider or hear debt determination issues include, but are not limited to, supervisors, management personnel, and other employees who are assigned to offices performing functions associated with matters pertaining to debt management, debt collection, debt servicing, claims examination, military pay, vendor or contract pay, or contracting. Other eligible personnel include grievance and appeals examiners, attorney advisors, judge advocates, and similar personnel who have been trained in or are qualified to perform hearing officer duties.

B. [Hearings Under 31 U.S.C. 3716](#). 31 U.S.C. 3716 specifies that reviews or hearings will be performed within the agency, in most instances personnel assigned to the DoD Component (or DCO) shall be available to accomplish any debtor requested reconsiderations or hearings regarding debt existence or amount.

C. [Hearings Under 5 U.S.C. 5514](#). Hearing officials will be appointed according to guidance in Table 30-1.

300305. [Hearing Official Responsibilities](#). Administrative offset hearings shall be held according to the following requirements:

A. An administrative hearing shall consist of a thorough examination of the regulations, records, documents, and facts underlying the debt.

B. An oral hearing shall consist of an informal conference between the debtor and the hearing official for the presentation of documents, witnesses, and arguments.

C. Except for oral testimony, the only evidence permitted at oral hearings shall be that already furnished as prehearing submissions.

D. Debtors shall not raise any issues at oral hearings not previously raised with the DCO.

E. The hearing official shall issue a written decision to the debtor within 30 days after the date of the hearing. The hearing official may extend this deadline. A hearing official's decision shall be final for the purposes of 31 U.S.C. 3716 and shall discuss the basic facts documenting the debt and will include conclusions concerning the basis and amount of the debt.

F. Hearing officials will review debtors' submissions received not later than 3 working days after the due date to determine if debtors forfeited their hearing right. If debtors show good cause, then this right will not be forfeited due to minor submission delays.

300306. [Noncentralized Administrative Offset](#). Administrative offsets under 31 U.S.C. 3716 and FCCS can be made by DoD or other agency disbursing officers, or officials certifying or authorizing payments to a debtor. All requests from non-DoD Federal agencies for salary offset by DoD Components shall be forwarded to Department of Treasury, FMS/DMS, 401 14th Street, SW., Washington, DC 20227. Additional information is available at <http://www.fms.treas.gov/debt/top.html>.

A. Organizations processing offset requests are not authorized to determine the merits of debts for which offset is requested.

1. Offsets against funds or monies held by another organization are initiated by sending requests for offset along with the necessary certification. The request shall be accomplished using a debt claim form such as DD Form 139 (Pay Adjustment Authorization),

DD Form 2481, (Request for Recovery of Debt Due the United States by Salary Offset), other prescribed or authorized form, or an automated transaction.

2. The certification required is that the debtor owes the debt and that the requesting activity has fully complied with its regulation concerning administrative offset.

3. Identify a point of contact at the DCO who shall respond to questions or disputes from the debtor.

4. When a debtor consents to administrative offset in writing or signs a statement acknowledging receipt of due process procedures, send the consent or statement to the agency holding the funds for offset with the certification and all supporting documentation. Administrative offset cannot be accomplished until the office requested to make the offset has been provided the supporting documentation. The organization making the offset will advise the debtor of the offset request and when the offset will be accomplished. If the debtor terminates employment or transfers to another agency while an offset is ongoing, then the offsetting activity shall provide notice to the requesting activity along with a recap of amounts offset to date. For transfers, include originals of the debt claim form and certification as well as amounts collected in the debtor's official personnel folder.

B. The DCO determines at its discretion and on a case-by-case basis whether administrative offset is feasible. In making the determination, consideration should be given to whether the administrative offset can be accomplished practically and legally and whether administrative offset furthers and protects the government's interests.

1. Administrative offset is not required if the collection would substantially interfere with or defeat the purposes of the program authorizing the payment that is being considered for offset. Also, based on financial statements documenting financial hardship of the debtor, consideration may be given to the debtor's financial condition in deciding whether to offset.

