§ 20.18 Alternative funds disbursal procedure.

(a) When, under the provisions of these regulations, DOC terminates the funding of a recipient, the Secretary may, using undisbursed funds from the terminated award, make a new award to an alternate recipient, i.e. any public or non-profit private organization or agency, or State or political subdivision of the State.

(b) The Secretary will require any alternate recipient to demonstrate:

(1) The ability to comply with these regulations; and

(2) The ability to achieve the goals of the Federal statute authorizing the program or activity.

§ 20.19 Private lawsuits after exhaustion of administrative remedies.

(a) A complainant may file a civil action following the exhaustion of administrative remedies under the Act. Administrative remedies are exhausted if:

(1) 180 days have elapsed since the complainant filed the complaint and DOC has made no finding with regard to the complaint; or

(2) DOC issues any finding in favor of the recipient.

(b) If DOC fails to make a finding within 180 days or issues a finding in favor of recipient, DOC shall:

(1) Promptly advise the complainant of this fact; and

(2) Advise the complainant of his or her right to bring civil action for injunctive relief; and

(3) Inform the complainant that:

(i) The complainant may bring a civil action only in a United States district court for the district in which the recipient is located or transacts business;

(ii) A complainant prevailing in a civil action has the right to be awarded attorney’s fees, but that the complainant must demand these costs in the complaint;

(iii) The complainant shall give 30 days notice by registered mail to the Secretary, the Attorney General of the United States, and the recipient;

(iv) The notice shall contain the alleged violation of the Act, the relief requested, the court in which the complainant is bringing the action, and whether or not attorney’s fees are demanded in the event the complainant prevails; and

(v) The complainant may not bring an action if the same alleged violation of the Act by the same recipient is the subject of a pending action in any court of the United States.

PART 21—ADMINISTRATIVE OFFSET

Sec. 21.1 Definitions.

21.2 Purpose and scope.

21.3 Department responsibilities.

21.4 Notification requirements before offset.

21.5 Exceptions to notification requirements.

21.6 Written agreement to repay debt.

21.7 Review of Department records related to the debt.

21.8 Review within the Department of a determination of indebtedness.

21.9 Types of reviews.

21.10 Review procedures.

21.11 Determination of indebtedness.

21.12 Coordinating administrative offset within the Department and with other Federal agencies.


21.15 Administrative offset against amounts payable from Civil Service Retirement and Disability Fund.

21.16 Collection against a judgment.

21.17 Liquidation of collateral.

21.18 Collection in installments.

21.19 Additional administrative collection action.


SOURCE: 51 FR 47005, Dec. 30, 1986, unless otherwise noted.

§ 21.1 Definitions.

For purposes of this subpart:

(a) The term administrative offset means satisfying a debt by withholding of money payable by the Department to, or held by the Department on behalf of a person, to satisfy a debt owed to the Federal Government by that person.

(b) The term person includes individuals, businesses, organizations and other entities, but does not include any agency of the United States, or any State or local government.

(c) The terms claim and debt are deemed synonymous and interchangeable. They refer to an amount of
money or property which has been determined by an appropriate agency official to be owed to the United States from any person, organization, or entity, except another Federal agency, a State or local government, or Indian Tribal Government.

(d) *Agency* means:

(1) An Executive department, military department, Government corporation, or independent establishment as defined in 5 U.S.C. 101, 102, 103, or 104, respectively.

(2) The United States Postal Service; or

(3) The Postal Rate Commission.

(e) *Debtor* means the same as "person."

(f) *Department* means the Department of Commerce.

(g) *Secretary* means the Secretary of the Department of Commerce.

(h) *Assistant Secretary for Administration* means the Assistant Secretary for Administration of the Department of Commerce.

(i) *United States* includes an "agency" of the United States.

(j) *Waiver* means the cancellation, remission, forgiveness, or non-recovery of a debt allegedly owed by a person to the United States.

(k) *Departmental unit* means an individual operating or administrative component within the Department of Commerce.

(l) *Departmental unit head* means the head of an individual operating or administrative component within the Department of Commerce.

(m) *Notice of Intent* means a demand notice sent by the Department to the debtor indicating not only the amount due, but also the Department's intent to offset all or some of the amount due from other source(s) of Federal payment(s) that may be due the debtor.

(n) *Workout group* means Departmental debt collection specialist(s) assigned to collection of a delinquent debt when the claim is 30 or more days past due.

§ 21.3 Department responsibilities.

(a) Each Departmental unit which has delinquent debts owed under its program is responsible for collecting its claims by means of administrative offset when appropriate and best suited to further and protect all the Government's interests.

