



FACT SHEET

Cross-Servicing Program

What is Cross-Servicing?

Cross-Servicing is a consolidated government-wide program operated by Treasury's Debt Management Services (DMS) that fulfills the requirement of The Debt Collection Improvement Act of 1996 (DCIA) to collect delinquent, non-tax debt on behalf of federal agencies. As required by the DCIA, an agency must refer any eligible debt more than 180 days delinquent to Fiscal Service for cross-servicing.

As part of the Cross-Servicing program, DMS must take appropriate action to service, collect, compromise, or suspend or terminate collection action on the debt. DMS strongly encourages creditor agencies (agencies to whom debt is owed) to transfer all eligible delinquent debts for debt collection services before they are delinquent 180 days. Agencies are strongly encouraged to use all available debt collection tools.

Fiscal Service has been providing delinquent debt collection services to federal agencies since the enactment of the DCIA in 1996. After passage of the DCIA, Treasury/DMS and federal agencies entered into Letters of Agreement describing their respective roles and responsibilities.

Treasury Financial Manual (TFM) Chapter 4-4000, Debt Management Services Collection of Delinquent Nontax Debt, was published in October 2011. The TFM chapter replaces and supersedes all existing Letters of Agreement. To the extent that this TFM chapter changes current processes, DMS will work with each federal agency to implement the provisions of this TFM chapter.

What debt collection tools does Cross-Servicing use?

The Cross-Servicing Program uses a variety of tools to collect delinquent debts.

Administrative Wage Garnishment (AWG)

AWG is a debt collection process that allows a federal agency to order a non-federal employer to withhold up to 15 percent of an employee's disposable income to pay a nontax delinquent debt owed to the agency.

Private Collection Agencies (PCAs)

PCAs are private sector companies specializing in the collection of delinquent debt. Treasury maintains a schedule of PCAs who assist the government in its debt collection efforts, and whose activities are monitored by DMS.

Litigation by Department of Justice (DOJ)

Delinquent debts may be referred to DOJ for enforcement through litigation, including post-judgment enforcement.

Demand Letters – Generated shortly after an account is referred for Cross-Servicing.

Phone Calls – DMS may begin making phone calls within 10 days of the issuance of the demand letter.

Skip Tracing – For locating current debtor information including phone numbers, addresses, notice of death, bankruptcies, etc.

Payment Agreements – Both DMS and the PCAs make every attempt to collect debts in full, in a single payment.

A payment agreement, which requires justification and supporting documentation, can be a lump sum, installment, partial payment or compromise agreement

Other tools Cross-Servicing uses for collecting debt include:

- Administrative Resolution
- Treasury Offset Program
- Credit Bureau Reporting
- IRS Form 1099-C Reporting

<http://fiscal.treasury.gov/cs>

ABOUT FISCAL SERVICE AND DEBT MANAGEMENT SERVICES

The U.S. Department of the Treasury's Bureau of the Fiscal Service assists federal agencies with the prevention, collection and resolution of debts owed to government agencies. Additionally, we provide debt collection services to the states. Debt Management Services (DMS) is the business area responsible for administering programs and services related to improper payments, receivables management and delinquent debt collection.