2. Administrative offset is not required if the collection creates undue financial hardship and prevents the debtor from providing essential personal, spousal, or dependent subsistence requirements. Essential subsistence includes food, housing, utilities, clothing, transportation, and medical care. In making a determination whether an administrative offset would impose undue financial hardship, consider the following information:

a. Income from all sources and expenses for the debtor, spouse and dependents.

b. The extent that assets of the debtor, spouse, and their dependents are available to meet the offset and essential subsistence expenses.

c. Whether subsistence expenses have been reduced to minimum essential amounts.

d. The extent to which a debtor or spouse can borrow money to meet the offset and minimum subsistence expenses.

e. The extent to which the debtor, spouse, and dependents have other exceptional expenses that should be taken into account and whether these types of expenses have been minimized.

300307. Centralized Administrative Offset Program

A. The Financial Management Service (FMS), Department of the Treasury, has broad administrative offset collection responsibilities for delinquent debts based on the “Debt Collection Improvement Act of 1996,” as codified at [31 U.S.C. 3711\(g\)](#).

B. Legally enforceable debts over 180 days delinquent that can be referred cost effectively for administrative offset, unless exempted by the Department of the Treasury, are eligible for collection. See Chapter 32 of this volume for more information.

300308. Bankruptcy Debts

A. Upon learning that a bankruptcy petition has been filed with respect to a debtor, before taking any further collection action, the DCO shall obtain legal advice concerning the impact of the Bankruptcy Code on any pending or planned collection action. In most cases, collection action should stop immediately unless it is determined that the automatic stay imposed at the time of filing pursuant to [11 U.S.C. 362](#) has been lifted or is no longer in effect.

B. After obtaining legal advice, a proof of claim in most cases should be filed with the bankruptcy court or the trustee. Attorneys should be aware of and provide advice, as necessary, relating to the consequences on sovereign immunity of filing a proof of claim under the provisions of [11 U.S.C. 106](#).

C. A secured creditor may seek relief from the automatic stay regarding its security, subject to the provisions and requirements of 11 U.S.C. 362.

D. Offset is stayed in most cases by the automatic stay. DCOs shall seek legal advice regarding initiation of action to freeze payments to the debtor and payments to other agencies available for offset pending relief from the automatic stay from the bankruptcy court. DCOs also shall seek legal counsel regarding the possibility of recoupment.

300309. Administrative Offset From Civil Service Retirement and Disability Fund (CSRDF) and the Federal Employee Retirement System (FERS). Procedures for requesting offset from the CSRDF or FERS are contained in Volume 8 of this Regulation. Debts sent to the Office of Personnel Management in accordance with Volume 8 of this Regulation shall not be certified to the Department of the Treasury under paragraph 300207 since the result would result in duplicative offset requests. These debts, however, are eligible for all other collection processes.

SELECTION OF HEARING/RECONSIDERATION OFFICIALS FOR DOD COMPONENT DEBTS UNDER 5 U.S.C. 5514 (Note 1)			
	COLUMN A	COLUMN B	COLUMN C
R U L E	If the Creditor Component is the:	And the Debtor is employed by the:	Then obtain a hearing official from:
1	DFAS	DFAS	Any DoD Component
2	DFAS/DoD Component (Note 2)	DoD Component	Other DoD Component (Note 3)
3	DFAS/DoD Component (Note 2)	DFAS	Other DoD Component (Note 3)
4	DoD Component	DFAS	Other DoD Component (Note 3)
5	DoD Component	DoD Component	DFAS/Other DoD Component (Note 3)
6.	Other DoD Component	Other DoD Component	DFAS/Any DoD Component
★7.	NAFI	NAFI, DFAS, DoD Component	DFAS, Any DoD Component, or Other NAFI (Note 4)

Note 1. Contact DFAS-Indianapolis (DFAS-JFEA-IN) for guidance in cases with circumstances other than those included in this table.

Note 2. DFAS and a DoD Component both are considered creditor Components in situations when one makes payment for the other using the other's appropriation. In this case, neither the paying nor employing Component can provide the hearing official.

Note 3. Other DoD Component is one other than the creditor DoD Component identified in Column A as the Creditor Component.

★Note 4. Other NAFI is one other than the creditor NAFI identified in Column A.

★Table 30-1.