



*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 Collection of Employee Indebtedness*, dated December 10, 2004, and incorporates HRM Letter 550-5, *Interim Policy on Remission or Cancellation of Screener Debt*, dated November 17, 2004, which is hereby cancelled.

**SUMMARY OF CHANGES:** Section 5, Responsibilities, establishes the responsibility of Federal Security Directors (FSDs) to make recommendations concerning debt waiver requests from current and former Transportation Security Officers (TSOs), F-band and below, whose debt is ten thousand dollars (\$10,000) or less. Section 5, also establishes that the Assistant Administrator for Human Capital (AA/OHC) is authorized to render decisions on debt waiver requests from current and former TSOs, F-band and below, whose debt is ten thousand dollars (\$10,000) or less. Section 7, Procedures, adds the procedures for the new Section 5 responsibilities and adds an appeals section. Additionally, an attachment was added containing an outline of the employee waiver process.

- 1. PURPOSE:** This directive provides TSA policy and procedures for waiver of employee indebtedness to the TSA resulting from erroneous payment of pay and allowances or erroneous payment of travel and transportation allowances. This directive does not apply to Government travel charge card or purchase card related indebtedness.
- 2. SCOPE:** This directive applies to all current and former TSA employees.
- 3. AUTHORITIES:**
  - A. Section 101 of the Aviation and Transportation Security Act, Pub. L. 107-71 (ATSA), November 19, 2001 (49 U.S.C. §§ 114(n), 40122, 44935, and 44935 note).
  - B. Title 18 U.S. Code § 286, 287, 1001, and 1002.
  - C. Title 31 U.S. Code § 3729 through 3733.
  - D. DHS Delegation Number 0160, Delegation to Department of Homeland Security Organizational Elements.
- 4. DEFINITIONS:**
  - A. Demand Letter: A formal written notification to a current or former employee of a debt owed to TSA. The letter includes a description of the debt; the due date for payment; any interest, penalty or administrative fees that will be assessed; the legal rights of the debtor; and a TSA point of contact.

- B. Employee: For purposes of this directive, the term “employee” refers to all current and former TSA employees.
- C. Erroneous Payment: An overpayment of pay caused by an error in the process or procedure used to determine the payment amount. Generally, it does not include properly-determined estimated payments (e.g., a travel advance is not erroneous if the travel is subsequently canceled) or other payments properly made at the time. An employee may receive erroneous payments of pay and allowances, or reimbursement for travel, transportation, and relocation expenses and allowances, through an occasional administrative error (e.g., payment of unallowable travel expenses).  
  
**NOTE:** TSA may render certain debts subject to waiver even if they do not result from an erroneous payment as defined in this directive. If an employee is unsure whether a debt is eligible for a waiver request they should check with the Office of Financial Management (OFM).
- D. Hardship: Any event, incident, or cause that would make repayment of the erroneous payment so burdensome or financially difficult that doing so would greatly affect the welfare of the TSO, F-band or below, his or her family members, or both, or cause them to suffer unduly.
- E. Pay: For purposes of this directive, “pay” means 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 other special pay. It also includes travel and transportation allowances.

**5. RESPONSIBILITIES:**

- A. Employees are responsible for:
  - (1) Verifying the amount of payments received from TSA, by reviewing pay documentation including, but not limited to, leave and earnings statements;
  - (2) Notifying TSA through their Payroll/Timekeeping Point of Contact of the receipt of any unexplained amounts of pay or allowances; and
  - (3) Submitting any debt waiver request in accordance with this directive.
- B. FSDs are responsible for:
  - (1) Making recommendations 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 the debt waiver applications to the applicable approving authority, in accordance with the provisions of this directive; and

- (3) Notifying the debt waiver applicants of their recommendations and the ultimate decision by AA/OHC.
- C. AA/OHC is responsible for deciding properly completed debt waiver applications received from TSO employees, F-band and below, involving debt of ten thousand dollars (\$10,000) or less. A debt may be waived in whole or in part.
- D. OFM is responsible for:
  - (1) Deciding properly completed waiver applications for any amount of debt received from TSA employees (other than TSO employees, F-band or below, with a debt of ten thousand dollars (\$10,000) or less);
  - (2) Notifying applicants if their debt waiver requests have been granted or denied; and
  - (3) Deciding appeals of debt waiver applications denied by AA/OHC.
- E. The Assistant Administrator for Finance and Administration/Chief Financial Officer (AA/CFO) is responsible for:
  - (1) Deciding appeals of initial debt waiver requests denied by OFM; and
  - (2) Approving exceptions to this policy.