(b) The Departmental unit head (or designee) will determine the feasibility
§ 21.4 and cost effectiveness of collection by administrative offset on a case-by-case basis, exercising sound discretion in pursuing such offsets, and will consider the following:

(a) The Departmental unit head (and designee(s) responsible for carrying out the provisions of this subpart with respect to the debt) shall ensure that appropriate written demands are sent to the debtor in terms which inform the debtor of the consequences of failure to cooperate in payment of the debt. The first demand letter should be sent within ten (10) days after the date the debt becomes delinquent. A total of three progressively stronger written demand letters, at not more than 30 calendar day intervals, will normally be made unless (1) a response to the first or second demand indicates that a further demand would be futile; (2) the debtor’s response does not require any or immediate rebuttal; and/or (3) the bureau determines to pursue offset under the procedures specified in 4 CFR 102.3, Collection by Administrative Offset. In determining the timing of the demand letters, Departmental unit heads should give due regard to the need to act promptly; so as a general rule, if it is necessary to refer the debt to the Department of Justice for action, such referral can be made within one year of the final determination of the facts and the amount of the debt. When Departmental unit heads (and designees) deem it appropriate to protect the Government’s interests (for example, to prevent the statute of limitations, 28 U.S.C. 2415, from expiring), written demand for payment may be preceded by other appropriate collection actions (also see §21.10(c)).

(b) The Department official responsible for collection of the debt (generally an accounting or finance officer) shall ensure that an initial written demand notice is sent to the debtor, informing such debtor of:

(1) The amount and basis for the indebtedness and whatever rights the debtor may have to seek review within the Department;

(2) The applicable standards for assessing interest, penalties, and administrative costs (4 CFR 102.13);

(3) That the debtor has a right to inspect and copy Department records related to the debt, as determined by responsible Departmental official(s), and that such request to inspect and copy must be postmarked or received by the

§ 21.4 Notification requirements before offset.

A debt is considered delinquent by the Department if it is not paid within 15 days of the due date, or if there is no due date, within 30 days of the billing date.
Office of the Secretary, Commerce

§ 21.6 Written agreement to repay debt.

(a) A debtor will be provided with an opportunity to enter into a written agreement with the responsible Department official(s) to repay the debt owed if the following conditions are met and if specific conditions exist that limit his or her ability to immediately repay the debt.

1. Notification by debtor. The debtor may, in response to the first written demand or Notice of Intent, propose a written agreement for delayed lump sum or installment payments to repay the debt as an alternative to administrative offset. Any debtor who wishes to do this must submit a proposed written agreement signed by the debtor to repay the debt, including interest, penalties, and administrative costs determined by the Department as due. This proposed written agreement must be...
§21.7 Review of Department records related to the debt.

(a) Notification by debtor. A debtor who intends to inspect or copy Department records related to the debt must send a letter to the Departmental unit workout group individual specified in §21.4(b)(4) stating his or her intentions. The letter must be postmarked or received by the Department within 30 calendar days of the date of the Department’s initial written demand letter, or if in response to the Notice of Intent, within 30 calendar days of the date of the Department’s Notice of Intent.

(b) Department response. In response to timely notification by the debtor as described in paragraph (a) of this section, the Departmental unit workout group will notify the debtor within 10 days of the request of the location and time when the debtor may inspect or copy agency records related to the debt, as well as provide the debtor with the name and telephone number of the contact person who may provide assistance to the debtor for ensuring that copies are made of all appropriate documents related to the debt. The debtor may also request that such records be copied and mailed. The responsible Department official(s) will provide access to records within 15 days from the date of the debtor’s request for access, or mail the records to the debtor within such time period. Mailing of records by Departmental official(s) will be by certified or registered mail. The debtor will have 25 days from the date of access or 30 days from the date the records were mailed, to review the records and pay the debt or to petition the Department of a review of the determination of indebtedness.

§21.8 Review within the Department of a determination of indebtedness.

(a) Notification by debtor. A debtor who receives an initial demand for payment under the procedures, or a Notice of Intent (see §21.4(d)), has the right to request Department review of the determination of indebtedness. To exercise this right, the debtor must send a letter requesting review to the Departmental unit workout group individual identified in §21.4(b)(4). The letter must explain why the debtor seeks review and must be postmarked within 60 calendar days of the date of the first demand letter, (or 30 days from the Notice of Intent), or if a request has been made by the debtor to copy or have relevant records mailed, within the calendar-day time period provided in §21.7(b), above.

