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CLAIMS AGAINST EMPLOYEE WAGES

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Background and Purpose

This directive provides policy and procedures regarding involuntary deductions from federal and trust employees' wages to repay debts owed to third parties.

As an employer, the Smithsonian Institution receives from third parties numerous claims to the wages of Smithsonian employees who allegedly fail to fulfill their financial obligations. Various laws and regulations govern the extent to which involuntary deductions may be made from wages to satisfy these debts.

Because of the significant impact of involuntary deductions on employees' wages, supervisors should circulate this directive widely among staff members.

Policy

The wages of Smithsonian employees may be subject to involuntary deductions to satisfy claims by third parties, including claims allowable under federal law as described in the United States Code (USC) for

Policy
(Continued)

- child support and alimony (42 USC § 659)
- unpaid federal income taxes (26 USC § 6331)
- debts of federal employees to the United States (5 USC § 5514)
- unpaid rent, medical, credit card, and other commercial debt (5 USC § 5520a)

The Smithsonian may be required to make deductions from wages to satisfy debts of this nature. Upon proper service of legal process issued by a court, the Smithsonian may honor garnishment orders. Any unit receiving such an order should forward it to the Office of the Comptroller, Payroll Section (OC-Payroll) for action.

Policy and procedures for involuntary deductions from wages and other debt collection methods are found in the following appendices:

- Appendix A: Garnishments for Child Support, Alimony, Commercial, or Other Debt
- Appendix B: Attachments for U.S. Debts and Unpaid Federal Income Taxes

Disbursement Agent

The National Finance Center (NFC) is the Smithsonian's disbursement agent. This directive does not cover claims of the Internal Revenue Service, or other authorized federal entities, for involuntary deductions from wages of Smithsonian employees that may be sent to and be processed directly by NFC. In some instances, the wages of Smithsonian employees have been garnished for tax levies without prior notice to the Smithsonian.

Other Debt Collection Efforts

The Institution also honors other forms of garnishment or attachment, whether by a state or other governmental entity. Any such document received by a Smithsonian unit should be forwarded to OC-Payroll for proper action.

Private creditors and debt collectors sometimes request the Smithsonian's help in collecting outstanding debts of employees. Smithsonian Directive 103, *Standards of Conduct*, requires that employees pay their financial obligations in a timely manner. It is Smithsonian policy to notify employees of private creditor inquiries. Any such request by a creditor that is received by a Smithsonian unit should be forwarded to OGC.

Persons who collect consumer debts for another party are regulated by the Fair Debt Collection Practices Act, 15 USC § 1692. The Act's purpose is to eliminate abusive debt collection practices by debt collectors; it does not, however, apply to private creditors attempting to collect a debt on their own behalf.

Debt collectors are prohibited from communicating with anyone other than the employee, without the employee's permission or express permission of a court, in connection with the collection of a debt. Harassment at the workplace by such persons is prohibited, and should be reported to OGC.

Additional information

Contact OGC for additional information or guidance concerning involuntary wage deductions or other matters relating to debt collection practices.

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