**6. POLICY:**

- A. Claims arising out of erroneous payments of pay or allowances 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 or lack of good faith on the part of the employee or other person having an interest in the claim.
- B. A waiver will not be granted if the employee knew or reasonably should have known of the overpayment when it occurred. For example, a pay increase in an amount that would prompt a reasonable person to inquire as to the accuracy of such pay ordinarily precludes a waiver. No waiver will be granted for any additional overpayments occurring after the employee knew or reasonably should have known of the initial overpayment.
- C. Error on the part of the Government is in and of itself not a basis for waiver. As noted in Section 5A(1) and 6B employees are responsible for monitoring payments received.
- D. Notwithstanding the foregoing policy, uncollected claims against a TSO employee, F-band and below, may also be waived based upon hardship, provided the TSO was not actively responsible for the erroneous payment.

**7. PROCEDURES:**

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WAIVER OF EMPLOYEE INDEBTEDNESS**

A. Upon discovery of a debt, TSA and their accounting service provider 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 authorized. If the debtor does not contest the validity of the debt or if a hearing is not authorized, 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 (if a hearing is authorized 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 (if a hearing is authorized 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/former employee can show that the delay was caused by circumstances beyond his/her control or because of new information not previously available to him/her.

C. Application Preparation. **Employees should use [TSA Form 1002](#), *Waiver of Indebtedness Application* when applying for a waiver of indebtedness.**

- (1) All sections of the form must be filled out completely with all of the required information, or the waiver form 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 submit a debt waiver request without using TSA Form 1002, he/she must ensure that the request contains all the information required to be submitted by the form. Failure to include all the required information will result in the request being deemed incomplete and returned without action.

(2) Required supporting documentation:

- (a) The debt waiver request package must contain a copy of the original demand notification letter, along with any supporting documentation that accompanied the demand letter.
- (b) The debt waiver request package 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 seek a waiver based on hardship must describe the hardship that would be suffered.

D. Processing

**(1) Debt waiver requests from TSO employees, F-band and below only, with debts of ten thousand dollars (\$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 request package, the FSD shall date stamp or otherwise annotate the waiver request package with the date received. The FSD shall review the package to determine whether all required information has been provided. If required information is missing, the FSD will return the package to the employee for further action.
- (c) The FSD shall carefully evaluate completed packages and determine whether the conditions outlined in Section 6 above have been met. The claim should be investigated, as required, for any indication of fraud, misrepresentation, or false claim.
- (d) The FSD shall prepare a written recommendation and include any relevant materials prior to forwarding a package to the AA/OHC at the following address for decision:

Transportation Security Administration  
Assistant Administrator for Human Capital  
TSA Headquarters, West Tower, Attn: TSA-21  
601 S. 12<sup>th</sup> Street  
Arlington, VA 22202

**(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 OFM at the following address:**

Transportation Security Administration  
Office of Financial Management  
TSA Headquarters, West Tower, Attn: TSA-14  
601 South 12<sup>th</sup> Street  
Arlington, VA 22202

**E. Decisions**

- (1) The AA/OHC (for debt waiver requests from TSOs, F-band or below, with a debt of ten thousand dollars (\$10,000) or less) will:
  - (a) Review the debt waiver request packages, including the recommendations for action of the FSD, and make a decision to approve or disapprove the waiver request, in whole or in part.