(b) Department response. In response to a timely request for review of the initial determination of indebtedness,
the Departmental unit head (or designee) will notify the debtor whether review will be by (1) oral hearing, or (2) by administrative review of the record. The notice to the debtor will include the procedures (see §21.11) used by Departmental officials for administrative review of the record, or will include information on the date, location and procedures to be used if review is by an oral hearing.

§ 21.10 Review procedures.

(a) The oral hearing will be conducted as follows:

(1) The hearing official will take necessary steps to ensure that the hearing is conducted in a fair and expeditious manner. If necessary, the hearing officer may administer oaths of affirmation.

(2) The hearing official need not use the formal rules of evidence with regard to admissibility of evidence or the use of evidence once admitted. However, parties may object to clearly irrelevant material.

(3) The hearing official will record all significant matters discussed at the hearing. There will be no “official” record or transcript provided for these hearings.

(b) Administrative review of the record: The Departmental unit head (or designee) will designate an official of the Department as hearing official who will review administrative determinations of indebtedness which are not reviewable under criteria provided in §21.9(a) for justifying an oral hearing. The hearing official will review all material related to the debt which is in the possession of the Department. The hearing official will make a determination based upon a review of this written record, which may include a request for reconsideration of the determination of indebtedness, or such other relevant material submitted by the debtor.

(c) The Department may effect an administrative offset against a payment to be made to a debtor prior to the completion of any of the due process procedures required by this section, if failure to take the offset would substantially prejudice the Department’s ability to collect the debt. For example, if the time before the payment is to be made to the debtor by another Federal department or agency would not reasonably permit the completion of due process review hearing, the offset may be accomplished by the Department. Such offset prior to completion of due process review hearing will be promptly followed by the completion of
§21.11 Determination of indebtedness.

(a) Following the hearing or the review of the record, the hearing official will issue a written decision which includes the supporting rationale for the decision. The decision of the hearing official is the Department unit’s final action with regard to the particular administrative offset.

(b) Copies of the hearing official’s decision will be distributed to the General Counsel (or designee) for the Department, the Director of the Department’s Office of Finance and Federal Assistance, the appropriate Departmental unit accounting/finance officer, the debtor and the debtor’s attorney or other representative, if applicable.

(c) If appropriate, this decision shall inform the debtor of the scheduled date on or after which administrative offset will begin. The decision shall also, if appropriate, indicate any changes in the information to the extent such information differs from that provided in the initial notification under §21.4.

§21.12 Coordinating administrative offset within the Department and with other Federal agencies.

Departmental units will cooperate with other Federal departments and agencies in effecting collection by administrative offset. Whenever possible, Departmental units should comply with requests from other Federal agencies to initiate administrative offset procedures to collect debts owed the United States, unless the requesting agency has not complied with the Federal Claims Collections Standards, as well as the agency’s implementing regulations on administrative offsets. The request from another Federal agency for Department cooperation in the offset should be sent to:

Director, Office of Finance and Federal Assistance, Room 6827, Herbert C. Hoover Building, Washington, DC 20230


(a) Administrative offset will commence 31 days after the date of the Notice of Intent, unless the debtor has requested a hearing (see §21.8) or has entered into a repayment agreement (see §21.6).

(b) When there is review of the debt within the Department, administrative offset will begin after the hearing officer’s determination has been issued under §21.11 and a copy of the determination is received by the Departmental unit’s accounting or finance office, except for the provision provided in §21.10(c) when immediate action is determined necessary to ensure the Department’s position in collection of the delinquent debt.

The Departmental units will follow the procedures identified in (§ 21.13) for the administrative offset of a single debt. However, when collecting multiple debts by administrative offset, responsible Departmental officials should apply the recovered amounts to those debts in accordance with the best interests of the United States, as determined by the facts and circumstances of the particular case, paying special attention to applicable statutes of limitations.

§ 21.15 Administrative offset against amounts payable from Civil Service Retirement and Disability Fund.

(a) Unless otherwise prohibited by law, the Department may request that monies which are due and payable to a debtor from the Civil Service Retirement and Disability Fund be administratively offset in reasonable amounts in order to collect debts owed to the United States by the debtor. Such requests shall be made by the Departmental unit workout officials to the appropriate officials of the Office of Personnel Management (OPM) in accordance with their regulations and procedures.

(b) When making a request for administrative offset under paragraph (a) of the section, the responsible workout group debt collection official shall include a written certification that:

1. The debtor owes the United States a debt, including the amount and basis for the debt;
2. The Department has complied with all applicable statutes, regulations, and procedures of the Office of Personnel Management; and
3. The Department has complied with the requirements of the applicable provisions of the Federal Claims Collection Standards and these regulations, including any required hearing or review.

