

<p style="text-align: center;">SUMMARY OF MAJOR CHANGES TO DOD 7000.14-R, VOLUME 5, CHAPTER 29 “COLLECTION OF OUT-OF-SERVICE DEBTS”</p> <p style="text-align: center;">Substantive revisions are denoted by a ★ preceding the section, paragraph, table, or figure that includes the revision</p>		
PARA	EXPLANATION OF CHANGE/REVISION	PURPOSE
2901	Introduces the revised chapter that covers the “Collection of Individual Out-of-Service (OOS) Debts” that is centralized using the Defense Debt Management System (DDMS).	Updates the chapter coverage
2902	Elaborates on the OOS debt collection procedures in accordance with the “Federal Claims Collection Standards” regulation. Establishes the link among centralized debt management processes and improved cash and credit management and reporting procedures. Discusses collection assistance and automated debt management and controls for OOS debts that are generated by Department of Defense pay systems.	Updates policy and guidance consistent with the “Federal Claims Collection Standards” regulation requirements
Figure 29-1	Updates the “DDMS Debt Collection Steps: An Overview of OOS Debt Collection” that previously was covered in Chapter 28 of this volume.	Updates current DoD guidance
Figure 29-2	Adds a certification statement form for use by Components that shall accompany debts submitted for collection action by the DDMS.	Adds a new Figure 29-2

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CHAPTER 29

COLLECTION OF INDIVIDUAL OUT-OF-SERVICE DEBTS★2901 APPLICABILITY

290101. General. Policies in this chapter apply to individual out-of-service (OOS) debts referred by Department of Defense (DoD) Components to the Defense Finance and Accounting Service, Out of Service Debt Management Office (DFAS-PO/DE), for collection using the Defense Debt Management System (DDMS). The DFAS-PO/DE operates and maintains the DDMS to provide centralized, cost-effective and collection assistance for delinquent debts within the Department that are owed by individuals who currently are not paid by the Department. Services provided by the DFAS PO/DE shall comply with the “Federal Claims Collection Act of 1966,” as amended, (31 U.S.C. 3701 and following) and applicable laws and regulations, including the “Federal Claims Collections Standards (FCCS)” and this Regulation.

290102. Exclusions. This chapter does not apply to debts owed by contractors, sovereign entities, or nonappropriated fund instrumentalities, nor does this chapter apply to the collection of child support, alimony, or commercial debts from the pay of DoD civilian employees or military members. Refer to Table 28-1 in [Chapter 28](#) of this volume to determine the applicable volume and chapter in this Regulation that covers specific policies and procedures for the collection and referral of debts from active members and employees through salary offsets and garnishments, and the collection of debts owed by sovereign or foreign governments, contractors, and other federal agencies. Procedures for handling loss of funds are described in [Chapter 6](#) of this volume.

★2902 COLLECTION AND PROCESSING OF INDIVIDUAL OOS DEBTS

★ 290201. Incidence of OOS Debts. OOS indebtedness occurs when an indebted individual is not receiving salary or other payments from the Department that can be offset to collect a debt owed to a DoD Component. OOS debts may arise from overpayments, erroneous payments, indebtedness by the public for use of the Department’s facilities or services (usually under emergency conditions), or indebtedness by individuals previously serving in or employed by a DoD Component. (Installations and organizations that participate in the Department’s centralized individual debtor program include, but are not limited to: Defense Intelligence Agency, National Imagery and Mapping Agency, DoD Education Activity, and the National Security Agency, financial services offices, Defense accounting offices, Defense military pay offices, joint personal property shipping offices, military hospitals, DoD-contracted military banking facilities, civilian pay offices, transportation offices, travel offices, and education offices).

★ 290202. OOS Individual Debt Collection Procedures. Unless otherwise agreed to by the DFAS PO/DE, creditor Components shall issue the initial bill, invoice, notice, or demand for payment letter to the debtor and take appropriate follow-up action. (Note that after

considering any reply to the initial demand for payment, Components normally should issue no more than 2 follow-up notices to the debtor even though only one demand letter is required. The number of demand or follow-up letters may be tailored to individual debts.) Transfer delinquent OOS debts to the DFAS PO/DE for action 30 days after the last follow-up notice, or 45 days if mailed to an overseas address. DFAS PO/DE actions include servicing, collecting, compromising, suspending, or terminating collection. Creditor Components shall complete any previously initiated actions such as reclamation, appeal, litigation, or foreclosure before transferring delinquent OOS debts to the DFAS PO/DE. The DFAS PO/DE shall assist Components in the centralized management of debts, including automated, centralized processing, referral, reporting, and accounting of debts.

