

U.S. DEPARTMENT OF AGRICULTURE  
WASHINGTON, D.C. 20250

<b>DEPARTMENTAL REGULATION</b>	NUMBER: DR 2130-006
SUBJECT: Debt Management and Collections	DATE: August 27, 2021
OPI: Office of the Chief Financial Officer, Fiscal Policy Division	EXPIRATION DATE: August 27, 2026

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1. PURPOSE

This Departmental Regulation (DR) provides the policy and responsibilities of the United States Department of Agriculture (USDA) for debt management and the collection of debt.

2. SPECIAL INSTRUCTIONS/CANCELLATIONS

- a. This regulation supersedes DR 2130-006, *Debt Collection – Write Offs of Uncollectible Claims*, dated August 14, 1991; and
- b. This regulation supersedes DR 2520-001, *Interest Rates on Delinquent Debts* dated November 27, 2006.

### 3. SCOPE

- a. This directive combines the Debt Management regulations outlined in the Department of the Treasury (“Treasury”) guidance *Managing Federal Receivables (TMFR)*; [7 Code of Federal Regulations \(CFR\) Part 3, Debt Management](#); and Departmental policies for debt collection write-offs of uncollectable claims, and interest rates on delinquent debt.
- b. If the head of a Mission Area, agency, or staff office of the Department adopts regulations separate from this regulation pursuant to independent statutory debt settlement authority, the procedures thereby established, rather than those set out in this regulation, must be followed for the collection of the claims and debts to which the separate regulations apply.
- c. The debts covered under this regulation relate to non-salary debts. For salary related debts, refer to [DR 2570-002](#), *Waiver of Employee Claims from Erroneous Payments of Pay and Allowances*.

### 4. BACKGROUND

- a. Prior to the enactment of the *Federal Claims Collection Act of 1966 (FCCA)*, Public Law (P.L.) 89-508, the authority to compromise and suspend or end collection action on debts owed to and claims in favor of the Government rested solely with the Attorney General of the United States. Under the FCCA, Federal agencies received the authority to compromise debts and claims, as well as to suspend or end collection action on debts and claims with principal amounts (i.e., exclusive of interest, penalties, and administrative costs) of no more than \$20,000 and that did not involve fraud, misrepresentation, false claim, or mutual mistake of fact ([31 United States Code \(U.S.C.\) § 3711\(a\)\(2\)](#); 31 U.S.C. § 3711(d)). Under Section 8(b), *Claims of the Government*, of the *Administrative Dispute Resolution Act*, P.L. 101-552, enacted November 15, 1990, this amount was increased to \$100,000.

Absent statutory authority setting forth a higher Federal agency limit, the authority to compromise, suspend or terminate Federal agency debts and claims in excess of \$100,000 remains with the Attorney General of the United States. The Attorney General also retains sole authority to compromise and suspend or end collection action regarding debts and claims involving fraud, misrepresentation, false claim, or mutual mistake of fact.

- b. Additionally, the *Debt Collection Act of 1982*, [P.L. 97-365](#), as amended (codified at [31 U.S.C. § 3717](#), *Interest and penalty on claims*), requires Federal agencies, unless prohibited or restricted by statute or contract, to charge interest on outstanding debts owed to the United States by persons including State or local governments.

## 5. POLICY

### a. Manage and Report Debt:

Mission Areas, agencies, and staff offices must manage and report debt timely and in accordance to guidelines.

### b. Debt Collection-Write Offs of Uncollectable Claims:

Mission Areas, agencies, and staff offices must implement write off procedures that identify and remove uncollectible debts or claims from accounts receivable in a timely manner after all currently available means of collection have been exhausted. Mission Areas, agencies, and staff offices must adhere to Treasury TMFR guidance, the Office of Management and Budget (OMB) Circular [A-129](#), *Policies for Federal Credit Programs and Non-Tax Receivables*, and 7 CFR Part 3 as it relates to debt management.

### c. Regarding Interest Rates on Delinquent Debts:

(1) USDA Mission Areas, agencies, and staff offices must charge a minimum annual interest on delinquent debts owed to the United States that is equal to the U.S. Treasury Current Value of Funds Rate, published annually by the Secretary of the Treasury in the Federal Register and available at the Treasury [Interest Rates](#) website.

(2) A Mission Area, agency, or staff office may assess a higher rate of interest, such as prompt payment interest rate, if it is reasonably determined that a higher rate is necessary to protect the rights of the United States. The rate of interest remains fixed for the duration of the delinquency.

### d. This policy does not apply to:

(1) Debts where a statute, regulation required by statute, loan agreement, or contract either prohibits interest charges for delinquent debt or fixes interest to be charged;

(2) Debts arising under contracts that were executed before or were in effect on October 25, 1982; or

(3) Debts with interest rates dictated by a higher statute.

