

**APPENDIX F. REFERRAL OF DEBT TO THE DEPARTMENT OF THE TREASURY**

- F.1 Centers and the NASA Shared Services Center (NSSC) should make maximum use of the Cross Servicing debt collection program offered by the Department of Treasury (Treasury). Under this program the Treasury makes use of all available collection options to collect debts on behalf of Federal Agencies.
- F.2 The Debt Collection Improvement Act (DCIA) of 1996 (Public Law 104-134) authorized the Treasury to provide delinquent debt collection services for all other government agencies. This process is also referred to as cross servicing. NASA's policy is delinquent debts from the public for the amount of \$25 or more shall be referred to Treasury's Financial Management Service (FMS) after the debt is delinquent over 180 days unless one of the exceptions in F.3.3 below applies. Debt may be referred to Treasury earlier than 180 days if the second demand letter has been sent to the debtor and the debtor does not respond within 30 days (refer to Appendix D, Section D.2.2).
- F.3 The DCIA requires the referral of debts that are over 180 days delinquent. Each Center will be responsible for promptly referring delinquent debts to FMS when required or earlier, if appropriate to enhance the probability of collection. After debts are referred to Treasury, FMS will take appropriate action to enforce collections in accordance with applicable statutes and Centers will terminate collection activities on referred accounts.
- F.3.1 A debt is eligible for referral to FMS for cross-servicing if the debt is:
- A. Past due.
  - B. Legally enforceable.
  - C. Owed by an individual or entity (including a state or local government) other than a Federal agency.
  - D. Twenty-five dollars or more (including interest, penalties and administrative costs).
- F.3.2 At least 60 days prior to referring the debt to Treasury, a demand for payment has been sent to the debtor along with notification that the debt will be referred to Treasury for collection. The notification letter must include the debtor's rights. The debt certification must accompany each debt or group of debts referred to Treasury.
- F.3.3 Exceptions from Mandatory Referral of Delinquent Debt to Treasury for Servicing.
- A. A debt is not eligible for referral to FMS for cross-servicing if the debt is:
    - 1. Not past due or legally enforceable.
    - 2. Owed by a debtor who has died.

3. Owed by a debtor who has filed for bankruptcy protection or the debt has been discharged in a bankruptcy proceeding.
  4. Owed by a Federal agency.
  5. The subject of an administrative appeal, until the appeal is concluded and the amount of the debt is fixed.
  6. Less than \$25 (including interest, penalties, and administrative costs).
- B. NASA is not required to refer a debt to FMS for cross-servicing if the debt is:
1. Delinquent for 180 days or less (however, an agency may send such debts to FMS if they are otherwise eligible for referral).
  2. In litigation, that is, the debt has either been referred to DOJ for litigation, or is the subject of proceedings pending in a court of competent jurisdiction, including bankruptcy and post-judgment matters.
  3. In foreclosure, that is, the debt is secured by collateral that is being foreclosed, either through a court proceeding or non-judicially.
  4. Scheduled for sale within one year under an asset sales program approved by OMB.
  5. At a private collection agency with the approval of FMS.
  6. At a Treasury-designated debt collection center.
  7. Expected to be collected from payments issued to the debtor by the creditor agency within three years of the date of delinquency (commonly referred to as "internal offset").
  8. Less than \$100 and the Agency is unable to obtain the debtor's taxpayer identifying number.
  9. Otherwise exempt from the statutory referral requirement by law or official action of Treasury.