A. Activities that submit debts to the DFAS PO/DE shall research and verify the military or civilian status of debtors to ensure that only eligible OOS debts are referred. Components not supported by DFAS operating sites may obtain DDMS debt collection services by entering into a Support Agreement (DD Form 1144) with the DMO. Once a determination is made, in accordance with cash and credit management criteria, to refer the debt(s) to the DFAS PO/DE, the DDMS will facilitate centralized processing of remittances.

B. After completing all local collection actions, DoD Components shall transfer OOS debts up to 90 days delinquent and above the dollar threshold (presently \$225) to the DFAS PO/DE for collection assistance unless there is significant, ongoing debt collection action taking place. To avoid costly reconciliation with those Components that transfer debts to the DFAS PO/DE for collection assistance, the DFAS sites shall use DDMS data to establish and maintain accountability for these debts at the Departmental level. Use controlled transmission procedures to ensure that transmitted debts are received by the DFAS PO/DE and preclude dual reporting or omission of debts in the departmental accounting reports (including the report on receivables due to the public).

C. DoD Components shall prepare and submit a debt transmittal letter, in duplicate, to the DFAS PO/DE, 6760 E. Irvington Place, Denver, CO 80279-7000, as required, but no less frequently than weekly, to process delinquent debts. Use the transmittal letter to control transmission of debt cases and identify all attached debt case files by name, social security number (SSN), and amount. Include the name and telephone number of a point of contact, as well as a copy of all documentation and background material in the debt case files. This includes the installation name and location as well as:

1. A copy of the original bill or other demand for payment;
2. The original debt principal amount with complete accounting classification and fiscal year to be credited with any collections;
3. The date the debt became known;
4. The date the debt was due;

5. The amount of accrued interest, administrative charges, penalty fees;
6. Copies of any follow-up correspondence;
7. Amounts and dates of any prior collections (and the accounting classification credited);
8. The debtor's branch of service or agency wherein formerly employed;
9. The debtor's or spouse's social security number;
10. Military status and date of separation for members or employees whose period of service or employment ended with an indebtedness;
11. Copy of DD Form 139 ("Pay Adjustment Authorization"); and
12. Any other relevant memoranda or data regarding the debt.

D. Include in each transmittal package a statement certifying that the amounts of the debts transmitted are correct, and that the debts are delinquent, valid, and legally enforceable (Figure 29-2). The DFAS PO/DE shall return uncollectible debts, debts requiring additional DoD Component collection action(s), or debts with incomplete documentation to the transferring Component with an explanation of the reason for the return. After correcting any defects, the Component shall resubmit the debt to the DFAS PO/DE using a subsequent transmittal number. Do not resubmit debts using copies of the original transmittal letters.

E. Assign a unique 9-digit transmittal number to each transmittal to control debt transfers. Derive transmittal numbers using the date and the number of the transmittal on that date. Express the date using the calendar year and Julian date of the transfer. For example, assign transmittal number 200008801 to the first transmittal of March 28, 2000. If multiple offices or activities at a single Component location transfer debts to the DFAS PO/DE, then the submitting Component shall implement procedures to ensure that transmittal numbers are not duplicated. DoD Components shall accomplish this using a central transmittal number control log or other similar method derived by date. Numbers will only be unique within a Component.

F. As Component transmittals are received and worked, the DFAS PO/DE shall determine the effective transfer date for entering the debts in the DDMS for collection action. The DFAS PO/DE shall annotate the effective transfer date on the duplicate copy of the transmittal letter and return it to the submitting Component. On the effective transfer date, the Component shall remove accountability for transferred debts from its records in accordance with procedures in [Volume 4, Chapter 3](#), of this Regulation. The DFAS PO/DE shall enter the debt into the DDMS on the effective transfer date. For the quarterly "Report on Receivables" required by the Department of the Treasury, use Line 5 to report the transfer-out and transfer-in of these debts. Data recorded in the DDMS then are made available to the DFAS site supporting the Component to assist that DFAS site is ensuring proper use of fund and financial accounting

citations and accurately report these debts. DFAS sites establish debt accountability at the minimum level of detail necessary to fulfill accounting and reporting requirements.

