Bureau of the Fiscal Service

Administrative Wage Garnishment

Presented by

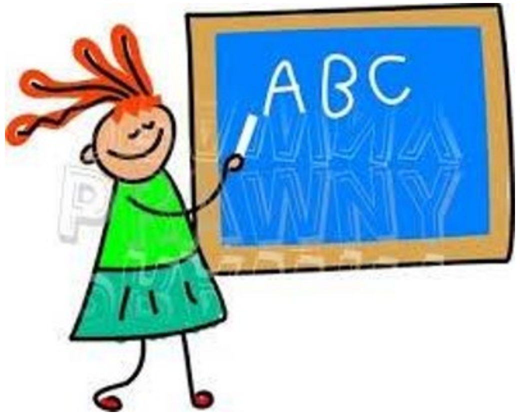
Government-wide Debt Collection Policy Branch

Debt Research Branch

Correspondence and AWG Branch

August 2026

Agenda



- AWG Participation
- AWG Costs & Billing
- AWG Initiation
- AWG Hearing Requests
- AWG Hearings
- AWG Orders / Non-Compliance

AWG Participation

Government-wide Debt Collection Policy Branch

Bryan Russell

What is Cross-Servicing?

Cross-Servicing is a consolidated government-wide program operated by Debt Policy and Collections Support (DPCS) that fulfills the requirements of the Debt Collection Improvement Act to collect delinquent non-tax debts on behalf of federal agencies.

Once agencies refer debts to DPCS, DPCS uses a variety of collection tools to collect the debt.

What is AWG?

- **Administrative Wage Garnishment** (AWG) is a Cross-Servicing collection tool whereby a non-federal employer is ordered to withhold up to 15% of an employee's disposable income

- AWG is authorized by the Debt Collection Improvement Act of 1996. Federal law supersedes any state laws

Collection Tools

- Demand Letters and Phone Calls
- Payment Agreement Options
- Credit Bureau Reporting
- Treasury Offset Program
- **Administrative Wage Garnishment**
- Private Collection Agencies
- Litigation by Department of Justice
- IRS Form 1099-C after Closeout

Benefits of AWG

- ✓ Can be started without a court order.
- ✓ No statute of limitations.
- ✓ Is proven to be an effective tool in encouraging the establishment of payment agreements.
- ✓ Can be used any time during the collection process.

AWG Participation

- **Drafting AWG regulations**
  - ✓ Consult with your agency counsel on how to comply with the statutory requirement that the agency have established hearing procedures.
  - ✓ Adopt Treasury's AWG process & corresponding regulation: 31 U.S.C. 3720D and 31 CFR 285.11
  - ✓ Most agencies comply with this requirement by publishing a notice of proposed rulemaking in the Federal Register, followed by a final rule, which adopts Treasury's regulations by reference without change.
- **Regulation must be published:**
  - ✓ With the Opportunity for Notice and Comment or;
  - ✓ Federal Register – Code of Federal Registrations; or
  - ✓ Other ways to publish
    - Consult with your Office of the Chief Counsel

AWG Participation – Hearing Guidelines

Agency can conduct its own hearings

- ✓Provide Treasury with a citation to the agency's hearing procedure & profile marked "yes" for AWG
- ✓Provide DPCS with hearing contact information.

Treasury can conduct hearings on agency's behalf

- ✓Interagency Agreement (IAA) Form 7600A & 7600B
- ✓Attachment to the IAA (formerly MOU)
- ✓Arranged in G-Invoicing
- ✓IAAs renewed each fiscal year

AWG Participation – Hearing Guidelines

Hearing official must be carefully chosen by Agency authority and Appointed as an Inferior Officer

Hearing official should not be the person responsible for the debt or who has primary responsibility for collecting the debt.

Hearing official for AWG does not need to be an administrative law judge.

Hearings may be telephonic or records review.

Hearing decision Must be in writing

AWG Implementation

- Once agency changes profile, all consumer debts and commercial debts with individual liability in the agency's portfolio are eligible for participation.

- AWG is retroactive. Debts already in Artiva will be run in National Directory of New Hires (NDNH) database for employer matching and AWG eligibility.

- Each program under an agency must be authorized for AWG participation.
  - One IAA might not cover multiple programs in an agency (e.g., USDA).

