



# **POLICY STATEMENT**

Salary Offset  
Number: 6001  
Effective Date: 2/20/2025  
Review Due Date: 2/20/2027

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## Overview

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### Background

Salary offset is the Court Services and Offender Supervision Agency's (CSOSA or Agency) administrative process for the involuntary collection of debts owed by current and former CSOSA employees to the federal government. (See [Excluded Debts or Claims](#) for debts not covered by this policy.) Federal agencies are required to develop regulations implementing [5 USC 5514-Installment Deduction for Indebtedness to the United States](#) and have those regulations reviewed and approved by the Office of Personnel Management (OPM) before publication. CSOSA's [direct final rule](#) codifying internal procedural requirements for the offset of employee salaries was published in the Federal Register on July 22, 2022, and became effective on October 11, 2022.

This policy prescribes the principles, roles, and responsibilities for identifying and collecting by salary offset debts owed to the federal government by current and former CSOSA employees.

- The CSOSA Director delegates the processing and administration of salary offset procedures for PSA employees to the PSA Director.
- This policy does not apply to instances where an employee consents to voluntary debt collection through deduction from their pay account or direct payment to the Agency.

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### Coverage

This policy statement applies to all CSOSA employees and interns who are paid by the Agency.

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### Authorities

- [5 USC 5514](#)
- [5 CFR part 550, subpart K](#)
- sec. 8(1) of EO 11609
- [36 FR 13747](#), [3 CFR 1971-1975 Comp.](#), p. 586

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## Overview, Continued

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**Disclaimer** The contents of this guidance do not have the force and effect of law and are not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the law or Agency policies.

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- References**
- Federal Claims Collection Standards (FCCS), [31 CFR Parts 900 through 904](#)
  - [31 USC 3716](#)
  - The Internal Revenue Code ([26 USC 1 et seq.](#))
  - [5 USC 5705](#) and [5 USC 4108](#)
  - [PS 1115 Subpoenas, Court Orders, Garnishments, and Other Legal Processes](#)
  - [31 USC 3711](#)
  - [5 CFR 550.1110](#)
  - [5 CFR parts 581 and 582](#)
  - [5 CFR 550.1104\(d\)\(7\)](#)
  - [5 USC 5584, 8346\(b\), 10 USC 2774, 32 USC 716](#)
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**Administrator** The Office of Financial Management is responsible for the contents of this policy.

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## Policy

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### Principles

- CSOSA collects from current and former employees the amount of applicable indebtedness owed to the federal government.
  - Additionally, CSOSA assesses and collects all interest and penalty charges on overdue debt and administrative costs associated with collection of the debt per Federal Claims Collection Standards (FCCS), [31 CFR Parts 900 through 904](#).
  - If the employee retires, resigns, transfers, or is terminated before collection of the debt is completed, CSOSA (under [31 USC 3716](#)):
    - Collects the debt by offset from subsequent Agency payments of any nature due the employee (e.g., final salary, lump-sum leave); and
    - Transfers the debt to the U.S. Department of Treasury's Offset Program if the debt cannot be collected by offset from subsequent Agency payments due the employee.
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### Due Process

CSOSA employees from whom salary offset is proposed are provided with the following due process:

- A minimum of 30 days written notice informing the employee:
    - The nature and amount of the debt determined by the Agency to be due;
    - The intention of the Agency to initiate proceedings to collect the debt through deductions from any pay/payment due to the employee/former employee; and
    - An explanation of employee rights.
  - An opportunity to:
    - Inspect and copy government records relating to the debt; and
    - Enter into a written agreement with the Agency, under terms agreeable to the Director or designee, to establish a voluntary schedule for the repayment.
  - An opportunity for a hearing on the Agency determination concerning:
    - The existence or the amount of the debt; and
    - The terms of the repayment schedule if it was not established by written agreement between the employee and the Agency.
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## Policy, Continued

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- Excluded Debts or Claims** Salary offset procedures ***do not*** apply to employee debts or claims arising under the following:
- The Internal Revenue Code ([26 USC 1 et seq.](#));
  - The tariff laws of the United States;
  - Any case where the collection of a debt by salary offset is explicitly provided for or prohibited by another statute ( *e.g.*, travel advances in [5 USC 5705](#) and employee training expenses in [5 USC 4108](#)); or
  - Any other debt excluded by the Federal Claims Collection Standards (FCCS), [31 CFR Parts 900](#) through [904](#).

