



**Transportation
Security
Administration**

**OFFICE OF FINANCE AND ADMINISTRATION
Financial Management**

**TSA MANAGEMENT DIRECTIVE No. 1000.4
WAIVER OF EMPLOYEE DEBT**

To enhance mission performance, TSA is committed to promoting a culture founded on its values of Integrity, Innovation, and Team Spirit.

REVISION: This revised directive supersedes TSA MD 1000.4, *Waiver of Employee Indebtedness*, September 8, 2014.

SUMMARY OF CHANGES: Section 3, Authorities, updated; Section 6, Policy, updated to reflect federal compliance requirement; Section 7, Procedures, updated; and added various administrative updates for clarification throughout directive.

- 1. PURPOSE:** This directive provides TSA's policy and procedures for handling requests to waive employee debts to the United States resulting from erroneous payments. This directive does not apply to debt related to the Government travel charge card or purchase card.
- 2. SCOPE:** This directive applies to all current and former TSA employees.
- 3. AUTHORITIES:**
 - A. Aviation and Transportation Security Act, (P.L. 107-71)
 - B. Title 5 U.S.C. § 5584, Claims for Overpayment of Pay and Allowances, and of Travel, Transportation and Relocation Expenses and Allowances
 - C. Title 18 U.S.C. § 286, Conspiracy to Defraud the Government with Respect to Claims
 - D. Title 18 U.S.C. § 287, False, Fictitious, or Fraudulent Claim
 - E. Title 18 U.S.C. Chapter 14, Fraud and False Statements, §§1001 thru 1002
 - F. Title 31 U.S.C. §§ 3729 through 3733, The False Claims Act
 - G. 6 CFR § 11.4(f), Collection by Administrative Offset
 - H. Delegation of Authority from the DHS Chief Financial Officer (CFO) to the General Counsel and the CFOs of the Components (February 9, 2007)
 - I. Delegation of Authority from the TSA CFO to the Director of the Financial Management Division and the Director of the Revenue Division (August 30, 2007)

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4. DEFINITIONS:

- A. Demand Letter: A formal written notification to a current or former employee of a debt owed to the United States.
- B. Employee: For purposes of this directive, any current and former TSA employee.
- C. Erroneous Payment: An overpayment to an employee caused by an error in the process or procedure used to determine or issue the payment amount.

NOTE: TSA may waive a debt even if it does not result from an erroneous payment as defined in this directive. If an employee is unsure whether a debt is eligible for a waiver, the employee should consult with the Financial Management Division (FMD).

- D. Hardship: A documented reason why repayment of a debt to the United States would cause the TSA Employee or his or her family an undue and substantial financial burden as evaluated by FMD.
- E. Pay: For purposes of this directive, “pay” refers to salary, wages, compensation, and remuneration for services. It includes, but is not limited to, overtime pay (including compensatory time), payment for accumulated and accrued leave, severance pay, and all special pay. It also includes travel and transportation allowances.
- F. Payment: The issuance of pay.

5. RESPONSIBILITIES:

- A. The Assistant Administrator for the Office of Finance and Administration (OFA)/Chief Financial Officer (AA/CFO) is responsible for:
 - (1) Deciding appeals of initial debt waiver requests denied by FMD; and
 - (2) Approving and/or carrying out exceptions to this policy.
- B. The Assistant Administrator for Office of Human Capital (AA/OHC) is responsible for deciding the validity of properly completed debt-waiver applications received from TSO employees, F-band and below, involving debt of \$10,000 or less. A debt may be waived in whole or in part.
- C. OFA’s FMD is responsible for:
 - (1) Deciding the validity of properly completed debt-waiver applications for any amount of debt received from TSA employees (other than TSO employees who are F-band or below, with a debt of \$10,000 or less);
 - (2) Notifying applicants of the granting or denial of their debt-waiver applications; and
 - (3) Deciding appeals of debt-waiver applications denied by AA/OHC.

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D. Federal Security Directors (FSDs) are responsible for:

- (1) Recommending to approve or disapprove debt-waiver applications from TSO employees, F-band and below, involving debts of ten thousand dollars (\$10,000) or less;
- (2) Forwarding debt-waiver applications to the appropriate agency authority, in accordance with the provisions of this directive; and
- (3) Notifying debt-waiver applicants of FSD's recommendations and the decision by AA/OHC.

E. Employees are responsible for:

- (1) Verifying the amount of any payment received from TSA by reviewing pay documentation such as leave and earnings statements;
- (2) Notifying TSA, through the Payroll/Timekeeping Point of Contact, of the receipt of any unexplained or undue amounts of pay or allowances; and
- (3) Submitting any debt-waiver request in accordance with this directive.

6. POLICY:

A. Claims arising out of erroneous payments may be waived if the following conditions exist:

- (1) Collection of the debt would be against equity and good conscience and not in the best interest of the Government; and
- (2) There is no indication of fraud, misrepresentation, fault, or lack of good faith on the part of the employee or other person pressing the claim.