## 6. ROLES AND RESPONSIBILITIES

### a. Mission Area, Agency, and Staff Office Heads will:

(1) Charge interest on delinquent debts unless prohibited by statutes or contracts;

- (2) Develop and implement internal Mission Area, agency, or staff office strategies, directives and procedures that reflect debt collection practices and internal controls consistent with statutes, regulations, policies, and guidance in Sections 5, *Policy*; Section 6, *Roles and Responsibilities*; and Appendix C, *Authorities and References* of this DR;
- (3) Review debt collection practices, techniques and controls periodically to determine compliance with governing statutes, regulations, policies, standards and goals;
- (4) Confer with Office of the Chief Financial Officer (OCFO) Fiscal Policy Division (FPD) on changes in debt collection policies and procedures, controversial issues, and problems prior to discussions with OMB and Treasury;
- (5) Provide the necessary staffing to carry out a robust Debt Management Program, as it relates to Treasury's TMFR, USDA's 7 CFR Part 3, and data calls realized;
- (6) Provide to OCFO FPD the names, emails, and phone numbers of employees (points of contact (POC)) assigned to carry out the duties associated with their Debt Management Program; and
- (7) Provide OCFO with updates to the POC list as attrition and organizational realignments occur.

b. The Chief Financial Officer (CFO) will:

- (1) Provide oversight and department-wide compliance reviews to Mission Areas, agencies, and staff offices as it relates to Treasury Guidance Managing Federal Receivables USDA's 7 CFR Part 3, and related Treasury data call requirements;
- (2) Represent USDA as the central point of contact on matters related to debt collection with OMB and Treasury;
- (3) Work with Mission Areas, agencies, and staff offices through the *Debt Collection Improvement Act* (DCIA) or Managing Federal Receivables Workgroup to define and establish cost effective debt collection processes and procedures on delinquent debts; and
- (4) Communicate to Mission Areas, agencies, and staff offices information related to regulations, requirements, and procedures promulgated by OMB and Treasury.

## 7. INQUIRIES

Mission Areas, agencies, and staff offices should direct questions and inquiries regarding this DR to the OCFO, FPD at [SM.OCFO.FPDOFCFO@usda.gov](mailto:SM.OCFO.FPDOFCFO@usda.gov).

-END-

## APPENDIX A

### ACRONYMS AND ABBREVIATIONS

CFO	Chief Financial Officer
CFR	Code of Federal Regulations
DCIA	Debt Collection Improvement Act
DR	Departmental Regulation
FCCA	Federal Claims Collection Act
FPD	Fiscal Policy Division (OCFO Component)
OBPA	Office of Budget and Program Analysis
OCFO	Office of the Chief Financial Officer
OMB	Office of Management and Budget
P.L.	Public Law
POC	Point of Contact
TMFR	Treasury Guidance: Managing Federal Receivables
Treasury	United States Department of the Treasury
U.S.C.	United States Code
USDA	United States Department of Agriculture

## APPENDIX B

### DEFINITIONS

Close Out. An agency closes out a debt when it determines that further debt collection actions are prohibited (for example, a debtor is released from liability in bankruptcy) or the agency does not plan to take any future actions (either active or passive) to try to collect the debt. At close out, an agency may be required to report to the IRS the amount of the debt as potential income to the debtor on IRS Form 1099. (Source: U.S. Treasury Bureau of Fiscal Service, [Treasury Financial Manual](#), *Glossary*, undated)

Prompt Payment Rule. If a vendor submits a proper and valid invoice to the right people in a federal agency, the agency must pay the invoice on time. If not, the payment is late. (Source: [5 CFR Part 1315](#), *Prompt Payment*)

Uncollectible Debt or Claim. An account of money or property determined by an appropriate official to be owed to the United States from any person, organization, or entity, except another Federal agency, which meets the requirements of the Federal Claims Collection Standards for suspension or termination of collection activity, as described in [31 CFR Part 903](#).

Write Off. An accounting action that results in reporting the debt/receivable as having no value on the agency's financial and management reports. The agency may need Department of Justice approval to write off a debt since the agency is adjusting its accounting records. Additionally, statutory authority may be required to write off debts owed by foreign governments. (Source: U.S. Treasury Bureau of Fiscal Service, *Treasury Financial Manual*)

## APPENDIX C

### AUTHORITIES AND REFERENCES

[31 CFR Part 903](#), *Standards for Suspending or Terminating Collection Activity*

[7 CFR § 2.28](#), *Chief Financial Officer*

[7 CFR Part 3](#), *Debt Management*

[31 U.S.C. § 3711](#), *Collection and compromise*

[31 U.S.C. § 3717](#), *Interest and penalty on claims*

*Administrative Dispute Resolution Act*, [P.L. 101-552](#), November 15, 1990

*Debt Collection Act of 1982*, [P.L. 97-365](#), October 25, 1982, as amended, codified at [31 U.S.C. § 3717](#)

*Federal Claims Collection Act of 1966 (FCCA)*, [P.L. 89-508](#), July 19, 1966

OMB, Circular [A-129](#), *Policies for Federal Credit Programs and Non-Tax Receivables*, January 2013

Treasury, Bureau of the Fiscal Service, [Interest Rates](#) website

Treasury, Bureau of the Fiscal Service, [Managing Federal Receivables](#), March 2015

USDA, [DR 2570-002](#), *Waiver of Employee Claims from Erroneous Payments of Pay and Allowances*, January 5, 2001