**NOTE:**

Information on garnishment orders can be found in [PS 1115 Subpoenas, Court Orders, Garnishments, and Other Legal Processes](#).

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- Waiver Requests** Salary offset procedures ***do not*** preclude an employee from requesting a waiver of certain debts:
- An erroneous payment under [5 USC 5584](#), [10 USC 2774](#), or [32 USC 716](#) or questioning the amount or validity of a debt in the manner prescribed by the Agency Director; or
  - The collection of a debt under any other applicable statutory authority.
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- Compromise, Suspension, or Termination of Collection Actions** Salary offset procedures ***do not*** preclude the compromise of the debt or the suspension or termination of collection actions by the Agency, per [31 USC 3711](#) or other applicable statutory authority.
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## Definitions

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**Administrative Offset** Withholding funds payable by the United States to, or held by the United States for, a person to satisfy a debt owed by the payee ([31 USC 3716](#)).

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**Agency** An executive department or agency; a military department; the United States Postal Service; the Postal Rate Commission; the United States Senate; the United States House of Representatives; any court, court administrative office, or instrumentality in the judicial or legislative branches of the federal government; or a federal government corporation.

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**Board of Survey** Three or more appointed CSOSA employees who serve as a fact-finding body with respect to the circumstances and conditions surrounding a shortage, loss, theft, damage or destruction of government property and makes determinations as to negligence, corrective action and financial liability.

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**Compromise** An agreement between a borrower and a creditor in which a creditor agrees to accept less than the full amount owed in full satisfaction of an outstanding debt. CSOSA debt compromise agreements are approved by the Director or designee.

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**Creditor Agency** The agency to which the debt is owed, including a Debt Collection Center when acting on behalf of a creditor agency, in matters pertaining to the collection of a debt (as provided in [5 CFR 550.1110](#)).

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**Day** Calendar day. For purposes of computation, the last day of the period is included unless it is a Saturday, Sunday, or a federal holiday, in which case the next business day is considered the last day of the period.

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## Definitions, Continued

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**Debt** An amount determined by an appropriate official to be owed to the United States from sources which include loans insured or guaranteed by the United States and all other amounts due the United States from fees, leases, rents, royalties, services, sales of real or personal property, overpayments, penalties, damages, interest, fines, and forfeitures (except those arising under the Uniform Code of Military Justice), and all other similar sources.

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**Debt Collection Center** The Department of the Treasury, Department of Agriculture's National Finance Center (NFC), or other government agency or division designated by the Secretary of the Treasury with authority to collect debts on behalf of creditor agencies per [31 USC 3711\(g\)](#).

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**Debt File** Agency documentation supporting an employee's debt, including but not limited to, invoices, property records, payroll records, account statements, correspondence, or a CSOSA Employee Clearance Form.

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**Debtor** A federal employee who owes a debt to the United States.

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**Delinquent Debt** A debt the debtor does not pay or otherwise resolve by the date specified in the initial demand for payment, or in an applicable written repayment agreement or other instrument, including a post-delinquency repayment agreement.

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## Definitions, Continued

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**Disposable Pay** That part of the debtor's current basic, special, incentive, retired, and retainer pay, or other authorized pay, remaining after deduction of amounts required by law to be withheld (other than deductions to execute garnishment orders per [5 CFR parts 581 and 582](#)).

For purposes of calculating disposable pay, legally required deductions that must be applied first include:

- Tax levies pursuant to the Internal Revenue Code (Title 26, USC).
- Properly withheld taxes;
- Federal Insurance Contributions Act (FICA);
- Medicare; health and life insurance premiums; and
- Retirement contributions.

Amounts deducted under garnishment orders, including child support garnishment orders, are not legally required deductions for calculating disposable pay.

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**Employee** An individual currently employed by CSOSA, including seasonal and temporary employees and current members of the Armed Forces or a Reserve of the Armed Forces (Reserves).

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**Evidence of Service** Documentation establishing the Agency's notice to the debtor of its intent to collect a debt by salary offset. The documentation includes, the date of mailing and/or emailing documentation, and the address and name of the debtor to whom it is being sent. A copy of the dated and signed written notice of intent to offset salary provided to the debtor may be considered evidence of service. Evidence of service may be retained electronically if the manner of retention is sufficient for evidentiary purposes.

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**Federal Claims Collection Standards (FCCS)** FCCS are published in [31 CFR parts 900 through 904](#).