Questions:

Costs

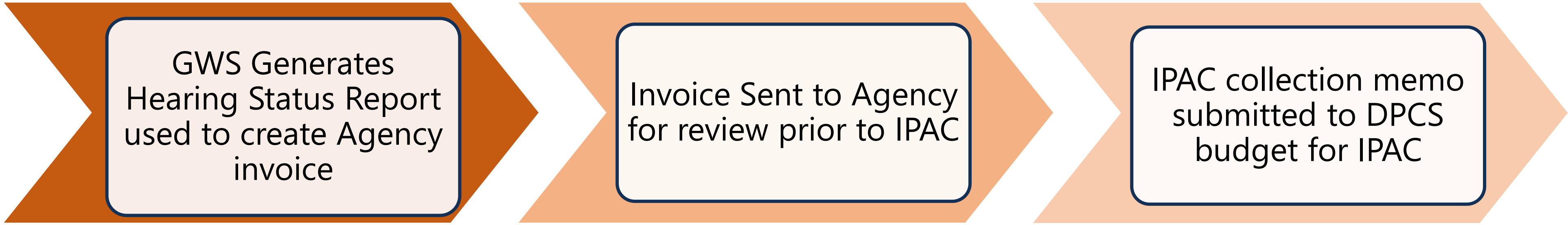
FY 2026 Cost Overview

FY26 AWG and FSO Hearing Fees	
Hearing Types	Fees
Non-Hardship Hearing Request without Reconsideration	$496.50
Non-Hardship Hearing Request with Reconsideration	$461.15
Hardship Hearing Request without Reconsideration	$250.66
Hardship Hearing Request with Reconsideration	$226.56
Dual Hardship and Non-Hardship	$597.73
Dual Hardship and Non-Hardship with Reconsideration	$554.35
Federal Salary Offset (FSO)	$1,013.89

FY 2026 Cost Overview Cont.

Hearing Types	Stage 1	Stage 2	Stage 3	Stage 4
Non-Hardship Hearing request	$148.45	$313.29	$496.50	N/A
Non-Hardship Hearing request with reconsideration	$156.79	$321.42	$461.15	N/A
Hardship Hearing request	$26.11	$109.66	$188.08	$250.66
Hardship Hearing request with reconsideration	$27.72	$111.27	$189.68	$226.56
Dual Hardship and Non-Hardship	$181.71	$221.76	$380.75	$597.73
Dual Hardship and Non-Hardship with Reconsideration	$189.59	$229.50	$388.60	$554.35
Federal Salary Offset (FSO)	$419.75	$589.07	$986.51	$1,013.89

AWG Billing Process



Questions:

AWG Initiation

Debt Research Branch

Adell Cox

AWG Initiation

- Start of the AWG notification process to the debtor.

- AWG notice of intent letter sent to debtor after the debt has met AWG eligibility criteria.

AWG Initiation Cont.

AWG Notice Letters Primary Requirements:

- ✓ Employer is identified
- ✓ TIN is valid
- ✓ Agency profile marked "Yes" for AWG
- ✓ Meets minimum threshold ($250.00)

AWG Hearing Requests

AWG Hearing Process – Agency Conducts Hearing

- DPCS receives the hearing request from the debtor and forwards to the creditor agency to forward to the hearing official
- Hearing official conducts the hearing and issues hearing decision
- Hearing official forwards the decision/resolution to DPCS and DPCS records hearing decision

AWG Hearing Process – Treasury Conducts Hearing :

- DPCS receives the hearing request from the debtor and forwards to Treasury's AWG Hearing Team
- Hearing officer conducts the hearing and issues hearing decision
- Hearing officer submits for review, possible briefing to an inferior officer, and signature
- DPCS records hearing decision

AWG Hearing Process :

:

ELEMENTS OF A HEARING REQUEST

Minimum Debt Balance is $250.00

Agencies do not need to provide more than one hearing on the same grounds for non-hardship hearings

Hardship Hearings can be conducted multiple times – financial circumstances can change

The debtor does not need to fill out the hearing request form. We accept all methods of submitted hearing requests.

AWG Hearings

Types of Hearings

A. Existence and Validity – "I do not owe the debt."

B. Debt Amount – "I do not owe the amount that you are saying I owe."

C. Hardship – "I cannot afford to pay."

Employment is not a hearing type. It is an objection often requested with hearings – "I was fired from previous job and have worked in current job <12 months." It is important as this would render AWG as not appropriate.

Possible Hearing Decisions

A. Suspension of garnishment with a review of the case within a year (hardship)
B. Continue garnishment with modified lesser garnishment percentage and/or amount (hardship)
C. Debt is valid and continue garnishment at the maximum 15% (non hardship, hardship, and dual hearings that consider both)
D. Recall of the debt (non-hardship and dual hearings that consider both)

Hearing Resolutions

AGENCY REQUEST RESOLUTION FORM

Creditor Agency Must Respond to Hearing Request via facsimile (205) 912-6363 by: 06/18/2024

Creditor Agency (CA) - Administration Wage Garnishment Hearing Resolution Section:

Please indicate a response by checking one of the following reasons. Please attach supporting documentation.