G. Once debts are entered in the DDMS, DFAS PO/DE aggressively shall pursue collection action. A general overview of the individual OOS delinquent debt collection steps is illustrated in Figure 29-1. The procedures include referring delinquent debts to private collection agencies for collection and reporting to credit bureaus, and transferring uncollectible delinquent debts to the Department of the Treasury Offset Program and to the Department of Justice for possible litigation. NOTE: Timelines indicated in Figure 29-1 are based on the date that the debt first is transferred to the DFAS PO/DE and do not reflect the actual age of the debt. In the case of deceased debtors, the DFAS PO/DE uses DD Form 2840 (“Request for Information Regarding Deceased Debtor”) to seek information from state probate courts concerning the establishment of an estate and pursues collection of the indebtedness in this manner, as appropriate. A debtor may send a payment to the transferring Component while a debt is undergoing collection action at the DFAS PO/DE. Should this occur, the Component shall collect the payment into the applicable suspense account and then disburse it to the DFAS PO/DE using a check or Intragovernmental Payment and Collection (IPAC) electronic transaction so the debtor’s account can be updated. The receiving Component shall be sure to include the debtor’s name and social security number so the proper account can be credited. Send Department of the Treasury checks to the DFAS-PODA/DE, 6760 E. Irvington Place, Denver, CO 80279-7000. Send IPAC transactions to the DFAS-ADC/DE, ALC: 00-380100.

H. DoD Components shall follow [Volume 7B, Chapter 28](#), of this regulation, with regard to the collection of debts of retired military personnel from retired pay accounts.

I. If 60 days have elapsed from the date of receipt of a Component transmittal, and if there has been no response, then the Component shall follow-up with the DFAS PO/DE to obtain the status of the transmittal.

★ 290203. Collection Assistance for Pay System-Generated OOS Debts. Uncollectible debts on the Master Military Pay Account (MMPA) for Active Component (AC) and Reserve Component (RC) due upon separation or retirement, as well as debts for offset from retired pay, or annuitant pay periodically are transferred to the OOS DMO. Once these system-generated debts are entered in the DDMS, they are treated the same as collection action(s) taken on installation-generated debts. (Refer to Volume 8 for debt collection procedures for retired or separated civilian employees.)

A. Debts generated by military pay systems are created by a monthly transfer from the Defense Joint Military Pay System (DJMS) and the Marine Corps Total Force System (MCTFS) to the DDMS after end-of-month restructure is run. This is accomplished at the first end-of-month restructure after the member goes into a “V” status.

B. Army, Navy, and Air Force AC MMPAs with a debt at separation create an ADSN 3891 report that is maintained by the DFAS PO/DE. Army, Navy, and Air Force RC MMPAs with a debt at separation are maintained manually by the DFAS PO/DE because there is no capability to accomplish direct input in order to create this report.