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## Definitions, Continued

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### **Final Written Decision**

A written decision of the facts of a salary offset hearing prepared by a Hearing Official not under the control of the CSOSA Director that contains the following:

- Statement of the facts presented at the hearing, whether written or oral, to support the origin, nature, and amount of the debt;
  - The Hearing Official's findings, analysis, and conclusions, including a determination as to whether the employee's petition for a hearing was baseless and resulted from an intent to delay the Agency's collection activity;
  - A determination as to whether extreme financial hardship to the debtor will be caused by the establishment of an involuntary repayment schedule; and if so, a new repayment schedule is provided in the decision; and
  - Terms of repayment and the duration schedule for payment when an offset finding is determined.
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### **Hearing**

A review of documentary evidence to confirm the existence or amount of a debt or the terms of a repayment schedule. If the Director or Hearing Official determines that the issues in dispute cannot be resolved by a paper (documentary) hearing review, such as when the claim's validity turns on the issue of credibility or veracity, an oral hearing may be held.

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### **Hearing Official**

An administrative law judge or appropriate alternate official not under the control of the CSOSA Director (per [5 CFR 550.1104\(d\)\(7\)](#)). When needed, an impartial Hearing Official is selected by the CSOSA's Office of Financial Management (OFM) to oversee paper (documentary) and oral salary offset hearings and provide a final written decision on employee salary offset issues.

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### **National Finance Center**

The Department of Agriculture's National Finance Center (NFC) is CSOSA's employee payroll processing shared services provider. NFC serves as a Debt Collection Center for CSOSA, primarily for employee salary overpayments that result in employee debt.

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## Definitions, Continued

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<b>Notice Of Intent</b>	Written notice issued by CSOSA or an authorized Debt Collection Center to the employee outlining a debt and the agency's intent to recover the debt from the employee using salary offset.
<b>Paying Agency</b>	The agency employing the individual and authorizing the payment of their current pay.
<b>Salary Offset</b>	A type of administrative offset used by CSOSA to collect a debt under <a href="#">5 USC 5514</a> owed by a current or former CSOSA employee through deductions at one or more officially established pay intervals from the employee's current pay account without consent.
<b>Treasury Offset Program (TOP)</b>	A type of administrative offset overseen by the Treasury. The TOP offsets federal payments (e.g., tax refund, wages, retirement, other federal payments) for overdue debts owed to state and federal entities. Under <a href="#">31 USC 3716</a> , the Treasury may withhold funds payable by the United States to, or held by the United States for, a person to satisfy a debt owed by the payee. When an employee retires, resigns, transfers, or is terminated, CSOSA transfers any outstanding employee debt more than 120 days past due to the TOP, if the debt cannot be collected by offset from subsequent Agency payments of any nature (e.g., final salary payment, lump-sum leave, etc) due the employee.
<b>Waiver</b>	The cancellation, remission, forgiveness, or non-recovery of an applicable debt owed by a CSOSA employee to the federal government as required or permitted by <a href="#">5 USC 5584</a> , <a href="#">8346(b)</a> , <a href="#">10 USC 2774</a> , <a href="#">32 USC 716</a> , or any other law. CSOSA debt waiver requests are approved by the Director or designee.

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## Roles and Responsibilities

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**Supervisors and Program Offices** Identify possible employee debt to the Agency and report the debt through the appropriate channels to the Office of Human Resources (OHR) or the OFM (e.g., loss or theft of Agency property due to gross negligence or reckless conduct, employee exit procedures, etc.).

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**Board of Survey** Determines employee personal liability, if any, regarding lost, stolen, damaged, or destroyed agency property.

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**OGC**

- Represents the Agency at oral hearings, if allowed.
- Reviews the Final Written Decision by the hearing official.
- Reviews the payment plan, reduction of debt, or waiver of debt after OHR or OFM draft and submitted a formally written decision.

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**Office of Human Resources (OHR)**

- Coordinates the administration of salary offset with the Office of Financial Management (OFM).
- Determines the existence and amount of applicable employee debt appropriate for salary offset to include, but not limited to, payroll and personnel corrections.
- Promotes voluntary repayment of employee debts whenever possible.
- Processes all payroll and personnel corrections through the NFC payroll system.
- Ensures:
  - Notice of intent developed by the Agency or a Debt Collection Center (e.g., NFC) is issued at least 30 days before any deductions begin; and
  - Other due process protections under [5 USC 5514](#).
- Tracks Agency and NFC notices of intent to ensure timely responses to employee hearing petitions, issuance of final written decisions, and execution of salary offsets where applicable.
- Provides employee debt file and evidence of service to OGC in advance of a salary offset hearing.