Example: A pay increase in an amount that a reasonable person would or should know is wrong ordinarily will preclude a waiver. No waiver will be granted for any overpayment made after an employee knew or should have known of an initial overpayment.

B. Error on the part of the Government is not, in and of itself, a basis for waiving a debt. As noted in Section 5.E(1) and 6B, employees are responsible for monitoring payments received.

C. Notwithstanding the policy herein, uncollected claims against a TSO employee, F-band and below may be waived upon a substantiated demonstration of hardship, provided the TSO was not actively responsible for, and did not have actual or constructive knowledge of, the erroneous payment.

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- D. A waiver may not be granted unless an application for waiver is received within 3 years of the date on which the erroneous payment was discovered or reasonably should have been discovered.

7. PROCEDURES:

A. Upon the reporting of a debt, TSA must attempt to collect the amount owed to the Government. A demand letter specifying the details of the debt, including whether a hearing is authorized, is sent to the last known address of the debtor. If the debtor disputes the validity of the debt, he or she may file for a hearing on that issue if that avenue of redress is available. If the debtor does not contest the validity of the debt or if a hearing is not available, he or she may apply immediately for a waiver as outlined below.

B. Application Timelines:

- (1) If an employee does not dispute the validity of the debt and does not file for a hearing (provided a hearing is available, as specified in the demand letter), the waiver application must be submitted within sixty (60) calendar days of the date of the demand letter.
- (2) If an employee disputes the validity of the debt and requests a hearing (provided a hearing is available, as specified in the demand letter), the waiver application must be submitted within sixty (60) calendar days of a hearing determination that the debt is valid, in whole or in part.
- (3) A late submission of a waiver application may be accepted if the employee shows that the delay was caused by circumstances beyond the employee's control or because of new information not previously available to the employee.

C. Application Preparation. Employees must include completed and signed [TSA Form 1002, Waiver of Debt Application](#) when applying for a waiver of debt.

- (1) All sections of the form must be filled out completely with all of the required information, or the waiver application will not be processed. Submission of an incomplete form will result in the waiver request being returned without action.

NOTE: If the debtor elects to sign and submit a debt waiver request without using TSA Form 1002, he/she must ensure that the request contains all information specified in the form. Failure to include all of the required information will result in the application being deemed incomplete and returned without action.

(2) Required supporting documentation:

- (a) The debt-waiver application must contain a copy of the original demand notification letter, along with any supporting documentation that accompanied the demand letter.

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- (b) The debt-waiver application may also include any additional information or documentation in support of the request, including any statements from other individuals, as appropriate. TSO employees, F-band or below, who apply for a waiver based on hardship must execute a completed [Form OBD-500](#), Financial Statement of Debtor, to substantiate the hardship and must include this executed form with the debt-waiver application. The applicant must describe with particularity the hardship that would be suffered if collection of the debt is enforced. A debt-waiver application submitted without an executed Financial Statement of Debtor will be deemed incomplete and returned without action.

D. Processing:

- (1) Debt waiver applications from TSO employees, F-band and below only, having debts of \$10,000 or less will be processed as follows:

- (a) TSO employees submit their debt-waiver requests, preferably through their supervisory chain, to their current FSD or, in the case of former TSO employees, F-band and below, to the FSD at their last airport assignment.
- (b) Upon receipt of a debt-waiver application, the FSD will date-stamp or otherwise annotate the waiver request with the date on which it is received. The FSD will review the application to determine whether all required information has been provided. If required information is missing, the FSD will return the application to the employee for further action.
- (c) The FSD will carefully evaluate completed applications to determine whether the conditions outlined in Section 6 above have been met. Every application should be investigated, as required, for any indication of fraud, misrepresentation, or falsehood.
- (d) The FSD shall prepare a written recommendation and include any relevant materials prior to forwarding an application to the AA/OHC at the following address for decision:

Transportation Security Administration
Assistant Administrator for Human Capital (TSA-21)
601 S. 12th Street
Arlington, VA 20598-6021

- (2) All other debt-waiver requests from TSA employees, not covered by the procedures in Section 7D(1), will be forwarded by the employee to FMD at the following address:

Transportation Security Administration
Financial Management Division
Claims Management Branch (TSA-9)
601 South 12th Street
Arlington, VA 20598-6009

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E. Decisions:

- (1) The AA/OHC (for debt-waiver requests from TSOs, F-band or below, having debt of \$10,000 or less) will:
 - (a) Review the debt-waiver application, including the recommendations for action of the FSD, and make a decision to approve or disapprove the waiver, in whole or in part.
 - (b) Notify the employee of the decision on the debt-waiver application through the FSD within thirty calendar days of the AA/OHC's receipt of the completed application. The decision must include the basis of any full or partial denial and inform the employee of the right to appeal a denial.
 - (c) Promptly forward all approved applications to FMD for processing. On a monthly basis, report to FMD the number and dollar amounts of waiver requests received and whether they were granted or denied.
- (2) FMD (for all debt-waiver requests of employees, except for those processed by the AA/OHC) will:
 - (a) Upon receipt of the completed debt-waiver application, date-stamp or otherwise annotate the application with the date on which it is received. Review the application to determine whether all required information was provided. If required information is missing, FMD will return the application to the employee/former employee for further action.
 - (b) Approve or disapprove properly submitted debt-waiver requests, in whole or in part.
 - (c) Notify the employee of the decision on the debt-waiver request within thirty (30) calendar days of FMD's receipt of a completed debt-waiver application. The decision must include the basis for any full or partial denial and inform the employee of the right to appeal a denial.