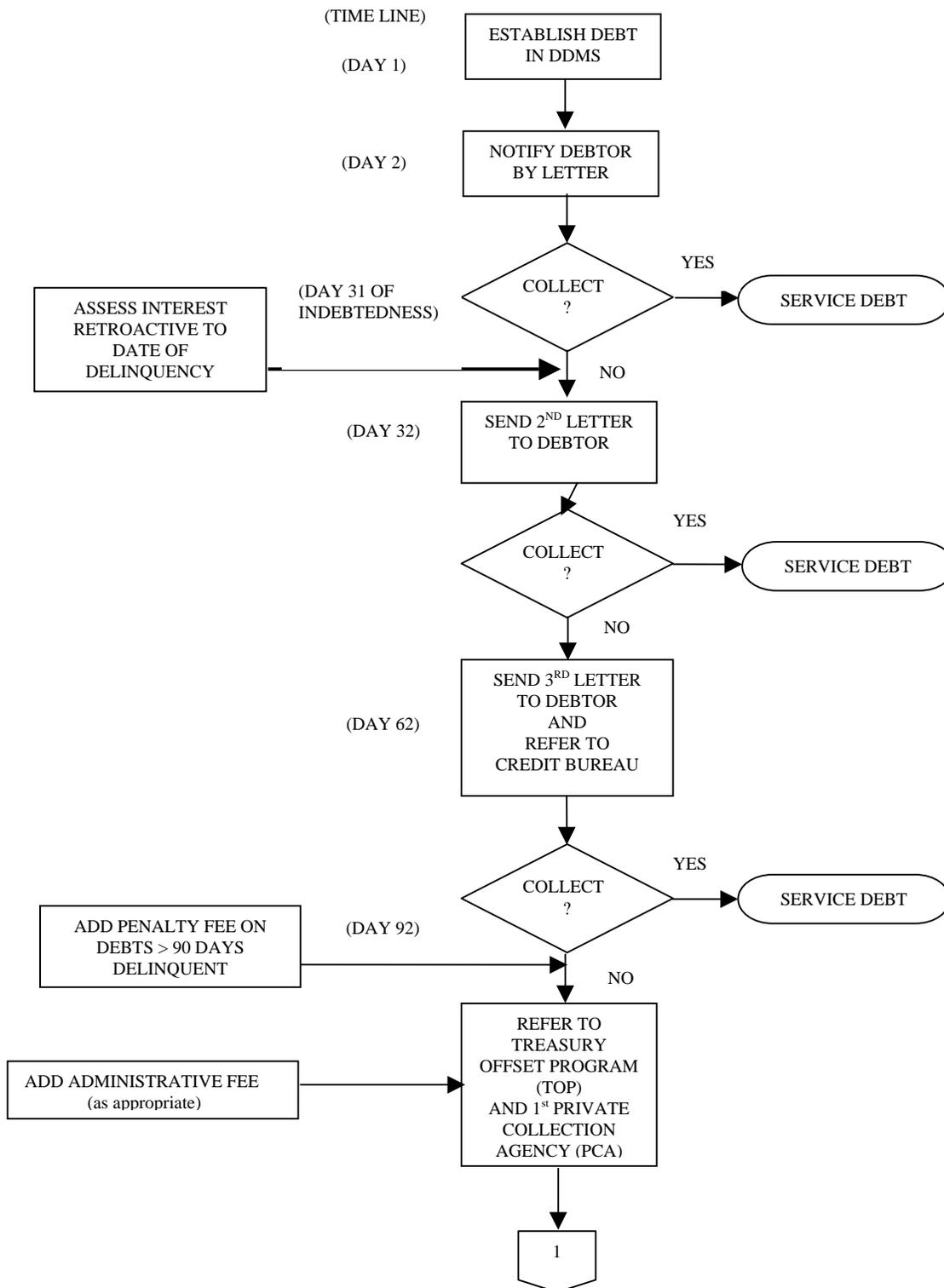
1. Military disbursing offices (DOs) will create input for the ADSN 3891 report when documents are received that affect the pay accounts within immediate access storage (IAS) during the current month plus 11 months. DOs shall not send documents to the DMO for input when pay accounts are in IAS.

2. DO input transactions will reject to the DFAS PO/DE and create an entry on the Automated Case Control System. The DFAS PO/DE will validate the reject and input corrected transactions, as required.

3. DOs can verify that the DFAS PO/DE DMO has received and has processed their transactions by viewing the Base Inquiry Request (JCCM) or the Closed Case Request (JCLS).

