



PDR

UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

April 1, 1997

The Honorable Stephen Horn, Chairman  
Subcommittee on Government Management,  
Information, and Technology  
Committee on Government Reform and Oversight  
United States House of Representatives  
Washington, D.C. 20515-6143

Dear Chairman Horn:

I am pleased to reply to your February 28, 1997, inquiry on the status of efforts at the U.S. Nuclear Regulatory Commission to comply with the Debt Collection Improvement Act of 1996 (DCIA). The Commission has taken aggressive action in pursuing delinquent debt. Our delinquent debt has been reduced from \$18.4 million (2,731 accounts) on September 30, 1994, to \$4.3 million (1,024 accounts) as of September 30, 1996. We believe this progress is based on a sound debt collection strategy and on our entering into a February 1996, Memorandum of Understanding with the Department of the Treasury, Debt Management Services, to cross-service our delinquent debt. Our delinquent debt on September 30, 1996, was less than one percent of our total new receivables or collections for FY 1996 (our total new receivables was \$449 million and we collected \$454 million).

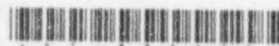
We have provided answers to your specific questions in the enclosure. If you have further questions, please do not hesitate to contact me.

Sincerely,

Shirley Ann Jackson

Enclosure:  
Response to first-tier  
and secondary concerns

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Public:  
per Diane Messers



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
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April 1, 1997

The Honorable Carolyn Maloney, Ranking Member  
Subcommittee on Government Management,  
Information, and Technology  
Committee on Government Reform and Oversight  
United States House of Representatives  
Washington, D.C. 20515-6143

Dear Congresswoman Maloney:

I am pleased to reply to your February 28, 1997, inquiry on the status of efforts at the U. S. Nuclear Regulatory Commission to comply with the Debt Collection Improvement Act of 1996 (DCIA). The Commission has taken aggressive action in pursuing delinquent debt. Our delinquent debt has been reduced from \$18.4 million (2,731 accounts) on September 30, 1994, to \$4.3 million (1,024 accounts) as of September 30, 1996. We believe this progress is based on a sound debt collection strategy and on our entering into a February 1996, Memorandum of Understanding with the Department of the Treasury, Debt Management Services, to cross-service our delinquent debt. Our delinquent debt on September 30, 1996, was less than one percent of our total new receivables or collections for FY 1996 (our total new receivables was \$449 million and we collected \$454 million).

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Sincerely,

Shirley Ann Jackson

Enclosure: Response to first-tier and secondary concerns

## FIRST TIER CONCERNS

### COMPLIANCE WITH THE DEBT COLLECTION IMPROVEMENT ACT

QUESTION 1. Section 31001(m) requires that the head of an agency refer to the Secretary of the Treasury debts delinquent for more than 180 days, unless the debt falls under certain exemptions delineated in the law. Please describe your agency's implementation of this requirement, the extent of your compliance, and timetable for achieving the statutory requirement. Has your agency mailed a notice of intent to refer delinquent accounts to the Treasury Department for purposes of administrative offset to delinquent debtors? Have notices under the Privacy Act been mailed?

#### ANSWER.

On February 5, 1996, the NRC entered into a Memorandum of Understanding with the Department of the Treasury, Debt Management Services (DMS), to cross-service the NRC's delinquent debts. The DMS debt collection operation services involve the use of a variety of debt management techniques and tools including letters, phone calls, collection agency referrals, Tax Refund Offset, administrative offset, and Department of Justice referrals. Under this Memorandum, the NRC referred 286 accounts for \$0.8 million as of September 30, 1996. On January 23, 1997, the Memorandum of Understanding was replaced by a Letter of Agreement with the Department of the Treasury, Debt Management Services, to service our accounts and to provide debt collection services. As of January 31, 1997, 52% of NRC's delinquent debt over 180 days

had been referred to the Department of the Treasury for collection. It is anticipated that within the next six months, all eligible delinquent debt over 180 days will be referred to the Department of the Treasury for collection.