[ ] Proceed/Continue AWG
- [ ] Valid Case [ ] Valid Case Amount [ ] Hearing Withdrawn
- [ ] Other (Comment required ____________________

[X] Proceed/Continue AWG with Modifications Hardship Decision to garnish less than 15%
- [ ] Reduced Case Amount [X] Modified Terms

[ ] Terminate AWG and Continue Collection
- [ ] Payment agreement negotiated with CA [ ] AWG not appropriate
- [ ] Other (Comment required)

[ ] Terminate AWG and Route for Recall (Timely or Late Hearings)
- [ ] Not a valid debt [ ] Wrong debtor [ ] Debt forgiven by CA [ ] Debt already paid
- [ ] Other (Comment required) ____________________

Financial Adjustment Information (To Be Completed By Creditor Agency):

Principal Amount	$ ________
Interest Amount	$ ________
Penalty Amount	$ ________
Admin Cost Amount	$ ________
Total Balance Owed	$ ________

Please check one of the following:
- [ ] Adjustment reflects the total balance currently owed by the debtor, and has been made by our Agency.
- [ ] Adjustment has not been made in FedDebt by the Agency, and should be made by DMS.

Creditor Agency Response Date: Fill in date of the hearing Creditor Agency Response Contact: Fill this in.

Additional Comments By Creditor Agency:

Explain the decision here. IE Partial financial hardship is proven, garnish at XX% (a number less than 15%

Hearing Resolutions

AGENCY REQUEST RESOLUTION FORM

Creditor Agency Must Respond to Hearing Request via facsimile (205) 912-6363 by: 06/18/2024

Creditor Agency (CA) – Administration Wage Garnishment Hearing Resolution Section:

Please indicate a response by checking one of the following reasons. Please attach supporting documentation.

Non-Hardship Decision to garnish at 15%

[X] Proceed/Continue AWG
- [X] Valid Case [X] Valid Case Amount [ ] Hearing Withdrawn
- [ ] Other (Comment required ______________________________

[ ] Proceed/Continue AWG with Modifications
- [ ] Reduced Case Amount [ ] Modified Terms

[ ] Terminate AWG and Continue Collection
- [ ] Payment agreement negotiated with CA [ ] AWG not appropriate
- [ ] Other (Comment required)

[ ] Terminate AWG and Route for Recall (Timely or Late Hearings)
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- [ ] Adjustment has not been made in FedDebt by the Agency, and should be made by DMS.

Creditor Agency Response Date: Fill in date of the hearing Creditor Agency Response Contact: Fill this in.

Additional Comments By Creditor Agency:

Explain the decision here. IE The debt is valid, or the amount is valid, or both are valid. The "x" (s) above needs to match your decision. Then state garnish at 15%.

Questions:

AWG Orders and Non-Compliance

Correspondence and AWG Branch

Virginia Miles

Operational Responsibilities

- AWG Orders
- Employer Certifications
- Low Balance letters
- Non-Compliance
- Termination letters

AWG Order

- Debtor has <u>30 calendar days</u> to respond to the AWG notice letter before an order is sent to the employer for garnishment.
- Order will not be generated if there is a:
  - Timely hearing filed within 15 working days of the date of the Notice of Intent
  - Payment Agreement established within 30 days of the Notice of Intent date

AWG Order

Upon receipt of an AWG order, federal law requires an employer to:

- Complete and return the Employer Certification form (SF-329D), which is included in the Order.
- Begin deductions until an employer receives notification from the creditor agency, DDM, or the Private Collection Agency (PCA) to suspend or discontinue deductions.

Assistance for Employers

Employers may use the following to assist with determining the garnishment amount to be deducted from the debtor's disposable pay:

- The Wage Garnishment Worksheet (SF-329C), which is included in the Order
- Wage Garnishment Calculator, which may be found at:
  - https://www.fiscal.treasury.gov/cross-servicing/awg/awg-calculator.html
- AWGQuestions@fiscal.treasury.gov

Non-Compliance Process

An employer becomes non-compliant if they don’t respond to the order or if no garnishment payments are received.

AWG staff will commence with contacting employers regarding non-compliance using various research criteria (POE contact information in CSNG, internet search engines, Secretary of State sites, etc.).

Actions that could occur based on findings:

- Sending a modified order;
- Suspending or terminating AWG

Termination Letters

Termination letters are sent as part of Treasury's process to officially notify Employers when an AWG action has been completed or discontinued.

The termination letter serves to ensure that employers are informed about the change in status, and it also documents the closure of the garnishment for Treasury's records.

Questions:

Contact Information

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Thank you!