NOTE: For all debts waived, FMD will act to remove the debts from TSA's official accounting system and pay the employee a refund when appropriate. FMD will also maintain all necessary records of the debt waiver for auditing purposes.

- F. Employee Appeals: An appeal from the full or partial denial of an initial debt-waiver request must be submitted within thirty calendar days of receipt of the waiver denial. The appeal must:
- (1) be made in writing;
 - (2) specify the basis for the appeal;

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(3) include any supporting documentation not submitted with the original waiver request;
and

(4) be submitted within thirty calendar days of the waiver denial to:

Transportation Security Administration
Financial Management Division
Claims Management Branch (TSA-9)
601 South 12th Street
Arlington, VA 20598-6009

G. Decisions on Appeal:

(1) FMD will decide appeals from AA/OHC decisions and will notify the applicant within thirty days of FMD's receipt of the appeal.

(2) The AA/CFO will decide appeals from FMD's initial decisions and will notify the applicant within thirty calendar days of the receipt of the appeal at FMD.

NOTE: AA/CFO or FMD decisions on appeal are final agency decisions and may not be further appealed within TSA.

H. Any debt waived will be reported to the Internal Revenue Service on a 1099-C. Employees granted a debt waiver are encouraged to consult with a tax advisor regarding any potential tax consequences.

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- 8. APPROVAL AND EFFECTIVE DATE:** This policy is approved and effective the date of signature unless otherwise specified.

APPROVAL

Signed

February 23, 2017

Pat A. Rose, Jr
Assistant Administrator for Finance and Administration/
Chief Financial Officer

Date

EFFECTIVE

Date:

Distribution: All TSA Employees
Point-of-Contact: FMD Financial Policy and Travel Branch,
TSAFinancialPolicy@tsa.dhs.gov

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Attachment A

WAIVER PACKAGE PREPARATION CHECKLIST

ACTION	YES	NO	N/A
<p>(1) Is the Waiver of Debt Application TSA Form 1002 completely filled out?</p> <p>If you did not use TSA Form 1002, did you include all the information required by Form 1002?</p>			
<p>(2) Did you sign the waiver application?</p>			
<p>(3) Does the waiver application address the fact that there was no fraud, misrepresentation, fault, or lack of good faith on your part as required by Form 1002?</p>			
<p>(4) If there were previous collections initiated on this debt, did you request a refund of these collections? (Not applicable for requests by TSO employees, F-band and below, based on hardship)</p>			
<p>(5) Is a copy of the original demand notification letter, and any attachments, included with the package?</p>			
<p>(6) Did you include any supporting material you wish to be considered, including any statements from others? (TSOs, F-band and below, may include evidence of hardship in support of their request).</p>			
<p>(7) If you are seeking a waiver based on hardship, did you complete and include Form OBD-500?</p>			

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Attachment B

EMPLOYEE WAIVER PROCESS

TSO EMPLOYEES, F-BAND AND BELOW, DEBT AMOUNT EQUAL TO OR LESS THAN \$10,000	ALL OTHER EMPLOYEES (ALL NON-TSO EMPLOYEES, ALL G-BAND EMPLOYEES AND ABOVE, AND ALL DEBTS GREATER THAN \$10,000)
Employee prepares the waiver application.	Employee prepares the waiver application.
Employee must submit the waiver application (preferably through his/her supervisory chain) to his/her FSD.	
FSD must provide an approval/disapproval recommendation statement.	
FSD must submit the waiver application to the Assistant Administrator - Office of Human Capital (AA/OHC).	Employee must submit the waiver application to the Financial Management Division (FMD).
The AA-OHC decides to approve or disapprove the waiver request based in part on the recommendations of the FSD if required conditions are met.	FMD will decide to approve or disapprove the waiver request.
The AA/OHC notifies the employee through the FSD of the waiver decision within 30 calendar days of the receipt of a waiver request. Include the basis for any full or partial denial and inform the employee of the right to appeal the denial.	FMD notifies the employee through the FSD of the waiver decision within 30 calendar days of the receipt of a waiver request. Include the basis for any full or partial denial and inform the employee of the right to appeal the denial.
FMD will decide appeals from decision by the AA/OHC and notify the applicant within 30 calendar days of the receipt of the appeal.	AA/CFO-OFA will decide appeals from decisions by the FMD and notify the applicant within 30 calendar days of the receipt of the appeal.