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- (b) Notify the employee of the decision on the debt waiver request through the FSD within thirty (30) calendar days of the AA/OHC's receipt of the request package. The decision must include the basis for any full or partial denial and inform the employee of the right to appeal the denial.
  - (c) Promptly forward all approved files to OFM for processing. On a monthly basis, report to OFM the number and dollar amounts of waiver requests received and whether they were granted or denied.
- (2) OFM (for all debt waiver requests of employees, except for those processed by the AA/OHC) will:
- (a) Upon receipt of the debt waiver request packages, date stamp or otherwise annotate the packages with the date received. Review the packages to determine whether all required information was provided. If required information is missing, the OFM will return the package to the employee/former employee for further action.
  - (b) Approve or disapprove all 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 the OFM's receipt of a debt waiver request package. The decision must include the basis for any full or partial denial and inform the employee of the right to appeal the denial.

**NOTE:** For all debt waivers granted, the OFM will initiate actions to remove debts from TSA's official accounting system and pay the employee a refund when appropriate. The OFM will also maintain all necessary records for auditing purposes.

F. Employee Appeals: An appeal of an initial debt waiver request decision must be submitted within thirty (30) calendar days of receipt of the waiver denial. The appeal must:

- (1) Be made in writing.
- (2) Specify the basis for the appeal.
- (3) Include any supporting documentation not submitted with the original waiver request.
- (4) Be submitted to:

Transportation Security Administration  
Office of Financial Management  
TSA Headquarters, West Tower, Attn: TSA-14  
601 South 12<sup>th</sup> Street  
Arlington, VA 22202

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G. Decisions on Appeal:

- (1) OFM will decide appeals from AA/OHC decisions and will notify the applicant within thirty (30) days of OFM's receipt of the appeal.
- (2) The AA/CFO will decide appeals from OFM's initial decisions and will notify the applicant within thirty (30) calendar days of the receipt of the appeal at the OFM.

**NOTE:** The appeal decisions of OFM or AA/CFO are final and may not be further appealed within TSA.

- 8. EFFECTIVE DATE AND IMPLEMENTATION:** This directive is effective immediately upon signature.



June 6, 2007

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David R. Nicholson, Assistant Administrator for  
Finance and Administration/Chief Financial Officer

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Date

Filing Instructions: File 200.1.1  
Effective Date: Date directive is signed.  
Review Date: Two year anniversary of effective date.  
Distribution: Administrator, Deputy Administrator, Associate Administrator,  
Assistant Administrators, Area Directors, Federal Security Directors,  
Branch Chiefs and all TSA Employees  
Point of Contact: Branch Chief, OFM Financial Policy, Travel, and Procedures  
(571) 227-3053

**WAIVER PACKAGE PREPARATION CHECKLIST**

<b>ACTION</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
<p>(1) Is the Waiver of Indebtedness 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 indebtedness, 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>			

Attachment 2

EMPLOYEE WAIVER PROCESS

<p><b>TSO EMPLOYEES, F-BAND AND BELOW, DEBT AMOUNT EQUAL TO OR LESS THAN \$10,000</b></p>	<p><b>ALL OTHER EMPLOYEES (ALL NON-TSO EMPLOYEES, ALL G-BAND EMPLOYEES AND ABOVE, AND ALL DEBTS GREATER THAN \$10,000)</b></p>
<p>Employee prepares the waiver application.</p>	<p>Employee prepares the waiver application.</p>
<p>Employee <b>must</b> submit the waiver application (preferably through his/her supervisory chain) to his/her FSD.</p>	
<p>FSD <b>must</b> provide an approval/disapproval recommendation statement.</p>	
<p>FSD <b>must</b> submit the waiver application to the Assistant Administrator - Office of Human Capital (AA/OHC).</p>	<p>Employee <b>must</b> submit the waiver application to the Office of Financial Management (OFM).</p>
<p>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.</p>	<p>OFM will decide to approve or disapprove the waiver request.</p>
<p>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.</p>	<p>OFM 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.</p>
<p>OFM will decide appeals from decision by the AA/OHC and notify the applicant within 30 calendar days of the receipt of the appeal.</p>	<p>AA/CFO-OFA will decide appeals from decisions by the OFM and notify the applicant within 30 calendar days of the receipt of the appeal.</p>