(c) If a Departmental unit workout group decides to request administrative offset under paragraph (a) of this section, the responsible debt collection official should make the request as soon as practical after completion of the applicable due process procedures so the Office of Personnel Management may identify and “flag” the debtor’s account in anticipation of the time when the debtor becomes eligible and requests to receive payments from the fund. This will satisfy any requirement that offset be initiated prior to expiration of the applicable statute of limitations. At such time as the debtor makes a claim for payments from the fund, and if at least a year has elapsed since the administrative offset request was originally made, the debtor should be permitted to offer a satisfactory re-payment plan in lieu of offset upon establishing to the appropriate Departmental unit head (or designee) that changed financial circumstances would render the offset unjust.

(d) If the Department collects part or all of the debt by other means before deductions are made or completed under paragraph (a) of this section, the Department official responsible for collecting the debt will act promptly to modify or terminate the agency’s request for administrative offset under paragraph (a) of this section.

(e) In accordance with procedures established by the Office of Personnel Management, the Department may request an offset from the Civil Service Retirement and Disability Fund prior to completion of due process procedures.

§ 21.16 Collection against a judgment.

Collection by administrative offset against a judgment obtained by a debtor against the United States shall be accomplished in accordance with 31 U.S.C. 3728.

§ 21.17 Liquidation of collateral.

If the Department holds security or collateral which may be liquidated through the exercise of a power of sale in the security instrument, or a non-judicial foreclosure, liquidation should be accomplished by such procedures if the debtor fails to pay the debt within a reasonable time after demand or pursuant to the contract of the parties, unless the cost of disposing of the collateral would be disproportionate to its value or special circumstances require judicial foreclosure. The Department collection official should provide the debtor with reasonable notice of the
§ 21.18 Collection in installments.

(a) Whenever feasible, and unless otherwise provided by law, debts owed to the United States, together with interest, penalties, and administrative costs should be collected in one lump sum. This is true whether the debt is being collected by administrative offset or by another method, including voluntary payment. However, if the debtor is financially unable to pay the indebtedness in one lump sum, the responsible Departmental official(s) may accept repayment in regular installments (See §21.6). Prior to approving such repayments, financial statements shall be required from the debtor who represents that he/she is unable to pay the debt in one lump sum. A responsible Departmental official who agrees to accept payment in regular installments should obtain a legally enforceable written agreement from the debtor which specifies all of the terms of the arrangement and which contains a provision accelerating the debt in the event the debtor defaults. The size and frequency of installment payments should bear a reasonable relationship to the size of the debt and the debtor’s ability to pay. If possible, the installment payments should be sufficient in size and frequency to liquidate the Government’s claim in not more than three years. Installment payments of less than $50 per month should be accepted only if justifiable on the grounds of financial hardship or for some other reasonable cause. If the debt is an unsecured claim for administrative collection, attempts should be made to obtain an executed confess-judgment note, comparable to the Department of Justice Form USA–70a, from a debtor when the total amount of the deferred installments will exceed $750. Such notes may be sought when an unsecured obligation of a lesser amount is involved. When attempting to obtain confess-judgment notes, Departmental units should provide their debtors with written explanation of the consequences of signing the note, and should maintain documentation sufficient to demonstrate that the debtor has signed the note knowingly and voluntarily. Security for deferred payments other than a confess-judgment note may be accepted in appropriate cases. A Departmental units head (or designee) may accept installment payments notwithstanding the refusal of a debtor to execute a confess-judgment note or to give other security.

(b) If the debtor owes more than one debt and designates how a voluntary installment payment is to be applied as among those debts, that designation must be followed. If the debtor does not designate the application of the payment, the Department debt collection official should apply payments to the various debts in accordance with the best interests of the United States, as determined by the facts and circumstances of the particular case, paying special attention to applicable statutes of limitations.

§ 21.19 Additional administrative collection action.

Nothing contained in this subpart is intended to preclude the utilization of any other administrative remedy which may be available.

PART 22—SALARY OFFSET

Sec.
22.1 Scope.
22.2 Definitions.
22.3 Pay subject to offset.
22.4 Determination of indebtedness.
22.5 Notice requirements before offset.
22.6 Request for hearing-prehearing submission(s).
22.7 Hearing procedures.
22.8 Written decision following a hearing.
22.9 Standards for determining extreme financial hardship.
22.10 Review of Departmental records related to the debt.
22.11 Coordinating offset with another Federal agency.
22.12 Procedures for salary offset—When deductions may begin.
22.13 Procedures for salary offset—Types of collection.
22.14 Procedures for salary offset—Methods of collection.