The NRC published in the Federal Register on April 17, 1996, Proposed Revisions to the Privacy Act of 1974, System of Records (which became effective May 28, 1996) which specified the routine use purposes of information collected on licensees, applicants and individuals covering both consumer and commercial debt and the collection tools to be employed, including administrative offset, tax refund offset, referral to debt collection contractors, etc. The NRC includes with each final invoice a set of Terms and Conditions and a copy of 10 CFR Part 15 which states that accounts may be referred for administrative offset. In addition, delinquent debtors are provided a Notice of Delinquent Debt which informs the debtor that the delinquent debt may be referred to a debt collection agency and/or the Department of Justice for collection. The Notice of Delinquent Debt is being revised to indicate that delinquent debts will be referred to the Department of the Treasury for administrative offset and tax refund offset.

A database is being developed for tracking outstanding receivables. It is estimated that this database will be completed in January 1998. This database will be used to refer accounts to Treasury for administrative offset, for tax refund offset, computer matching, and for debt collection services.

QUESTION 2.

Section 31001(d)(2) requires that Federal agencies refer delinquent debts older than 180 days to the Department of the Treasury to conduct a matching program of administrative offset. Please indicate the percentage of the delinquent debts (please refer to the Federal Financial Management Status Report and 5-Year Plan for 1996 for the delinquent debt total) which have been referred by your agency to the Department of the Treasury for administrative offset, and your agency plans and timetable for achieving the statutory requirements.

ANSWER.

Of the \$10 million in delinquent debt as of September 30, 1995 (from the Federal Financial Management Status Report and 5-Year Plan for 1996) the NRC referred approximately \$1 million (or 10 percent) of debt to the Department of the Treasury. Most of the remaining \$9 million was collected by NRC, some was written off and some accounts cancelled. As indicated previously, we referred 286 accounts for approximately \$0.8 million through the end of FY 1996 and we have referred for collection in FY 1997 an additional 45 accounts for \$0.2 million.

As of January 31, 1997, there are 372 accounts over 180 days old. Of these, 193 have been referred to the Department of the Treasury for collection. This represents 52 percent of the debts over 180 days old. Within the next six months, it is anticipated that all eligible delinquent accounts over 180 days will have been referred to the Department of the Treasury for collection.

Some of the delinquent debts cannot be referred such as debts of other Federal agencies, bankruptcies, and out-of-business debtors with no assets to pursue.

QUESTION 3.

Section 31001(p) authorizes agencies to sell debt which is delinquent for more than 90 days. The goal of this authority is to allow agencies to effectively privatize the servicing of credit accounts, while still obtaining a return for the taxpayer. The same subsection also requires agencies to sell debts prior to write-off or termination of collection action. Please describe what actions you have taken to implement a program of debt sales pursuant to this subsection, and a timetable for its achievement.

ANSWER.

The NRC has no plans to implement a program of debt sales since all eligible debts are referred to the Department of the Treasury for collection and we believe this cross-servicing arrangement is the most effective manner to provide our delinquent debt.



QUESTION 4.

Section 31001(m) requires that agencies refer debts to an agency-operated, Treasury-designated debt collection center, a private collection contractor, or to the Department of Justice, unless an exemption is available. Please describe what plans you have developed to ensure that your debts are cross-serviced under this subsection.

ANSWER.

The NRC entered into a Letter of Agreement on January 23, 1997, with the Department of the Treasury, Debt Management Services, to cross-service delinquent debts. Under this Agreement, the Department of the Treasury is authorized to take any collection action that they deem appropriate. These actions may include referral of the delinquent debt to a debt collection center, to a private collection contractor, or the Department of Justice. Each month accounts that are eligible for referral are identified, a debtor profile is completed, and the profile is sent to the Department of the Treasury. We believe this fully complies with the requirement to refer debts as indicated in Section 31001(m).



QUESTION 5.

Section 31001(i) requires that each person doing business with an agency provide a taxpayer identification number (those doing business with an agency include benefit recipients, borrowers, contractors, and other categories). This is essential for performing a program of administrative offset. Please describe your agency's implementation of this requirement, and timetable for achieving the statutory requirements.

ANSWER.

The NRC mailed approximately 6,500 Requests for Taxpayer Identification Numbers (NRC Form 526) in November of 1996 to licensees and over 60 percent have been completed and returned. In addition, a Form 526 is included in the application package for all new licenses. The data entry of the taxpayer identification numbers will be completed by March 31, 1997, and a second mailing will be issued for those licensees who have not responded. The NRC is also collecting taxpayer identification numbers before authorizing any payments to licensees/vendors that are due refunds for overpayments.

