

DC 20420; or fax comments to (202) 273-9026; or e-mail comments to OGCRegulations@mail.va.gov. Comments should indicate that they are submitted in response to "RIN 2900-AK10." All comments received will be available for public inspection in the Office of Regulation Policy and Management, Room 1063B, between the hours of 8 a.m. and 4:30 p.m., Monday through Friday, except holidays. Please call (202) 273-9515 for an appointment.

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION: The "Debt Collection Improvement Act (DCIA) of 1996," Pub. L. 104-134, 110 Stat. 1321, 1358 (April 26, 1996) authorizes several new methods for collecting debts and is the most significant legislation for the administrative collection of Federal debt since the Debt Collection Act of 1982, Pub. L. 97-365, 96 Stat. 1749 (October 25, 1982). The DCIA authorizes new debt collection procedures, including centralized administrative offset, the transfer or referral of delinquent debt to the Department of the Treasury (Treasury) or Treasury-designated debt collection centers for collection (cross-servicing), and administrative wage garnishment. Treasury and the Department of Justice (DOJ) subsequently issued revised Federal Claims Collection Standards (FCCS) on November 22, 2000, with an effective date of December 22, 2000. The revised FCCS are found at Title 31 of the Code of Federal Regulations (CFR), chapter IX, parts 900 through 904 and conform with relevant statutory changes to Federal debt collection procedures under the DCIA. Additional rules concerning these new debt collection procedures have also been issued by Treasury at Title 31 of the CFR part 285.

The following major changes were incorporated into the revised FCCS:

1. The Comptroller General was removed as a co-promulgator of the FCCS and the Secretary of the Treasury was added as a co-promulgator.
2. The revised FCCS reflect the elimination of the Comptroller General's role in Federal debt collection.
3. The revised FCCS provides agencies with greater latitude to streamline and customize debt collection procedures to accommodate agency-specific requirements or unique circumstances.
4. The revised FCCS reflects the requirement that agencies use government-wide debt collection

contracts for referrals to private collection contractors.

5. The revised FCCS reflects the increase in the maximum principal amount for a claim, from \$20,000 to \$100,000, agencies are authorized to compromise or to suspend or terminate collection activity thereon, without concurrence by DOJ. In addition, the minimum amount of a claim that may be referred to DOJ for enforced collection is increased from \$600 to \$2,500.

6. The revised FCCS reflects several new debt collection procedures under the DCIA, including, but not limited to:

(a) Transfer or referral of debt delinquent for more than 180 days to Treasury or Treasury-designated debt collection centers, for collection known as "cross-servicing;"

(b) Mandatory, centralized administrative offset by disbursing officials; and

(c) Mandatory prohibition against extending federal financial assistance in the form of a loan or loan guarantee to delinquent debtors.

In conjunction with the publication of the Treasury/DOJ FCCS and Treasury's debt collection regulations, VA reviewed its debt collection regulations in order to identify those regulations that required revision or could be deleted as either obsolete or duplicative of Treasury and Treasury/DOJ regulations, as well as to ensure that our regulations are consistent with statutory mandates and that they are clearly written. Consequently, VA has prepared the attached proposed amendments that will remove some debt collection regulations, add new regulations, and revise the remainder.

As part of the revision of our debt collection regulations, VA also proposes to revise its interest-charging regulation. Section 1.919 implements VA's authority to assess interest and administrative costs on debts that arise as a result of participation in a VA benefits, medical care, or home loan program. The authority for this regulation is derived from 38 U.S.C. 5315. The recent review of this regulation indicated that one portion needs to be deleted. Specifically, the current regulation states that when a debtor requests a waiver, interest and administrative costs shall not be assessed until either an initial determination is made on the request or the statutory time limit for requesting waiver has expired. We propose to amend § 1.919 by removing this portion, since it has no basis in 38 U.S.C. 5315. Likewise, there is no such language in the statutory requirement for waiver consideration of VA benefit and home

loan program debts (38 U.S.C. 5302). Finally, the FCCS does not contain such a requirement in its government-wide interest regulation (31 CFR 901.9).

VA also is proposing to add two new debt collection regulations. Section 1.923, "Administrative wage garnishment," is another collection tool derived from the DCIA and is written in accordance with Treasury's implementing regulation (31 CFR 285.11). It allows, but does not mandate, VA to request a non-Federal employer to garnish the disposable pay of an individual to collect non-tax delinquent debt owed to VA. VA may do this directly or it may request that Treasury initiate administrative garnishment procedures after VA has referred the debt to Treasury for collection. The other proposed new regulation is § 1.924, "Barring delinquent debtors from obtaining federal loans or loan insurance or guarantees." This is also derived from the DCIA and a Treasury regulation (31 CFR 285.13), as well as the FCCS (31 CFR 901.6). This regulation states that a person owing an outstanding non-tax debt that is in delinquent status shall not be eligible for certain Federal financial assistance.

At the request of the Veterans Benefits Administration, we are proposing to amend § 1.955(c), "Regional Office Committees on Waivers and Compromises." The amendment would continue to state that the administrative control function of the Committees remains with the fiscal officer. However, it would authorize the station director to reassign the function to another station activity when the director determines that another station activity is more appropriate. We believe this amendment would provide each regional office director with needed greater management latitude in assigning responsibility for the administrative control of that station's Committee on Waivers and Compromises.

The Office of Personnel Management has made changes to their government-wide salary offset regulations (5 CFR part 550, Subpart K) in order to comply with the DCIA, which amended 5 U.S.C. 5514. The DCIA requires that all Federal agencies, to which outstanding delinquent debts are owed, must participate in an annual computer match of their delinquent debt records with records of federal employees. In addition, agencies must notify Treasury of all non-tax debts over 180 days delinquent. Treasury will match payments to the debtors from the Federal Government, including federal salary payments, against these debts. Where a match occurs, the payment will be offset to satisfy the debt. We are