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## Roles and Responsibilities, Continued

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**Office of Human  
Resources  
(OHR),  
Continued**

- Makes certain lump sum or installment deductions bear a reasonable relationship to the size of the debt and the employee's ability to pay.
- Acts as the Agency's liaison with the NFC to:
  - Ensure proper, accurate, and timely processing of employee salary offset transactions in the NFC payroll system;
  - Inform NFC of delays or cancellations of salary offset proceedings; and
  - Inform NFC of waivers or compromises.
- Certifies debt amounts collected from employees through salary offset.
- Acts on employee waiver and compromise requests. Makes initial recommendation and forwards the request to OFM for further processing.
- Ensures any formal decisions regarding Agency's agreement to a payment plan with the employee, a reduction of the debt owed, or any waiver of the debt owed to the Federal Government is documented.
- Ensures the Agency promptly refunds employees for amounts paid or deducted to satisfy debts when it is later determined that the debt is not owed or the debt is waived.
- Ensures that Agency employee exit procedures are followed. Reviews the completed [CSOSA Employee Clearance Form](#) and processes final salary payment or initiates hold payment action.
- Identifies delinquent debts appropriate for transfer to the TOP when an employee retires, resigns, transfers, or is terminated before collection of an applicable debt is completed.
- Ensures the 60-day notice developed by the Agency or a Debt Collection Center (e.g., NFC) is issued before transfer of delinquent debt to the TOP.
- Certifies the employee debt file is valid in the amount submitted, and that all due process has been completed before the Agency transfers the debt to the TOP.
- Maintains all salary offset records in compliance with [PS 1111 Records Management](#).

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## Roles and Responsibilities, Continued

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### Office of Financial Management

- Develops and maintains the Agency's salary offset policy and procedures.
- Administers the Agency's salary offset procedures in full compliance with all applicable laws, rules and regulations, and internal policies and procedures.
- Coordinates the administration of salary offset with OHR.
- Determines the existence and amount of employee debt appropriate for salary offset to include but not limited to:
  - Amounts owed to CSOSA by employees for lost or damaged Agency property, as determined by the Board of Survey;
  - Amounts owed to CSOSA by employees for improper Agency purchases or improper use of Agency resources; and
  - Amounts owed to CSOSA by employees for improper travel/travel overpayments or amounts owed by employees to the Government Travel Card contractor.
- Promotes voluntary repayment of employee debts whenever possible.
- Issues notices of intent at least 30 days before any deductions begin and ensures other due process protections under [5 USC 5514](#).
- Tracks notices of intent issued by the office to ensure timely response to employee hearing petitions, issuance of final written decisions, and execution of salary offsets where applicable.
- Arranges for the services of a Hearing Official when an employee files a timely hearing petition.
- Provides employee debt file and evidence of service to OGC in advance of a salary offset hearing.
- Acts on employee waiver and compromise requests. Forwards the request, an analysis of the debt, and a recommendation for approval (or disapproval) to the Director or designee for final decision.

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## Roles and Responsibilities, Continued

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**Office of  
Financial  
Management,**  
Continued

- Ensures any formal decisions regarding Agency's agreement to a payment plan with the employee, a reduction of the debt owed, or any waiver of the debt owed to the Federal Government is documented.
  - Ensures the Agency promptly refunds employees for amounts paid or deducted to satisfy debts when it is later determined that the debt is not owed, or the debt is waived.
  - Identifies delinquent debts appropriate for transfer to the TOP when an employee retires, resigns, transfers, or is terminated before collection of an applicable debt is completed
  - Issues the 60-day notice before transferring a delinquent debt to the TOP.
  - Certifies that the employee debt file is valid in the amount submitted, and that all due process has been completed before the Agency transfers the debt to the TOP.
  - Maintains all salary offset records in compliance with [PS 1111 Records Management](#).
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**Director**

- Oversees Agency compliance with salary offset regulations ([5 USC 5514](#)) and ensures uniformity and consistency in collecting debts from current and former Agency employees.
  - Makes the final decision to approve or deny waiver requests and compromise agreements.
  - Determines if the salary offset hearing will be granted if the petition is filed late (after 15 days).
  - Delegates the administration of the Agency's salary offset procedures to OFM and OHR.
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