QUESTION 6.

Section 31001(t) authorized the creation of the Debt Collection Improvement Account for gainsharing with agencies. Please describe whether your agency plans to participate in this gainsharing account. If you plan to participate, please tell us the status of your effort. If you have no plans to participate, please indicate why not.

ANSWER.

The NRC has no plans to participate in the gainsharing account since we cross-service all our eligible delinquent debt through the Debt Management Services of the Department of the Treasury.

QUESTION 7.

Has your agency incorporated information about debt collection results into agency performance measurements under the Government Performance and Results Act? If so, what have you chosen as your performance indicators?

ANSWER.

The NRC is currently in the process of establishing its strategic and performance plans. Part of that effort includes establishing agency performance measures. The agency has previously chosen delinquent debt as an internal financial management performance measure which focuses on reducing the amount of delinquent debt. This measure is included in the agency's FY 1996 Accountability Report. Additionally, the agency produces a monthly Budget Execution Report. One aspect of this report measures the aging of accounts receivable in four categories; current, 1-90 days past due, 91-365 days past due, and over 365 days past due. This information is computed and evaluated monthly and reported quarterly to the Commission. It is certain that debt management will continue as a measure of financial performance.

## SECONDARY CONCERNS

### QUESTION 1.

Section 31001(h) of the DCIA requires Federal agencies to participate in a computer match at least annually of their delinquent debt records with the employment records of Federal employees. Please describe your preparedness to participate in this match.

### ANSWER.

The cross-servicing agreement with the Department of the Treasury, Debt Management Services, authorizes Treasury to perform computer matching on our delinquent debts. Through implementation of this agreement, the NRC will comply with the computer matching requirements of the DCIA.

## SECONDARY CONCERNS

QUESTION 2.

Section 31001(j) debars delinquent debtors from receiving further Federal financial assistance, but gives authority to agencies to waive this authority. Please list the programs which your agency has exempted, or intends to exempt, for the debarment authority in this section.

ANSWER.

NRC does not operate any loan programs of the types covered under this Section.

## SECONDARY CONCERNS

QUESTION 3. Section 31001(k) requires agencies to report delinquent debtors to credit reporting agencies. In addition, the scope of reporting was expanded to require reporting of delinquent debt owed by corporations, partnerships, and other "persons" who are not included in the term "individual." Please describe your agency's implementation of this requirement, and timetable for achieving the requirement.

ANSWER.

Our agreement with the Department of the Treasury for cross-servicing provides for credit bureau reporting for all of the entities mentioned in this question.

## SECONDARY CONCERNS

QUESTION 4. Section 31001(m)(2) requires agencies to either complete Form 1099-C (relating to the cancellation of indebtedness) for a debtor, or provide the information needed to prepare such a form to the Secretary of the Treasury. Please indicate whether you plan to prepare these forms yourself, or send the data to the Treasury. Has your agency sent out Forms 1099-C for the 1996 taxable year? If not, why not? Do you have plans to send out Forms 1099-C for the 1997 taxable year?

ANSWER.

The NRC prepared Forms 1099-C as reportable income for cancelled debts and sent out Forms 1099-C for the 1996 taxable year for \$279,645. The agency plans to send Forms 1099-C for taxable year 1997 by January 31, 1998.



## SECONDARY CONCERNS

### QUESTION 5.

Section 31001(s) requires each Federal agency to amend Federal Civil Monetary Penalties for inflation within 180 days of the enactment of the DCIA. Please describe your agency's compliance with this requirement, or your plans, including a timetable, to update the Civil Monetary Penalties over which your agency has responsibility to adjust under the Act.

### ANSWER.

The NRC promulgated rulemaking to adjust our Federal Civil Monetary Penalties for inflation and raised the amount from \$100,000 to \$110,000 for the maximum penalty per day of violation. The Notice of Final Rulemaking was published in the Federal Register on October 11, 1996, with an effective date of November 12, 1996. In addition, NRC changed its Enforcement Policy to make similar adjustments for lesser penalties. The NRC has implemented these adjusted civil penalties for violations occurring after the effective date of the rule.