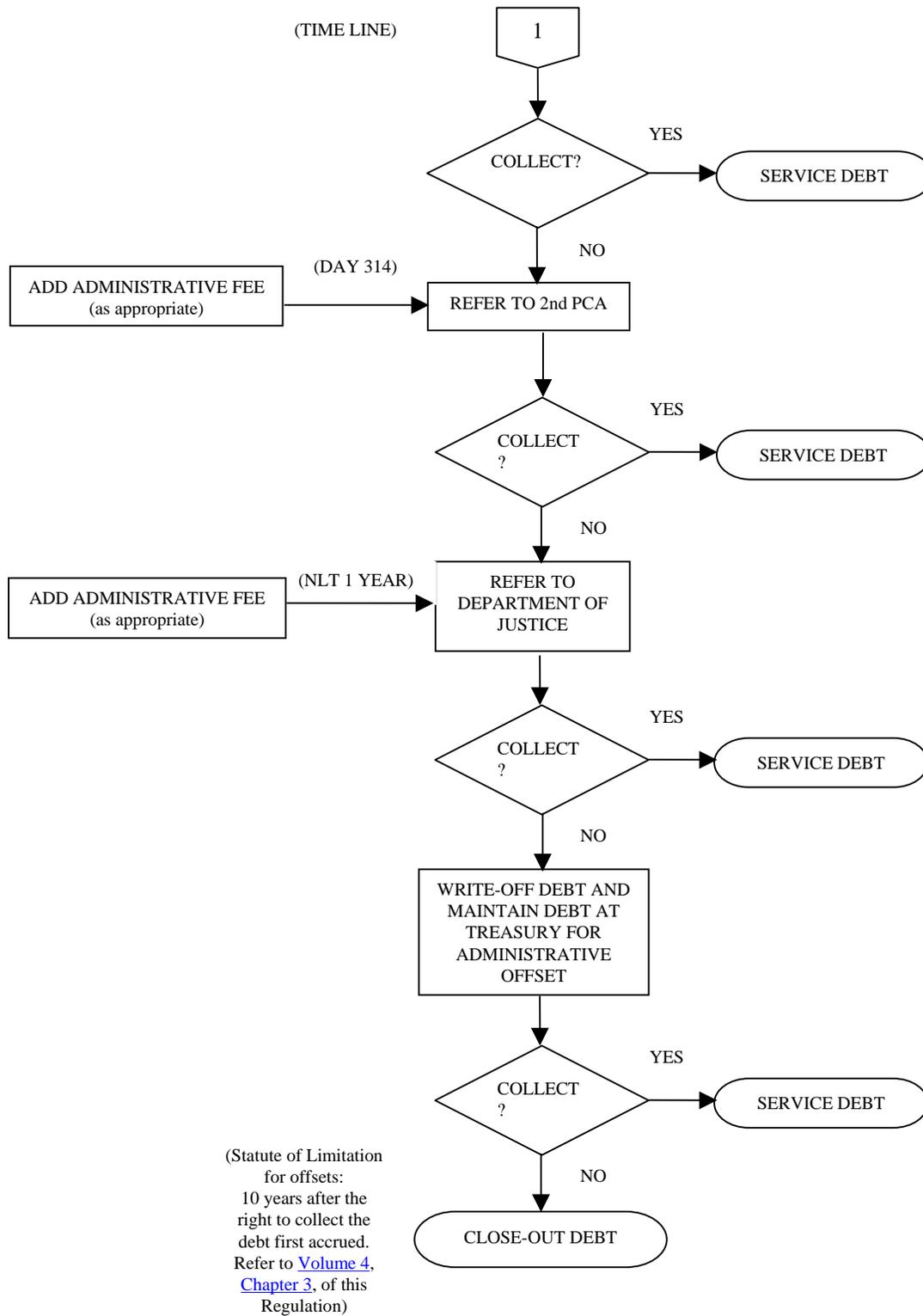
4. Marine Corps DOs will mail documents received after separation to the DMO. Army, Navy, and Air Force DOs will mail documents received outside of IAS to the DFAS PO/DE. In either instance, use the address in subparagraph 290202.C of this chapter.

C. Defense Retiree and Annuitant Pay System (DRAS) debts are created if payments are made after the entitlement has ended. Those debts are transferred each month by an interface between DRAS and DDMS.



NOTE: The number of days (i.e., “Days”) depicted in this chart reflects the approximate number of days that a debt has been recorded in the DDMS.

★ Figure 29-1. Defense Debt Management System (DDMS) OOS Debt Collection Steps



★ Figure 29-1 (Cont'd). Defense Debt Management System (DDMS) OOS Debt Collection Steps

**CERTIFICATION STATEMENT
TO ACCOMPANY DEBTS SUBMITTED
TO THE DEFENSE DEBT MANAGEMENT SYSTEM (DDMS)
FOR COLLECTION ACTION**

Pursuant to Title 28, United States Code, section 1746, I certify under the penalty of perjury that to the best of my knowledge and belief that the debts submitted herewith are delinquent, valid and legally enforceable in the amounts stated. The debts are not subject to any circumstances that legally preclude or bar collection, including collection by offset. Records available do not show that any debtor owing a debt has filed for bankruptcy protection.

Date

Signature of Debt Certifying Official

Print Name: _____

Title: _____

Office Symbol: _____

PREPARATION AND SUBMISSION INSTRUCTIONS

REQUIRED SIGNATORY: The submitting office's director, deputy director, or designee.

MANUAL DEBT SUBMISSION: Prepare and send a copy of the Certification Statement along with each manual submission of debts.

ELECTRONIC DEBT SUBMISSION: Prepare and mail a copy of the Certification Statement to cover the electronic submission of debts to: DFAS-POSA/DE, 6760 E. Irvington Place, Denver, CO 80279-7000. Prepare and mail a new Certification Statement whenever the signatory changes. For those periodic electronic debt submissions when it is not necessary to reissue and mail a paper copy Certification Statement (i.e., no change in signatory), e-mail the Certification Statement to cover the electronically transmitted debts. Contact DFAS-POSA/DE to obtain the current e-mail address for submission of e-mailed certifications.

★ Figure 29-2. Debt Certification Statement